

**RSA GRID CODE AMENDMENTS REQUEST FORM**

<b>Submitter's name</b>	Seetsele Seetswane		
<b>Organization represented</b>	Eskom		
<b>Date of submission</b>	9 March 2023		
<b>Section of the Code to be amended (Network, Metering etc.)</b>	Network Code		
<b>Reference number (to be issued by Grid Code secretariat)</b>			
<b>GENERAL COMMENTS / AMENDMENTS</b>			
<b>SPECIFIC AMENDMENTS</b>			
<b><i>Clause</i></b>	<b><i>Current Statement</i></b>	<b><i>Proposed Changes</i></b>	<b><i>Reason for change</i></b>
2	Section 2(1) to 2(6)	See below.	Request by Eskom

### 1. Introduction

- (1) The Network Code (the Code) contains connection conditions for generators, distributors and end-use customers, and the standards used to plan and develop the Transmission System (TS).
- (2) The Code provides that The NTC shall provide quotes or cost estimates for new connections (or for upgrading existing connections) according to the approved tariff methodology as per the Tariff Code and within the time frames specified under section 2(2) of the Code.
- (3) The Grid Capacity Allocation Rules are developed to amend section 2(2) of the Code to give effect to the principles of non-discriminatory and open access to grid.
- (4) South Africa is undergoing severe loadshedding due to insufficient generation capacity. New generation capacity needs to be procured or made available to contribute towards the country's energy security and alleviate loadshedding which is having a devastating impact on the nation's economic growth prospects.
- (5) The connection of new generation capacity to the national grid requires that there should be sufficient grid connection capacity to enable these projects to come online. However, in the past few years the development of new grid connection capacity has lagged the uptake of this capacity resulting in severe grid constrains in Transmission's national corridors specifically in the Northern Cape, Eastern Cape and Western Cape. The relaxation of the requirements for obtaining generation licenses under Schedule 2 of the Electricity Regulation Act (ERA) has further exacerbated grid capacity constraints due to increased applications for grid connections from Independent Power Producers with private power purchase agreements.
- (6) Traditionally, grid capacity has been allocated to bidders considering principles of non-discriminatory and open access to the grid and in a manner that is fair and transparent to all applicants for grid connections. In light of the changing context and the increasingly dynamic environment in the electricity generation markets, it has now become apparent that a new approach is required to enhance this process and to ensure the efficient allocation of capacity to projects that are ready to connect to the national grid. This new approach shall further give effect to the principle of first ready first served.

### 2. Scope

- (1) The The purpose of the Rules is to allow for an orderly development of budget quotations and to establish the framework for alignment and standardisation in procedures and monitoring that support and enable decision-making for stakeholders involved with the grid access capacity allocation process for a fair and transparent process for grid access.

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(2) Network Code applies to generators, distributors and end-use customers, and the standards used to plan and develop the Transmission System. Similarly, the Rules shall apply to all generators, distributors, end-use customers and Transmission Network Service Provider (TNSP).

### 3. Governance and communication process

(1) Network Service Providers shall be required to publish regular grid capacity connection assessment reports that are publicly available and updated on a frequency as determined by the relevant NSP to give an indication to customers on capacity that is available on the grid.

(2) Network Service Providers shall notify affected customers of any changes in the reservation or allocation of grid capacity.

### 4. Objectives

(1) The Rules are designed to ensure an orderly development of connection quotations and to give effect to the following governing principles in the Electricity Regulation Act. Adhering to the regulatory requirements for meeting customer expectations. The following key principles shall apply:

(a) *All grid connection applications shall be treated in a non-discriminatory manner to ensure a fair, transparent, equitable, open access to the grid.*

(b) *In order to vindicate the first-ready first-served principle, NSPs shall allocate grid capacity to projects based on a demonstrated readiness of the project to build the generation facility and related grid infrastructure to connect to the grid.*

(c) *NSP shall reserve all rights to revoke any grid capacity reserved for specific project and/or to reallocate that grid capacity to another project based on any failure by the applicant to comply with any stipulated timelines in the connection agreements and other related agreements.*

(d) *NSP shall reserve the right to revoke any grid capacity allocation and/or to implement reservations or allocations of capacity pursuant to any policy directive from the Department of Mineral Resources and Energy which is duly procured with the consent of NERSA in advancement of any policy objectives or procured to give effect to any Ministerial Determination. For the avoidance of doubt, NSP shall not revoke any capacity allocation to any customer project that is progressing in compliance with its milestone schedules and other requirements stipulated in the connection agreements.*

## 5. Rules for the allocation of grid capacity

The following Rules shall govern the reservation and allocation of grid capacity and support the orderly processing of the budget quotes:

- (1) All grid connection applications (request for budget quote) shall be accompanied by the following documents in support of the application:
  - (a) *A completed request for a quotation in the form prescribed by the NSP.,*
  - (b) *Payment of quotation fee,*
  - (c) *Letter from NERSA confirming application for generation license and/or proof of application for registration.*
- (2) In addition to the requirements 5.1.a above, applicants shall also submit the following documents required to assess the project's readiness:
  - (a) *Environmental consents including all necessary consents, licenses, authorisations or approvals required by any regulatory agency or any organ of state for the construction of the generation facility and the grid connection works.*
  - (b) *Power Purchase Agreement (PPA) (term sheets) concluded with the end-user of the power or alternatively, applicant is required to furnish NSP with a financial guarantee issued by a financial institution approved by the NSP confirming funding for the related grid connection works.*
  - (c) *Confirmation of appointment of engineering contractors, design consultants and such other personnel required for the execution of the project.*
- (3) All applications that are non-compliant with Rules 5.1 and 5.2 above shall be considered incomplete and not processed further by the NSP..
- (4) Upon receipt of a complete application for grid connection (request for budget quote), the NSP shall assess the readiness of the project and conduct a technical assessment of available grid capacity and thereafter issue a Letter of Consent to the applicant indicating the following:
  - (a) *That sufficient grid capacity is available to connect the project and that the request forms part of the reservation queue or;*
  - (b) *That there is insufficient capacity to connect the project and an additional scope of work is required to connect the project.*
- (5) Should the applicant wish to cancel the request for budget quote, the applicant shall issue a Letter of Cancellation to the NSP within 7 working days of Letter of Consent failing which the NSP reserves the right to recoup and deduct any costs incurred up to date of cancellation of application from the applicant's quotation fees.

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(6) The placement of projects on the reservation queue shall be governed by the principle of first-ready, first served. This implies that projects with a higher state of readiness shall be prioritised over a competing project with a lower state of readiness. The NSP reserves a broad discretion to determine readiness of the project on objective criteria which includes the following:

(a) *Grid connection timelines – generally a project with an earlier scheduled commercial operation date will be prioritised over a project with a later date.*

(b) *Project size (measured in maximum export capacity) relative to the available capacity – optimal allocation of grid capacity requires grid capacity to be allocated to projects which maximise the use of the available capacity e.g. grid capacity may be allocated to a smaller sized project where there is insufficient capacity to meet the request of a larger project. Likewise, grid capacity may be allocated to large projects which maximise the use of available capacity and relegate the smaller sized projects to lower position in the reservation queue.*

(c) *Prioritisation on technical criteria: grid capacity may be allocated based on technical criteria that includes prioritising projects which offer support to the network and/or system operations. Priority will be given to implementation of the Integrated Resource Plan.*

(7) All projects in the reservation queue should comply with all requirements stipulated in the connection agreements including application conditions in the Cost Estimate Letter. Failure to comply with the following requirements will result in the projects being removed from the reservation queue:

(a) *Failure to appoint design consultants within timelines stipulated by the NSP.*

(b) *Failure to submit preliminary designs to the relevant technical review teams/committees within timelines of being requested to do so by the NSP*

(c) *Failure to rectify and correct any defects with any submission made to the NSP within 7 working days of being requested to do so.*

(8) All projects in the reservation queue shall be furnished with a budget quote within a period stipulated in the Code or such other period as agreed upon by the parties.

(9) Upon the issuing of a budget quote, a project shall be required to fulfil all budget quote conditions within the acceptance period stipulated in the budget quotes. Once all budget quote conditions are fulfilled, a project shall be moved from the reservation queue to the allocation queue.

(10) Should a project fail to fulfil the budget quote conditions within the stipulated acceptance period, the capacity reserved for such a project shall be available in accordance with the first-ready, first serve criteria outlined in Rule 6 above.

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(11) The NSP shall at its sole discretion grant an extension of the budget quote acceptance period beyond the original acceptance period.

(12) All projects in the allocation queue should comply with all requirements stipulated in the connection agreements including the budget quote. Failure to comply with the following requirements will result in the projects being removed from the allocation queue:

(a) *Failure to submit final design packages within the timelines set out in the budget quote,*

(b) *Failure to comply with the budget quote milestone schedules and/or the commence and continue provisions stipulated in the budget quote.*