



## **SETSOTO LOCAL MUNICIPALITY**

# **SMALL-SCALE EMBEDDED GENERATION (SSEG) TARIFF POLICY**

Date of Council Approval: [To be filled in]

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# **SETSOTO LOCAL MUNICIPALITY SMALL-SCALE EMBEDDED GENERATION (SSEG) TARIFF POLICY**

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## **1. PURPOSE**

This policy outlines the tariff structure applicable to Small-Scale Embedded Generation (SSEG) within the jurisdiction of Setsoto Local Municipality. It aligns with the Net-Billing Rules published by NERSA (17 December 2024) and integrates local requirements as set out in:

- Chapter 6 of the Setsoto SSEG Requirements Document, which forms part of the Embedded Generation Policy adopted on 31 January 2024,
- The Embedded Generation Policy (31 January 2024), and
- The Electricity Supply By-Law on Embedded Generation, promulgated in the Provincial Gazette on 03 May 2024.

## **2. LEGISLATIVE CONTEXT**

This policy is guided by the following legislation and regulations:

- The Electricity Regulation Act, 2006 (Act No. 4 of 2006)
- NERSA Net-Billing Rules (2024)
- Municipal Finance Management Act (MFMA), 2003
- Embedded Generation Policy and SSEG Requirements Document (31 January 2024)
- Electricity Supply By-Law on Embedded Generation (By-Law 1 of 2024, effective 1 July 2024)
- Applicable Codes and Standards (including NRS 097 series and SANS 10142-1/1-2)

## **3. SCOPE**

This policy applies to all residential, commercial, and industrial customers of the Municipality who are classified as Prosumers and operate SSEG installations not exceeding 1MVA, primarily for self-consumption, with the ability to export excess energy to the municipal grid.

## **4. PRINCIPLES FOR TARIFF DESIGN**

In accordance with NERSA's Net-Billing Rules, the SSEG tariff must:

- Be based on a cost of supply study approved by NERSA.
- Avoid unjustified cross-subsidisation.

- Reflect fixed, variable, and export-related charges.
- If on a TIME of USE basis: it will provide credits for exported electricity on a (TOU) basis, subject to import volumes.
- Ensure that credit for exported electricity does not result in net payment to the customer (as per MFMA requirements).

## **5. TARIFF COMPONENTS**

### **5.1 Residential, Commercial and Industrial SSEG Tariff**

#### **Fixed Charges (R/month):**

- Basic Charges: Recovery of capital, maintenance, and operational costs.

#### **Variable Charges (c/kWh):**

- Import Tariff: Consumption charges for energy imported from the grid.
- Export Credit Tariff: Compensation for exported electricity, valued at the Distributor's avoided energy cost.

## **6. BILLING AND COMPENSATION**

- Exported energy will be credited within the same billing period.
- Export credits cannot offset fixed or demand charges.
- Credit rollovers are permitted within the financial year but expire at year-end.
- No cash compensation will be issued for excess export.

## **7. CONNECTION COSTS AND METERING**

- Pre-Paid customers will bear the cost of bi-directional meters, installed by the Municipality.
- Post-Paid customers bi-directional meters will be reprogrammed.
- Connection fees and any required network upgrades are payable by the customer.
- Reverse feed is not permitted without approved bi-directional metering.

## **9. ANNUAL REVIEW**

This policy and associated tariff schedules shall be reviewed annually as part of the budget process.

## **10. EFFECTIVE DATE**

This policy shall become effective on the date of Council approval and after submission to NERSA.