

APPLICATION FOR ELECTRIFICATION FOR THE 2012/13 FINANCIAL YEAR

Your Municipality is hereby invited to apply for funding for electrification projects within your licensed distribution area for execution in the period 01 April 2012 to 31 March 2013 as well as to provide high level plans for the following two years as part of the National Budgeting System.

Please note that second and third year funding will be approved in principle to ensure a level of certainty as part of Governments 3-year MTEF planning cycle.

Municipalities who need funding for the INEP should follow the application process as defined in this document.

The final allocation will be dependent on the following:

- Allocation criteria for electrification projects attached in **Annexure 6**;
- Electrification backlog based on the latest census data available;
- Allocation to areas not funded before; and
- Strategic guidelines provided by National Government, e.g. Nodal Zones, High backlog, etc.

Attached please find the following application forms to be completed, where applicable, by your Municipality for submission to the INEP BP Unit:

- Details of licensed applicant (**Annexure 1**) - (*Please check information for correctness and make changes as necessary*)
- Domestic Household Project (including farm worker houses) Application Form for 2012/13 Funding (**Annexure 2**)
- High Level Domestic Household Rolling Plan for 2012/13 and 2013/14 (**Annexure 3**)
- Schools Application Form for 2012/13 Funding (**Annexure 4**)
- Bulk Infrastructure Application Form for 2012/13 Funding (**Annexure 5**)

Please note that:

- Backlogs and harmonisation with IDPs developed by Local Government will be an important principle in the allocation of subsidies.
- There appears to be major confusion in some cases on the new distribution license areas issued to Municipalities and Eskom. It is, therefore imperative that the planning and prioritisation of electrification projects within municipal boundaries be cleared between the Municipality and the local Eskom Region and so confirmed on the application forms. Licensed distributors are advised to amend distribution licenses with the NERSA if necessary.
- Municipalities implementing their projects in Eskom area of supply will be required to comply with Eskom electricity reticulation standards. No project will be funded in Eskom area of supply unless Eskom has confirmed network capacity availability.
- It is important to note that the approved Integrated National Electrification Programme for 2012/13 will be gazetted during February 2012 in line with National Treasury requirements. Your final allocation per municipality will be formally confirmed **only after the formal approval process has been concluded.**

Attached please also find a document entitled "Integrated National Electrification Programme Summary of Guidelines, Policy Directive, Conditions and Requirements" (Annexure 6) that summarises the guidelines and policy directives for the Integrated National Electrification Programme.

We would also like to emphasise that in order to qualify for any funding, conditions attached to your distribution license will have to be adhered to.

Kindly note the following:

- *The closing date for submission of applications is 05 August 2011 and **no late applications will be considered.***
- *You are requested to email or fax your application under the signature of the Municipal Manager for the attention of the contact person at the provincial office as indicated in the table below.*
- *All application should be directed to the DoE regions*

Please contact any of the following persons at the DOE Provincial Office should you require further information:

Mpumalanga Province Mr Lebogang Mojanaga Tel : 013 656 1448 Fax: 013 690 3288 Cell: 079 525 4870 Email: lebogang.mojanaga@energy.gov.za	Gauteng Province Mrs Nomawabo Mtshabe Tel : 011 358 9797 Fax: 011 339 1858 Cell: 082 782 4691 Email: nomawabo.mtshabe@energy.gov.za	Eastern Cape Province Mr Donald Sankoloba Tel : 041 585 3862 Fax: 041 585 3881 Cell: 082 338 9020 Email: donald.sankoloba@energy.gov.za
Kwazulu Natal Province Mr Tasco Mbinda Tel : 031 333 9400 Fax: 031 301 6950 Cell: 082 782 4609 Email: tasco.mbinda@energy.gov.za	Limpopo Province Mr Greal Ambani Tel : 015 287 4700 Fax: 015 287 4729 Cell: 082 782 4580 Email: greal.ambani@energy.gov.za	Free State Province Mr Galonkge Oganne Tel : 057 391 1300 Fax: 057 357 1241 Cell: 082 782 4635 Email: galonkge.oganne@energy.gov.za
Northern Cape Province Mr Bongiwwe Mxaku Tel : 053 830 0800 Fax: 053 832 5631 Cell: 082 449 2401 Email: bongiwe.mxaku@energy.gov.za	North West Province Mr Stanley Matlawe Tel : 018 487 9868 Fax: 018 487 9836 Cell: 082 782 4593 Email: gaoruiwe.matlawe@energy.gov.za	Western Cape Province Mr Mhlangabezi Tinto Tel : 021 427 1028 Fax: 021 419 6260 Cell: 082 782 4559 Email: mhlangabezi.tinto@energy.gov.za
INEP Head Office Lindiwe Cebekulu Tel : 012 444 4120 Fax: 086 606 1954 Cell: 071 453 8826 Email: lindiwe.cebekulu@energy.gov.za		

Yours faithfully

Dr WOLSEY BARNARD
EXECUTIVE MANAGER: INEP BPU
DEPARTMENT ENERGY

ANNEXURE 1: MUNICIPAL DETAILS

Department of Energy: Integrated National Electrification Programme - 2012/13			
1. Details of Licensed Applicant			
Metro/Local Municipal Name		Metro/Local Municipal Number	
NER License Number as 01 July 2001		Major towns in Municipality	
Metro/Local Municipal Physical Address	Building Name		
	Street Name and Number		
	Suburb		
	City		
	Postal Code		
Municipal Manager (Name)		Responsible Person for Electrification Projects (Name)	
Tel. number & area code		Tel. number & area code	
Fax number & area code		Fax number & area code	
Cell number		Cell Number	
E-Mail Address		E-Mail Address	
Postal Address		Postal Address	
Municipal General Manager Electricity (Name)		Consultant responsible for Electrification Projects (Name)	
Tel. number & area code		Tel. number & area code	
Fax number & area code		Fax number & area code	
Cell number		Cell number	
E-Mail Address		E-Mail Address	
Postal Address		Postal Address	

NOTES:

1. Details of Licensed Applicant

The main purpose of this section is to:

- Identify the Distribution License holder for the area in which electrification is to be undertaken.
- Obtain contact details of the person responsible for electricity who reports to the Municipal Manager of the Local Municipality in order to ensure correspondence between the INEP BP Unit and the Municipality flows smoothly and receives the correct attention for decision-making in the Municipality.
- Obtain contact details of the person responsible for electrification. Operational matters between the INEP BP Unit and the Municipality will be resolved by involving this person.
- Consultants can be involved if there is a letter from the municipality with the delegation from the Municipality to the Consultant.

**ANNEXURE 2: APPLICATION FOR HOUSEHOLDS ELECTRIFICATION PROGRAMME
(PAGE 1 of 2)**

Department of Energy: Integrated National Electrification Programme – 2012/13

1. Details of Licensed Applicant

Metro/Local Municipal Name		Metro/Local Municipal Number	
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2. Details of Area and Project for period 2012/13 (01 April 2012 to 31 March 2013) Domestic Household Electrification

Project Name		Type of Grid Electrification (encircle)	(a) New Connection (b) In-fills or post connection (c) Farm Worker Houses (d) Infrastructure Development	
Ward Name		Ward Number		
Indicate geographic GPS co-ordinate (if readily available)	Latitude _____° _____' South	Longitude _____° _____' East	Extract from a 1:50 000 cadastral map:..... (note the number on the extract)	
Project Identified as part of IDP process (encircle)	(a) Yes (b) No	IDP Project Number	Number:.....	
Total Un-electrified Houses or Structures in area of supply	(a) Formal Houses Number:..... (b) Informal Houses/ Structures Number:.....	Total existing Backlog in Eskom and Municipal area of supply	Eskom Area	
			Municipal Area	
			Other	
			Total	
Type of Housing	(a) Low cost (RDP) (b) Bonded (c) Social (d) Other:	Targeted start and finish dates for physical construction	Start date	
			Finish date	
House Density (encircle)	(a) URBAN (More than 750 dwellings per square kilometre) (b) PERI-URBAN (Between 750 and 150 dwellings per square kilometre) (c) RURAL (Between 150 and 70 dwellings per square kilometre) (d) DEEP-RURAL (Between 70 and 20 dwellings per square kilometre) (e) SPARSE-RURAL (Less than 20 dwellings per square kilometre)	Supply Technology (Specify length in meters in the applicable category)	Underground (Physicals in meters)	Overhead (Physicals in meters)
		Bulk Supply (see note 1 below)		
		Medium voltage reticulation		
		Low voltage reticulation		
		Service connection		
Is there sufficient capacity available to energize the project after completion? (encircle)	(a) Yes (b) No	Average Household Income Level (encircle)	(a) < R500/mth (b) < R1000/mth (c) < R1500/mth (d) > R1500/mth	
Connection Supply Capacity (encircle)	(a) 20 Amp (b) 40 Amp (c) 60 Amp	Design ADMD in kVA	Initial	Final (15 yr.)

Electrification Project Status (encircle)	(a) Under investigation (b) Prelim Design completed (c) Design completed (d) Under Construction	Confidence level for Project to be completed before 31 March 2012 (encircle)	(a) 60% and less (b) 61 to 94% (c) above 95%
Is this project a roll over from previous year (encircle)	(a) Yes (b) No	Will this project roll over into next financial (encircle)	(a) Yes (b) No

3. Connection and Capital Details

Number of connections planned for 1 April 2012 to 31 March 2013		Does the municipality have outstanding projects from previous years?	(a) (b) If yes, provide a motivation letter indicating why DoE should consider your application		
Total 2012/13 Project Cost Break Down (Rand inclusive of VAT) (Excluding streetlights)	(a) Professional Fees	R			
	(b) Bulk Supply	R			
	(c) Reticulation	R			
	(d) Service Connection	R			
	(e) Overhead Costs	R			
Total Capital Required for the Project	R.....	Average cost per connection for project	R.....		
Total Capital Required from DoE for this Project	R.....	Average cost per connection for DoE	R.....		
If Capital required is more than DoE Subsidy has the top up funding been approved or provided for in the Budget (encircle)	(a) Yes (b) No				
Amount Provided for Source	R.....				
3.1 Detailed Cash Flow (Rand) for funds required from DoE					
April 2012	May 2012	June 2012	July 2012	Aug 2012	Sept 2012
R	R	R	R	R	R
Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013
R	R	R	R	R	R
3.2 Detailed Connections Planned with funding provided by DoE					
April 2012	May 2012	June 2012	July 2012	Aug 2012	Sept 2012
R	R	R	R	R	R
Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013
R	R	R	R	R	R

NOTES: (One application form per Project)

1. Details of Area and Project for period 2012/13 (01 April 2012 to 31 March 2013) Domestic Household Electrification:-

The main purpose of this section is to:

- Determine what number of houses are planned to be electrified during the 2012/13 financial year.
- Determine the status of Housing Development Projects which is planned to be incorporated in the electrification planning for the 2012/13 financial year.
- Whether major infrastructure projects are being planned (not included as part of connection cost).
- Obtain information regarding design capacity as well as a project scope. The "bulk supply" refers to the scope to establish the point of supply to the project and could include MV supply line, strengthening of MV, HV/MV injection etc - if complex the "bulk supply" details could be attached as separate report. This information will be used to assess the effectiveness of the capital expenditure.

2. Connection and Capital Details

The main purpose of this section is to:

- Determine the breakdown of your project cost
- Determine the level of top-up funding provided by the Municipality
- Determine the cash-flow for the year

All amounts provided should be inclusive of VAT.

ANNEXURE 4: SCHOOL APPLICATION FORM FOR FUNDING DURING

Department of Energy: Integrated National Electrification Programme					
1. SCHOOL INFORMATION (REQUIRED FOR EACH SCHOOL)					FORM 0-S
NAME OF SCHOOL					
SCHOOL REGISTRATION NUMBER (EMIS)					
IS THIS SCHOOL PART OF THE DEPARTMENT OF EDUCATION'S PRIORITY LIST				YES	NO
2. DEMOGRAPHIC INFORMATION					
Metro/Local Municipality	Name: Number:	Ward	Name: Number:		
Town		Township / Village			
Note: The Latitude, longitude or the Extract from the 1:50 000 cadastral maps must be provided.					
Extract from a 1:50 000 cadastral map (note the number on the extract)			Longitude:	-- ° -- ' -- " South	
			Latitude:	-- ° -- ' -- " East	
3. DETAILS ON SCHOOL TO BE ELECTRIFIED					
Number of pupils to benefit			Number of rooms to be electrified		
Condition of building	Good	Require minor repairs but not Vandalised	Bad	Require major repairs (Vandalised)	
Building structure	Brick	Clay	Other (specify)		
Level of confidence that the project will be completed by 31 March 2012:			TYPE OF LOCALITY (Indicate Below)		
Supply line length (If supply line is applicable)			URBAN	More than 750 dwellings per square kilometer	
Capacity available at point of supply (Confirm with licensed distributor)	YES		PERI-URBAN	Between 750 and 150 dwellings per square kilometer	
	NO		RURAL	Between 150 and 70 dwellings per square kilometer	
Average consumption cost envisaged	R		DEEP-RURAL	Less than 70 dwellings per square kilometer	
Whose customer will the school be?	MUNICIPALITY		ESKOM	HAS THE SCHOOL PREVIOUSLY BEEN ELECTRIFIED	YES / NO
4. FORMAL APPLICATION FOR POINT OF SUPPLY AND/OR INTERNAL ELECTRICAL INSTALLATION FOR A SCHOOL					
	REQUIRED		Rand (Inclusive of VAT)		
* Point of Supply (Cost from take-off point up to and including the meter box)	YES	NO	R		
* Connection Fee	YES	NO	R		
* Deposit	YES	NO	R		
* Internal Electrical Installation	YES	NO	R		
TOTAL BUDGET REQUIRED			R		
Is this specific school project dependant on the approval of a 2011/12 electrification project?			YES /NO	SPECIFY PROJECT NAME	
If approved would the municipality be prepared to undertake the electrification project?			YES	NO	

4.1 Detailed Cash Flow (Rand) for funds required from DoE					
April 2012	May 2012	June 2012	July 2012	Aug 2012	Sept 2012
R	R	R	R	R	R
Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013
R	R	R	R	R	R
4.2 Detailed Connections Planned with funding provided by DoE					
April 2012	May 2012	June 2012	July 2012	Aug 2012	Sept 2012
R	R	R	R	R	R
Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013
R	R	R	R	R	R



ANNEXURE 5: BULK INFRASTRUCTURE APPLICATION FORM – 2012/13

Department of Energy : Integrated National Electrification Programme					
1. DETAILS OF LICENSED APPLICANT					
Metro/Local Municipal Name		Metro/Local Municipal Number			
Project identified as part of IDP process	(a) Yes (b) No	IDP Project Number		Number:.....	
2. BULK INFRASTRUCTURE APPLICATION DETAILS					
Project Name		Type of Bulk Infrastructure (encircle and tick)	(a) Substation (b) Medium Voltage line <input type="checkbox"/> New <input type="checkbox"/> Upgrade		
Total Capital required for the project (VAT inclusive)	R.....	Substation requirements (i.e. What will be achieved after implementing project)	Rating MVA)	Voltage level	
Total Capital required from DME	R.....		Please provide business plan to support your application		
Project location (Coordinates)	Long: _ ° _ ' _ " . _ _ _	Name of the area in which project is located			
	Lat: _ ° _ ' _ " . _ _ _				
Other Funding Sources		MV line requirements (i.e. What will be achieved after implementing project)	Distance (km)	Line Voltage	
Amount	R.....		Type of conductor	Conductor size	
Beneficiaries (Names of Areas)					
Total number of houses to benefit					
3. CURRENT ELECTRICITY STATUS IN THE MUNICIPAL AREA OF SUPPLY (FOR UPGRADE)					
Substation Name		Substation Rating (MVA)			
Substation Loading		Voltage level			
No of incoming feeders.....	No of reticulation feeders.....	Reticulation method	(a) Overhead (b) Underground		
MV Line details		Line Voltage	Type & size of conductor		
Line Distance (km)					
4. POINT OF SUPPLY DETAILS					
Feeding Substation Name		Substation Rating	Voltage Levels		
	 kVA / MVAkV (HV) /kV (LV)		
Is the Municipality supplied by Eskom (POS)		(a) Yes (b) No	Have you applied for an upgrade at Eskom		
Eskom Contracted Notified Maximum Demand (NMD)kVA / MVA	Current Demand	(a) Yes (b) No		
	kVA / MVA	If yes, provide proof		
5. CURRENT LOADING SPLIT IN PERCENTAGE					
Households: %	Commercial: %	Industrial: %			
Is project roll over from last financial year?	(a) Yes (b) No				
Will project roll over to next financial year?	(a) Yes (b) No				
Total funding already provided for project	R	Project Phase			
6. DETAILED CASH FLOW (RAND) FOR FUNDS REQUIRED FROM DoE					
April 2012	May 2012	June 2012	July 2012	Aug 2012	Sept 2012
R	R	R	R	R	R
Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013
R	R	R	R	R	R


Note: 70% Electrification and 30% Commercial load split will be strictly applied
: This application form should be accompanied by a detailed project business plan

ANNEXURE 6

**INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME
(INEP)**

**SUMMARY OF GUIDELINES, POLICY DIRECTIVE, CONDITIONS
AND REQUIREMENTS**

**ALLOCATION OF FUNDING FOR
ELECTRIFICATION PROJECTS
BY LICENSED DISTRIBUTORS
FOR THE
SAHA
2012/13 FINANCIAL YEAR AS PART
OF MTEF CYCLE**



**ALLOCATION OF FUNDING FOR ELECTRIFICATION
BY LICENSED DISTRIBUTORS**

1. POLICY

In accordance with the White Paper on Energy Policy for the republic of South Africa, published in December 1998, the Government of Republic of South Africa in its Department of Energy assumed responsibility for the funding of the Integrated National Electrification Programme (INEP).

As part of the Medium Term Expenditure Framework (MTEF) of National Government budgeting process funding is provided on the line budget of the Department of Energy on the basis of a 3-year rolling, 1-year fixed cycle for allocation to licensed Distributors, subject to the provisions of the Public Finance Management Act (PFMA) (Act 1 of 1999, as amended) and the related annual Division of Revenue Act (DoRA) (refer to Act 1 of 2010).

2. PURPOSE

The purpose of the programme is to implement the Integrated National Electrification Programme through providing capital subsidies to electricity distributors (Eskom and Municipalities) as well as non-grid service providers licensed by the National Electricity Regulator of South Africa, in order to address the electrification of occupied residential dwellings that are situated in rural and urban areas in the furtherance of electrification in historically under-supplied areas with emphasis on backlog with a rural bias.

3. CONDITIONS

Distributors who receive funding must contractually undertake to:

- Account for the allocated funds separately from their normal business;
- Pass all benefits derived from the scheme on to end-customers;
- Not utilise the fund for any purpose other than approved electrification projects;
- Adhere to the approved electrification programme and agreed cash flow budgets;
- Ring-fence their electricity accounts;
- Apply financial micro-controls as required by the PFMA, MFMA and DoRA; and
- Adhere to reporting requirements as applicable in terms of the PFMA, MFMA and DoRA.

4. ALLOCATION CRITERIA

4.1. Allocations are made on the basis of project applications to **licensed distributors** who:

- Meet the requirements, e.g. in terms of documentation, approved tariffs, ring-fenced accounts;
- Have the financial, technical and staff capabilities to distribute electricity, to expand and maintain the network;
- Regularly pay their bulk supply account and are up-to-date with payments agreed to with the bulk supplier, as applicable;
- Apply credit control effectively; and
- Have consulted their communities in terms of the prescribed Integrated Development Planning (IDP) process.

4.2. National Electrification Fund Allocation Principles

- Focus on backlogs;
- Apply a rural bias;
- Prioritise on ISRDS Development Nodal Zones;
- Maximise on infrastructure;
- Past Performance;
- Government initiatives such as Integrated Infrastructure Development;
- Licensed authority capacity e.g. resource;

- Existence of houses
- Government priorities (special circumstances);
- Cost of licensed authority programme within maximum subsidy levels; and
- Actual cost of basic supply.

5. ELECTRIFICATION CATEGORIES ELIGIBLE FOR SUBSIDISATION

The White Paper provides direction regarding categories to be considered for the allocation of a subsidy towards the capital investment in electrification networks:

"Government is committed to the promotion of access to affordable and sustainable energy service for small businesses, disadvantages households, small farms, schools, clinics, in our rural areas and a wide range of other community establishments. As provided for in our Constitution, the State must establish a National Energy Policy, which will ensure that the national energy resources shall be adequately tapped and developed to cater for the needs of the nation. Energy should therefore be available to all citizens at an affordable cost"

Electrification customers include the following categories:

- Domestic households;
- Farm workers;
- Schools and clinics;
- Small, medium and micro-enterprises (subsidy applicable will be the same as for a normal household supply as defined in this document).

6. SUPPLY OPTIONS, CONNECTION FEES AND CAPITAL SUBSIDIES.

The intent of the capital subsidies is to assist licensed Distributors to provide basic electrification to the previously disadvantaged segment of the population.

Supplies to residential customers and other categories must meet customers' basic essential electricity needs. This will be done at the lowest possible cost using a combination of suitable appropriate technologies, supply sizes, and customer service options.

The value of the capital subsidy will be based on the actual costs of the most basic supply, which for a non-grid supply refers to a 50W peak Solar Home System (SHS) and for grid supplies to a 20A, 0.8 – 1.0 kVA ADMD.

Studies have shown that a low-level supply at zero connection fee is required in rural areas to allow for a sufficiently high level of uptake and thus lowering the average cost per connection to a level commensurate with the settlement density of the selected villages. Since the actual uptake is not close to 100%, the De Facto cost per connection is therefore rendered to be above the cost norms projected by the actual settlement density.

In accordance with Energy White Paper NERSA will regulate connection fees (payable by individual customers) to ensure standardisation across the market and to ensure better customer take-up figures.

The Minister has approved the following suite of supply options and connection fees as listed below:

Type of Supply	Connection Fee (2011/12 Financial Year)
Non-Grid 50W peak SHS	Capped at maximum R100
Non-Grid Large systems	Capped at maximum of capital difference between this system and a 50W peak SHS plus the capped R100
Grid system (basic supply, 20A)	Nil
Grid system 40A	Capped at maximum R600
Grid system 60A	Capped at maximum R1200
Larger systems	Full commercial cost

In this context the Non-grid Solar Home System should be seen as the basic service to be supplied to households (mainly rural) that cannot be connected to the grid within acceptable cost parameters.

The 20 Amp current limited supplies is the basic grid service, which allows settlements of sufficient density to be electrified by maximising the number of connections, thereby bringing the average cost per connection within the accepted norms. As such these options represent a "poverty safety net" qualifying for the highest level of subsidy. Progression to higher levels of applicable service would be available to households on application and payment of an appropriate connection fee.

The higher the capacity required, the less the connection will be subsidised and therefore higher capacity supplies will have to pay more than lower capacity supplies. This means that the higher the demand customers will pay tariffs and charges that are more cost reflective of the level of supply and services provided.

7. PRINCIPLES OF SUBSIDY ALLOCATION

The allocation of electrification subsidies will be subject to the following guidelines:

7.1 General

- All applications for NEF assistance should be channelled through licensed Distributors only. Private individuals or any other unlicensed entity will not be able to approach the DoE through the Integrated National Electrification Business Planning Unit (INEP BP Unit) directly for assistance.
- To ensure that an equitable share of the funds available is allocated towards the electrification of rural backlog areas, connection targets will be determined proportionally to the backlog at the time of planning.
- Priority will be given to identify development nodes that form part of the ISRDS.
- The amount of money available for subsidising electrification will be allocated with due cognisance of backlogs and harmonised with IDPs developed by Local Government and co-ordinated by the Provinces where possible for 2011/12.
- The approval of programmes will be subject to the promotion of:
 - ⇒ Job creation in communities
 - ⇒ Skills transfer to local communities
 - ⇒ Black Economic Empowerment.
- Subsidy levels will be adjusted from year to year, to accommodate the cost of rural electrification.
- In considering allocations preference will be given to proclaimed areas.
- Due to confusion regarding the new Distribution Licenses issued to new Municipalities and Eskom it is critical that the final application be cleared between the Municipality and the local Eskom Region as well as NERSA if necessary.

7.2 Domestic Household Electrification:

- Level of subsidy - The number of connections that can be achieved with funds available must be maximised. A balance will be maintained between the benefits of economies of scale and making electricity available on widespread basis in the approval of programmes. A maximum subsidy limit per connection will be set for all electrification projects across the provinces. The differentiation in subsidy support on a geographic basis will only be considered in two years time to allow time to investigate the practicality and value of the application of different subsidy levels based on geographic considerations. The subsidy value will be determined annually and will take into account what is actually achieved by the industry, recognising any further productivity savings that may be achieved in executing the programme.
- The capital investment in electrification on which the subsidy will be based includes:
 - ⇒ *Professional Fees;*
 - ⇒ *Construction:*
 - i. *Bulk Supply and Electrification Strengthening only;*
 - ii. *The reticulation network;*
 - iii. *The service connection.*
 - ⇒ *Overheads.*
- All electrification infrastructure costs must be included in the cost per connection. **Single infrastructure projects with cost above R20 million** and/or affecting more than 10,000 customers must be motivated separately for funding.
- No additional subsidy will be payable to the Distribution Industry for any network refurbishment that may be required as a direct result of the INEP.
- The technical capability of networks must be such that it will be possible for a customer to upgrade to a supply of increased capacity on fair commercial terms. Upgrading of non-grid supplies should also be possible under similar terms (refer to paragraph 6).
- In situations where non-grid applications will be considered and the basic energy needs of a household cannot be satisfied by the non-grid application on its own, complementary commercial energy sources should be made available to the community to fill that gap. Upgrading to larger non-grid systems should be possible on fair commercial terms.
- Capital cost will be based on the lowest level of supply per category; while connection fees required for higher-level services with concomitant lower needs for subsidy (refer to paragraph 6).
- The funding will primarily apply to costs incurred in respect of formal and informal occupied residential dwellings that are situated in legally authorised (proclaimed) areas set out by Local Government for permanent settlement in historically disadvantaged communities.

7.3 Schools

Local Government shall integrate the electrification of schools into their respective Integrated Development Plans (IDPs).

Local Government and the responsible Department of Education will be jointly responsible for selecting, prioritising and approving the schools' electrification plans. Schools approved by DoE will qualify for funding.

Only public schools not previously electrified with the same electrification technology (e.g. Non-grid), as and when recommended by the Department of Education will qualify for electrification funding from the NEF.

Concomitant

Only permanent structures as recommended by the Department of Education for grid and non-grid electrification will be considered for electrification.

The electrification of residential homes on the premises or in close proximity to a school or a clinic will be treated as normal household electrification connections.

Industry-agreed technical specifications for internal wiring shall apply.

Vandalised schools and clinics will not qualify for electrification.

The electrification of a farm school will only be considered for approval if the property (farm) already has electricity and permission is obtained from the owner to electrify the farm school. Standard tariffs should be applied to each point of supply, in line with the applicable tariff definitions and current policy. No additional subsidies for monthly consumption will be given by the electricity supplier, except for the inherent cross subsidies in the standard tariffs.

Electrification of a farm school will only be considered if the institution has been given "ownership" or "right of way" to the premises - the building as well as the land on which it is built - for a minimum period of ten years. Public schools on private property will thus only be electrified if an agreement has been entered into between the MEC and the owner, as required in terms of Section 14 of the South African Schools Act (Act 84 of 1996).

The electrification of new schools (EMIS number after 01.04.2001) will be the responsibility of the Department of Education. Such facilities will not qualify for funding from the NEF.

7.3.1 Electricity Maintenance

- In order to facilitate the sustainability of the National Schools Electrification Programme, the Department of Education shall provide for the maintenance of grid and non-grid electricity in their budgets.
- Service authorities providing a point of supply to grid schools shall be responsible for maintenance up to the point of supply.

7.3.2 Payment for electricity consumption

- The monthly payment for consumption by grid-electrified schools shall be borne by the Department of Education.

7.4 Farm Worker Houses

In line with the Energy White Paper, Government supports the electrification of farm worker houses. Government will make a contribution towards the cost of connection and these connections will be treated as part of Government's electrification targets.

The farm workers are not direct customers of the supplier but are supplied by the supplier's customer, the farmer. Such an indirect supply is the preferred strategy to follow because of the nature of this market category, i.e., relatively low levels of income and the property not being owned by the worker. The responsibility for paying the supplier for the electricity consumption rests with the supplier's customer, namely, the farm owner. However, the options of making farm workers pay for their usage or not, or including it as part of the wage package, etc., is left to the discretion of the farmer, subject to adherence to relevant approved tariffs.

The farmer may extend an existing supply point, or take a new supply point to supply electricity to the farm worker houses. Government will assist financially by offering an incentive.

A connection on which this incentive is payable refers to a connection to a farm worker house, a permanent structure that is used to house a farm worker and the worker's family in a rural or peri-urban area. However, there are legal farm residents that are not farm workers, e.g. pensioners, who would also qualify for the incentive, provided that the farmer also supplies them with electricity. These would typically be referred to as "occupiers" according to the Extension of Security of Tenure Act (ESTA – Act 62 of 1997).

The Government subsidy will be channelled through the licensed electricity supplier in the area. This supplier will be eligible for an administrative fee of not more than 10% of the amount payable. The incentive payable for the electrification of farm worker houses will be limited up to the maximum payable subsidy for rural electrification or the actual costs incurred if it's lower than the applicable subsidy for the year of supply.

The incentive will be based on the costs of the following:-

- The high voltage and the low voltage reticulation beyond the farmers point of supply;
- The service connection; and
- A standard meter or "Energy Control Unit (ECU)", where provided.

The incentive will not cover the costs of the following:-

- Any internal wiring beyond the meter or ECU;
- Electrical appliances;
- Infrastructure costs associated with networks built by the supplier before the point of supply; and
- A distribution box.

The payment of the incentive is subject to a minimum supply size of 20A being installed and networks built in accordance with relevant industry standards. The incentive is subject to 100% completion and inspection of the project.

7.5 NON-GRID ELECTRIFICATION PROGRAMME

An added new dimension to electrification has also materialised during 2001/2002 in the development of non-grid suppliers (Solar Home Systems – SHS) in areas where grid extension becomes uneconomical and where the density is too low to warrant any other form of grid or semi-grid networks. Few consortia have been established in Limpopo, Eastern Cape and Kwazulu Natal provinces. Kindly contact the region for more information on this matter.

8. FINANCIAL AND TECHNICAL CONTROL (PFMA, MFMA AND DoRA).

The model that emerged for the management and control of the post-RDP Integrated National Electrification Programme (INEP) from the White Paper on Policy and the deliberations in the National Electrification Co-ordinating Committee (NECC) is based, inter alia, on the following two main principles:

- Government, through the Department of Minerals and Energy, takes the primary responsibility for the funding of INEP; and
- Detailed project planning and implementation will be the function of the licensed Distributors (initially the current Eskom Regions and licensed municipalities and eventually the envisaged REDs)

The main function of the Department of Energy is the overall supervision of the INEP. Apart from providing strategic direction; co-ordinating the planning process; managing a formal annual programme approval process; and monitoring the execution of the approved programme, the Department will be transferring the funding against an agreed monthly cash-flow budget to the implementing entities.

Execution of the approved programme will be the function of the established Electricity Distribution Industry (EDI) (Eskom Distribution and the licensed municipalities) that has amply illustrated its capacity, ability and efficiency over the past 10 years of implementing the Electrification Programme.

The current licensed electricity distributors as well as the envisaged future Regional Electricity Distributors (REDs) are public entities and, therefore, subject to the provisions of the Public Finance Management Act (PFMA) (Act 1 of 1999, as amended), the related annual Division of Revenue Act (DoRA) (refer specifically, Act 1 of 2009) and the related Treasury Regulations for Departments, Constitutional Institutions and Public Entities (April 2001). (Refer also to Guide for Accounting Officers: PFMA, October 2000).

Of particular interest when transferring to public entities are:

Clause 38 (1)(i) and (j) of the PFMA: *"An accounting officer of a department When transferring funds in terms of the annual Division of Revenue Act, must ensure that the provisions of that Act are complied with;" and "before transferring any funds (other than grants in terms of the annual Division of Revenue Act or to a constitutional institution) to an entity within or outside government, must obtain a written assurance from the entity that that entity implements effective, efficient and transparent financial; management and internal control systems, or, if such assurance is not or cannot be given, render the transfer of the funds subject to conditions requiring the entity to establish and implement effective, efficient and transparent financial management control systems;"*

Treasury Regulation 8.41: *"An accounting officer must maintain appropriate measures to ensure that grants and other transfer payments are applied for their intended purposes. Such measures may include:*

- (a) *Regular reporting procedures;*
- (b) *Audit requirements and, where appropriate, submission of audited statements;*
- (c) *Regular monitoring procedures;*
- (d) *Scheduled or unscheduled inspection visits or reviews of performance; and*
- (e) *Any other control measure deemed necessary"*

8.1 Reporting

PFMA requires both financial and non-financial social KPIs to be reported on a monthly basis.

Clause 40(4) (c) of the PFMA: *"The accounting officer of a department must within 15 days of the end of each month submit to the relevant treasury and executive authority responsible for that department -*

- (a) The information for that month;*
- (b) A projection of expected expenditure and revenue collection for the remainder of the current financial year; and*
- (c) When necessary, an explanation of any material variances and a summary of the steps that are taken to ensure that the projected expenditure and revenue remain within budget."*

Duties of receiving officer

In terms of section 12 of DoRA and as part of the report contemplated in section 40(4)(c) of the PFMA a municipality must therefore within 10 days after the end of each month, submit a report to the Department in a format as determined by Treasury. The report must set out:

- a) The amount received by the province or municipality, up to the month reported on.*
- b) The amount of funds delayed or withheld from the province or municipality up to the month reported on.*
- c) The actual expenditure by the province or municipality up to the month reported on.*
- d) The extent of compliance with the conditions of an allocation and with DoRA.*
- e) An explanation of any material problems or variances experienced by the province or municipality regarding an allocation received and a summary of steps to deal with the problems or variances.*
- f) Such other issues and information as National Treasury may determine.*

All receiving municipalities must, in terms of section 13 of DoRA certify after their financial statements and annual reports have been finalised, that the requirements of section 13 of DoRA were met.

In terms of section 62.(1) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure –

- (a) that the resources of the municipality are used effectively, efficiently and economically;*
- (b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;*
- (c) that the municipality has and maintains effective, efficient and transparent systems –*
 - (i) of financial and risk management and internal control; and*
 - (ii) of internal audit operating in accordance with any prescribed norms and standards;*
- (d) that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented;*
- (e) that disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15; and*

- (f) *that the municipality has and implements –*
- (i) *a tariff policy referred to in section 74 of the Municipal Systems Act;*
 - (ii) *a rates policy as may be required in terms of any applicable national legislation;*
 - (iii) *a credit control and debt collection policy referred to in section 96(b) of the Municipal Systems Act; and*
 - (iv) *a supply chain management policy in accordance with Chapter 11.*

Assets and liability management

Section 63 of the MFMA:

“(1) The accounting officer of a municipality is responsible for the management of –

- (a) *the assets of the municipality, including the safeguarding and the maintenance of those assets; and*
- (b) *the liabilities of the municipality.*

(2) The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure –

- (a) *that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;*
- (b) *that the municipality's assets and liabilities are valued in accordance with the standards of generally recognised accounting practice; and*
- (c) *that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.”*

As part of their monthly reporting, a province or municipality must certify that an allocation was only utilised for the purpose contemplated in the Schedule concerned and in accordance with the conditions it is subject to (section 24(2) of DORA).

Reporting Requirements can be summarised as following:

National Electrification Management Report

Monthly Report to be compiled by the DoE and presented to the Minister of Energy and National Treasury by the 15th day of each month.

Monthly Report

A Monthly report compiled by Eskom and Municipalities to include the following:

- Actual connection and expenditure;
- Projections on connections and anticipated expenditure;
- Feedback on non-financial KPIs, e.g. BEE, SMME and Job creation; and
- Significant variances explanation and corrective actions and impact on budget.

The Municipal report must be submitted to the INEP BP Unit on the 10th of each month and the Eskom report on the 15th of each month.

□ Quarterly Reporting

The same as for the monthly report with emphasis on the following:

- More detailed reporting on the state of finances.
- Quarterly trends;
- Internal control and audit progress;
- Non-financial information (measure progress against service delivery indicators).

□ Annual Reporting

The same as quarterly reporting with the following additional requirements:

- Balance sheet.
- Income statement.
- Cash flow statement.

The current reporting format as prescribed by National Treasury is available at the INEP BP Unit and will be made available to Distributors as part of approved allocations (contract).

8.2 Payments

The Department as granting entity will transfer the funds against an agreed monthly cash flow budget to Eskom and Municipalities as the implementing entity.

The approval and disbursements of individual payments relating to the programme will be the responsibility of the spending entities. This relates to the payment of contractors and sub-contractors.

Payments will be monthly in advance according to detailed gazetted cash flow projections as provided by Eskom and Municipalities.

Withholding of allocations

Section 16 (1) of DoRA, subject to sections (2) and (3), a transferring national officer may withhold the transfer of a Schedule 4, 5, 6 or 7 allocation or any portion of such an allocation for a period not exceeding 30 days, if –

- a) *The province or municipality does not comply with the provisions of this Act or conditions to which the allocation, as provided for in the relevant framework, is subject;*
- b) *Roll-overs of conditional allocations approved by the National Treasury in accordance with section 31 have not been spent; or*
- c) *Expenditure on previous transfers during the financial year reflects significant under-spending, for which no satisfactory explanation is given.*

9. UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

In terms of section 32 of the MFMA –

“(2) A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure-

(a) in the case of unauthorised expenditure, is-

(i) authorised in an adjustments budget; or

(ii) certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council; and

(b) in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.

(3) If the accounting officer becomes aware that the council, the mayor or the executive committee of the municipality, as the case may be, has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the accounting officer is not liable for any ensuing unauthorised, irregular or fruitless and wasteful expenditure provided that the accounting officer has informed the council, the mayor or the executive committee, in writing, that the expenditure is likely to be unauthorised, irregular or fruitless and wasteful expenditure.

(4) The accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of—

- (a) any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
- (b) whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- (c) the steps that have been taken—
 - (i) to recover or rectify such expenditure; and
 - (ii) to prevent a recurrence of such expenditure.
- (5) The writing off in terms of subsection (2) of any unauthorised, irregular or fruitless and wasteful expenditure as irrecoverable, is no excuse in criminal or disciplinary proceedings against a person charged with the commission of an offence or a breach of this Act relating to such unauthorised, irregular or fruitless and wasteful expenditure.
- (6) The accounting officer must report to the South African Police Service all cases of alleged—
 - (a) irregular expenditure that constitute a criminal offence; and
 - (b) theft and fraud that occurred in the municipality.
- (7) The council of a municipality must take all reasonable steps to ensure that all cases referred to in subsection (6) are reported to the South African Police Service if—
 - (a) the charge is against the accounting officer; or
 - (b) the accounting officer fails to comply with that subsection.
- (8) The Minister, acting with the concurrence of the Cabinet member responsible for local government, may regulate the application of this section by regulation in terms of section 168.”

10. ELECTRIFICATION COSTING FRAMEWORK

As part of the Medium Term Expenditure Framework (MTEF) of National Government, budgeting is provided on the line budget of the Department of Minerals and Energy to provide electrification subsidies.

The basis for setting all tariffs and charges is the cost of supply subject to allowable cross-subsidies, levies and affordability criteria. As a deviation from cost of supply, in line with the Energy White Paper, cognisance is taken of the fact that many people in South Africa are living below the accepted poverty datum line and have a limited ability to pay. This principle guides the application of subsidies to lower the barriers of entry and reduce the price to low usage customers.

Supplies to residential customers must meet customers basic essential electricity needs. This will be done at the lowest possible cost using a combination of suitable appropriate technologies, supply sizes and customer service options.

In support of the above, a maximum limit on the capital expenditure will be set per type of supply to ensure that the defined economic viability criterion (subject to stated subsidies) is met. Where customers require more than the set standard, the additional amount will be for their own account.

10.1 Capital Costs

The funding will only apply to incremental capital cost for expanding the distribution network and for making the connections.

The following costs are excluded and are not recoverable from the fund:

- Public lighting;
- Operating costs and losses;
- Connection fees paid by the customer (accepted as credit to the project);
- Costs covered by other subsidies, e.g. CMIP and RSC funds;
- Capital cost for higher standards than the appropriate specification for overhead reticulation as contained in the NRS Standards;
- The portion of the capital cost that can be recovered viably through the income generated by these connections; and
- System upgrading/improvements/replacements

11. LIAISON AND NEGOTIATION PROCESS

The Constitution of the Republic of South Africa (Act 108 of 1996) obliges Local Government, the newly demarcated Municipalities, to ensure the provision of services to their electorate to meet their social, economic and material needs and improve the quality of their lives. In this regard, they have the responsibility to ensure the provision of household infrastructure, including services such as water, sanitation, local roads, storm water drainage, refuse collection and electricity.

To fulfil their development obligations Municipalities are required to develop Integrated Development Plans (IDPs) to facilitate integrated and co-ordinated delivery within their locality and optimise the investment of limited resources. It is a basic requirement of the development of IDPs that Municipalities consult with their electorate through a structured communication process.

Municipalities, be it Metropolitan Councils, District Councils (comprising a group of local Municipalities) or individual local Municipalities, therefore, stand to play a pivotal role in infrastructure planning at the local level, and hence also in electrification planning. This role should be recognised and strengthened in the development of the electrification system.

11.1. Negotiation Principles

The approach to Integrated National Electrification Planning is to integrate electrification with other energy and infrastructure provision initiatives. In order to accomplish the integrated approach to infrastructure and resource allocation and service provision, the electrification planning process should be stratified so as to harmonise electrification planning initiatives at the national, regional and local level.

The Integrated National Electrification Programme needs to be aligned with the Integrated Development Planning (IDP) and other integrated resource planning (IRP) programmes required from Municipalities and co-ordinated by Provincial Governments.

Local electrification planners should thus participate in the structured communication and negotiation processes that Municipalities use in the development of IDPs.

It is accepted that the electrification programme will be needs driven and not target driven, as it must focus on the integration of electricity provision with other infrastructure creation initiatives and other social and economic development programmes. No electrification projects will be accepted for inclusion into the annual programme for funding from the NEF unless supported by the relevant Municipalities.

It will, however, be required that the expected outputs of the approved annual electrification programme are expressed as measurable targets (number of connections as a given cost per connection) that can be readily monitored.

12. PRIORITISATION

12.1. EVALUATION CRITERIA

Criteria to evaluate applications will include the following:

- Fund allocation principles;
- Recognition of licensed Electricity Distributor;
- Existence and 80% occupation of formal or informal houses;
- Maximise connection with available capital;
- Cost per connection: Sub-transmission infrastructure and feeder lines included;
- Area Status (proclaimed / un-proclaimed);
- Project identified as part of IDP process;
- Connection cost to customer;
- Availability of top-up funding for projects exceeding maximum subsidy levels;
- Promotion of Black Economic Empowerment, skill transfer and job creation;

- Analysis of second and third year MTEF cycle.

13. VAT

It should be noted that, in accordance with a recent clarifying ruling by the South African Revenue Service, value-added Tax must be accounted for on the grants received from the Department of Minerals and Energy at the standard rate in terms of section 7(1)(a) of the value-added Tax Act 1991.

VAT, therefore, forms part of the cost per connection as contemplated.

14. APPLICATION REQUIREMENT

Application forms, for the different categories, containing minimum information requirements per project, need to be completed for consideration of the 2011/12 to 2013/14 MTEF cycle.

Please note that second and third year projects will be approved in principle to ensure a level of certainty as part of Governments 3-year MTEF planning cycle.

Municipalities that need funding from the INEP should follow the application process as defined in this document.

The final allocation will be dependent on the following:

- Prioritisation criteria;
- Latest census data available;
- Allocation to Municipalities not funded before; and
- Strategic guidelines provided by National Government e.g. Nodal Zones.

15. GOVERNANCE OF THE INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME

The Department of Energy will co-ordinate the Integrated National Electrification Programme through the Business Planning Unit and the Directorate: Electrification Policy Development and Management. The following two major standing committees will serve as the basis for the total INEP programme management. the two committees are:

- The National Electrification Advisory Committee (NEAC); and
- Macro Control Steering Committee (MCSC).

15.1. The National Electrification Advisory Committee (NEAC)

The NEAC is a non-statutory advisory body, comprising representatives of major stakeholders as a consultative forum, to advise the Minister on aspects of the INEP and to assist in guiding the programme.

The proposed functions of the NEAC include advising the Minister on aspects such as:

- Electrification Policy and Strategic Direction;
- Approval of the Integrated National Electrification Business Plan;
- Annual Budget requirements;
- Approval of the annual Integrated National Electrification Programme and Fund allocations;
- Monitoring, auditing and reporting;
- Programme adjustments on unsatisfactory progress; and the
- Handling of high-level disputes.

In addition, the NEAC should exercise any powers/duties as mandated by the Minister from time to time and is to be supported by a Secretariat in the Directorate Electrification.

The NEAC comprise

- A Chairman (DoE Executive)
- A Secretariat (DoE Officials)
- Members:
 - NERSA
 - DoE
 - AMEU
 - ESKOM
 - SALGA
 - NATIONAL TREASURY
 - COGTA
 - DHS
 - DBE

15.2 The Integrated National Electrification Programme Business Planning Unit

This functional group is regarded as a critical driver for the successful planning and execution of the INEP. Its main purpose is:

- To provide strategic guidance through a process of strategic analysis, scenario development and modelling at the national level;
- To set annual objectives and allocate funding so as to ensure equitable service provision and systematic reduction of backlogs;
- To ensure access to and upkeep of the data systems necessary for electrification planning and process control;
- To ensure adherence to agreed technical standards and quality of supply, in line with the political directives and budgetary limitations; and
- To manage the implementation of the programme according to annually agreed and approved timeframes and budgets.

16. APPROVAL OF APPLICATIONS FOR THE 2012/13 INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME

16.1 Flow process for 2012/13 programme.

The following process as supported by the NEAC will be applicable for the 2012/13 Integrated National Electrification Programme.

- Communicate application process and directives to licensed electricity distributors by 10 June 2011;
- Receive project proposals for funding from licensed electricity distributors by 5 August 2011;
- Allocations and Regazetting meetings on 01 and 02 September 2011
- Allocations meetings on 12 and 14 September 2011
- DG's approval of the regazetting programme by 25 September 2011
- Submission of preliminary allocations and the regazetted programme to National Treasury on 30 September 2011
- Recommendation on the 2012/13 INEP to NEAC on 12 October 2011;
- Minister to approve INEP by the 28 October 2011;
- INEP present 2012/13 allocations to National Treasury by 19 November 2011;
- Request letter to municipalities for final 2012/13 programme by 28 November 2011
- Request Licensed electricity distributors to develop final project plans and cash flow projections based on approved funding as per National Treasury format and DoE directives and submit by 10 December 2011;
- Transfer contract concluded and signed per municipality by 30 March 2012;
- Project implementation and release of funds per month on 01 April 2012.

17. CONTRACTUAL OBLIGATIONS

Attention is specifically drawn to the following contractual obligations licensed distributors will have to enter into:

- Clause 5.2 of the contract is a confirmation that transparent financial management and internal control systems as contemplated in section 38(1)(J) of the PFMA shall be implemented;
- Signed contracts should be available before 20 March 2011 to ensure that transfer of funds can take place in July 2012.
- All pages of the contract as well as the annexure need to be properly completed and initialled by all parties including witnesses; and
- Monies will only be deposited in official banking accounts as received from National Treasury.

NOTE: Please note that the Guidelines, Policy Directive, Conditions and Requirements as summarised in this document are available on request from the INEP Business Planning Unit.

Bulk infrastructure plan guidelines

1. Executive Summary

Provide a brief summary of what is contained in the business plan document.

2. Objective/Problem Statement

An explanation on the objective of the document and/or what caused the need develop the document/request for funding.

3. Financial Requirements

- a. Total project cost
- b. Breakdown of costs per project phase (if applicable)
- c. Cash flow projections (for current financial year)
- d. Funding required (also indicate top-up funding)

4. Project Details

a. Estimated project duration

- i. The time it will take to complete the project, whether it will be phased or not.

b. Work Breakdown Structure, Gantt chart, etc

- i. Indicate what work is involved in achieving the intended outcomes.

c. Bill of materials

- i. Provide a list of materials that are going to be used for the project and also indicate cost estimates.

d. Technical details (Current and proposed scenarios)

i. Substation

1. Point of supply
2. Capacity and voltage levels
3. Substation loading
4. Load segregation
5. etc.

ii. MV lines

1. Voltage levels
2. Line lengths
3. Conductor type
4. etc.

e. Existing backlog and names of affected areas

f. Projected load growth

- i. Residential
- ii. Commercial and industrial

g. Risk analysis

- i. An indication of risk analysis made in terms of environmental issues, material delivery, securing of land, servitudes, etc.

h. Resources

- i. Indicate whether the Municipality has technical capacity to implement the proposed project and/or whether services of a consultant or contractor are to be utilized.

5. Supporting documentation

- a. Single line diagrams
- b. Network diagrams
- c. Load flow studies
- d. Aerial maps
- e. EIA approvals (if applicable)
- f. Eskom upgrade approvals (if applicable)

6. Conclusion

Please note that these guidelines are not exhaustive but merely a list of minimum requirements for bulk infrastructure application. Any further information that is beneficial to the motivation for funds should be included.

