

# **National Electrification Bulk Infrastructure Framework**

## **Introduction**

Since the inception of Integrated National Electrification Programme (INEP) programme, The DME had only funded connections. The current electrification infrastructure is overloaded in most parts of the country and cannot accommodate further connections. In some arrears especially the rural areas households are far away from the national electricity grid making it impossible or very expensive to connect them to electricity.

INEP is driven by the mandate from the President of reaching universal access by 2012. Lack of electrification bulk infrastructure has been seen as a challenge to reaching universal access. The Department of Minerals and Energy has taken a decision to fund the establishment of bulk infrastructure from the same annual allocations for electrification.

South Africa is regarded as one of the fastest developing countries in the world. The high level of development in South Africa has led to the demand of more electricity, the lack of electricity infrastructure in the country has resulted in outages, and it has also led to the inability to reach new customers including residential customers.

## **Objectives**

The objective of this document is to establish guidelines regarding the provision of electrification infrastructure as part of the Integrated National Electrification Programme in line with the Energy White Paper. The document also ensures that the national electrification bulk infrastructure is conducted in a structured and integrated fashion with a

predetermined timeframe. The objective of the document is also to standardise the approach to the implementation of electrification bulk infrastructure.

The guidelines was provide policy and strategic guidance to licensed municipalities that are responsible for ensuring that communities have universal access to electricity. The guideline document should be read in conjunction with other electrification policies.

### **Scope of application**

The electrification bulk infrastructure policy guidelines will be applicable to all licensed implementing entities of the Integrated National Electrification Program (INEP) on behalf of the Department of Minerals and Energy.

### **Defining Bulk infrastructure**

For the purpose of this document electrification bulk infrastructure refers to the backbone infrastructure required to fulfil DME mandate of reaching universal access to electricity, i.e. sub-transmission substations and HV lines i.e 132kV - 22kV

### **Scope of bulk infrastructure**

### **Timeframe**

The goal is to electrify all existing backlogs and ensure that there is universal access to electricity by 2012/13.

### **Applications for Funding**

- All applications should be directed to the Department of Minerals and Energy via DME provincial offices.
- Every application form should be accompanied by a detailed business plan.
- DME will assess every application submitted and make a recommendation.
- Before any project can be approved for funding a site visit will be conducted.
- The decision to fund any project will be made by the DME in line with the prescribed policy guidelines.
- The outcome of the evaluation of projects will be communicated to municipalities in writing.

### **Business Plan**

No application for bulk infrastructure will be considered unless a business plan is submitted. The business plan should at least contain the following information:

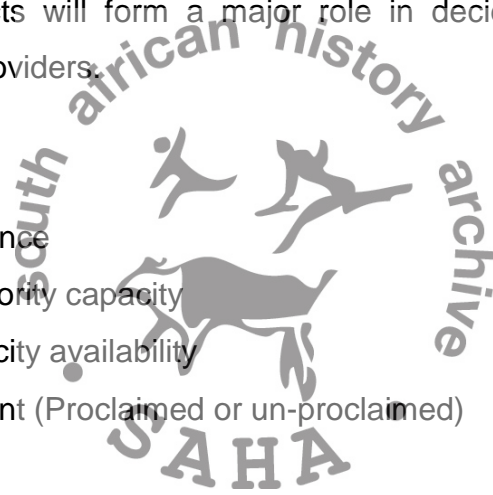
- Why the project should be done
- What will happen if the project is not done.
- Clear description of a project
- Existing backlog
- Total cost estimated for the full project
- Beneficiaries
- Load studies
- Projected cash flow
- Project milestones
- Project manager

### **Criteria and principles guiding the funding of bulk infrastructure projects**

- Only projects largely aimed at the reduction of the national electrification backlog will be funded.
- The 70/30 principle will be strictly applied. 70 % of the funding allocation should benefit electrification projects and the remaining 30% may benefit commercial businesses.
- Municipal manager takes accountability for the project.
- Industry –agreed technical specifications for building electrification infrastructure should be adhered to.
- A project must be on the IDP before it can be approved
- Licensed distributors will be responsible for the maintenance of the infrastructure.

The following aspects will form a major role in deciding the allocation of funding to service providers:

- Rural bias
- Past performance
- Licensed authority capacity
- Network capacity availability
- Land settlement (Proclaimed or un-proclaimed)



### **Monitoring and Evaluation**

Effective monitoring and evaluation of the programme to ensure compliance with the policy guidelines will require reports on: -

- Monthly capital expenditure per individual project;
- Monthly social indicator report (BEE etc);
- Progress in line with the project plan.

### **Subsidy levels**

The current national electrification funding is approximately R1.4 billion annually from the fiscus.

- The Department of Minerals and Energy will fully fund all bulk infrastructure projects until further notice.
- The National Electrification Fund (NEF) shall, in a separate cost allocation, provide funding for bulk infrastructure.
- The fund shall be administered by the Department of Minerals & Energy as
- Prescribed by existing national legislative framework (i.e PFMA , DoRA, etc).

### **Skills Development and Job Creation**

The Integrated National Electrification Programme should be implemented in accordance with the Energy White Paper of 1998 with a greater focus on local skills development and local job creation and achievement of poverty alleviation through integration of electrification with municipal IDPs and facilitate greater participation of previously disadvantaged communities in the operations and management of sector activities with particular emphasis on women, youth and the disabled.

### **Conclusion**

It is the responsibility of the municipalities to ensure that their constituencies receive the best services. The extent at which municipalities participate into the programme will determine the success of INEP programme. Proper project management, planning, monthly reporting, communication are some of the major elements that will lead to the major and positive change of the lifestyle of our communities.