



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MIX DEVELOPMENTS AND DEVELOPER PROJECTS POLICY GUIDELINES FOR INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)

Title	Mix Developments and Developer Projects Policy Guidelines
Responsibility	Department of Energy
Date Last Updated	26 November 2018
Status	Released

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1. BACKGROUND

The electrification programme has a goal of reaching universal access to energy by the year 2025. The rate of electrification needs to be accelerated to catch up with the rate of housing growth, if universal access to energy is to be reached.

A lot has been achieved over the past two decades since the programme started however, the rate of electrification over the years has slowed down, due to the bulk infrastructure cost as a result of little or no spare capacity available in most substations and high/medium voltage lines.

The achievements in electrification are commendable nonetheless. Although remarkable progress has been made in electrifying the country, the backlog of electrification, including the housing growth due to informal settlements and the housing programme not being implemented at a rate anticipated, means that there is still work to be done.

Furthermore, the need for integrated planning, coordination and collaboration between the Department of Energy and the Department of Human Settlements is acknowledged. The Department of Energy has partnered with the Department of Human Settlements (DHS) in the electrification of houses as they are built, all in support for “providing homes, instead of houses” for the people. To fast track housing delivery, the DHS has developed programmes such as the Integrated Residential Development Programme which proposes and advocates for mixed developments when housing people.

This policy must be read in conjunction with other policies.

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2. INTRODUCTION

This policy will provide guidelines for developer led household electrification in mixed development project areas implemented in both municipal and Eskom areas of supply.

Mixed developments refer to a development where an area is developed to build fully subsidized houses, social housing (CRUs), and partially and fully bonded houses. These types of developments are done by developers in partnership with Government.

A Mixed development project should be necessitated by the fact that all housing categories are to be supported by a common Bulk Infrastructure i.e. municipality is avoiding building two separate bulk projects where it is more economical to build a common bulk infrastructure that can be shared by all beneficiaries.

A developer is a person or entity who undertakes the required activities in developing a particular area for settlement purposes and this could include the rezoning of land to meet all the requirements of township establishment.

3. SCOPE

This policy is applicable to all mixed housing development projects, incorporating fully subsidized houses which are implemented by developers in Municipal and Eskom areas of supply.

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4. OBJECTIVES

The objectives of this policy are as follows:

- To outline the process and requirements for funding the electrification of mixed housing developments;
- To outline the requirements and processes for reimbursement of developers.
- To outline the minimum level of service to be provided in these developments (design and technology issues);
- To outline the required monitoring of such projects; and

5. RATIONALE

The minimum level of service that is provided in electrification has to keep up with the current trends and meet the needs of the people.

All electrification connections made through developer projects and funded through INEP will be counted as INEP achieved connections.

6. CRITERIA FOR ALLOCATION

The following criteria should be met for any developer project to be considered:

- The proposed project must form part of the municipal Integrated Development Plan (IDP) and or Provincial Government Plans.
- Fully subsidized houses has to form part/portion of the development for the DOE to consider electrification funding on pro-rata basis

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- The area being developed must be a formalized township/suburb with surveyor general approved plan.
- The developer must enter into a service agreement with the DHS (National/Provincial) and or the local municipality.
- A municipality must apply for the funding of the developer project as per the INEP application process and funding thereof will be allocated on pro-rata based on the requirements of the fully subsidized houses.
- The DoE will evaluate the project application and once the department is satisfied that all the minimum funding requirements are met, funding will be made available to the municipality/Eskom through the memorandum of agreement.
- The developer will be paid by the respective licensed utility once the connections have been done and energised and the customer has been registered on the billing system of the responsible license distributor.
- The licensed authority must provide proof to DOE that they have adequate electrical network capacity to supply the development.
- The licensed entity, must apply to NERSA for the inclusion of the said area in their license condition
- Design package and scoping reports to be submitted to the DOE before execution.

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7. SUBSIDY

The houses that qualify for the electrification subsidy are as follows:

Type of housing	Definition	INEP Status
Fully subsidized houses	Government fully funded house for the poor. (Income: R0 – R3,5k)	Subsidized
Communal Rental Units (CRUs)	Community rental units (hostels) (Income < R3, 5k)	Subsidized
Rental Housing	Social housing (Income: R 3,5k – R7,5k) Family units (3 – 5 floors)	Not Subsidized
Partially bonded house(GAP) or FLISP	Income > R15k	Not subsidized
Fully bonded house	Income > R20k	Not subsidized

7.1 The rate of subsidy for households

Each energised connection will be subsidized at actual cost up to the maximum amount as approved in the suite of supply policy as revised annually.

7.2 The subsidy for bulk infrastructure

The DoE and Developers will contribute proportionately towards the costs of building a distribution substation and distribution network required for a development.

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The DoE will not fund any electrification infrastructure more than once for an area that has already been funded, this includes any vandalised and/or stolen infrastructure.

Where there is a potential for future sharing of a substation in order to supply other customers, a prorated cost of the substation will be allocated to the licensed entity.

Bulk funding is dependent on the submission of a business plan. The business plan must indicate the potential beneficiaries (both immediate and future) of the infrastructure. An application for funding for bulk infrastructure by the developer should be submitted to the respective licensed utility.

8. LEVEL OF SERVICE

A level of service of 0.8kVA to 2.4kVA ADMD, 20A should be provided in each household. No connection fee will be charged to the customers, as this is a minimum level of service.

A hybrid system (a combination of underground and overhead) is recommended in such projects. The use of underground reticulation versus overhead reticulation will depend of various variables such as a road reserve, trenching requirements, and maintenance requirements, amongst other things.

Prepaid meters are to be installed in the fully subsidized houses.

The design of the network should be at 0.8 – 2.4 kVA ADMD. An increased level of service will be at a cost of the developer or the respective licensed utility.

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The civil contractor should appoint an electrical contractor for the installation of the internal wiring. The electrical contractor appointed by civil contractor should issue the certificate of compliance (CoC). The electrical contractor responsible for the electrification infrastructure in the area should issue the COC for the installation of the Ready Board and pre-paid meter.

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