

REPUBLIC OF SOUTH AFRICA

INDEPENDENT ELECTRICITY MANAGEMENT OPERATOR BILL

*(As introduced in the National Assembly (proposed section 76); explanatory summary of
Bill and prior notice of its introduction published in Government Gazette No. 42237
of 20 February 2019)
(The English text is the official text of the Bill)*

(MRS NWA MAZZONE, MP)

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BILL

To provide for the establishment of an Independent Electricity Management Operator as a public-private partnership entity which will provide an independent system operation to ensure safe, secure and efficient operation of the integrated power system and trading of electricity at wholesale level, and to allow metropolitan municipalities to purchase electricity directly from independent power producers; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

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CHAPTER 1

DEFINITIONS AND OBJECTS OF ACT

Definitions

1. In this Act, unless the context otherwise indicates—
 - “**ancillary services**” means services supplied to IEMO by generators, distributors or end-use customers, necessary for the reliable and secure transport of power from generators to distributors and other customers; 5
 - “**Board**” means the Board of IEMO contemplated in section 9;
 - “**chief executive officer**” means the chief executive officer appointed by the Board as contemplated in section 25; 10
 - “**chief financial officer**” means the chief financial officer appointed by the Board as contemplated in section 25;
 - “**Commission**” means the Companies and Intellectual Property Commission established by section 185 of the Companies Act;
 - “**Companies Act**” means the Companies Act, 2008 (Act No. 71 of 2008); 15
 - “**Department**” means the department responsible for energy;
 - “**Director-General**” means the Director-General of the Department;
 - “**dispatch**” means the scheduling, coordination and management of the flow of electricity produced by generation facilities or consumed by the demand-side resource into and out of the transmission power system, including the start-up and shut-down of those facilities; 20
 - “**distribution**” means ‘distribution’ as defined in section 1 of the Electricity Regulation Act;
 - “**distribution power system**” means an interconnected network for the conveyance of electricity which operates at or below a nominal voltage of 132kV; 25
 - “**effective date**” means the date on which IEMO is established as a state-owned entity;
 - “**Electricity Regulation Act**” means the Electricity Regulation Act, 2006 (Act No. 4 of 2006);
 - “**Eskom Holdings**” means the company envisaged in section 3 of the Eskom Conversion Act, 2001 (Act No. 13 of 2001); 30
 - “**expansion plan**” means a plan for development of the transmission network;
 - “**generation**” means ‘generation’ as defined in section 1 of the Electricity Regulation Act;
 - “**generation licensee**” means the holder of a licence to construct or operate a generation facility in terms of the Electricity Regulation Act; 35
 - “**Grid Code**” means the transmission or distribution Grid Code applicable in terms of the Electricity Regulation Act;
 - “**integrated power system**” means a power system that is interconnected to a generation facility, transmission power system and distribution power system; 40
 - “**integrated resource plan**” means an integrated resource plan as contemplated in section 25 of the Electricity Regulation Act;
 - “**IEMO**” means the Independent Electricity Management Operator Pty Ltd established by section 3;
 - “**IEMO Customers**” means the customers— 45
 - (a) to whom IEMO may sell electricity;
 - (b) from whom IEMO may buy electricity; and
 - (c) who provide ancillary services, as identified by the Minister through regulations or by notice in the *Gazette*;
 - “**licence**” means a licence issued under the Electricity Regulation Act; 50
 - “**licensee**” means the holder of a licence issued under the Electricity Regulation Act;
 - “**market operation**” means the purchase of power from generation and sale to IEMO customers at a wholesale price;
 - “**member**” means a member of the Board, and can be used interchangeably with the term “director”; 55
 - “**Memorandum of Incorporation**” means the Memorandum of Incorporation of IEMO referred to in section 5;
 - “**metropolitan municipality**” means a Category A municipality, as defined in section 155 of the Constitution of the Republic of South Africa, 1996; 60

- “**Minister**” means the Minister of Mineral Resources and Energy;
- “**national control centre**” means the control centre operated for the control and management of the dispatch and supply of electricity by the generation licensees into the transmission power system;
- “**NERSA**” means the National Energy Regulator of South Africa established in terms of section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004); 5
- “**system operation**” means the operation of the integrated power system in real time, which includes electricity dispatch;
- “**trading**” means ‘trading’ as defined in section 1 of the Electricity Regulation Act; 10
- “**transmission**” means ‘transmission’ as defined in section 1 of the Electricity Regulation Act;
- “**transmission power system**” means an interconnected network for the conveyance of electricity which operates above a nominal voltage of 132kV;
- “**transmitter**” means the owner of a transmission power system; and 15
- “**this Act**” includes the regulations made in terms of this Act.

Objects of Act

2. The objects of this Act are to provide for the incorporation of IEMO as a private company that—
- (a) is financially viable and that will manage the system in an efficient manner; 20
 - (b) will act as a trader of electricity in line with Government policy;
 - (c) will prepare appropriate input into the planning of electricity supply and transmission planning;
 - (d) is responsible for the establishment, practice and maintenance of the integrated power system; 25
 - (e) ensures efficient dispatch within the integrated power system; and
 - (f) provides for matters related thereto.

CHAPTER 2

ESTABLISHMENT OF IEMO

Establishment of IEMO 30

3. (1) (a) There is hereby established a juristic person to be known as the Independent Electricity Management Operator Pty Ltd.
- (b) The Minister must affect the incorporation of IEMO in terms of the Companies Act.
- (c) The State shall not be allowed to be a shareholder of IEMO. 35
- (2) Notwithstanding the Companies Act, the Minister or a person designated by him or her must, on behalf of the State, sign the Memorandum of Incorporation and all other documents necessary for the incorporation of the company.
- (3) The Commission must—
- (a) register the Memorandum of Incorporation as signed in terms of subsection (2); 40
 - (b) incorporate the company as a private company under the name “Independent Electricity Management Operator of South Africa Holdings”, with “IEMO Holdings” as its shortened form; and
 - (c) issue to the company the necessary documentation to enable it to conduct its business as a corporate entity. 45
- (4) No fee is payable in respect of the incorporation of IEMO.

Share capital of IEMO

4. (1) The share capital of IEMO shall be two million rand, and shall be divided into two million ordinary shares of one rand each. 50
- (2) The liability of a shareholder shall be limited to the amount unpaid on the shares held by him.
- (3) IEMO may, from time to time, with the consent of the Board, increase its share capital by the issue of shares upon such terms as the Board may approve.