







Strategic Plan (2015/16 - 2019/20)

Annual Performance Plan (2018/19 - 2020/21)



To be a recognised world-class leader in energy regulation.

MISSION

To regulate the energy industry
in accordance with
government laws and policies,
standards and
international best practices in support of
sustainable development.

STRATEGIC PLAN 2015/16 - 2019/20

Foreword by the Chairperson

Energy is the backbone of the economy with the Energy Regulator as a key enabler in advancing economic growth within South Africa. This is not only from a growth point of view, but also in terms of job creation and social upliftment. In this regard, the availability of reliable, affordable and clean energy is central to stimulating productive capacity, leading to sustainable economic and social development.

It is important to consider the socio-economic environment within which NERSA is operating and the context that will determine the strategic direction of the organisation over the next five years.

The global energy map is changing, with potentially far reaching consequences for energy markets. It is being redrawn by the resurgence in oil and gas production in the United States, a retreat from nuclear power in some countries, continued rapid growth in the use of wind and solar technologies and the global spread of unconventional gas production.

Global growth is in low gear, the drivers of economic activity are changing, and downside risks persist. China and a growing number of emerging market economies are coming off cyclical peaks. Their growth rates are projected to remain much above those of the advanced economies, but below the elevated levels seen in recent years, for both cyclical and structural reasons.

The world energy system is facing key challenges which include meeting the world's evergrowing energy needs (led by rising incomes and populations in emerging economies); providing access to energy for the world's poorest; and bringing the world towards meeting its climate change imperatives. All these make it extremely difficult to put the global energy system onto a more sustainable path, yet this path must be found.

Looking ahead, global activity is expected to strengthen moderately, but the risks to the forecast remain to the downside. The impetus is projected to come from the advanced economies, where output is expected to expand at a pace of about 2% in 2014, approximately 0.75 percentage points more than in 2013. The abovementioned global developments have had a direct bearing on the South African economy through various linkages.

It is important to note that despite the growth in renewable or low carbon sources of energy, fossil fuels remain dominant in the global energy mix. Coal has met nearly half of the rise in global energy demand over the last decade, growing faster than the total for renewable energy. World coal consumption has risen at an average rate of 1.3% per year, from 147 quadrillion British thermal unit (Btu) in 2010 and the projection is that it will rise to 180 quadrillion Btu in 2020 and 220 quadrillion Btu in 2040.

The United Nations declared 2012 an International Year of Sustainable Energy for All (SE4ALL) with three main objectives to be achieved by 2030, namely, (i) universal access to modern forms of energy; (ii) doubling the share of renewable energy in the total energy mix; and (iii) doubling the rate of energy efficiency improvements. Consequently, the African Heads of State and Governments endorsed the Programme for Infrastructure Development in Africa (PIDA) as the continent's highest priority infrastructure programme. These declarations, and many others, require country action plans to take into account the SE4ALL objectives, and the same would be required of regulators in regulating the energy industry.

On the regional front, the Southern African Development Community (SADC) is facing critical challenges. Access to electricity in the region is still limited – access in rural areas is below 10% in eight of the 15 SADC states. The region is a net importer of petroleum products with implications on the balance of payments and subsequent budget implications for most member states. Though reserves of oil and gas are found in some of the member states, the limited refinery capacity still forces the region to import most of the refined products.

On the home front, South Africa faces challenges regarding the security of supply, especially within the electricity and petroleum industries. During the five years of this strategic plan, the construction of the Medupi and Kusile coal fired power stations as well as Transnet Pipelines' New Multi-Product Pipeline should be completed. This, together with the introduction of renewable energy Independent Power Producers into the electricity grid will assist in alleviating these capacity constraints.

The growth of the gas market in South Africa remains a challenge, given the paucity of domestic natural gas and the substantial investment cost involved for new entrants.

The pivotal role that NERSA plays is underpinned by its mandate that is enshrined in the National Energy Regulator Act, 2004 (Act No. 40 of 2004), the Electricity Regulation Act, 2006 (Act No. 4 of 2006), the Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003) and is also aligned to the objectives of our government.

In regulating the electricity, piped-gas and petroleum pipelines industries, NERSA adheres to the regulatory principles of transparency; neutrality; consistency and predictability; independence; accountability; integrity; efficiency; and public interest.

In line with the Honourable President Jacob Zuma's State of the Nation Address on 17 June 2014, NERSA will continue to align its regulatory mechanisms with the transformation of the energy sector by ensuring the development of a sustainable energy mix that comprises coal, solar, wind, hydro, gas and nuclear energy. NERSA will also continue to execute its mandate in such a manner that the country's energy constraints are addressed in order to create a conducive environment for growth and to endeavour to strike a fair balance between the interests of consumers on the one hand and regulated entities on the other hand. This is done to ensure that government policy objectives are achieved, customer needs are met and the energy industries are sustainable in the long run.

I would like to take this opportunity to acknowledge the important work that the Members of the Energy Regulator, the management team and staff are executing and would like to encourage a collective and innovative spirit in implementing the legislative mandate of NERSA and future strategic programmes.

Jacob RD Modise

Chairperson: National Energy Regulator

Introduction by the Chief Executive Officer

The National Energy Regulator (NERSA) was established on 1 October 2005. In terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), its mandate is to regulate the electricity industry in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), regulate the piped-gas industry in terms of the Gas Act, 2001 (Act No. 48 of 2001), and regulate the petroleum pipelines industry in terms of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003). NERSA must perform such other functions as may be assigned to it by or under these Acts.

NERSA is expected to implement its mandate and to proactively take the necessary regulatory decisions in anticipation of and in response to the changing circumstances in the energy industry.

We are acutely aware that whilst NERSA's mandate is derived from legislation governing and prescribing its role and functions, the performance and consequently the relevance of NERSA must be informed by the tangible impact, benefits and meaningfulness of its work for the citizens of our country.

The role of NERSA is to ensure the development and sustainability of the electricity, piped-gas and petroleum pipelines industries, while facilitating the affordability of and accessibility to these industries to balance the economic interests of all stakeholders to ensure sustainable socio-economic development of South Africa and a better life for all.

The focus of the Strategic Plan reflects the renewed sense of urgency in increasing delivery on the mandate of NERSA as well as evaluating the impact of our actions. The Strategic Plan focuses on improving the planning, monitoring and evaluation of NERSA through ensuring that the plan contains SMART strategic objectives. The implementation plans that we have developed are not only realistic but also robust.

In developing this Strategic Plan, the mandate of NERSA as well as key policy priorities were taken into account. These policy priorities include the Government's twelve outcomes, which is based on Government's Medium Term Strategic Framework (MTSF)

that clearly articulates the agenda of the Government. The set of 12 outcomes were developed to reflect the desired development impacts Government seeks to achieve, given Government's policy priorities. It also includes the National Development Plan (NDP) which is a plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans, unleashing the energies of its citizens, growing an inclusive economy, building capabilities, enhancing the capability of the state and leaders working together to solve complex problems. Other key policy priorities taken into consideration include the National Infrastructure Plan and the Industrial Policy Framework.

In this Strategic Plan, NERSA has formulated the five strategic outcome-oriented goals which will guide its programmes for the next 5 years. These are:

- To facilitate Security of Supply in order to support sustainable socio-economic development in South Africa;
- 2. To facilitate investment in and access to infrastructure in the energy industry in support of sustainable socio-economic development in South Africa;
- 3. To promote competitive and efficient functioning as well as orderly development of the energy industry in order to sustain socio-economic development in South Africa;
- To facilitate affordability of and accessibility to the energy industry to balance the
 economic interests of all stakeholders in support of socio-economic development of
 South Africa and a better life for all; and
- To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty.

NERSA takes skills development and capacity building in energy regulation seriously. Consequently, a certified qualification in energy regulation has been developed and to date twenty one learners obtained this qualification, most of whom are currently occupying full-time positions within the organisation. NERSA will continue to enroll learners into this programme during the five years of this Strategic Plan.

Apart from the internal capacity building programmes in energy regulation, NERSA is also contributing to broader society understanding of energy regulation through hosting training and development courses and an Economic Regulators Conference (in

partnership with the University of Johannesburg) that can be attended by external parties.

NERSA is aware that the National Energy Regulator Act, 2004 (Act No. 40 of 2004); Gas Act, 2001 (Act No. 48 of 2001); and Electricity Regulation Act, 2006 (Act No. 4 of 2006) are in the process of being amended. These amendments may have an impact on the mandate of NERSA. Any consequential amendments to the Strategic Plan will be fully motivated and communicated to the relevant authorities once this becomes necessary.

I am proud to say, NERSA is not only enthused but also ready and inspired to meet the delivery challenges of the next five years



Phindile Baleni (née Nzimande)

Chief Executive Officer

Official sign-off

It is hereby certified that this Strategic Plan was developed by the Energy Regulator with inputs from the Executive Management of NERSA.

The Strategic Plan takes into account all the relevant policies, legislation and other mandates for which NERSA is responsible. It accurately reflects the strategic outcome oriented goals and objectives which NERSA will endeavour to achieve over the period 2015/16 to 2019/20. This Strategic Plan was prepared in line with the approved Strategic Plan (2012/13 - 2016/17) of NERSA.

Esther Viljoen Senior Manager: Strategic Planning and Monitoring	Signature:	E. VMbe
Zanele Ngwepe Chief Financial Officer	Signature:	Blgwere
Phindile Baleni (née Nzimande) Chief Executive Officer (Accounting Officer)	Signature:(Ratem [°]
JRD Modise Chairperson (on behalf of the Accounting Authority)	Signature:	4

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ACRONYMS AND ABBREVIATIONS

Acronym / Abbreviation	Stands for	
AFUR	African Forum for Utility Regulators	
APP	Annual Performance Plan	
B-BBEE	Broad-Based Black Economic Empowerment	
СВМ	Coal Bed Methane	
CNG	Compressed Natural Gas	
DoE	Department of Energy	
EEDSM	Energy Efficiency and Demand Side Management	
EPP	Electricity Pricing Policy	
ESI	Electricity Supply Industry	
FBE	Free Basic Electricity	
GDP	Gross Domestic Product	
GHG	Greenhouse gases	
GJ	Gigajoule	
GTL	Gas-to-liquid	
HDI/ HDSA	Historically Disadvantaged Individuals/ South Africans	
IBT	Inclining Block Tariff	
ICT	Information and Communication Technologies	
IDM	Integrated Demand Management	
IEA	International Energy Agency	
IPAP	Industrial Policy Action Plan	
IPPs	Independent Power Producers	
IRP	Integrated Resource Plan	
ISO	International Organisation for Standardization	

Acronym / Abbreviation	Stands for
Ke	Cost of equity
LNG	Liquefied Natural Gas
MCEP	Manufacturing Competitive Enhancement Programme
MTEF	Medium-term Expenditure Framework
MTSF	Medium Term Strategic Framework
MW	Megawatt
NDP	National Development Plan
NERSA	National Energy Regulator of South Africa
NIPF	National Industrial Policy Framework
NMPP	New Multi-Product Pipeline
NFI	Non-Financial Information
OECD	Organisation for Economic Co-operation and Development
PASA	Petroleum Association of South Africa
PE(R)STEL	Political, Economic, Regulatory, Social, Technological, Environmental and Legal
PICC	Presidential Infrastructure Coordinating Committee
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PPA	Power purchase agreement
RESAP	Renewable Energy Strategy and Action Plan
SAPP	The Southern African Power Pool
RIA	Regulatory Impact Assessment
ROMPCO	Republic of Mozambique Pipeline Investment Company
SADC	Southern African Development Community
SCOA	Standard Chart of Accounts
SFF	Strategic Fuel Fund
SIP	Strategic Integrated Project
SQAM	Standards, Quality Assurance, Accreditation and Metrology

Executive Summary

The National Energy Regulator (NERSA) is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). NERSA's mandate is to regulate the electricity, piped-gas and petroleum pipelines industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Gas Act, 2001 (Act No. 48 of 2001) and Petroleum Pipelines Act, 2003 (Act No. 60 of 2003). The structure of the Energy Regulator consists of nine members, five of whom are part-time and four are full-time, including the Chief Executive Office (CEO). The Energy Regulator is supported by personnel under the direction of the CEO.

Whilst the mandate of NERSA is derived from legislation governing and prescribing the role and functions of the Regulator, the performance and consequently the relevance of the Regulator must be informed by the tangible impact and benefits of its work on the citizens of South Africa. The creation of public value focus necessitates a move in the strategic thrust of NERSA towards an impact-driven performance focus.

Availability of reliable, affordable and clean energy from a national-planning context is central to stimulating productive capacity leading to sustainable economic and social development. Therefore, NERSA's Strategic Plan reflects the strategic role of effective regulation of the electricity, piped-gas and petroleum pipelines industries. The strategy of NERSA over the past five years has been aligned towards its mission and vision, emphasising NERSA as a key enabler in advancing economic growth and social development within South Africa. This document represents a revision to the currently approved NERSA Strategic Plan (2013/14 - 2016/17). It is not an entirely new strategy but rather an updating of the existing strategy. The recent elections and new term of government necessitates this revision and also presents an opportunity to adjust the plans in a manner that will adequately address any challenges that may have been identified or changes in the legislative and policy environment. The review of the five-year Strategic Plan thus identifies new challenges, updates existing information and provides an update to what has already been achieved. The structure of the strategic plan follows the guidelines from the 'National Treasury Framework for Strategic Planning'.

National Planning Context

The Government obtains a five year political mandate through the process of democratic elections. The execution of this mandate is funded through the fiscus. Accountability to the nation and transparency as well as prudency in the usage of public resources is the stated rationale for the introduction of the Framework for Strategic Plans and Annual Performance Plans (Framework) by National Treasury in August 2010. The Framework for Strategic Plans and Annual Performance Plans is applicable to all national and provincial departments, constitutional institutions and public entities in the development of their strategic plans.

The Framework was issued in terms of the mandates set out in sections 215 and 216 of the Constitution. These mandates require that national, provincial, municipal and public entity budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector. The mandate further grants the National Treasury the power to ensure both transparency and expenditure control in each sphere of government. The necessary legal basis for the implementation of this Framework is informed by the revised Treasury Regulations 30 issued in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). Compliance is therefore mandatory.

According to the Framework for Strategic Plans and Annual Performance Plans and the Treasury Regulations, NERSA is required to:

- Produce and table a Strategic Plan with a five-year planning horizon, outlining the planned sequencing of projects and programme implementation and associated resource implications and other prescribed information;
- Produce and table an Annual Performance Plan including forward projections for a further two years, consistent with the medium-term expenditure framework (MTEF) period, with annual and performance targets, where appropriate, for the current financial year and the MTEF period;
- · Identify a core set of indicators needed to monitor institutional performance;
- Adopt a quarterly reporting system, including submission of agreed information to the Minister of Energy (Executive Authority) and Department of Energy (responsible department); and

• Ensure that there is alignment of reporting between the Strategic Plan, Annual Performance Plan, budget and annual and quarterly reports.

Even though NERSA has an approved Strategic Plan (2012/13 – 2016/17) the Framework prescribes that a new Strategic Plan should be prepared during the course of the first budget cycle following a national election. In South Africa, a national election was held on 7 May 2014 and therefore a new Strategic Plan has to be developed for the period 2015/16 to 2019/20.

Strategic Plans and Annual Performance Plans are intended to provide a basis for evaluating the organisational performance of public institutions. Strategic Plans identify strategically important outcomes orientated goals and objectives linked to key policy priorities from government, against which medium term results can be measured and evaluated by Parliament, provincial legislatures and the public.

Whilst the mandate of NERSA is derived from legislation governing and prescribing the role and functions of the Regulator, the performance and consequently the relevance of the Regulator must be informed by the tangible impact and benefits of its work on the citizens of South Africa. The creation of public value focus necessitates a move in the strategic thrust of NERSA towards an impact driven performance focus.

Availability of reliable, affordable and clean energy from a national planning context is central to stimulating productive capacity leading to sustainable economic and social development. Therefore NERSA's Strategic Plan reflects the strategic role of effective regulation of the electricity, piped-gas and petroleum pipelines industries.

PART A: STRATEGIC OVERVIEW



PART A: STRATEGIC OVERVIEW

1. Vision

NERSA strives to regulate the South African electricity, piped-gas and petroleum pipelines industries by ensuring that the most efficient and effective industries are in place to exceed the requirements of existing and future energy customers. This is encapsulated in our **vision statement**, which is:

"To be a recognised world-class leader in energy regulation"

In this context, being "world-class" means that NERSA:

- Is recognised as a leader within the league of Regulators.
- Regulates the energy industry within its mandate without losing sight of its shared vision and values.
- Creates an environment that has low regulatory risk as viewed by all stakeholders.
- Promotes competition and competitiveness and continues to provide sound, objective and professional regulation of monopolies given the existing socio-economic conditions.
- Subscribes to the best regulatory practices and standards, including corporate governance principles.
- Continually evaluates its performance and benchmark itself against the "best-in-class energy regulators in the world".
- Is passionate and sensitive to the needs of its stakeholders, especially employees, consumers, energy suppliers and government, to ensure equity.
- Is considered as an efficient and effective regulator.
- Encourages new ideas, innovation, processes and systems that engender economic efficiency, effectiveness and continuous improvement to meet its aim to be a learning organisation.
- Maintains synergy between input, work processes and results through its capable, diverse, highly motivated and dedicated teams.

2. Mission

By regulating the energy industry in accordance with government laws and policies, NERSA makes a valuable contribution to the socio-economic development and prosperity of the people of South Africa. Our mission statement, commits NERSA:

"To regulate the energy industry in accordance with government laws and policies, standards and international best practices in support of sustainable and orderly development"

3. Values

Values are the expression of what we stand for and how we will conduct ourselves. We have adopted the following values:

- Passion: We conduct our business with a sense of urgency and commitment and are proud to be part of NERSA
- Spirit of Partnership: In working with all our stakeholders we deliver on our promises for the purpose of sustainable development
- Excellence: In our commitment to obtain the best results, we promote growth and development of our staff, and benchmarks ourselves against the "best-in-class" energy regulators across the globe
- Innovation: As a learning organisation, we strive to set trends and promote creativity by challenging the norm in order to continuously improve
- Integrity: Being honest, fair and sincere with all stakeholders and amongst ourselves
- Responsibility: We take responsibility and ownership of our actions and decisions
- **Professionalism**: We are committed to the maintenance of high standards of professional competence, interdependence between our teams using effective communication channels to treat everybody as stakeholders
- Pride: We take pride in what we do

4. Regulatory Principles

In regulating the three industries, NERSA must adhere to sound principles and approaches to be able to deliver on its mandate and achieve its objectives. NERSA has given consideration both to international best practice, as well as to the key principles stated in the "AFUR framework for utility regulation in Africa".

Following the completion of the report *Benchmarking the National Energy Regulator of South Africa* against international good practice, NERSA reviewed the literature on good regulatory principles and identified the good regulatory principles that emerge strongly and consistently as international good practice.

Underpinned by NERSA's legal mandate, NERSA adopted the following internationally accepted regulatory principles to underpin its regulatory approach:

- Transparency: The Energy Regulator is required to explain its decisions and processes to regulated entities and other interested parties, implying that the data or information that the decision is based on, is readily available and the reasoning behind it is readily explained. This covers public consultation and accessibility.
- Neutrality: The Energy Regulator should be neutral to all market players without favouring one or other group (non-discrimination).
- Consistency and Predictability: Decisions must be consistent and should have a reasonable degree of predictability based on previous rulings in similar cases.
- **Independence**: The independence of the Energy Regulator from the regulated companies is a prerequisite for any sound regulatory system. Independence from political influence is also desirable to ensure long-term stability of regulatory practices. Avoidance of regulatory capture by some customer groups is also necessary for successful regulation.
- Accountability: The Energy Regulator should be accountable for its actions and decisions. Independence must not be confused with the lack of accountability.
- Integrity: The Energy Regulator should exercise honesty, fairness and sincerity in the management of the Energy Regulator's affairs and in all its dealings with stakeholders.
- Efficiency: The Energy Regulator should make the best use of resources to further the regulatory objectives by exercising objectivity and commitment to evidence-based strategies for improvement.
- Public Interest: The Energy Regulator should endeavour to take decisions in the interest of the public as far as possible.

5. Legislative and other mandates

NERSA is the regulatory authority established in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004) with the mandate to "undertake the functions of the National Electricity Regulator as set out in the Electricity Regulation Act, 2006 (Act No. 4 of 2006), undertake the functions of the Gas Regulator as set out in the Gas Act, 2001 (Act No. 48 of 2001), undertake the functions of the Petroleum Pipelines Regulatory Authority as set out in the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003) and to perform such other functions as may be assigned to it by or under these Acts".

NERSA's mandate is anchored on the following four primary Acts:

- National Energy Regulator Act, 2004 (Act No. 40 of 2004);
- Electricity Regulation Act, 2006 (Act No. 4 of 2006) (ERA);
- Gas Act, 2001 (Act No. 48 of 2001); and
- Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

The regulatory functions of NERSA, as contained in relevant legislation, are summarised as follows:

- · Issuing of licences with conditions;
- Setting and/or approving tariffs and prices;
- Monitoring and enforcing compliance with licence conditions;
- Dispute resolution including mediation, arbitration and the handling of complaints;
- · Gathering, storing and disseminating industry information;
- · Setting of rules, guidelines and codes for the regulation of the three industries;
- · Determining of conditions of supply and applicable standards;
- · Consulting with government departments and other bodies with regard to industry development and regarding any matter contemplated in the three industry Acts;
- · Expropriating land as necessary to meet the objectives of the relevant legislation;
- · Registration of import and production facilities; and
- · Performing any activity incidental to the execution of its duties.

NERSA derives its revenue by, amongst others, imposing prescribed levies on the regulated industries following a prescribed transparent procedure. In this regard, the following Acts govern the imposition of such levies:

- Gas Regulator Levies Act, 2002 (Act No. 75 of 2002);
- · Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004); and
- · Section 5B of the Electricity Act, 1987 (Act No. 41 of 1987).

Apart from the mentioned legislation that anchors NERSA's mandate and the imposition of levies, the following facilitating and foundational legislation are also applicable to NERSA's conduct of its business:

• The Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), which specifies the accounting of NERSA as a Section 3A Public Entity;

- The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA), which determines the way that NERSA has to treat access to information;
- The Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA), which determines just administrative action of NERSA;
- The Constitution of the Republic of South Africa, 1996; and
- All other applicable laws of the Republic of South Africa.

Objects of the Acts

Each one of the industry-specific Acts that NERSA is deriving its mandate from has certain objects that should be achieved if NERSA carries out its functions as defined in these Acts.

The objects of the Electricity Regulation Act as stipulated in Section 2 of the Act, are to:

- Achieve the efficient, effective, sustainable and orderly development and operation of electricity supply infrastructure in South Africa;
- Ensure that the interests and needs of present and future electricity customers and end users are safeguarded and met, having regard to the governance, efficiency, effectiveness and long-term sustainability of the electricity supply industry within the broader context of economic energy regulation in the Republic;
- Facilitate investment in the electricity supply industry;
- Facilitate universal access to electricity;
- Promote the use of diverse energy sources and energy efficiency;
- · Promote competitiveness and customer and end user choice; and
- Facilitate a fair balance between the interests of customers and end users, licensees, investors in the electricity supply industry and the public.

The objects of the Gas Act as stipulated in Section 2 of the Act, are to:

- Promote the efficient, effective, sustainable and orderly development and operation of gas transmission, storage, distribution, liquefaction and re-gasification facilities and the provision of efficient, effective and sustainable gas transmission, storage, distribution, liquefaction, re-gasification and trading services;
- · Facilitate investment in the gas industry;
- Ensure the safe, efficient, economic and environmentally responsible transmission, distribution, storage, liquefaction and re-gasification of gas;
- Promote companies in the gas industry that are owned or controlled by historically disadvantaged South Africans by means of licence conditions so as to enable them to become competitive;
- Ensure that gas transmission, storage, distribution, trading, liquefaction and re-gasification services are provided on an equitable basis and that the interests and needs of all parties concerned are taken into consideration;
- · Promote skills development among employees in the gas industry;
- · Promote employment equity in the gas industry;
- · Promote the development of competitive markets for gas and gas services;
- · Facilitate gas trade between the Republic and other countries; and
- · Promote access to gas in an affordable and safe manner.

The objects of the Petroleum Pipelines Act as stipulated in Section 2 of the Act, are to:

- Promote competition in the construction and operation of petroleum pipelines, loading facilities and storage facilities;
- Promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines, loading facilities and storage facilities;
- Ensure the safe, efficient, economic and environmentally responsible transport, loading and storage of petroleum;
- Promote equitable access to petroleum pipelines, loading facilities and storage facilities;
- Facilitate investment in the petroleum pipeline industry;
- Provide for the security of petroleum pipelines and related infrastructure;
- Promote companies in the petroleum pipeline industry that are owned or controlled by historically disadvantaged South Africans, by means of licence conditions to enable them to become competitive;
- Promote the development of competitive markets for petroleum products;
- Promote access to affordable petroleum products; and
- Ensure an appropriate supply of petroleum to meet market requirements.

The objects of the National Energy Regulator Act as stipulated in Section 1 of the Act, is to:

Establish a National Energy Regulator for the regulation of the electricity, piped-gas and petroleum pipelines industries

Regulations

Electricity Regulation

The Electricity Regulation Act gives the Minister of Energy the power to make Regulations in terms of which NERSA must discharge its mandate. The Minister has published the following Regulations:

- Electricity Regulations for Expropriation on behalf of a licensee;
- Electricity Regulations for compulsory norms and standard for reticulation services;
- Electricity Regulations on deviation from set or approved tariffs; and
- Revised New Generation Regulations were issued on 4 May 2011.

Piped-Gas Industry Regulations

The Gas Act gives the Minister of Energy the power to make Regulations in terms of which NERSA must discharge its mandate. The Minister published Regulations in terms of the Gas Act on 20 April 2007. These Regulations deal with, amongst others:

- third party access to transmission and storage facilities;
- expropriation procedures and timelines;
- mechanisms to promote historically disadvantaged South Africans;
- mediation and arbitration procedures; and
- price regulation principles and procedures.

Petroleum Pipelines Industry Regulations

The Petroleum Pipelines Act gives the Minister of Energy the power to make Regulations in terms of which NERSA must discharge its mandate. The Minister published the Regulations in terms of Petroleum Pipelines Act on 4 April 2008. The Regulations deal with, amongst others:

- third party access to storage facilities;
- setting of tariffs for petroleum pipelines and approval of tariffs for petroleum loading and storage facilities;
- expropriation procedures and timelines;
- · mechanisms to promote historically disadvantaged South Africans; and
- mediation and arbitration procedures.

5.1. Policy mandates

NERSA's mandate is further derived from written government policies developed by the Minister of Energy in terms of the Electricity Regulation Act, Gas Act and Petroleum Pipelines Act. According to the Electricity Regulation Act, Gas Act and Petroleum Pipelines Act, NERSA must make decisions that are not at variance with published government policy.

The relevant policies and plans applicable are:

- White Paper on Energy Policy for South Africa of 1998;
- Electricity Pricing Policy (EPP) of the South African Electricity Supply Industry;
- Free Basic Electricity Policy;
- White Paper on Renewable Energy Policy for South Africa of 2003;
- Energy Security Master Plan: Liquid fuels published by the Department of Energy in 1998 and 2007; and
- Integrated Resource Plan 2010-30.

Section 36 of the Gas Act incorporates an Agreement between the then Minister of Minerals and Energy, the Minister of Trade and Industry and Sasol Limited concerning the introduction of natural gas by pipeline from the Republic of Mozambique into South Africa ("The Agreement"). This Agreement concerns the regulatory regime applicable to one particular participant in the piped-gas industry, Sasol Limited, and binds the regulator by bestowing a special regulatory dispensation to Sasol Limited ("Sasol"). Certain / most of the provisions of this Agreement came to an end on 25 March 2014, e.g. Clause A on Minimum gas supply objectives, and was replaced by the provisions of the Gas Act.

5.2. NERSA's contribution to Government's outcomes

Over and above the above stated policies, NERSA is also expected to contribute to Government's twelve outcomes, which is based on Government's Medium Term Strategic Framework (MTSF) that clearly articulates the agenda of the Government. The set of 12 outcomes were developed to reflect the desired development impacts Government seeks to achieve, given Government's policy priorities. Each tier of government as well as public entities are required to base their own planning for the medium term expenditure framework on these priorities and outcomes. As a public entity NERSA will contribute to the following six outcomes that the Minister of Energy has committed to:

Outcome 2: A long and healthy life for all South Africans

NERSA contributes through facilitating the wider use of electricity instead of coal and wood as energy sources by all South Africans and thus improving respiratory health, amongst others by:

- · Taking affordability into consideration when setting and/or approving tariffs and prices;
- · Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers;
- Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers;
- · Regulating in a manner which facilitates security of supply; and
- · Policy advocacy with regards to cleaner fuels.

Outcome 4: Decent employment through inclusive economic growth

By facilitating investment in the energy industry and thereby contributing to economic growth, leading to decent employment, NERSA contributes through:

- Licensing and the setting and/or approving of tariffs and prices. In this manner NERSA creates pre-conditions towards the achievement of this outcome;
- Approving renewable energy licensees to ensure that the socio-economic development commitments specified in the DoE bidding process are met;
- · Promoting companies that are owned and controlled by Historically Disadvantaged Individuals (HDIs) to become competitive; and
- Regulating in a manner which facilitates security of supply.

Outcome 6: An efficient, competitive and responsive economic infrastructure network

NERSA contributes through:

- · Setting rules and frameworks that facilitate the building of new infrastructure;
- Setting and/or approving cost reflective tariffs and prices that encourage efficient investment;
- Facilitating and enforcing (piped-gas) 3rd party access to facilities;
- Monitoring compliance and undertaking technical audits leading to regular maintenance and refurbishment of the infrastructure and therefor to the improvement in quality of supply;
 and
- Promoting competition and competitiveness.

Outcome 8: Sustainable human settlements and improved quality of household life

NERSA contributes through:

- · Facilitating access to energy services;
- · Facilitating reliability of supply;
- · Monitoring maintenance of infrastructure;
- · Compliance monitoring with licence conditions;

- Taking affordability into consideration when setting and/or approving tariffs and prices;
- Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers;
- Promoting energy efficiency in licencees and in the NERSA building; and
- Dispute resolution, including mediation, arbitration and handling of complaints.

Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced

NERSA has a mandate for environmental protection and remediation through the industry specific Acts that it administers. NERSA contributes through:

- Incorporating compliance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) as well as decommissioning remediation and the funding thereof into licence conditions;
- Promoting energy efficiency in licencees and in the NERSA building;
- Facilitation of the implementation of the Integrated Resource Plan (IRP) through considering concurring with determinations made by the Minister of Energy in line with section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006);
- Monitoring the implementation of the IRP, the Integrated Energy Plan (once promulgated) and the Gas Utilisation Master Plan (once in promulgated); and
- Facilitating the transition to a low carbon economy.

Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship

NERSA contributes through:

- Transparent Processes;
- All decisions and reasons thereof are made public through being published on the website;
- · The public is invited to make comments prior to decisions being made (written or in public hearing);
- · Customer education;
- Training and development of staff and stakeholders, including training to electricity distributors on the completion of the forms requesting information from them;
- · Participating in the Clean Energy Education and Empowerment Programme;
- · Corporate Social Investment activities; and
- Techno Girls programme where ten girls from grade 9 to grade 12 are exposed to NERSA's activities through visits to the organisation during school holidays.

5.3. NERSA's contribution to the National Development Plan

The National Development Plan (NDP) is a plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans, unleashing the energies of its citizens, growing an inclusive economy, building capabilities, enhancing the capability of the state and leaders working together to solve complex problems.

High-level objectives to be achieved by 2030

The high level objectives of the NDP are to:

- Reduce the number of people who live in households with a monthly income below R419 per person (in 2009 prices) from 39 percent to zero; and
- Reduce inequality, as measured by the Gini Coefficient, from 0.69 to 0.6.

Enabling milestones

- 1. Increase employment from 13 million in 2010 to 24 million in 2030.
- 2. Raise per capita income from R50 000 in 2010 to R120 000 by 2030.
- 3. Increase the share of national income of the bottom 40 percent from 6 percent to 10 percent.
- 4. Establish a competitive base of infrastructure, human resources and regulatory frameworks.
- 5. Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
- 6. Broaden ownership of assets to historically disadvantaged groups.
- 7. Increase the quality of education so that all children have at least two years of preschool education and all children in grade 3 can read and write.
- 8. Provide affordable access to quality health care while promoting health and wellbeing.
- 9. Establish effective, safe and affordable public transport.
- 10. Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third.
- 11. Ensure that all South Africans have access to clean running water in their homes.
- 12. Make high-speed broadband internet universally available at competitive prices.
- 13. Realise a food trade surplus, with one-third produced by small-scale farmers or households.
- 14. Ensure household food and nutrition security.
- 15. Entrench a social security system covering all working people, with social protection for the poor and other groups in need, such as children and people with disabilities.
- 16. Realise a developmental, capable and ethical state that treats citizens with dignity.
- 17. Ensure that all people live safely, with an independent and fair criminal justice system.
- 18. Broaden social cohesion and unity while redressing the inequities of the past.
- 19. Play a leading role in continental development, economic integration and human rights.

Critical actions

- 1. A social compact to reduce poverty and inequality, and raise employment and investment.
- 2. A strategy to address poverty and its impacts by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes.
- 3. Steps by the state to professionalise the public service, strengthen accountability, improve coordination and prosecute corruption.
- 4. Boost private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers.
- 5. An education accountability chain, with lines of responsibility from state to classroom.
- 6. Phase in national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care.
- 7. Public infrastructure investment at 10 percent of gross domestic product (GDP), financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy

and water.

- Interventions to ensure environmental sustainability and resilience to future shocks.
- 9. New spatial norms and standards densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.
- 10. Reduce crime by strengthening criminal justice and improving community environments.

NERSA's contribution:

Even though NERSA contributes indirectly to most of the enabling milestones, NERSA contributes specifically to the following pertinent enabling milestones:

Enabling Milestone 4: Establish a competitive base of infrastructure, human resources and regulatory frameworks

NERSA contributes through:

- · Publication of rules, codes and guides for the regulation of the electricity, piped-gas and petroleum pipelines industries;
- Setting rules and frameworks that facilitate the building of new infrastructure;
- Setting and/or approving cost reflective tariffs and market related prices that encourage investment;
- Facilitating and enforcing (piped-gas) 3rd party access to facilities;
- Monitoring compliance through undertaking technical audits leading to regular maintenance and refurbishment of infrastructure and thus contributing to an increase in quality of supply;
- Transparent Processes;
- · All decisions and reasons thereof are made public through being published on the NERSA website;
- · The public is invited to make comments prior to decisions being made (written or in public hearing);
- Customer education; and
- · Setting targets for becoming a more credible, reliable, efficient and effective regulator.

Enabling Milestone 5: Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup

NERSA contributes through:

- · Development and implementation of an Employment Equity Plan;
- Development and implementation of the Youth Employment Accord;
- Implementation of a Learnership Programme as well as an Internship Programme;
- Training and development of staff and stakeholders; and
- Techno Girls programme where ten girls from grade 9 to grade 12 are exposed to NERSA's activities through visits to the organisation during school holidays.

Enabling Milestone 6: Broaden ownership of assets to historically disadvantaged groups

NERSA contributes through:

- Licensing and the setting and/or approving of tariffs and prices. In this manner NERSA creates pre-conditions towards the achievement of this milestone;
- Issuing licences to eligible applicants to facilitate the meeting of stated socio-economic development targets;
- · Facilitating and enforcing (piped-gas) 3rd party access to facilities;
- · Promoting companies that are owned and controlled by Historically Disadvantaged Individuals (HDIs) to become competitive; and
- Regulatory advocacy for strengthening the powers of the Regulator.

Enabling Milestone 10: Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third

This enabling milestone encompasses the mandate of NERSA. NERSA thus contributes through:

- · Regulating in a manner which facilitates security of supply;
- Taking affordability into consideration when setting and/or approving tariffs and prices;
- Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers;
- Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers;
- Registration of gas importation and production facilities;
- Facilitating access to electricity in setting aside some funds for the Electrification Cross-subsidy as part of determining electricity prices;
- Incorporating compliance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) into licence conditions;
- · Promoting energy efficiency in general in South Africa and in particular in the NERSA building;
- Facilitation of the implementation of the Integrated Resource Plan (IRP) through considering concurring with determinations made by the Minister of Energy in line with section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006);
- Monitoring the implementation of the IRP;
- Development and implementation of the Grid Code for renewable energy to facilitate the introduction of renewable energy power producers;
- Facilitating the transition to a low carbon economy;
- Regulatory advocacy with regards to cleaner fuels policy; and
- Monitoring the implementation of the Gas Utilisation Master Plan (once promulgated).

5.4. NERSA's contribution to the National Infrastructure Plan

The South African Government adopted a National Infrastructure Plan in 2012 that intends to transform our economic landscape while simultaneously creating significant numbers of new jobs, and to strengthen the delivery of basic services. The plan also supports the integration of African economies.

The New Growth Path sets a goal of five million new jobs by 2020, identifies structural problems in the economy to be overcome and points to opportunities in specific sectors and markets or "jobs drivers". The first jobs driver is infrastructure: laying the basis for higher growth, inclusivity and job creation.

In order to address these challenges and goals, Cabinet established the Presidential Infrastructure Coordinating Committee (PICC), to:

- · coordinate, integrate and accelerate implementation;
- develop a single common National Infrastructure Plan that will be monitored and centrally driven;
- · identify who is responsible and hold them to account; and
- · develop a 20-year planning framework beyond one administration to avoid a stop-start pattern to the infrastructure roll-out.

Under their guidance, 18 strategic integrated projects (SIPs) have been developed.

The 18 Strategic Integrated Projects (SIPs)

The SIPs cover social and economic infrastructure across all nine provinces (with an emphasis on lagging regions).

The SIPs include catalytic projects that can fast-track development and growth. Work is being aligned with key transversal areas, namely human settlement planning and skills development.

The SIPs comprise:

- · Five geographically-focused SIPs;
- · Three spatial SIPs;
- · Three energy SIPs;
- Three social infrastructure SIPs;
- Two knowledge SIPs;
- · One regional integration SIP; and
- One water and sanitation SIP.

Following are all the SPIs in each of these categories with detail on Government's planned intervention on the Energy SIPs.

Geographically-focused SIPs

- 1. SIP 1: Unlocking the northern mineral belt with Waterberg as the catalyst;
- 2. SIP 2: Durban-Free State-Gauteng logistics and industrial corridor;
- 3. SIP 3: South-Eastern node & corridor development;
- 4. SIP 4: Unlocking the economic opportunities in North West; and
- 5. SIP 5: Saldanha-Northern Cape development corridor.

Spatial SIPs

- 1. SIP 6: Integrated municipal infrastructure project
- 2. SIP 7: Integrated urban space and public transport programme
- 3. SIP 11: Agri-logistics and rural infrastructure

Energy SIPs

- 1. SIP 8: Green energy in support of the South African economy
 - Support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the Integrated Resource Plan (IRP2010).
 - Support bio-fuel production facilities.
- 2. SIP 9: Electricity generation to support socio- economic development
 - · Accelerate the construction of new electricity generation capacity in accordance with the IRP2010 to meet the needs of the economy and address historical imbalances.
 - Monitor implementation of major projects such as new power stations: Medupi, Kusile and Ingula.
- 3. SIP 10: Electricity transmission and distribution for all
 - Expand the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development.
 - Align the 10-year transmission plan, the services backlog, the national broadband roll-out and the freight rail line development to leverage off regulatory approvals, supply chain and project development capacity.

Social infrastructure SIPs

- 1. SIP 12: Revitalisation of public hospitals and other health facilities
- 2. SIP 13: National school build programme
- 3. SIP 14: Higher education infrastructure

Knowledge SIPs

- 1. SIP 15: Expanding access to communication technology
- 2. SIP 16: SKA and Meerkat

Regional SIP

1. SIP 17: Regional integration for African cooperation and development

Water and Sanitation SIP

1. SIP 18: Water and sanitation infrastructure

NERSA's contribution:

Even though NERSA contributes indirectly to more than just the energy SIPs, NERSA contributes specifically to the energy SIPs as follows:

SIP 8: Green energy in support of the South African economy

NERSA contributes through:

- Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers;
- Incorporating compliance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) into licence conditions;
- Facilitation of the implementation of the Integrated Resource Plan (IRP) through considering concurring with determinations made by the Minister of Energy in line with section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006);
- · Monitoring the implementation of the IRP;
- Facilitating the transition to a low carbon economy; and
- Regulatory advocacy with regards to cleaner fuels policy.

SIP 9: Electricity generation to support socio- economic development

NERSA contributes through:

- Regulating in a manner which facilitates security of supply and investment;
- Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers;
- · Setting rules and frameworks that facilitate the building of new infrastructure;
- Setting and/or approving cost reflective tariffs and prices that encourage investment; and
- Monitoring compliance through undertaking technical audits leading to regular maintenance and refurbishment of infrastructure and thus contributing to an improvement in quality
 of supply.

SIP 10: Electricity transmission and distribution for all

NERSA contributes through:

- · Facilitating access to electricity in setting aside some funds for the Electrification Cross-subsidy as part of determining electricity prices;
- Taking affordability into consideration when setting and/or approving tariffs and prices, while allowing a provision for expansion of current operations;
- · Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers;
- · Facilitating and enforcing (piped-gas) 3rd party access to facilities;
- · Facilitating reliability of supply;
- · Determining benchmarks and monitoring maintenance of infrastructure;
 - Auditing of the implementation of the Transmission Development Plan;



- Monitoring compliance with licence conditions; and
- Dispute resolution, including mediation, arbitration and handling of complaints.

5.5. NERSA's contribution to the National Industrial Policy Framework

The Industrial Policy Framework (NIPF) determined the framework for continuous improvement and upscaling of concrete industrial development interventions. The implementation of the NIPF is done through the Industrial Policy Action plan (IPAP) of which successive iterations seek to scale up interventions over rolling three year periods with a ten year outlook on desired economic outcomes. The latest published IPAP is for 2012/13 – 2014/15. The NIPF has the following core objectives:

- To facilitate diversification beyond the economy's current reliance on traditional commodities and non-tradable services that require the promotion of value-addition, characterised particularly by the movement into non-traditional tradable goods and services that compete in export markets and against imports;
- To ensure the long-term intensification of South Africa's industrialisation process and movement towards a knowledge economy;
- To promote a labour-absorbing industrialisation path, with the emphasis on tradable labour-absorbing goods and services and economic linkages that create employment;
- To promote industrialisation, characterised by the increased participation of historically disadvantaged people and marginalised regions in the industrial economy; and
- To contribute towards industrial development in Africa with a strong emphasis on building the continent's productive capacity and secure regional economic integration.

IPAP represents a range and mix of policies that are critical to achieve a scaled-up industrial policy and a shift towards strengthening the productive side of the economy in general. These include:

- Stronger articulation between macro- and micro-economic policies;
- ii. The development of a range of integrated and aligned incentive programmes including the Manufacturing Competitive Enhancement Programme (MCEP);
- iii. Industrial financing channeled to real economy sectors;
- iv. Promotion of public procurement to raise domestic production and employment in a range of sectors. This does not include the need for the alignment of B-BBEE and the industrial development objectives and the encouragement of private procurement processes to support localisation;
- v. Developmental trade policies that deploy trade measures in a selected and strategic manner, including tariffs, enforcement and Standards, Quality Assurance, Accreditation and Metrology (SQAM) measures. These should be deployed together with stronger interventions to prevent illegal imports and customs fraud;
- vi. Competition and regulation policies that lower costs for productive investments and for poor and working-class households;
- vii. Skills and innovation policies that are aligned to sectoral priorities;
- viii. Interventions designed to stimulate sub-regional growth, including in key sectors and value chains by way of the SEZ policy and programmes;
- ix. Interventions that give expression to Government's commitment to regional economic development and integration in Africa; and
- x. The deployment of these policies in general and in relation to more ambitious sector strategies, building on the significant platforms.

NERSA's contribution:

Even though NERSA contributes indirectly to a range of these policies:

Policy vi: Competition and regulation policies that lower costs for productive investments and for poor and working-class households

NERSA contributes through:

- · Regulating in a manner which facilitates security of supply and investment;
- Taking affordability into consideration when setting and/or approving tariffs and prices, while allowing a provision for expansion of current operations;
- · Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers;
- Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers;
- Registration of gas importation and production facilities; and
- Development and implementation of the Grid Code for renewable energy to facilitate the introduction of renewable energy power producers.

Policy ix: Interventions that give expression to Government's commitment to regional economic development and integration in Africa

NERSA contributes through:

- · Founding member and a current member of the Executive Committee of the African Forum for Utility Regulators; and
- · Member of and current chair of the Regional Electricity Regulatory Association.

5.6. Relevant court rulings

The following table represents all the court cases that are pending. There has been no ruling yet.

Item	Plaintiff/Applicant	Defendant/ Respondent	Industry	Cause of Action
1.	Visigro Investment	NERSA and Strategic Fuel Fund (SFF) Association	Petroleum Pipelines	Issue relates to an operation licence issued to SSF
				Synopsis: Visigro, a Property Developer who has built a residential estate known as the Burgundy Estates up to the boundary wall of the SFF tank farm in Milnerton, is challenging NERSA's decision to issue an operation licence to SFF for the tank farm. Visigro alleges, amongst others, that the decision failed to take into consideration the health and safety of the people residing around the tank farm. NERSA contests this assertion.
2.	Association for Body Corporates bodies of townhouses, flats and retirement villages (ACBOT)	CENTLEC and NERSA	Electricity	Synopsis: ACBOT represents a large number of residents of townhouses, flats and retirement villages in Bloemfontein within the area of supply of CENTLEC (an entity of the Mangaung Metropolitan Municipality responsible for electricity supply). ACBOT took CENTLEC to court for the review of its metering policy. The court ordered that the matter be referred to NERSA for resolution.

Item	Plaintiff/Applicant	Defendant/ Respondent	Industry	Cause of Action
3.	NERSA	Fuel Firing Systems Refineries (FFS)	Petroleum Pipelines	Issue relates to revocation of a licensee issued by NERSA Synopsis: After applying for a licence to NERSA and being issued with one, FFS expressed a view that its licensed facility should not have been licensed in terms of the Petroleum Pipelines Act. Members of the Regulator were invited to visit the facility for an inspection. It was then concluded that the licence was indeed erroneously issued. NERSA must now approach the High Court for the revocation of the licence.
4.	Eskom	Midvaal and NERSA	Electricity	Issue relates to the electricity supply areas. Synopsis: Midvaal municipality applied for the amendment of its electricity distribution licence to NERSA to add other areas of supply. Eskom filed an objection against the application on the basis that some of the areas applied for are supplied by them. A public hearing was held on the matter and all the affected parties made presentations. The Energy Regulator approved the amendment of the municipal licence. Eskom took the Energy Regulator's decision to court for review.
5.	NCP	Ekurhuleni Metro/ NERSA	Electricity	The issue relates to the tariff charged by licensee Synopsis: The applicant, NCP referred a dispute for arbitration to NERSA against the unfair treatment on tariffs charged by Ekurhuleni. An arbitration process was undertaken by NERSA and NCP was not satisfied with the award and took the matter to court for review.
6.	PG Group and Others	NERSA and Sasol Gas	Piped-Gas	Issues relates to the approved maximum prices of gas and approved transmission tariffs for Sasol Gas Synopsis: PG Group & Others, together called the Gas Users Group (GUG) are unhappy about the maximum prices of gas and transmission tariffs approved for Sasol Gas by NERSA, which came into operation on 26 March 2014. GUG submits that the prices are excessive and therefore seek an order to review and set aside the abovementioned approvals by NERSA as well as an order to review and set aside the methodology used by NERSA to consider the abovementioned maximum price application, or declaring such methodology to be invalid for purposes of such consideration. NERSA contests the assertion by the applicants.
7.	Autocast South Africa and Other	NERSA, Nelson Mandela Metropolitan Bay Municipality and Minister of Energy	Electricity	Issue relates to the NERSA approved tariffs for a licensee Synopsis: NERSA approved Nelson Mandela Bay Metropolitan Municipality 2013/14 electricity tariffs in terms of the tariff guideline for municipalities. The applicants are unhappy about NERSA's decision and allege that the decision resulted in a tariff increase above the guideline and it makes their business unsustainable.

Item	Plaintiff/Applicant	Defendant/ Respondent	Industry	Cause of Action
8.	Matjabeng Local Municipality	Eskom and NERSA	Electricity	Issue relates to the licensee's non-payment of its electricity account Synopsis: Eskom served the municipality with a notice to terminate the supply of electricity to the whole of the Matjhabeng municipal area. Based on the notice, the municipality applied to the High Court for an interdict against Eskom from disconnecting its supply. No relief has been sought against NERSA by the municipality; therefore NERSA did not file any papers in court.
9.	Ekundustria Industries Association	City of Tshwane Metropolitan Municipality and NERSA	Electricity	Issue relates to the resale of electricity and the reseller's non-payment of its electricity account. Synopsis: The reseller of electricity, Mpumalanga Economic Growth Agency, was paid for electricity used by the industries occupying the industrial premises owned by the reseller. It is alleged that the reseller has not been paying the money collected from the industries to the City of Tshwane, which resulted in the account being in arrears. The City of Tshwane issued a notice to disconnect the electricity supply to the area. Ekandustria applied to court for an interdict against the City of Tshwane from disconnecting the supply of electricity to the industries. No relief has been sought against NERSA by the applicant; therefore NERSA did not file any papers in court.
10.	Cornelia Magdalena and Johannes Schwab	City of Tshwane Metropolitan Municipality and NERSA	Electricity	Issue relates to the resale of electricity. Synopsis: In this matter the applicant, Cornelia Magdalena and Johannes Schwab, are residents in a residential area controlled and administered by a body corporate. The body corporate took a resolution to change the reseller of electricity to the area and appointed a new reseller. The applicant refused to be supplied by the new reseller and requested to be supplied by the City of Tshwane. In the court a quo, the application was dismissed. The matter is currently before the Supreme Court of Appeal and no judgment or order has been made at this stage. No relief has been sought against NERSA, therefore NERSA did not file any papers in court.
11.	Afrisake NPC and Others	City of Tshwane Metropolitan Municipality; PEU Capital Partners (Pty) Ltd; Auditor-General; Minister of Finance; and NERSA	Electricity	Issue relates to the installation of smart meters and the contract concluded by the licensee for such installation. Synopsis: The applicant is a non-profit company that filed an urgent application to the High Court to order the City of Tshwane to discontinue the installation of equipment for the smart metering project and that the contracts for the installation of the said equipment concluded by the City of Tshwane with PEU Capital Partners (Pty) Ltd be declared invalid. No relief has been sought against NERSA, therefore NERSA did not file any papers in court.

ltem	Plaintiff/Applicant	Defendant/ Respondent	Industry	Cause of Action
12.	Eugene Benjamin Osmers and Hazel Haynes	Eskom and NERSA	Electricity	Issue relates to access to Eskom's power system Synopsis: In this matter the applicants seeks relief to compel Eskom to provide non-discriminatory access to the power systems to the premises of the Eugene Osmers Trust at Portion 4 of Schalk Farm 3, Phalaborwa, Limpopo Province and an order to compel Eskom to conclude an agreement with the Eugene Osmers Trust. No relief is sought against NERSA.
13.	Eugene Benjamin Osmers	Eskom and NERSA	Electricity	Issue relates to access to Eskom's power system Synopsis: In this matter the applicants seeks relief to compel Eskom to provide non-discriminatory access to the power systems to the premises of Eugene Benjamin Osmers at Portion 25 of Silonque, Phalaborwa, Limpopo Province and an order to compel Eskom to conclude an agreement with Eugene Benjamin Osmers. No relief is sought against NERSA.

Planned policy initiatives

Although policy formulation is outside of NERSA's realm of authority, specific policy gaps were identified that require ongoing dialogue and strategic engagement with the Department of Energy in order to ensure that there is alignment between NERSA's strategic direction and the Department's policy thrusts.

NERSA advocates the implementation of the White Paper on Energy Policy of 1998 before the principles enshrined in the policy and suite of subsequent legislation are overhauled. As the Energy Regulator we are aware that the policies of 1998 and consequent suite of legislation (Gas Act, Petroleum Pipelines Act, National Energy Regulator Act and Electricity Regulation Act) which were developed between 2001 and 2006 have been actively implemented since the establishment of NERSA in October 2005. It is only now that we are able to give private investors some certainty regarding energy infrastructure investments and the level playing field we are expected to provide. Recent private sector licence applications in the piped-gas and petroleum pipelines industries are a testimony to the success of government's liberalisation policies.

The Electricity Regulation Act gives the mandate for competitive bidding of electricity generation capacity to the Department of Energy (DoE), following a Cabinet decision that private sector participation in the electricity industry be split 70:30 between Eskom and the private sector, with DoE procuring the plant and Eskom being the "off-taker". The procurement by DoE took much longer than anticipated and in 2007 Cabinet decided that Eskom be designated as the single buyer of power from Independent Power Producers (IPP's) in South Africa and that Eskom will be responsible for ensuring that adequate generation capacity is made available and that 30% of the new power generation capacity is derived from IPP's.

Apart from the Regulations on the revised New Generation Capacity, promulgated in May 2011, no legislation or regulations have been promulgated in this regard.

The ability of NERSA to enforce compliance is constrained by a lack of policy to impose penalties in cases of non-compliance.

There are developments in the three industries that are not covered by the current industry-specific Acts. For example, in the piped-gas industry there are new technological

developments allowing for mobile storage of compressed natural gas that were not foreseen when the Gas Act was promulgated in 2001. Furthermore, with the experience arising from licence applications, NERSA is aware that licensing is becoming increasingly complex, involving methodological analysis of financial, technical and legal considerations.

Experience has also shown that a review of the National Energy Regulator Act needs to be undertaken in order to ensure that the gaps that have been identified can be addressed.

6. Situational analysis

6.1. Performance environment

The performance environment of NERSA is impacted upon by energy demand and supply trends and developments in the global, continental, regional and national environments.

6.1.1. Global Trends

The global energy landscape is evolving at a rapid pace, reshaping long-held expectations for our energy future. It is being redrawn by the resurgence in oil and gas production in the US and could be further reshaped by a retreat from nuclear power in some countries, continued rapid growth in the use of wind and solar technologies and by the global spread of unconventional gas production. Perspectives for international oil markets hinge on Russia's success in delivering the same output with old and outdated technology. If new policy initiatives are broadened and implemented in a concerted effort to improve global energy efficiency, this could likewise be a game changer.

The world energy system is facing key challenges which include: to meet the world's ever-growing energy needs (led by rising incomes and populations in emerging economies); to provide access to the world's poorest; and to bring the world towards meeting its climate change objectives. Exxon Mobil estimates that there will be an additional two billion people worldwide by 2040, which will translate into rising electricity needs for homes and other buildings, and increasing energy supplies to power industry. All these make it impossible to put the global energy system onto a more sustainable path.

The International Energy Agency (IEA) expects global energy demand to grow by more than one-third over the period to 2035, with China, India and the Middle East accounting for more than 60% of the increase. Although there is a shift away from oil, coal and nuclear towards natural gas and renewables, energy demand in the Convention on the Organisation for Economic Co-operation and Development (OECD) countries will somewhat remain unchanged.

Despite the growth in renewable or low carbon sources of energy, fossil fuels remain dominant in the global energy mix at 82% and this is expected to only reduce to 75% by 2035. Coal has met nearly half of the rise in global energy demand over the last decade, growing faster than total renewable. The rise in coal demand will depend on the strength of policy measures that favor lower emissions energy sources and the deployment of more efficient coal-burning technologies. Apart from this, the only way in which renewable energy generation is a viable alternative for fossil fuel electricity generation currently is through government subsidies, contributing to rising electricity prices.

Energy developments in the United States of America (US) are profound and their effect will be felt well beyond North America and the energy sector. The recent rebound in US oil and gas production, driven by upstream technologies that are unlocking light tight oil and shale gas resources, is spurring economic activity and steadily changing the role of North America in global energy trade. By around 2020 the IEA projects the US will become the largest global oil producer; resulting in lower US oil imports to the extent that North America becomes a

net oil exporter by around 2030. This accelerates the switch in the direction of international oil towards Asia, putting a focus on the security of the strategic routes that bring Middle East oil to Asian markets.

Water needs for energy production are set to grow at twice the rate of energy demand. Water is essential to energy production: in power generation; in the extraction, transport and processing of oil, gas and coal; and in irrigation of crops used for biofuels. The IEA estimates that water use will increase by about 85% over the period to 2035. Water is growing in importance as a criterion for assessing the viability of energy projects, as population and economic growth intensify competition for water resources.

6.1.2. Regional Developments

The Southern African Development Community (SADC) region still faces significant challenges in energy development and usage. The Regional Infrastructure Development Master Plan, developed in 2012, highlights the following issues:

- Only 5% of rural areas in the region have any access to electricity;
- SADC falls behind other Regional Economic Communities in Africa regarding access to electricity. While 24% of the region's residents have access, 36% of the East African Community residents are connected, as are 44% of the Economic Community of West African States residents;
- An electricity shortage has strained the region since 2007. Although this shortage was expected to be corrected by 2014, projects intended to address the shortage lag behind deadline due to lack of funding;
- Low tariffs, poor project preparation, issues with Power Purchase Agreements, and absent regulatory frameworks stunt investment and financing in the energy sector;
- Coal supplies 75% of power generation in Southern Africa, but is considered a contributing factor to global warming;
- · Weak infrastructure and foreign commitments inhibit use of the region's abundant petroleum and natural gas resources; and
- Pricing and infrastructure hurdles such as grid connections, manufacturing, and quality testing impede development of the region's renewable energy potential.

Energy is vital to development in Southern Africa. Beyond its use in daily life, fuel and electricity catalyse infrastructure projects that drive both Regional Integration and economic growth. As the SADC region industrialises on its path to improved human development, energy production and distribution will only increase in importance.

Recognising the fundamental role of energy in accomplishing its goals, SADC passed the Protocol on Energy in 1996, which provides a framework for cooperation on energy policy among SADC Member States.

The Protocol on Energy acknowledges the importance of energy in pursuit of the vision of SADC of economic well-being and poverty eradication in Southern Africa. In order to best achieve these ends, the Protocol on Energy invites Member States to cooperate on energy development, harmonising policies, strategies, and procedures throughout the region. It also advises that these policies ensure the security, reliability, and sustainability of the energy supply, with Member States cooperating on research and development of low-cost energy sources applicable to Southern Africa.

Since the adoption of the Protocol on Energy, SADC has enacted several strategic plans for energy development in the region: the SADC Energy Cooperation Policy and Strategy in 1996, the SADC Energy Action Plan in 1997, the SADC Energy Activity Plan in 2000, the Renewable Energy Strategy and Action Plan of 2011, and most recently the Regional Infrastructure

Development Master Plan and its Energy Sector Plan in 2012. These development strategies set out tangible objectives for SADC and its Member States for infrastructure development in energy and its subsectors of woodfuel, petroleum and natural gas, electricity, coal, renewable energy, and energy efficiency and conservation.

Although implementation of these strategies has been slow, the region has made significant strides, particularly in electricity. At present, nine Member States of SADC have merged their electricity grids into the Southern African Power Pool, reducing costs and creating a competitive common market for electricity in the region. Similarly, SADC has established the Regional Electricity Regulatory Association, which has helped in harmonising the region's regulatory policies on energy and its subsectors.

While SADC is enacting a number of initiatives to address these issues, it has identified two chief points of focus, as follows:

- Electricity Generation Southern Africa has ample resources for electricity generation, though occasionally lacks the capacity for development.
- Hydropower and Renewable Energy Renewable energy has grown in importance for both regional and global energy markets.

6.1.3. National Environment

South Africa is reliant on coal as the main primary energy source in electricity generation in the short to medium term. Coal is one of the major contributors to greenhouse gas emissions. This poses a challenge to NERSA in balancing the electricity needs of the country with cleaner energy requirements at affordable costs.

The high unemployment rate and increasing levels of poverty directly impact NERSA as determination of pro-poor tariffs is impinged upon by the inability of citizens to pay for electricity services.

These trends and developments require that NERSA, in regulating the thee energy industries, be pro-active and responsive to these factors in so far as they affect the South African energy sector in terms of:

- Security of energy supply;
- · Investment in infrastructure;
- · Competitive functioning of the industry; and
- Affordability and access.

Uncertainty and mixed policy messages about investment could be contributing to the potential flight of capital out of South Africa and the continued challenge to attract much needed investment, especially in the piped-gas industry.

The fact that regulatory control in the entire supply chain of the regulated industries is limited, raises issues of NERSA's strategic positioning as well as policy gaps. Political dialogue is necessary to influence policy changes in this regard.

The escalation of crude oil prices, as it pertains to the reliance of the energy sector on crude oil in so far as input costs are concerned exposes the energy sector volatility. This places a particular burden on NERSA in terms of promoting investment into energy infrastructure; promoting affordable access to energy; facilitating a conducive environment to the creation of competition within the industry; and promoting the entry of historically disadvantaged individuals.

The specific factors considered in the environmental scan are shown in the tables below:

Political Factors	Impact if factor is not addressed	NERSA response to the factor	
Electricity Industry Regulation:			
State led infrastructure expansion	Security of supply	Regulate in a manner that facilitate sustained security of supply	
2. Climate change imperatives	 Can impact security of supply because renewable energy generators cannot contribute to meeting peak demand and are unreliable in delivery of energy. They are currently more expensive 	Engage with policy makers to make sure that they are aware of the impact so that the allocations are realistic.	
3. Direct political intervention in electricity pricing	Uncertainty for investment	Develop a strategic engagement framework with all role players Communicate – particularly on how decisions are reached (Not only on website – more proactive)	
4. Municipal distribution	 Continued price diversion between Eskom and municipalities Key national programmes will be undermined Quality of supply Undermine service delivery 	Contribute to the municipal fiscal framework Advocacy Approval of municipal tariffs Limit surpluses that municipalities can accumulate for cross-subsidisation	
Misalignment between long term planning and changes in the term of government	Ineffective long term plans as they might have to be changed regularly so as to align them with the new administration.	Plan in such a way that the impact of a change in government is minimised.	
Piped-Gas Industry Regulation:	Piped-Gas Industry Regulation:		
Delays in finalisation of legislative amendments and developments	Cost of gas may be too high Deter entry into the gas market	Continued proactive engagement	
2. Lack of policy on gas infrastructure investment	Uncertainty for investment Lose opportunity to encourage competition in piped-gad industry Impede growth of the gas market in SA	Regulatory advocacy Review of current infrastructure plan Recommend policy changes Implement the Gas Utilisation Master Plan	

Political Factors	Impact if factor is not addressed	NERSA response to the factor	
Petroleum Pipelines Industry Regulation:	Petroleum Pipelines Industry Regulation:		
State led infrastructure expansion Transnet Market Demand Strategy (R300 bn) possible higher risks and Durban dig out port for R100 bn	Lack of clarity on how expansion is funded – impact may be higher tariffs Threats to security of supply	 Monitor Transnet financial status Possible need to intervene in petroleum pipeline regulatory asset base – competing modes of transport Highlight the implications of the state led infrastructure expansion to the policy makers 	
2. Possible consolidation of downstream petroleum regulation	NERSA may not be ready for this possible expansion of its mandate	Prepare and engage with DoE when it is ready Be proactive	
Transversal:			
Developmental State	Decisions of NERSA could be in conflict with policy	Assist DoE in creating awareness of policy Proactive engagement with government	
Manage interface between different policy thrusts of Government (new growth path, IPAP2)	Decisions of NERSA could be in conflict with policy	Make decisions that are not in conflict with the Acts Identify points of contribution Develop a strategic engagement framework on developing legislation / policy changes Seek interaction with appropriate departments and structures	
3. Policy gaps and inconsistencies	Regulatory uncertainly Lack of credibility of regulatory systems	Review impact on NERSA's mandate Comment and proposed amendments for consideration of the policy maker Highlight cost of projects, the impact and implications thereof e.g. Integrated Resource Plan	
4. Discussion / debate around nationalisation	Uncertainty for investment	Provide regulatory certainty through consistent decision making Ensure investor confidence through our regulatory decisions and activities Influence perception of investor risk (particularly in piped-gas)	
5. Review of millennium goals (2014)	NERSA may not assist the country in achieving its goals	Regulate in such a manner that accessibility and affordability is enhanced	

Political Factors	Impact if factor is not addressed	NERSA response to the factor
6. Presidential review on the organs of state / creation of a "super regulator" and collapse all regulators	 NERSA may cease to exist / be the base of the super regulator Regulatory continuity and principles Regulatory certainty 	Profile NERSA in the public arena Affirm NERSA's effectiveness and positioning Monitor debate Influence the discussions Engage with stakeholders Stakeholder survey Position NERSA as a low maintenance entity Highlight the importance of an independent regulator Improve on current performance Understand regulatory environment, who are the other regulators Help / teach / learn from them (other regulators) Develop a strategic engagement framework on developing legislation / policy changes

Economic Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Lack of competition in electricity supply industry	Impact on the ability of the Independent Power Producers to access the industry High electricity prices to industrial consumers	 Enforce Third Party Access Add dispatch rules to the Grid Code Proactively contribute to legislative amendments
2. Subsidies in Industry	Subsidies cause wrong investment decisions	Review subsidy framework as far as within the Energy Regulators control and rationalise application of subsidies.
Electricity Price to commerce in the municipalities has reached a critical level	Commerce and industry closing down	Harmonise tariffs Influence tariff structures Check actual application of tariffs yields expected result.
4. Impact of poverty	Lack of affordability and accessibility	Focus on pro-poor regulation
5. Perception of imbalance between supply and demand	Security of supply	 Allow primary energy cost as a pass through cost Monitor System Performance and be proactive in interacting with stakeholders.
6. Increased consumption of energy by China and India	Security of supply	Regulate the stock piles Promote the introduction of renewable energy in the energy mix (taking into account its limitations) Increase the number of days that the coal stock piles must be kept
7. Inter-dependency of SADC on SA economy	SADC countries' power plans not realised	Create space to be able to facilitate the realisation of SADC countries' power plans Review role in international trade and become an active role player.
8. Low and slow growth of the GDP	Depressed economy leading to less disposable income which in turn would result in an increase in bad debt and an ESI that is not economically viable.	Ensure that electricity price increases are kept to the minimum by enforcing efficient licensee operations and that pro-poor regulation is strengthened
Piped-Gas Industry Regulation:		
Lack of competition in gas industry	Barrier to competitive outcomes (price discrimination and access) Likely perpetuation of current monopoly in the industry	Enforce Third Party Access Enforce maximum prices methodology and Tariff Guidelines Proactively contribute to legislative amendments
2. Lack of infrastructure investment	No growth in the gas market	Price certainty Regulatory / policy certainty Fast-track development of Gas Utilisation Master Plan intended to guide required gas infrastructure investment

Economic Factors	Impact if factor is not addressed	NERSA response to the factor
Petroleum Pipelines Industry Regulation:		
User pays vs. developmental state	Decisions of NERSA could be in conflict with policy	Assist DoE in creating awareness of policy Proactive engagement with government
Investment climate and investor expectations of Rate of Return	Investors may not invest	Review cost of equity
3. HDI participation	No 3 rd party access to storage facilities	Develop a strategic engagement framework on developing legislation / policy changes
Transversal:		
Risk of EURO debt default and the impact on emerging markets	 Decisions not in line with global developments Funding of projects more challenging 	Review of tariffs in line with developmentsPromote energy conservationCreate public awareness
2. Impact of environmental levies on prices	Impossible to facilitate achievement of affordable energy services	Highlight impact of environmental levies to policy makers "Pro-poor" regulation
3. Capital flight (foreign and local)	Capital leaving SA	Create regulatory certainty
4. Impact of the wave of industrial action	Entities not prepared	Encourage entities to have better risk management interventions
Regulatory Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Compliance monitoring and enforcement of licence conditions	Security and quality of supply Affordability and accessibility of electricity	Advocate for empowering/ governing legislation to provide for punitive measures to be used for none compliance Work with different institutions in the country such as National Treasury, Auditor-General
An overlap in regulatory mandate with other regulators or institutions	Lack of cooperation may lead to delay in decision making	MoUs with the appropriate regulators or institutions
3. Insufficient coordination in regulating electricity industry	Inconsistent policy messages deterring investment Incorrect signals sent to the market	Strengthen internal coordination and strategic interactions with government structures
Piped-Gas Industry Regulation:		
Light handed approach of current regulatory framework and weak enforcement powers	Difficult to effectively enforce regulatory mandate	 Gas Act review and National Energy Regulator Act review Cooperate with other regulators to reduce confusion and unnecessary regulatory burden and cost

Regulatory Factors	Impact if factor is not addressed	NERSA response to the factor
Regulatory gaps and fragmentation of legislation (gas) (not regulating entire value chain)	 Unnecessary regulatory burden Unintended consequences (e.g. High distribution tariffs) 	Develop a strategic engagement framework on developing legislation / policy changes
3. Lack of experience in regulating new activities	Inappropriate regulation of new activities	 Research and benchmarking Training Study tours yielding positive results in staff performance
4. Information asymmetry	Possible incorrect decisions taken due to lack of accurate / adequate information for decision making	 Develop ways of collecting relevant data Audits Benchmarks Implement the Regulatory Reporting Manuals to overcome information asymmetry
5. Legacy of discriminatory Market Value Pricing	Continuation of the utilisation of the regulatory provisions of the Sasol Agreement	 Implementation of the Maximum Price for Gas methodology Monitoring Sasol Gas' compliance with the provisions of the Gas Act
6. Concurrent jurisdiction regarding the regulation of gas	Lack of cooperation may lead to delay in decision making	Development and implementation of MOUs and MOAs with regulators with concurrent jurisdiction
7. Fragmentation of the regulation of gas	Investor uncertainty	Regulatory advocacy
Petroleum Pipelines Industry Regulation:		
Lack of consistency in policy focus and applications by different regulators	No Regulatory certainty	Harmonise regulatory methodologies (internally and externally) Regulatory advocacy
2. Possible market interventions by Government:	NERSA may not be adequately prepared	 Make submissions on drafts published for comment Engage with relevant Departments to try and have adequate warning
Petroleum Pipelines Regulations on Regulatory Asset Base and 3-5 year review	Investors may not invest	Persuade DoE to amend Regulations
4. DoE regulation of transport margins in petrol price regulation	Sub optimal use of transport modes	Engage DoE on regulatory factors affecting pipeline volumes
Transversal:		
1. Information asymmetry	Possible incorrect decisions taken due to lack of all relevant information available	 Develop ways of collecting relevant data Regulatory Reporting System for financial data Regulatory Reporting System phase 2 (nonfinancial data) Audits Benchmarks

Regulatory Factors	Impact if factor is not addressed	NERSA response to the factor
2. Management of concurrent jurisdiction	 Regulatory overlap No clear roles and responsibilities 	 Conclude MoUs and MoAs with other regulators Regulatory advocacy Co-operate and help other regulators Build closer relationships with other regulators
3. Perception of independence of the Regulator	Uncertainty for investment	Develop a strategic engagement framework with all role players Communicate – particularly on how decisions are reached (Not only on website – more proactive)
4. Guidelines for cross border trading	 Establishment of Regional Regulator may occur if NERSA does not take an active role Arise of conflicts and conflicts of interest in the Regulatory landscape Disjointed and unharmonised approach to cross boarder training in the region 	 NERSA needs to take Active Role and interest in SAPP, RERA and AFUR issues. NERSA needs to regulate international trade actively in energy matters. NERSA needs to implement the guidelines for cross boarder trading at national level.
Implementation of regulatory programmes and projects approved at continental and regional level	NERSA may not be in a position to contribute to continental and regional matters that may have on the energy industry, and the country as a whole	NERSA needs to incorporate continental and regional programmes in its regulatory activities (since RSA is a member and an important role player in regional and continental structures, e.g. RERA & AUC)
Social Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
1. Information asymmetry	Possible incorrect decisions taken due to lack of all relevant information available	 Develop ways of collecting relevant data Regulatory Reporting System for financial data Regulatory Reporting System phase 2 (nonfinancial data) Audits Benchmarks
Insufficient coordination in regulating gas and electricity industries	Inconsistent policy messages deterring investmentIncorrect signals sent to the market	Strengthen internal coordination and strategic interactions with government structures
3. Management of concurrent jurisdiction	Regulatory overlapNo clear roles and responsibilities	 Conclude MoUs and MoAs with other regulators Regulatory advocacy Co-operate and help other regulators Build closer relationships with other regulators
		<u> </u>

Social Factors	Impact if factor is not addressed	NERSA response to the factor
Piped-Gas Industry Regulation:		
1. HDI participation	No meaningful transformation of gas industry	Licence conditions — define ways to implement mandate to enable HDSAs to become competitive via licence conditions. Once Gas Amendment Bill is promulgated, make reference to minimum targets to be attained over a specific period in line with BBBEE Enforce rules in terms of requirements for measures to promote HDSAs information
2. Skills development	 Monitor construction plans Ensure skills transfer in interactions with specialist service providers (e.g. skills transfer clauses in service level agreements with consultants) Training and development 	Inadequate skills to match new technically inclined developments upstream
Petroleum Pipelines Industry Regulation:		
Uncontrolled building on pipeline servitudes	Security of supply	Increase pressure on licensees to consult with municipalities
2. Public knowledge of positioning of pipelines	NERSA could be blamed leaks	Monitor licensees liaison with municipalities
Transversal:		
1. High level of unemployment	Political instability that can affect delivery of infrastructure to the poor	 Internship and Learnership programmes NERSA can use tariffs to allow licensees to employee young people as apprentice
2. Service delivery protests (consumer activism)	 Alienated and marginalised communities Potential increase in tariffs 	Customer education Public consultation Mediation Funding mechanisms Need for policy clarity on tariff reducing instruments (State of Nation address)
3. Resistance to energy infrastructure close to settlements	Security of supply	Ensure that it is ready for expropriation proceedings in terms of the Electricity Regulation Act
Technological Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Technological innovation e.g. Smart Grid	Security of supply	Set Bulles

Technological Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
1. Technological innovation e.g. Smart Grid	Security of supplyStranded assets	Set RulesMonitor complianceProtect user informationCustomer education

Technological Factors	Impact if factor is not addressed	NERSA response to the factor
2. Renewable Generation	Security of supplySA not meeting environmental targets	LicenceDispatch rulesGrid code
3. Gas as primary energy source	Security of supply	Regulatory advocacy
4. Nuclear Generation	Security of supply	LicensingCustomer educationSkills upgrade for NERSA
5. Energy efficiency	Revenue shortfall for municipalities/distributors	Advocate for a different funding model for municipalities so that they don't have to depend mainly on electricity revenues.
Piped-Gas Industry Regulation:		
Regulatory framework lags technological innovation	 Unregulated gas activities (risk) Deters entry and investment	Develop a strategic engagement framework on developing legislation / policy changes Incentivise through tariffs, prices and licensing
Lack of piped-gas infrastructure for new technology (Liquefied Natural Gas, regasification, Compressed Natural Gas, Floating Liquefied Natural Gas, Liquefied Natural Gas tanks etc.)	Deters investment and growth of downstream industry	 Legislative amendments (e.g. CNG) Request policy clarity (National Treasury on fuel levy)
Resistance to new gas technology (e.g. Shale Gas hydraulic fracturing)	SA misses out on opportunity to replace crude imports with domestic GTL	Regulatory advocacyResearchProactive participation where possible (task teams)
Petroleum Pipelines Industry Regulation:		
Use of pipeline threatened by the use of alternative forms of energy	Lower volumes will lead to higher tariffs	NERSA cannot stop future technological change, it is something that always happens
2. Fragmentation of the different types of fuel – losing economies of scale	Lower volumes will lead to higher tariffs. Higher Transnet Pipeline costs as there are higher interface volumes Reduce available storage capacity for individual products Reduces 3rd party access	 Encourage rationalisation of grades and specifications Licence tanks to store more than one type of product
Transversal:		
Mode of transport is changing	NERSA lagging behind changes in technology	Monitor and understand the impact of technological developments on revenue streams and households Engage, research and understand

Environmental Factors	Impact if factor is not addressed	NERSA response to the factor	
Electricity Industry Regulation:	Electricity Industry Regulation:		
Environmental activism	Security of supply	Regulatory Advocacy	
2. Embedded and self-generation	Municipal sustainability	 Engage with stakeholders Regulate tariff to minimise impact on municipalities (Self-generators will only be paid up to a maximum of 80% of the corresponding Eskom tariff) 	
3. Growing awareness of environmental factors	SA not meeting its reduction in greenhouse gas emission targets	Utilise the Multi-Year Price Determination to facilitate contributing towards the reduction of greenhouse gas emissions	
4. Carbon tax policy	Increase in the price of electricity more bad debt less economically viable ESI	Bring this to the attention of policy makers emphasising the detrimental effect it would have on a developmental state like the RSA.	
Piped-Gas Industry Regulation:			
Environmental activism, global warming, carbon taxes and emissions reduction	Gas market cannot grow	Regulatory Advocacy to promote gas as a more attractive option and environmentally friendly energy source	
Shale Gas hydraulic fracturing perceived as an environmental threat	SA misses out on shale gas potential SA misses out on an opportunity to become energy self-sufficient	Research Regulatory advocacy Participate in national debate on shale gas and task teams where possible	
Petroleum Pipelines Industry Regulation:			
Reduction of carbon emissions – punitive taxes applied	Additional cost to the economy with no alternative fuel source of any scale Taxes applied by the economy cannot respond to the signal	Point out to Treasury the issues that indicate that the tax will not have the desired effect Show Treasury that there are no viable alternatives to the proposed tax	
Transversal:			
Environmental levies and Carbon tax	SA not meeting its environmental targets Lack of affordability	Encourage and facilitate cooperation and coordination between decision making bodies Allowing Transnet to recover land rehabilitation costs Develop an integrated view going forward	
2. Delays in issuing environmental Impact Assessments	Security of supply	Participate in the dialogue and educate the public regarding key environmental issues and NERSA decisions	
3. Health and Safety	Possible environmental disasters such as Petroleum/Gas leaks from pipelines, wind turbine blades flying off etc.	NERSA to ensure that it discharges its responsibility regarding health and safety	

Legal Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Electricity Regulation Act under review	NERSA's views not taken into consideration	Regulatory Advocacy
Independent System and Market Operator Bill not yet passed	NERSA not ready when the Independent System and Market Operator Bill becomes operational It may not do the intended	Regulatory Advocacy Proactively start preparing for a change in structures In licensing structures – businesses that can be ringfenced
3. Regulatory Principles compromised	Loss of credibilityListed as Regulatory RiskSubject to liability claims	Make sure all decisions are done in accordance with sound regulatory principles.
Piped-Gas Industry Regulation:		
Legislative amendments and developments	 Cost of gas may be too high Deter entry into the gas market Weak mandate on regulation of piped gas 	Continued proactive engagement during the amendment of the Gas Amendment Bill Comments on provisions of the Bill submitted to DoE Participate in public consultation workshops organised by DoE
Petroleum Pipelines Industry Regulation:		
Fragmentation of legislations – possible consolidation of downstream petroleum legislation	NERSA may not be ready for this possible expansion of its mandate	Prepare and engage with DoE when it is ready Be proactive
Transversal:		
National Energy Regulator Amendment Bill	 NERSA's views not taken into consideration NERSA not ready when the National Energy Regulator Amendment Bill becomes operational 	Regulatory Advocacy Proactively start preparing for a change in mandate
2. Ability to influence supplementary legislation	NERSA's views not included	Develop a strategic engagement framework on developing
Compliance with regulatory requirements (Public Finance Management Act and others)		legislation / policy changes • Regulatory advocacy
4. Electricity and Gas reticulation in the constitution		
5. Fragmentation of legislations		
6. Infrastructure Development Act	Expectation to fund out of tariff and tax instead of by investment.	Learn how it will be implemented NERSA needs a clear view of what funding model should be
7. Pending legal cases	Uncertainty on regulatory decisions and tools	Ensured that the legal cases are finalised in order to review regulatory decisions and/or tools where necessary.

Challenges and Priorities

The environmental scan/situational analysis of NERSA's performance environment identified industry specific challenges and priorities that have informed the formulation of the strategic objectives and the programmes as indicated in the Strategic Plan (2015/15 – 2019/20) and the Annual Performance Plan (2015/16 – 2017/18). The identified challenges are listed below and linked to identified priorities in respect of each of the three industries being regulated by NERSA as well as with respect to the transversal regulatory environment.

Electricity Industry Regulation

Challenges	Priorities
Power system operating under "emergency" conditions	Creation of a conducive and appropriate environment for emergency power system conditions Grid Code adjustment to declare emergency conditions
 Efficient and cost-effective infrastructure development Delays in the commissioning of Medupi, Kusile, Ingula 	Compliance enforcement o Alignment with determinations in tariffs, maintenance, capex and operations
Sustainability of some of the municipal electricity distributors	Development of an appropriate embedded/distributed generation and energy efficiency regulatory framework/environment Funding/ revenue structures of municipalities and Eskom Facilitation of embedded generation technologies to improve electricity access
 Facilitating affordability of electricity services Electricity prices have increased steeply over the last 5 years 	Determination of appropriate benchmarks, price/tariff structures and performance levels Construction, refurbishment, operation and maintenance costs Resellers price determinations
High number of customer complaints	Establishment of customer and end-user fora Reduce customer complaints and improve customer service
Installed supply (capacity) exceeds the demand (peak)	Eskom should increase its electricity availability factor in line with international best practise
Limited success on EEDSM (even though Eskom managed to avoid building a new power station, they did not manage to reduce the load factor)	Target high load factor programmes
Introduction of RE IPP's	Monitor: Performance against forecast production — Regulatory has to know how reliable new sources of supply (how accurate — predicted day before) - monitoring Impact on system operations (to mitigate against renewable intermittence) Financial impact of long-term PPAs
Shareholder "pressure / influence"	Regulatory advocacy
Introduction of Smart Grids and Smart meters including roof-top solar PV	 Regulatory framework Technical norms, standards, codes and rules

Piped-Gas Industry Regulation

Challenges	Priorities
 Role of gas in the energy mix Lack of anchor customer(s) Hurdles to gas infrastructure development Inadequate competition Limited domestic gas reserves Lack of access to the existing gas import facility (was the case for 10 years) 	Development of a gas market Monitor development of new gas sources (Liquefied Natural Gas (LNG), shale gas, Coal Bed Methane (CBM), etc.) Advocacy/influence on DoE regarding policy interventions Inputs on relevant legislative amendments Participate in the development of the Gas Utilisation Master Plan Enforce regulations through gas volumes thresholds for eligible customers Approve maximum prices Develop guidelines and enforce third party access Sending correct price signals Monitor and approve maximum prices/tariffs decisions Implement Regulatory Reporting Manuals to overcome information asymmetry Promote entry and competition License conditions — excise undeveloped licensed distribution areas Facilitate and enforce third party access to existing infrastructure Advocacy and coordination at exploration stage, e.g. liaising with Petroleum Association of South Africa (PASA) and INP Liaise and coordinate with INP on cross-border pipeline issues Conduct Competition assessment Pro-active identification of opportunities in gas distribution and trading in particular Create regulatory certainty Build a reputation as a credible and predictable regulator Disseminate information about the industry through workshops and media platforms Fill policy gaps by participating in review of Gas Act and Regulations
Regulatory issuesPolicy issues	Regulatory Advocacy

Petroleum Pipelines Industry Regulation

Challenges	Priorities
"Procurement" of regulated infrastructure	Regulatory advocacy with regards to the amendment of the Petroleum Pipelines Act and Regulations to bidding rounds
Cost benefit of regulating storage facilities is unfavourable	Regulatory advocacy with regards to the amendment of the Petroleum Pipelines Act
Increasing complexity and challenged/ contested licence applications (more resources needed per application)	Adjust staff complement and skills appropriately
Cost of equity (Ke) needs to be "right": Too low leads to no investment. Too high leads to a 60 year burden on the economy (tariff methodology)	Review cost of equity

Challenges	Priorities
Inconsistent tariff decisions regarding Regulatory Asset Base / useful life of asset	Regulatory advocacy with regards to the amendment of the Regulations
Government interventions in petroleum markets	Continue to engage DoE on: biofuels strategic stocks security of supply cleaner fuels 2
Transnet financial position	Monitor Transnet Ltd expansion plans and possible impacts on Transnet Pipelines
Transnet New Multi-Product Pipeline (NMPP) construction delays and cost over runs	Transnet "prudently acquired" investigation
Concurrent jurisdiction issues	 Seeks short term solutions by cooperation with other regulators (DoE, Transnet National Ports Authority and National Ports Regulator) Seek longer term solutions by persuading policy makers to amend Acts and Regulations
Legal challenges	Defend Visigro (and other?) legal actions

Transversal Regulatory

Challenges	Priorities
Information Asymmetry	Implementation of the Regulatory Reporting Manuals (Financial and Non-Financial) Regulatory Reporting System remedial and enhancement
Assess NERSA's processes and methodologies against best in world practices through regulatory analysis, research, benchmarking and auditing	Regulatory Impact Analysis / Assessment Benchmarking of regulatory decisions Harmonisation of regulatory methodologies and processes (internal and external) Regulatory process refinement Decisions and Reasons for Decision Sequencing of activities Language
Consumer Advocacy	 Consumer Education Improve access of customers to public hearing notices
Coordinate NERSA activities with other regulators with concurrent as well as consequential / complementary / articulated jurisdiction	Memoranda of Understanding
Advise policy makers of NERSA views, policy gaps and NERSA's mandate	Regular communication with Policy Maker(s)

6.2. Stakeholder Analysis and Engagement

NERSA is dependent on sound relationships with stakeholders based on trust and credibility. However, trust is built by keeping channels of communication open and clear, and by making sure that all publics have access to information, by consulting and listening to stakeholders and by being open, honest and transparent at all times.

The Stakeholder Analysis and Engagement Strategy is aligned to the Integrated Communication Strategy and implemented according to the Action Plans within the Strategy. In order to understand the important stakeholders of NERSA as well as all factors impacting on the relationship between NERSA and its stakeholders, an approach was followed to segment stakeholders into specific groups:

1. Normative Stakeholder Group

Normative groups provide the authority for NERSA to function and the organisation is dependent on their co-operation and goodwill. They are our strategic stakeholders and are critical for NERSA in the accomplishment of its mission. They have the ability to influence the course of our regulatory functions or existence. These target groups include the Portfolio Committee on Minerals and Energy, all Parliamentarians and government departments such as the Ministry and Department of Energy, Ministry and Department of Public Enterprises, Ministry and Department of Finance (National Treasury), Ministry and Department of Local and Provincial Government, Auditor-General. NERSA should be actively involved in interacting with decision-makers such as Parliament, and Government. Strategic partnerships with international donors, funders and communities such as NORAD, USAid, DFID, AUSAid, NZODA and Daneda are also vital for NERSA to operate more effectively and efficiently through the funding of capacity building and knowledge sharing projects.

The approach in dealing with these stakeholders is to keep them informed through regular consultation and monitoring of developments within the energy industry.

2. Functional Groups

Functional groups directly affect many of the day-to-day activities of NERSA. It's most important target group is its employees because the credibility of NERSA is mainly determined by the output of its employees. Various employees interact on different levels and on a regular basis with external stakeholders and they act as the doors and windows of the organisation. The better informed they are, the more efficient and credible NERSA is perceived to be. This means that well-informed, empowered and committed NERSA staff can play a very important role as ambassadors of the organisation. However, this group also includes Regulator members who have an influence on the functions and policies of the organisation, as well as interact on a strategic level with government and parliamentarians. The functional groups can be divided into the following sub-groups:

- · A management public such as the Executive Management and Heads of Departments;
- A specialised public, which consists mainly of Functional experts and professionals in the technical, financial, economic, customer and support services areas who communicate horizontally and across channels within the organisation;
- An administrative public -people who work mainly with administrative tasks and who communicate across organisational boundaries.

NERSA's vision is to be a world-class leader in energy regulation. In order to achieve this vision, NERSA needs to keep their functional stakeholders informed and involved about developments within NERSA and the energy industry on a regular basis. This will ensure loyalty by staff and keep them motivated to perform effectively and efficiently.

'An informed employee is a happy and productive employee'.

3. Public groups

Public groups are those dependent on the organisation for the rendering of a specific service and those who are affected by the decision-making of NERSA. They include the following:

- Utilities and suppliers
 Eskom, Eskom Enterprises, Metro Councils Local Municipalities, Other Distributors, PetroSA, iGas, Shell, Transnet, Sasol Gas, All big oil companies, Sasol, Spring Lights Gas, Egoli Gas and Engen. It is mutually beneficial to maintain a meaningful relationship by sharing needs, perceptions and values. Important to share information on new projects, progress made on existing ones, successes and breakthroughs
- Customers
 - o Industrial: they are major stakeholders of NERSA and account for 35% of the electrical energy consumed in South Africa. They play an important role in the economic growth, prosperity and development of South Africa. They have a major interest in the outcome of the management and restructuring of the electricity industry NERSA needs to form close relationships with them through active involvement, engagement and participation in energy-related activities, which have a bearing on the business of energy intensive consumers
 - o Commercial, agricultural, and residential (urban/rural): NERSA needs to form closer relationships with them through active involvement, engagement and participation, These stakeholders need to be engaged and encouraged to actively participate in the Energy Regulator's processes by being open, honest and transparent at all times. This will create credibility and confidence of NERSA's ability to effectively execute its mandate.

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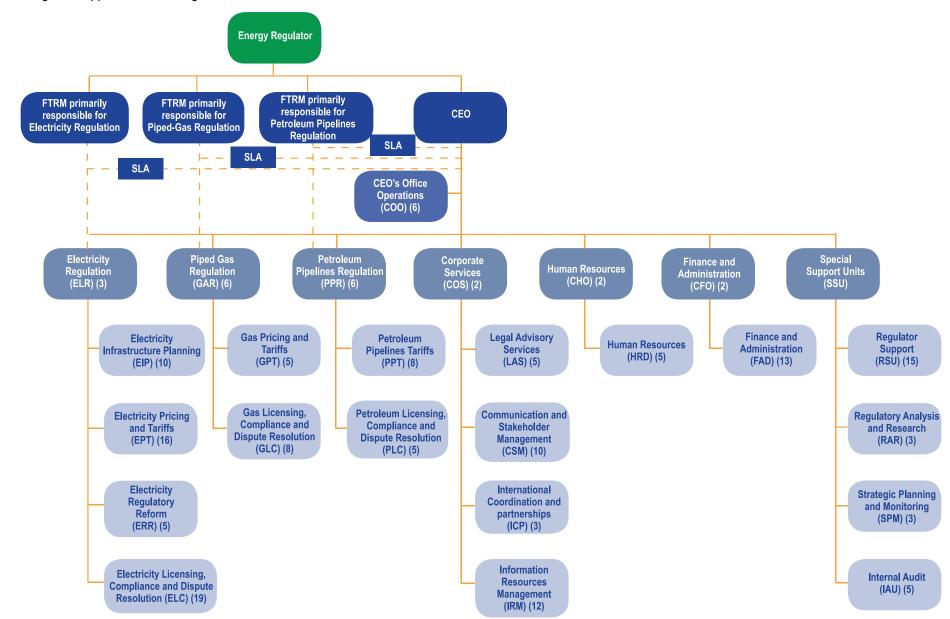
4. Diffused groups

Diffused groups are particular types of stakeholders who are concerned about protecting the rights of other people. They include the media, non-governmental organisations, community-based organisations, special interest groups such as academic institutions, associations/organisations/Unions. NERSA needs to form closer relationships with them through active involvement, engagement and participation.

NERSA need to engage and interact with these stakeholders as partners and not as enemies. In this regard, pro-active actions will be taken to sensitise them of and clarify to them NERSA's role and functions.

6.3. Organisational environment

Following is the approved NERSA Organisational Structure:



In 2011/12, the Energy Regulator approved an organisational structure with a staff compliment of 177 as well as the implementation of this structure. As at the end of 2013/14, the structure is 95% populated. The lack of specialised industry specific technical skills in both core business and support functions makes NERSA utilise consultants from time to time. NERSA is committed to resourcing the organisational appropriately to achieve its goals.

Staff complement

The table below summarises the staff complement of NERSA.

DIVISION	DEPARTMENT	TOTAL NERSA
	Executive	3
	Electricity Pricing and Tariffs (EPT)	16
Electricity Regulation (ELR)	Electricity Licensing, Compliance and Dispute Resolution (ELC)	19
	Electricity Regulatory Reform (ERR)	5
	Electricity Infrastructure Planning (EIP)	10
	Executive	6
Piped-Gas Regulation (GAR)	Gas Pricing and Tariffs (GPT)	8
	Gas Licensing, Compliance and Dispute Resolution (GLC) Executive	5
Petroleum Pipelines Regulation (PPR)	Executive	6
	Petroleum Pipelines Tariffs (PPT)	8
	Petroleum Licensing, Compliance and Dispute Resolution (PLC)	5
	Executive	2
Finance and Administration (CFO)	Finance and Administration (FAD)	13
(0110)	Executive	2
Human Resources (CHO)	Human Resources (HRD)	5
Corporate Services (COS)	Executive	2
	Legal Advisory Services (LAS)	5
	Communication and Stakeholder Management (CSM)	10
	International Co-ordination and Partnerships (ICP)	3
	Information Resources Management (IRM)	12

Specialised Support Units (SSU)	Internal Audit (IAU)	5
	Strategic Planning and Monitoring (SPM)	3
	Regulator Support RSU)	15
	CEO's Office Operations (COO)	6
	Regulatory Analysis and Research (RAR)	3
Total Number of NERSA staff		177

Organisational challenges

The table below highlights the specific organisational challenges and priorities:

Challenges	Priorities
Legislative amendment National Energy Regulator Amendment Bill Electricity Regulation Amendment Bill Gas Amendment Bill Independent System and Market Operator Bill Gas Utilisation Master Plan	Organisational Review Alignment towards regulatory methodology harmonisation
Attraction and retention of requisite skills	 Integrated Human Resources Strategy Improved Human Resource Policies, Procedures and Systems Culture recalibration Conditions of Service
Enabling technology	Business Process Review ICT Systems Review Records Management enhancement
Conducive working environment	 Refurbishment of the NERSA building Health, safety and environmental improvements Culture recalibration
Image of NERSA	Repositioning of NERSA's image (brand positioning) Repositioning with stakeholders

Description of the strategic planning process

Strategic planning at NERSA is carried out at three different levels. The first strategic planning session is held with the Regulator Executive Committee (a Subcommittee of the Energy Regulator consisting of the four Full-Time Regulator Members) as well as the direct reports to the CEO. The second session is held with the Energy Regulator and lastly, sessions are held with the divisions within the organisation.

At the Regulator Executive Committee session, preparations for the Energy Regulator strategic planning session is finalised by interrogating the environment that NERSA operates in from a global, continental, regional and national perspective. Challenges and priorities facing the three industries being regulated by NERSA as well as the transversal regulatory and organisational environments are identified and discussed. The output of this session is presentations to the Energy Regulator with the Regulator Executive Committee's view on all the issues that were discussed.

At the Energy Regulator strategic planning session, the focus is on the development of the Strategic Plan as this provides the strategic direction of the organisation for the upcoming five years. The Energy Regulator therefore develops the vision, mission, values, regulatory principles, mandate, strategic outcome oriented goals, strategic objectives and programmes in light of the environmental scan, challenges and priorities as presented and discussed. The output of this session is a Strategic Plan with a five year planning horison.

Once the strategic direction for the organisation has been finalised by the Energy Regulator, divisional strategic planning sessions are held, where the strategic direction is operationalised through the development of key performance indicators and targets. The output of these sessions is an Annual Performance Plan with three year annual targets and detailed quarterly targets for the first year.

Once the Strategic Plan and Annual Performance Plan have been finalised, the Energy Regulator approves both before submission to the Minister of Energy, in line with the timeframes as prescribed in the Framework for Strategic Plans and Annual Performance Plans as published by National Treasury.

7. Strategic outcome oriented goals

The strategic outcome oriented goals of NERSA are cascaded from the mandate and reflect the key policy priorities of government. These goals attest to NERSA's role in facilitating the achievement of the national socio-economic and socio-political development agenda. The strategic outcome oriented goals, within the limit of NERSA's mandate are:

Strategic Outcome Oriented Goal 1:	To facilitate Security of Supply in order to support sustainable socio-economic development in South Africa
Goal Statement	To facilitate through regulation of the electricity, piped-gas and petroleum pipelines industries that South Africa's current and future energy needs are secured
Strategic Outcome Oriented Goal 2	To facilitate investment in and access to infrastructure in the energy industry in support of sustainable socio-economic development in South Africa
Goal Statement	To facilitate investment in new infrastructure and maintenance of existing infrastructure through regulating the electricity, piped-gas and petroleum pipelines industries
Strategic Outcome Oriented Goal 3:	To promote competitive and efficient functioning as well as orderly development of the energy industry in order to sustain socio-economic development in South Africa
Goal Statement	To promote efficiency, competition and competitiveness to lower the costs of energy provision and to promote the orderly development of the industries, through licensing and registration

Strategic Outcome Oriented Goal 4:	To facilitate affordability of and accessibility to the energy industry to balance the economic interests of all stakeholders in support of socio-economic development of South Africa and a better life for all
Goal Statement	To balance the needs of all stakeholders and contribute to Government's targets of affordability and accessibility by setting prices and tariffs in a cost reflective manner with an emphasis on pro-poor regulation
Strategic Outcome Oriented Goal 5:	To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty
Goal Statement	To ensure regulatory certainty through adherence to the regulatory principles of transparency, neutrality, consistence and predictability, independence, accountability, integrity; efficiency and public interest

PART B: PROGRAMME AND SUB-PROGRAMME



PART B: PROGRAMME AND SUB-PROGRAMME PLANS

7.1. Strategic objectives

The strategic objectives of NERSA expressed as the desired end state of the energy industry are stated as:

- Promote energy supply that is certain and secure for current and future user needs;
- Create a regulatory environment that facilitates investment in energy infrastructure;
- Promote competition and competitiveness within the energy industry;
- Promote regulatory certainty within the energy industry;
- · Promote accessible and affordable energy for all citizens; and
- · Establish and position NERSA as a credible and reliable regulator.

In order to achieve its outcome oriented goals NERSA will deliver on its strategic objectives through the following structured programmes:

- · Setting and/or approving tariffs and prices;
- Licensing and registration;
- · Compliance monitoring and enforcement;
- · Dispute resolution including mediation, arbitration and the handling of complaints;
- Setting of rules, guidelines and codes for the regulation of the three industries; and
- Establishing NERSA as an efficient and effective regulator.

Collectively the programmes form the core regulatory functions of NERSA as stipulated in the mandate. The programmes are defined as the main areas of service delivery responsibility within NERSA's mandate.

The above programmes' strategic objectives are discussed below in respect of each of the three industries being regulated by NERSA as well as with respect to the transversal regulatory and organisational environment

With regards to resource considerations, Section 13 of the National Energy Regulator Act requires the following:

- The National Energy Regulator must perform its functions in accordance with the Public Finance Management Act;
- The National Energy Regulator must keep separate accounts for the electricity, piped-gas and petroleum pipelines regulatory functions; and
- The costs of the National Energy Regulator must be shared between the electricity, piped-gas and petroleum pipelines regulatory functions in proportion to the costs incurred by the Energy Regulator in respect of each of those regulatory functions.

In view of the above, a methodology was developed in order to ring-fence the budgets and financial statements for the three regulated industries. Using this methodology the resource considerations for every programme will be divided into the three regulated industries as well as aggregated across the organisation.

ELECTRICITY INDUSTRY REGULATION

Electricity Industry Regulation Programme 1: Setting and/or approval of tariffs and prices

Strategic Objective 1.1:	To ensure financially sustainable supply of electricity by municipalities and private distributors
Objective Statement	To approve municipal tariffs that ensure the financial viability and sustainability of all licensed municipal distributors while also protecting the poor from rapidly increasing electricity prices.
Baseline	 100% of tariff applications of licensed distributors approved within 60 days of receipt of complete application. Published Guidelines for Municipal tariff increases and Benchmarks for 2015/16

Strategic Objective 1.2:	To ensure affordability of electricity supply to low-income households
Objective Statement	To ensure affordability of electricity supply through pro-poor regulation
Baseline	 One report on the monitoring of the implementation of IBTs by licensed distributors in South Africa eligible for IBT implementation considered by the relevant Subcommittee Free Basic Electricity Rate for 2014/15 approved and communicated One report on FBE offering by municipalities, considered

Strategic Objective 1.3:	To facilitate the sustainability of electricity supply by Eskom
Objective Statement	The approve Eskom's revenue requirements and prices/tariffs that allows for the sustainability of Eskom and therefore the overall viability of the electricity supply industry.
Baseline	 Two reports on the analysis of Eskom's actual performance against the Regulator's decision of the MYPD 3, considered Approved Electricity Retail Tariff Structural Adjustments (ERTSA) of Eskom for 2015/16 in line with statutory guidelines for tabling in Cabinet by 15 March 2015 Documented Reasons for Decision for MYPD2 and MYPD3 Regulatory Clearing Account reviews

Electricity Industry Regulation Programme 2: Licensing and registration

Strategic Objective 2.1:	To control entry and ensure orderly development of the electricity industry
Objective Statement	 To ensure that all licence applications for entry into the ESI conform to the requirements of the Electricity Regulation Act and IRP rules; and To ensure that NERSA oversee orderly development of the electricity industry
Baseline	100% of licence applications processed within 120 days from receipt of all required information

Electricity Industry Regulation Programme 3: Compliance monitoring and enforcement

Strategic Objective 3.1:	To promote the quality and reliability level of electricity supply
Objective Statement	To ensure that all licensees comply with their licence condition, codes and regulatory standards
Baseline	 10 distribution audit reports on the state of compliance of licensees with licence conditions considered 6 generation audit reports on the state of compliance of power stations with licence conditions considered 6 transmission audit reports on the state of compliance of Main Transmission Substations with licence conditions 2 progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees 1 generation, 1 transmission and 1 distribution report on state of compliance in the electricity industry published on NERSA website One audit report on the review of the annual performance of IDM for 2013/14 considered One monitoring report on the implementation of the corrective action plan received from Eskom based on the audit finding of 2012/13 IDM performance considered One audit report on Eskom's Transmission Network Development 2013/14 projects for compliance with the South African Grid Code, considered and published on NERSA website One monitoring report on the implementation of the corrective action plan received from Eskom based on the audit finding for the 2013/14 network projects considered Two monitoring reports on the performance and progress of Renewable Energy projects considered by the Energy Regulator for 2014/15, considered and published on the NERSA website

Electricity Industry Regulation Programme 4: Dispute resolution including mediation, arbitration and handling of complaints

Strategic Objective 4.1:	To ensure fairness and equity in the piped-gas market
Objective Statement	To ensure that there is fair play within the electricity supply industry amongst all the stakeholders including end-customers and licensees
Baseline	 80% of disputes/ complaints closed within 180 days from receipt One report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the relevant Subcommittee and published on the NERSA website

Electricity Industry Regulation Programme 5: Setting of rules, guidelines and codes for the regulation of the electricity industry

Strategic Objective 5.1:	To ensure non- discriminatory access to as well as safe and reliable operation of the electricity infrastructure
Objective Statement	To ensure requests for amendment and/or exemptions to the codes by interested and affected parties including new entrants (IPPs) are considered
Baseline	 100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered within 90 days from receipt of application 100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered within 90 days from receipt of application

PIPED-GAS INDUSTRY REGULATION

Piped-Gas Industry Regulation Programme 1: Setting and/or approval of tariffs and prices

Strategic Objective 1.1:	To provide piped-gas price certainty
Objective Statement	To ensure affordable, equitable and reasonable gas prices
Baseline	100% of maximum price applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of maximum price application

Strategic Objective 1.2:	To provide piped-gas tariff certainty
Objective Statement	To ensure affordable, equitable and reasonable tariffs
Baseline	 100% of transmission tariff applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of tariff application 4 calculations and publication of the ROMPCO tariff for volumes below 120 million Gigajoule

Piped-Gas Industry Regulation Programme 2: Licensing and registration

Strategic Objective 2.1:	To ensure orderly development of the piped-gas industry by efficient licensing
Objective Statement	To issue licences to piped-gas infrastructure in order to ensure the orderly development of the piped-gas industry in an efficient manner
	100% of licence applications considered by the relevant Subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received.

Strategic Objective 2.2:	To ensure orderly development of the piped-gas industry by efficient registration of gas imports and production
Objective Statement	To register gas import and production facilities in order to ensure the orderly development of the piped-gas industry in an efficient manner
Baseline	100% of registration applications of gas imports and production are processed and considered within 120 days from date of receipt of complete application.

Piped-Gas Industry Regulation Programme 3: Compliance monitoring and enforcement

Strategic Objective 3.1:	To ensure the supply of 120m GJ p.a. from Mozambique to South Africa (in terms of Schedule One of the Agreement)
Objective Statement	To ensure sufficient gas to supply current and future users.
Baseline	 Assessed 12 monthly volume balance reports Conducted 2 audits on the ROMPCO pipeline

Strategic Objective 3.2:	To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions
Objective Statement	To enhance compliance with licence conditions and thus creating a reputable competitive, sustainable and safe industry
Baseline	4 inspections conducted, non-compliance notices issued (if necessary) and inspection reports considered

Strategic Objective 3.3:	To advise government on the impact of the implementation of the Regulatory Agreement
Objective Statement	The Regulatory Agreement came to an end on 25 March 2014 and NESRA has to advise government of the impact of the Agreement
Baseline	Agreed scope for impact analysis of the provisions of the Regulatory Agreement

Piped-Gas Industry Regulation Programme 4: Dispute resolution including mediation, arbitration and handling of complaints

Strategic Objective 4.1:	To ensure fairness and equity in the piped-gas market
Objective Statement	To ensure that investigations into received complaints as well as initiated investigations are concluded
Baseline	 50% of complaint investigations completed within 12 months and a report on findings considered 50% of initiated complaints investigated within 12 months and a report on findings considered

Piped-Gas Industry Regulation Programme 6: Establishing NERSA as an efficient and effective regulator

Strategic Objective 6.1:	To engage in the debate on gas policy and legislation
Objective Statement	To influence policy and legislation applicable to the gas industry through regulatory advocacy and interaction with the Department of Energy
Baseline	One report considered by the relevant Subcommittee inputs/comments made regarding further amendments to the Gas Act

Strategic Objective 6.2:	To facilitate understanding of the regulatory framework by stakeholders
Objective Statement	To ensure regulatory certainty and a firm understanding of the Energy Regulator's decisions by stakeholders.
Baseline	One report considered by the relevant Subcommittee on stakeholder workshops / meetings

PETROLEUM PIPELINES INDUSTRY REGULATION

Petroleum Pipelines Industry Regulation Programme 1: Setting and/or approval of tariffs and prices

Strategic Objective 1.1:	To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry
Objective Statement	Through the setting and approving of tariffs, NERSA promotes security of supply and investment in the petroleum pipelines industry
Baseline	60% of pipeline, storage and loading facility tariff applications considered within 8 months of receipt of complete application

Petroleum Pipelines Industry Regulation Programme 2: Licensing and registration

Strategic Objective 2.1:	To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure
	Through licensing of petroleum pipelines facilities NERSA will promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure
Baseline	 100% of licence applications will be decided upon within the timelines as prescribed in Section 19(1) of the Petroleum Pipelines Act Within 60 days after being identified, unlicensed facilities are investigated and considered (determined licensable or not)

Petroleum Pipelines Industry Regulation Programme 3: Compliance monitoring and enforcement

Strategic Objective 3.1:	To monitor infrastructure utilisation and 3rd party access
Objective Statement	To ensure that all petroleum pipelines infrastructure is efficiently and effectively utilised and shared amongst the owners and prospective users of the infrastructure
Baseline	One report on trends regarding utilisation of storage facilities and 3rd party access, considered

Strategic Objective 3.2:	To monitor the development of infrastructure
Objective Statement	To monitor and report on the development of infrastructure in the petroleum pipelines industry in order to facilitate investment and ensure orderly development in the industry
Baseline	Four reports on the construction of new facilities, considered

Strategic Objective 3.3:	To monitor licencees' compliance with statutory reporting requirements
Objective Statement	To ensure that all licencees adhere to statutory reporting requirements, analyses these reported information and publish results in order to facilitate informed decision-making in the petroleum pipelines industry
Baseline	Four reports considered by the relevant Subcommittee on licencees' compliance with statutory reporting requirements

Petroleum Pipelines Industry Regulation Programme 4: Dispute resolution including mediation, arbitration and handling of complaints

Strategic Objective 4.1:	To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure
Objective Statement	To ensure that all complaints received regarding licensed activities are investigated and resolved within 60 days of receipt.
Baseline	Within 60 days of receipt, all complaints are investigated and considered

Petroleum Pipelines Industry Regulation Programme 5: Setting of rules, guidelines and codes for the regulation of the petroleum pipelines industry

Strategic Objective 5.1:	To enhance regulatory certainty
Objective Statement	To ensure transparency, openness and predictability, leading to regulatory certainty, publishing tariff methodologies
Baseline	Tariff methodologies published and reviewed when necessary

Strategic Objective 5.2:	Enhancing the regulatory dispensation
Objective Statement	To enhance the regulatory dispensation through regulatory advocacy regarding amendments to petroleum legislation, regulations and government policies
Baseline	One report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies

Petroleum Pipelines Industry Regulation Programme 6: Establishing NERSA as an effective and efficient regulator

Strategic Objective 6.1:	To promote Security of Supply
Objective Statement	To gather industry information on demand and supply; and to forecast future demand and supply for petroleum products in order to monitor security of inland supply and to facilitate proper planning for future capacity expansion
Baseline	Two reports on the inland supply forecast

Transversal Regulatory

Transversal Regulatory Programme 6: Establishing NERSA as an effective and efficient regulator

Strategic Objective 6.1:	To determine the impact of regulatory decisions	
Objective Statement	To ensure that the impact of regulatory decisions are monitored in order to assist the Energy Regulator in determining whether the objectives and envisaged impact of the decisions were reached	
Baseline	Conduct impact assessment of regulatory decisions	

Strategic Objective 6.2:	To empower stakeholders with relevant energy industry as well as economic regulatory knowledge and information		
Objective Statement	To facilitate a broadening of knowledge on the relevant energy industries as well as economic regulation and thereby empowering stakeholders		
Baseline	 Approved concept for the publication of the NERSA Economic Regulation Journal (name of Journal still to be finalised) Quarterly newsletters published Undertake 30 stakeholder engagement and education programmes 		

Organisational

Organisational Programme 6: Establishing NERSA as an effective and efficient regulator

Strategic Objective 6.1:	To create an efficient and effective world class organisation		
Objective Statement	To create an efficient and effective organisation in line with the vision of NERSA (To be a recognised world-class leader in energy regulation) through the conducting of an organisational review, a comprehensive Information and Communication Technology (ICT) systems review, moving towards ISO certification and training and development of NERSA staff		
Baseline	 Conducting of the organisational review with an approved implementation plan 85% of staff undergoing training and development Conducted a comprehensive Information and Communication Technology (ICT) systems review Implementation of selected "to be" business processes that will assist in obtaining ISO certification 		

Strategic Objective 6.2:	To position and promote the good image of NERSA
Objective Statement	To position and promote NERSA as a world-class leader in energy regulation so that the general public and stakeholders are aware of and appreciate and support the role and actions of the Energy Regulator.
Baseline	Conduct a comprehensive customer and stakeholder perception and satisfaction survey in order to obtain baseline values

Strategic Objective 6.3:	To improve the effectiveness of the financial processes, systems and procedures		
Objective Statement	To improve the effectiveness of the financial processes, systems and procedures to enable NERSA to meet its mandate and set targets including meeting the set BEE targets in support of government initiatives of the alleviation of poverty and wealth redistribution. To ensure effective delivery of services related to security, asset care, hospitality and facilities management		
Baseline	 Unqualified audit 100% of creditors paid within 30 days after all relevant documentation have been received 		

Strategic Objective 6.4:	To influence energy sector policy development and amendments to legislation through regulatory and policy advocacy	
Objective Statement	To engage in regulatory and policy advocacy to influence policy changes and establish cooperation with other regulators to address issues of concurrent jurisdiction.	
Baseline	Approved proposals / comments on policy changes (if and when necessary)	

7.2. Resource considerations

To give effect to section 13(2) and (3) of National Energy Regulator Act, 2004 (Act No.40 of 2004), the Energy Regulator has approved the following ring fencing principles:

- i. all direct costs attributable to each of the three industries must be allocated to that industry
- ii. the direct staff compliment in the industry-specific functions is used to proportionately allocate the remaining (common) costs to the respective industries
- iii. the common costs allocation ratio for electricity, piped-gas and petroleum pipelines industries is 58%:21%:21%.

7.3. Risk management

A comprehensive strategic risk register is developed annually and is attached to the Annual Performance Plan.

In line with the requirements of the Public Finance Management Act and the Treasury Regulations, the Internal Audit Unit provides the Audit and Risk Committee and management with assurance that the internal controls are adequate and effective. This is achieved by means of an independent, objective appraisal and evaluation of the risk management processes, internal controls and governance processes, as well as by identifying corrective actions and suggested enhancements to the controls and processes.

The Internal Audit Unit reports administratively to the Chief Executive Officer and functionally to the Audit and Risk Committee of the Energy Regulator, and has full, unrestricted access to all organisational activities, records, property and personnel.

The NERSA risk management process is formally sponsored at Energy Regulator personnel level, as evidenced by the Audit and Risk Committee and the Operational Risk Committee. The Risk Monitoring Manager proactively maintains the strategic risk register. This is done by ensuring that each risk identified has a mitigating control and the risk owners are responsible for implementing these controls.

The Audit and Risk Committee monitors the implementation of an integrated fraud prevention plan in order to minimise the risk and opportunity for crime and irregularities, in particular, fraud. A fraud prevention hotline is available for reporting all suspicious irregular activities.

In terms of the Public Audit Act, 2004 (Act No. 25 of 2004), the Auditor-General is responsible for independently auditing and reporting on the financial statements in conformity with the South African Generally Recognised Accounting Principles and Generally Accepted Accounting Practise as well as auditing the performance against predetermined objectives, information communication technology and human resources.



ANNUAL PERFORMANCE PLAN 2018/19 - 2020/21 ANNUAL PERFORMANCE PLAN 2018/19 - 2020/21

Foreword

The National Energy Regulator of South Africa (NERSA) was established on 1 October 2005 in terms of the National Energy Regulator Act of 2004, and is mandated to regulate South Africa's electricity, piped-gas and petroleum pipeline industries.

Within the parameters of its regulatory mandate, NERSA continuously endeavours to ensure security of supply; create a level playing field and contribute to improved competition in the energy sector. In regulating the electricity, piped-gas and petroleum pipelines industries, NERSA adheres to the regulatory principles of transparency; neutrality; consistency and predictability; independence; accountability; integrity; efficiency; and public interest.

NERSA's Annual Performance Plan for the period 2018/19 to 2020/21 is informed by the approved five-year Strategic Plan (2015/16 – 2019/20). The Strategic Plan also indicates NERSA's contribution to government priorities and programmes by emphasising the links between the Annual Performance Plan and Government's 14 outcomes (as outlined in the Medium-Term Strategic Framework), the National Development Plan, as well as the National Infrastructure Plan.

The Energy Regulator's premise in developing the Annual Performance Plan was that the energy demand and supply trends and developments in the global, continental, regional and national environments has an impact on NERSA's performance environment. NERSA identified these trends and developments, which informed the development of this Plan. In addition, NERSA acknowledged the fact that although our mandate, in terms of our functions, is clear, we cannot implement our mandate in a vacuum. In order to be an effective regulator, we must take a broader view of other factors that could have an impact on our performance environment.

As an economic regulator, NERSA has to take due cognisance of developments in the recent past and their potential impact on South Africa and the energy sector. In this regard the impact of South Africa's credit downgrade was duly noted. This development is likely to increase borrowing costs for most State-owned entities (SOEs) and regulated firms, which has a negative impact on consumers' welfare.

In addition, NERSA noted the establishment of the New Development Bank (BRICS Bank), which has highlighted its main funding areas as sustainable development and sustainable

infrastructure among BRICS countries (Brazil, Russia, India, China and South Africa) and other strategic developing countries. The focus especially falls on climate-resilient investments for sustainable infrastructure, including, in particular, speeding up the energy transition consistent with the Paris Agreement. The establishment of the BRICS Bank is expected to have a positive impact on the energy sectors of member state countries. The focus that will be placed on low carbon and climate resilient development, will require NERSA to carry out its mandate in balancing the key drivers of energy supply, namely security of supply, environmentally friendly sources, and affordability.

Energy is at the core of current and future industrial and technological development. The National Development Plan (NDP) envisages that the country will have an energy sector that promotes economic growth and development through adequate investment in energy infrastructure by 2030. Furthermore, the NDP envisages that South Africa will have an adequate supply of electricity and liquid fuels to ensure that economic activities and welfare are not disrupted, and that 95% of the population will have access to some form of energy, by 2030. Therefore, NERSA's priorities for the planning period will remain as follows:

- security of energy supply;
- investment in infrastructure through predictable and transparent regulation;
- competitive functioning of the energy sector/industries; and
- · affordable and accessible energy services.

In view of the identified need to diversify the energy sources in this country, with the emphasis on shifting towards sustainability into the future, NERSA is on course to effectively regulate a changing energy sector, which has seen the introduction of renewable energy into the grid.

The Plan's performance targets have been set against each objective outlined in the Strategic Plan. Specific, measurable, achievable, realistic and time-bound – or SMART – key performance indicators for 2018/19, with quarterly targets, will ensure that the strategic objectives are achieved.

Adequate resourcing of the organisation, as well as the quarterly performance reviews, will ensure the assessment of the overall performance of each programme against this Annual Performance Plan.

The National Energy Regulator of South Africa takes pride in submitting its Annual Performance Plan, which sets out the strategic focus of the Energy Regulator for the 2018/19 to 2020/21 planning period. The Energy Regulator fully endorses this Annual Performance Plan and commits to supporting its implementation.

Jacob RD Modise

Chairperson: National Energy Regulator

Official sign-off

It is hereby certified that this Annual Performance Plan was developed by the Energy Regulator with inputs from the Executive Management of NERSA. It was prepared in line with the approved Strategic Plan (2015/16 - 2019/20) and accurately reflects the performance targets which NERSA will endeavour to achieve given the resources made available in the budget for 2018/19.

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ACRONYMS AND ABBREVIATIONS

Acronym / Abbreviation	Stands for
AFUR	African Forum for Utility Regulators
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
СВМ	Coal Bed Methane
CNG	Compressed Natural Gas
DoE	Department of Energy
EEDSM	Energy Efficiency and Demand Side Management
EPP	Electricity Pricing Policy
ESI	Electricity Supply Industry
FBE	Free Basic Electricity
GDP	Gross Domestic Product
GHG	Greenhouse gases
GJ	Gigajoule
GTL	Gas-to-liquid
HDI/ HDSA	Historically Disadvantaged Individuals/ South Africans
IBT	Inclining Block Tariff
ICT	Information and Communication Technologies
IDM	Integrated Demand Management
IEA	International Energy Agency
IPAP	Industrial Policy Action Plan
IPPs	Independent Power Producers
IRP	Integrated Resource Plan
ISO	International Organisation for Standardization

Acronym / Abbreviation	Stands for
Ke	Cost of equity
LNG	Liquefied Natural Gas
MCEP	Manufacturing Competitive Enhancement Programme
MTEF	Medium-term Expenditure Framework
MTSF	Medium Term Strategic Framework
MW	Megawatt
NDP	National Development Plan
NERSA	National Energy Regulator of South Africa
NIPF	National Industrial Policy Framework
NMPP	New Multi-Product Pipeline
NFI	Non-Financial Information
OECD	Organisation for Economic Co-operation and Development
PASA	Petroleum Association of South Africa
PE(R)STEL	Political, Economic, Regulatory, Social, Technological, Environmental and Legal
PICC	Presidential Infrastructure Coordinating Committee
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
PPA	Power purchase agreement
RESAP	Renewable Energy Strategy and Action Plan
SAPP	The Southern African Power Pool
RIA	Regulatory Impact Assessment
ROMPCO	Republic of Mozambique Pipeline Investment Company
SADC	Southern African Development Community
SCOA	Standard Chart of Accounts
SFF	Strategic Fuel Fund
SIP	Strategic Integrated Project
SQAM	Standards, Quality Assurance, Accreditation and Metrology

PART A: STRATEGIC OVERVIEW



1. Updated situational analysis

This Annual Performance Plan has been developed based on the approved Strategic Plan for the period (2015/16 – 2019/20). There being no changes to the mandate of NERSA in this planning period, the Strategic Plan for the five year period remains unchanged.

The Annual Performance Plan, reviewed on an annual basis, takes into account any changes in the performance environment which would impact on the execution of NERSA's mandate. In this regard NERSA undertook an environmental scan to assess such factors.

1.1. Performance environment

The performance environment of NERSA is impacted upon by energy demand and supply trends and developments in the global, continental, regional and national environments.

1.1.1. Global Trends

The global energy use outlook continues to show rising levels of demand over the next three decades, which is led by the Asian countries. Asian countries led by China and India, account for more than half of the world's total increase in energy consumption over the 2012 to 2040 projection period (EIA, 2016). By 2040, energy use in Asia will exceed that of the entire Organisation for Economic Cooperation and Development (OECD²) by 40 quadrillion British thermal units (Btu).

It is projected that total world energy consumption will rise from 549 quadrillion Btu in 2012 to 815 quadrillion Btu in 2040, an increase of 48%. Most of the world's energy growth will occur outside the OECD nations, where relatively strong, long-term economic growth drives increasing demand for energy. Non-OECD countries energy consumption will increases by 71% from 2012 and 2040 compared with an increase of 18% in OECD nations. Energy use in the non-OECD region first exceeded that of the OECD in 2007 and by 2012, non-OECD countries accounted for 57% of total world energy consumption. By 2040, almost two-thirds of the world's primary energy will be consumed in the non-OECD economies.

The World Energy Outlook 2016 (WEO-2016) indicates that there is no single story about the future of global energy. However, in practice, government policies will will determine the path to be followed. Energy security concerns are on the rise. The WEO-2016 mentions that the traditional concerns related to oil and gas supply remain and these are reinforced by high reduction in investment level.

Gross Domestic Product (GDP) growth will be the key determinant in the growth of energy demand. The world's GDP (expressed in purchasing power parity terms) rises by 3.3%/year from 2012 to 2040. The fastest rates of growth are projected for the emerging, non-OECD countries, where combined GDP increases by 4.2%/year. In OECD countries, GDP grows at a much slower rate of 2.0%/year over the projection as a result of their more mature economies and slow or declining population growth trends. The strong projected economic growth rates in the non-OECD drive the fast-paced growth in future energy consumption among those nations.

¹ Energy Information Admiration (2016). International Energy Outlook 2016. [Online] Available: https://www.eia.gov/outlooks/ieo/pdf/0484(2016).pdf

² OECD member countries as of January 1, 2016, were Austria, Australia, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

The emerging trends are as follows:

- Renewables are the world's fastest-growing energy source over the projection period. Renewable energy consumption increases by an average of 2.6%/year between 2012 and 2040;
- Nuclear power is the world's second fastest-growing energy source, with consumption increasing by 2.3%/year over that period;
- Even though consumption of non-fossil fuels is expected to grow faster than consumption of fossil fuels, it is projected that fossil fuels will still account for 78% of energy use in 2040;
- Natural gas is tipped to grow faster than other fossil fuels in the next two decades. Global natural gas consumption is increasing by 1.9% annual/year. Abundant natural gas resources and robust production including rising supplies of tight gas, shale gas, and coalbed methane will contribute to the strong competitive position of natural gas;
- Although liquid fuels (mostly petroleum based) will remain the largest source of world energy consumption, the liquids share of world market energy consumption falls from 33% in 2012 to 30% in 2040. Contributing to the decline are rising oil prices in the long term, which lead many energy users to adopt more energy efficient technologies and to switch away from liquid fuels; and
- Coal, the world's slowest growing energy source, will rise by 0.6% per annum and will be surpassed by natural gas by 2030.

Gas supply and demand developments

Unconventional gas is projected to provide about 30% of the global total gas supply by 2040 – e.g. United States' shale gas and Australian's coalbed methane.

About 33% of the global gas supply is traded in the form of LNG, with Asia Pacific remaining the largest LNG consumer. There are new regions emerging in East Africa in respect of conventional gas, namely Mozambique and Tanzania, who are set to become LNG exporters by 2025. A combined 20 Mtpa of LNG liquefaction capacity is estimated to be commissioned in both countries.

Natural gas remains the fastest growing fossil fuel. It is a good-fit for gradually decarbonising economies and offers a fuel of choice to back up renewable integration in energy systems.

Technological breakthroughs continue to make gas more accessible (remote LNG plants, small-scale LNG, LNG for transportation) and to drive change in the industry. LNG is evolving as a viable alternative fuel for road, rail, marine transportation; and non-road transportation including aviation; as well as for heavy machinery, mining, drilling and agriculture operations.

In the recent past small-scale LNG (SSLNG) technology has emerged. In 2014 a total of 20 Mtpa SSLNG capacity was installed. This was driven by the growing demand for LNG as a transportation fuel. This is also key to the development of new markets for gas where it is not technically and economically feasible to build conventional pipelines.

Remote LNG is key to the development of stranded gas resources in remote and hostile regions, which are geographically isolated and also lack well-developed infrastructure.

The global impact could be as follows:

- Decline in gas prices down for past year and half;
- Impact on different regions (Hubs) paved way for lower LNG prices;
- Impact of US Shale Gas on global markets Chenier story;

- Low crude oil prices affected investments in key infrastructure projects in many countries;
- Period of LNG contracts revised down to few years;
- Outlook for LNG demand growth is optimistic;
 - COP21 commitments likely to have positive implications for gas as countries implement decarbonisation policies;
 - However, the US pulling out of Paris Agreement will have negative implications;

The potential impact on domestic/regional market is as follows:

- Window of opportunity for LNG in SA LNG in surplus; prices have come down
- Delays in key infrastructure projects due to low oil prices; and
- Impact exacerbated by low R/\$ exchange rate.

1.1.2 Continental Developments

Energy demand in sub-Saharan Africa is very low, currently at 570 million tons of oil equivalent (Mtoe). However, there are several factors pointing towards potentially rapid and prolonged growth: strong economic expansion; increasing urbanisation; industrialisation and modernisation; a burgeoning middle class in many countries; as well as a legacy of unmet energy demand. The sub-Saharan energy system will expand rapidly to 2040, but so do the demands placed upon it. According to the World Energy Outlook special report (2016), the economy will quadruple in size, the population will nearly double (to 1.75 billion) and energy demand grows by around 80% in the New Policies Scenario. The capacity and efficiency of the system improve, and access to modern energy services grows, but many of the existing energy challenges are only partly overcome.

Bioenergy demand will increase by 40% in absolute terms by 2040, exacerbating stress on the forestry stock. However, the share of bioenergy in the energy mix declines from above 60% to below half and the share of modern fuels edges higher. Oil demand will be more than doubles to 4 Mb/d in 2040 (over 0.5 Mb/d is the residential use of LPG and kerosene) and becomes the second-largest fuel in the mix, overtaking coal. Natural gas use grows by nearly 6% per year, to reach 135 bcm.

According to BP, Africa will have the highest compound annual growth rate ("CAGR") for oil and gas consumption over the next 20 years whilst having the lowest existing energy consumption base. There is an urgency to address the current and future power supply, transmission and distribution needs. Therefore, the proven nature of OCGT and CCGT technology coupled with the increased global volumes of LNG and potential for subdued future prices appear to offer an opportunity for African gas to power to grow. Africa has significant natural gas reserves, with increasing numbers of countries joining the list of countries that have discovered resources. For countries lacking domestic gas today, importing LNG for gas to power projects has become feasible due to the reason that there is an increase in countries that have discovered natural gas.

The sub-Saharan Africa power system is expanding rapidly, with generation capacity quadrupling to 385 GW. The power mix becomes more diverse, with coal (mainly South Africa) and hydropower (all regions), being joined by greater use of gas (Nigeria, Mozambique, Tanzania), solar (notably in South Africa and Nigeria) and geothermal (East Africa). The share of renewables in total capacity more than doubled to 44%. The total power sector investment averages around \$46 billion per year, with just over half of it in transmission and distribution.

³ http://corporateandinvestment.standardbank.com/standimg/cib/Sector%20Expertise/Static%20files/2016/Sectors_Oil%20and%20Gas_The%20Potential%20impact%20of%20LNG%20on%20African%20 Gas%20to%20Power.pdf

Oil production will rise above 6 Mb/d by 2020 but will then tails off to 5.3 mb/d in 2040. Nigeria and Angola remain the dominant producers, although Uganda and Kenya will ramp up oil output in the 2020s. Gas production will rise to 230 bcm in 2040, led by Nigeria and there will be an expansion of the output from Mozambique (60 bcm in 2040), and Angola and Tanzania (each 20 bcm). Coal supply will grow by 50% to reach 325 Mtce, still concentrated in South Africa but joined increasingly by Mozambique and others. Sub-Saharan energy exports are drawn increasingly towards Asian markets. Crude oil net exports will decline to just over 3.8 Mb/d by 2040, partly due to a greater share being refined and consumed domestically. Rising gas output from Mozambique and Tanzania will bring sub-Saharan LNG export towards 100 bcm by 2040 (around 17% of inter-regional LNG trade), and Mozambique also joins South Africa as a key coal exporter.

Furthermore, Sub-Saharan Africa makes only a small contribution to the global energy-related CO2 emissions. It is envisaged that it will account for a mere 3% of the total in 2040 but is on the front line when it comes to the potential impacts of a changing climate. In particular, hydropower prospects can be affected by changing patterns of rainfall and run-off. The fuelwood and charcoal sectors operate largely outside the formal economy, meaning that policymakers have few levers to promote more sustainable forestry.

The distribution of energy resources within the continent highlights the following key facts:

- Africa holds close to 8% of the world's proven oil and gas reserves (i.e. Oil reserves in the West coast and Gas in the Southeast and northern parts of Africa);
- Africa has abundant hydro resources approximately 350GW;
- Africa has abundant wind resources approximately 110 GW; and
- The whole continent has almost unlimited solar potential (10 TW).

The key question is why is Africa still experiencing poor energy supply with over 600 million people without access to electricity?

The African Energy market currently has a required energy investment of US\$65 to US\$90 billion with current investment at US\$23 billion. This translates to a funding gap of between US\$40 to US\$60 billion. To address this important problem the African Development Bank (AFDB) has since established a new deal on Energy that is aimed at achieving universal access to energy by 2025. It envisages 200 million connections and doubling the continent's generation capacity by 2025. The AFDB fund aims to increase new off-grid connections by 130 million, new off-grid connections by 75 million, new generation capacity of 160 GW and new clean cooking solutions by a further 150 million.

1.1.3. Regional Developments

Energy is vital to development in Southern Africa. Beyond its use in daily life, fuel and electricity catalyse infrastructure projects that drive both regional integration and economic growth. As the SADC region industrialises on its path to improved human development, energy production and distribution will only increase in importance. Recognising the fundamental role of energy in accomplishing its goals, SADC passed the Protocol on Energy in 1996, which provides a framework for cooperation on energy policy among SADC Member States.

Since the adoption of the Protocol on Energy, SADC has enacted several strategic plans for energy development in the region. Although implementation of these strategies has been slow, the region has made significant strides, particularly in electricity. At present, nine Member States of SADC have merged their electricity grids into the Southern African Power Pool, reducing costs and creating a competitive common market for electricity in the region. Similarly, SADC has established the Regional Electricity Regulatory Association (RERA), which has helped in harmonising the region's regulatory policies on energy and its subsectors.

While SADC is enacting a number of initiatives to address these issues, it has identified two chief points of focus, as follows:

- Electricity Generation Southern Africa has ample resources for electricity generation, though occasionally lacks the capacity for development; and
- Hydropower and Renewable Energy Renewable energy has grown in importance for both regional and global energy markets.

In 2015, SADC also launched the Industrialization Strategy and Road Map for 2015 -2063. The successful implementation of this roadmap is essential for socio - economic development in the region and will have a bearing on the activities undertaken by regulators - energy requirements for meeting the regional growth targets of 4-7% per annum as part of the industrialisation process are expected to be enormous. There has also been cooperation by SADC member States on the establishment of the SADC Centre for Renewable Energy, Energy and Efficiency (SACREEE) in Namibia and the Southern Africa Research and Documentation Centre which will function as platforms for capacity building, distribution of energy related information and energy related projects.

The region is relatively well-endowed with energy resources. The SADC region has vast energy potential from solar, wind, nuclear, hydro, thermal, gas and petroleum sources in several countries. However, biomass is by far the major source of energy in most regional countries. According to a report by the Renewable Energy Policy Network for the 21st Century (REN21, 2015), traditional biomass such as wood and charcoal accounts for more than 45 percent of final energy consumption in the region.

Electricity, as the dominant source of energy in the region, is generated mainly through thermal or hydroelectric resources. The coal industry so far is the backbone of power generation in the region and a significant share of the resource is allocated for export. The region has a large reserve of low-cost hydroelectricity in the north (especially Inga Reservoir in the DRC) and Kariba Dam on the Zambia/Zimbabwe border in the middle of the regional system, as well as large reserves of cheap coal in Botswana, Mozambique, South Africa and Zimbabwe.

Natural gas is becoming more significant to the region's energy sector, as Mozambique, Namibia, South Africa and Tanzania are developing the natural gas fields in their respective countries (SARDC, 2010). New natural gas discoveries by international oil companies in Mozambique and Tanzania during the past decade have ignited investor interest in this previously under-explored region. The nascent petroleum and gas sub-sector is, however, plagued by volatile prices. Although the region is endowed with some petroleum and gas resources, these are not directly available to the region either due to foreign commitments or the lack of the necessary infrastructure to exploit, process, store and distribute throughout the region.

Furthermore, the region has some of the most significant known reserves of uranium and the mineral is being mined in Namibia and South Africa for use as fuel for nuclear power plants while exploration is underway in Botswana and Zimbabwe. Nuclear technology is included in the electricity sub sector but what is required is to demonstrate that nuclear power can be a safe electricity generation option and win the confidence of the population and governments to endorse nuclear energy deployment in the SADC region. Only South Africa has nuclear capacity, with tentative plans for a new nuclear programme.

The region has a large potential for renewable energy, including hydropower which is already being exploited on a commercial scale. However, the necessary infrastructure for grid connection is poor. The prices for most renewable energy technologies are coming down but more needs to be done in the form of innovative financing. A key factor of the SADC energy sector is the fact that the region has faced an electricity deficit since 2007 due to a combination of factors that have contributed to a diminishing generation surplus capacity against increasing growth in demand. In recent years, the sub-region has experienced a power deficit situation due to a number of reasons, including growing demand against limited expansion in generation capacity.

Electricity

Although plans have been put in place to address the supply shortage by 2020, projects intended to address the shortage lag behind the deadline due to failure to package projects for funding, below-cost tariffs, poor project preparation, issues with Power Purchase Agreements (PPAs), and absence of regulatory frameworks, among other constraints. Massive investment in generation, transmission and distribution infrastructure will be required to sustain the projected increase in power demand in the region. Approximately between US\$93 billion and US\$212 billion is required for short and long-term projects to boost power supply by 2015 and 2027.

One of the most pressing constraints is the need to improve the transmission line capacity and strengthen the regional grid. Approximately 60-70% of the matched bids in the Southern African Power Pool cannot take place due to transmission capacity constraints. Eskom for example would be able to sell all of its "excess" capacity to its northern neighbours if the transmission capacity existed.

More than 24,000 MW of new generation capacity is expected to be commissioned between 2014 and 2017. A number of rehabilitation and new generation projects are being undertaken to address the generation supply gap. The SAPP Pool Plan indicates that 57,000 MW would need to be commissioned in the next 20 years. The generation mix is expected to change in the future with more emphasis on renewable energy particularly hydropower development. Currently, hydropower constitutes 21 percent of the generation mix and this would increase to at least 26 percent in the next 20 years. However, there is a need to diversify the energy source base in view of the experiences of Zambia and Zimbabwe, particularly in 2015, when hydropower generation dropped by nearly forty percent (40%) due to low water levels in the Zambezi river and the Kariba Dam due to poor rainfall. This, therefore, calls for the prioritisation of solar and other renewable energy projects in line with climate change efforts being pursued internationally.

Nearly all the SAPP Member States have high solar penetration levels which provide a great potential and meaningful contribution of solar energy to the current power deficit. The total renewable energy contribution is expected to rise to at least 35% of the regional energy mix by 2030.

During 2015, the SADC region installed a total of 13,604 MW of new generation capacity in the last 11 years which gives an annual average of 1,237 MW of new generation capacity. In the year under review, 1,999 MW of new generation capacity was commissioned, of which 83% was from renewable energy and electricity demand increased by 6.8%. Almost all countries will be commissioning new generation plants in the next five years with a total of 24,062 MW new generation capacity planned in this window.

Petroleum and Gas

The SADC region is endowed with significant deposits of coal (and associated coal bed methane gas), crude oil, shale gas and natural gas. This optimal exploitation could potentially prove to be the "missing ingredient" in terms of diversifying the region's energy mix, reducing the cost of energy and improving its accessibility to the citizens of the region, as well as reducing carbon dioxide emissions which are associated with advancing global warming and climate change. Natural gas is becoming more significant to the region's energy sector as Angola, DRC, Madagascar, Mozambique, Namibia, South Africa and Tanzania develop natural-gas fields in their respective countries. Parallel to these developments, countries endowed with coal resources, particularly Botswana, Mozambique, South Africa and Zimbabwe are redoubling efforts to extract coal-bed methane gas on a commercial scale.

Investments in the oil and gas sector are rising, particularly in Angola, Mozambique and Tanzania due to the vast resources found in those countries. However, the sector is plagued by volatile prices, which have been uncharacteristically low in the last two years, thus generally discouraging investment.

The main producers of gas in the SADC region are Angola, Tanzania, DRC and Mozambique. Angola leads the region in deposits of gas and petroleum, while South Africa is rich in shale gas and coal-bed methane gas. The United Republic of Tanzania is emerging as a force in this sector as new discoveries of natural gas continue to be made along its Indian Ocean coast. Mozambique has also seen a rapid expansion of its gas industry since the commissioning of the 865 km-long gas pipeline from Pande and Temane gas fields in south-central Mozambique to Secunda in South Africa by the multinational company ROMPCO, head-quartered in South Africa.

The Rovuma area, in the far north of Mozambique near the Tanzanian border, has seen positive results of natural gas exploration while the Tete Province, with its vast coal deposits, is also home to significant coal-bed methane gas. The Democratic Republic of Congo, and more recently Namibia, have discovered significant reserves of natural gas offshore. The other SADC Member States such as Botswana, Malawi, Zambia and Zimbabwe have large reserves of coal and hence coal-bed methane gas, which has not yet been extracted commercially, although extensive pilot tests have been conducted, especially in Botswana and Zimbabwe.

Only 6 countries have proven gas reserves with Namibia being the only one of these with no gas production. The following table of figures shows the proven and probable natural gas reserves and current production for SADC countries. The remaining SADC countries Lesotho, Madagascar, Malawi, Mauritius, Seychelles, Swaziland, and Zambia have no known reserves.

1.1.4 Economic Outlook

The recovery of the South African economy after the recession continues to disappoint. Year-on-year, economic growth slowed down from 1.35 to 1.3 percent in 2014 and 2015 respectively. In 2016 the GDP grew at 0.3 percent, the worst growth rate recorded in 8 years.

The IMF's latest forecast sees global GDP growth averaging 3.6 percent between 2016 and 2021. This is only marginally better than the 3.4 percent achieved since 2012. Despite a weak currency, the implication for SA of subdued global growth prospects is that we will not be able to rely on improved exports to boost GDP growth.

CPI fluctuated between 5.6 percent and 6.4 percent over the past five years. The relative stability in the inflation rate came about despite an (annual average) increase in electricity prices of 12.6 percent in 2015 and 9.4 in 2016. The expected contained weakening of the rand, modest commodity price gains and weak domestic growth environment suggest that inflation should be relatively well behaved. After averaging above 6 percent in 2016, headline CPI inflation is projected to slow to an average of 5.6 percent during the period of 2017-2021 (BER forecasts). This implies that CPI will remain sticky at the upper end of the South African Reserve Bank's (SARB) inflation target band. The combination of sticky inflation and modest growth potential suggest that the SARB is unlikely to deviate much from its current monetary policy stance, even over the medium term. While a lot can happen (and go wrong) in the next five years, the baseline forecast is for a largely stable policy interest rate.

S&P Global Ratings cut SA's sovereign credit rating to junk status at the beginning of April 2017, citing economic crises due to political instability in the country. S&P further cited policy continuity risk that had increased the likelihood that the economic growth and fiscal outcomes could potential suffer. Importantly, the rating agency highlighted that the rating decisions reflected their view that the contingent liabilities to the state, particularly in the energy sector, were on the rise. The S&P decision was then subsequently followed by other major credit rating agencies downgrading the country to sub-investment grade.

NERSA took cognisance of the following developments in the recent past and the potential impact on South Africa and the energy sector.

- The impact of the downgrade is likely to increase volatility in the financial markets leading to a continued rand weakness and higher import prices (increase in local inflation). It is expected that the Reserve Bank will closely monitor the developments in the markets to see if the ensuing sell-off becomes disorderly and threatens the stability of the financial system. Should the decline in bank shares, the rise in bond yields and the fall in the rand create instability in markets through intensified capital flight, it would not be surprising to see a response from the SARB, which includes hiking interest rates.
 - The impact of the downgrade could possibly affect state-owned enterprises (SOE) which could be detrimental to electricity consumers and other services. Most SOEs in the country rely on external funding. Funding spreads (the interest rate premium above SA government bonds) of these entities have roughly doubled over the last three years. If the South African government bond yields increase further then this could lead to a material increase in borrowing costs for these entities, which most likely would be passed on to the consumer or taxpayers one way or the other.
 - However, these impacts may be mitigated by the fact that the Rand strengthened from the middle of December 2017, in response to the outcomes of the ANC's National Conference.
- The establishment of the New Development Bank (BRICS Bank) has highlighted its main funding areas as sustainable development and sustainable Infrastructure amongst BRICS countries (Brazil, Russia, India, China and South Africa) and other strategic developing countries (esp. in Africa). One of the main focus areas of the Bank is to scale up low carbon and climate-resilient investments for sustainable infrastructure, including in particular speeding up the energy transition consistent with the Paris Agreement. The envisaged approach to this is by aligning their financial flows with the countries' pathways to low carbon and climate resilient development, by increasing the predictability and ease of access to concessional resources, such as the Green Climate Fund, and by leveraging private finance for climate investments.
- The establishment of the BRICS Bank is expect to have a positive impact on the enegry sectors of member states. This is seen to be a result of more funding for energy projects could be made available to deserving member states. South Africa is the most exposed country in sub-Saharan Africa (SSA) in terms of the potential impact of the decision by the United Kingdom (UK) to leave the European Union (EU). This is because of the extent of South Africa's integration into global financial markets, including its investment and financial linkages with the UK. The current account deficit leaves the country vulnerable to short-term capital outflows amid changes in investors' risk perceptions and appetite. Dampened growth prospects in the UK would also have a moderately negative impact on SA's trade and growth.

1.1.5 National Environment

Electricity still remains the most dominant source of energy used for cooking in South Africa while most of the rural dwellers without access to electricity still make use of wood for heating and cooking.

Currently, electricity generation is dominated by state-owned power utility Eskom, which currently produces over 96.7% of the power used in the country. Eskom has a current capacity of 43 368 MW while IPPs (General and Renewable energy) have 5 946 MW and Municipalities have 728 MW. The government is addressing electricity supply issues with Eskom and the IPPs.

From 2007 to 2016, Eskom has continuously received above CPI increases, with the difference of 0.7% in 2007, 20.9% in 2008, 25.1% in 2009, 19.4% in 2010, 21.3% in 2011, 10.8% in 2012, 2.0% in 2013, 2.0% in 2014, 7.0% in 2015 and 3% in 2016. A significant difference is seen from the year 2008, which is the same year load shedding started in the country.

Cumulatively, Eskom tariffs have increased by 169.3% since 2007, while CPI has increased by only 49.86%

The key challenges in the piped-gas sector are to bring gas demand and supply on stream at the same time and spread geographically to stimulate broader localised demand. Without local demand, it would be difficult to develop distributed gas supply and without such distributed gas supply, it would be difficult to develop local gas demand. One way of overcoming this challenge is to develop a Gas to Power Programme. This would potentially anchor gas demand while creating a long-term sustainable gas demand. In order to support the implementation of the Integrated Energy Plan, the Department of Energy (DoE) is currently finalising the Gas Utilisation Master Plan (GUMP) for South Africa. The GUMP would act as a roadmap for the development of the gas industry in the South African economy. It analyses the potential and opportunity for the development of South Africa's gas economy and sets out a path of how this could be achieved. One of the main objectives is to enable the development of indigenous gas resources and to create the opportunity to stimulate the introduction of a portfolio of gas supply options.

Inputs of petroleum products play an important role in transport and production activities of various other sectors of the South African economy. However, South Africa does not have its own economically extractable natural crude oil resources. Therefore, South Africa relies on imports of crude oil and refined fuels to meet its liquid fuels needs. South Africa has the second largest refining capacity in Africa after Egypt, with a total refining/liquid fuels capacity of 703 000 barrels per day (boe/d), with approximately 72% (503 000 boe/d) crude oil refining, with the balance synthetic fuel refining (Business Monitor International, 2016).

Approximately 10 160 million litres of petrol and 10 846 million litres of diesel was consumed in South Africa in 2016 (SAPIA, 2016). While, according to the U.S. Energy Information Administration, petroleum consumed in South Africa comes mostly from domestic refineries that import crude oil and Coal-to-liquid (CTL) and Gas-to-liquid (GTL) plants. According to the South Africa Petroleum Industry Association (SAPIA), in 2016, South Africa imported 161 322 boe/d (38% of total imported) of crude oil from Saudi Arabia and 124 315 boe/d of crude oil from Nigeria (30% of total imported). In terms of exports, more diesel (1.9 billion litres) than petrol (1.18 billion litres) is exported. This is because of the balance of supply and demand of petrol and diesel relative to refinery configurations. Although petrol and diesel make up 89% of total liquid fuel exports, South Africa is also the main supplier of all other liquid fuels to Botswana, Namibia, Lesotho and Swaziland.

The majority of South Africa's refinery output is transported via pipeline, road or rail. Transnet operates three liquid petroleum pipelines between Durban and the inland region - the Durban-Johannesburg Pipeline (DJP) (in petrol service), the Multi Products Pipeline (primarily in diesel service) and the crude oil pipeline to Sasolburg servicing the NATREF refinery. In an effort to alleviate the supply burden resulting from demand growth, there are plans to build a 300 000 boe/d refinery located in the Eastern Cape Province called Project Mthombo. Current refinery operators are reluctant to expand present capacity due to the high cost involved and because of the surfeit of liquid petroleum products available in the international market. Nonetheless, South Africa's refineries are well placed on a cash operating basis within its regional peer group (European and African countries that have more than one refinery) indicating their current competitive situation relative to these other manufacturers.

The governance challenges that have emerged within SOEs in the recent past, pose a potential risk to security of supply and has a potential to impact energy prices negatively.

Regulated Energy Industry

Energy is at the core of current and future industrial and technological development. The National Development Plan envisages that the country will have an energy sector that promotes economic growth and development through adequate investment in energy infrastructure by 2030. Furthermore, the plan envisages that we will have an adequate supply of electricity and liquid fuels to ensure that economic activity and welfare are not disrupted and that 95% of the population will have access to some form of energy.

NERSA has commenced with a process to determine the size of the NERSA regulated activities within the energy sector (Electricity, Piped Gas and Petroleum Pipelines). However, available statistics are not yet properly organised to give a full picture of the size of the regulated activities.

The Energy Regulator has seen a rapid increase in the number of operational licenses over the 2014 to 2016 period. Currently, there are 412 active licenses issued and under the regulation of the Energy Regulator. The bulk of these licences are in the electricity sector, petroleum pipelines and piped-gas sectors respectively.

In particular, electricity generation has seen a rapid increase in licences issued as a result of the Department of Energy (DoE) Renewable Energy Independent Power Producers Procurement Programme (REIPPPP) that was officially launched in 2011. Between 2014 and 2016, an additional 25 licenses were issued (8.5% increase). In total there has been an 11.6% increase in the number of licenses issued by the Energy Regulator from 2014 to 2016.

The total number of regulated facilities (operational) by type of facilities and capacity licensed vary across industries. The variation is mainly on account of differences in industry sizes.

The Petroleum pipelines industry regulated facilities have a regulated capacity of approximately 17 396 697 m3 transported by pipelines in 2016, 12 014 534 m3 in storage facilities and 16 173 861 MT in loading facilities. Of particular interest is the storage sub-sector which saw a 12% increases in regulated facilities from 2014 to 2015. There was a slight decline from 2015 to 2016, due to the implementation of the bulk determination by the Regulator.

With respect to the Electricity sector, there are 127 regulated facilities of which 32 are owned by Eskom, 37 by general IPPs, 50 by renewable IPPs and 8 by Municipalities. This jointly represents 50 038MW of electricity generation in the country. Interestingly, IPPs now represents combined facilities of 87 and with a capacity of 5946MW.

In the Piped-Gas sector, only 5 facilities are under regulation with 7647, 480GJ of Transmission, 4 196,040GJ of Distribution and 3 118,560GJ of storage capacity.

There is a significant amount of energy assets in operation under the regulation of NERSA. As of 2016, R829.610 billion worth of assets is regulated by NERSA with the Electricity industry the dominant player representing 95.2%, Petroleum Pipelines 3.3% and Piped Gas 1.4%.

PE(R)STEL factors analysis

The specific factors considered in the environmental scan are shown in the tables below:

Political factors	Impact if factor is not addressed	NERSA response to the factor		
Electricity Industry Regulation:				
Climate change imperatives	 Can impact the security of supply because renewable energy generators cannot contribute to meeting peak demand and are unreliable in delivery of energy. The current high cost of renewable energy generators will impact on the accessibility to all end users. 	Continued regulatory advocacy and engagements with relevant policy makers		
2. Municipal distribution	 Continued price diversion between Eskom and municipalities Key national programmes will be undermined Quality of supply Undermine service delivery 	Continued regulatory advocacy and engagements, also focusing on the following Approval of municipal tariffs Limit surpluses that municipalities can accumulate for cross-subsidisation		
Misalignment between long term planning and changes in the term of government	 Ineffective long term plans as they might have to be changed regularly so as to align them with the new administration. 	Plan in such a way that the impact of a change in government is minimised.		
Municipalities' executive authority for funding of municipal infrastructure	Some municipalities are unable to fund, build, operate and maintain adequate infrastructure – negatively impact on security of supply	Develop a position paper on the funding structure of municipal infrastructure		
Piped-Gas Industry Regulation:				
Delays in finalisation of legislative amendments and developments (with specific reference to the Gas IPP and the Gas Utilisation Master Plan)	Cost of gas may be too highDeter entry into the gas market	Prepare a report on regulatory advocacy and engagements with relevant policy makers		
2. Lack of policy on gas infrastructure investment	 Uncertainty for investment Lost opportunity to encourage competition in piped-gad industry Impede growth of the gas market in SA 	 Continued regulatory advocacy and engagements with relevant policy makers Advocate the approval of the Gas Utilisation Master Plan, Gas IP, Gas Infrastructure Plan 		
3. Emerging gas policy in Mozambique	Security of gas supply – Supply diversification	 Monitor ability of SASOL to supply Undertake regulatory and intergovernmental engagements Monitor utilisation of excess capacity in ROMPCO Pipeline Approve tariffs to facilitate investment and additional gas supply 		
4. Regulating the gas market - bundled and unbundled	Regulation approach	Develop a NERSA position paper on regulating the gas market - bundled and unbundled Continued regulatory advocacy and engagements with relevant policy makers Revisit the Gas Rules		

Political factors	Impact if factor is not addressed	NERSA response to the factor
5. Alignment of Gas Infrastructure Plan, the IRP and IEP	Possible duplication or contradictions	Continued regulatory advocacy and engagements with relevant policy makers
Petroleum Pipelines Industry Regulation:		
Transnet Market Demand Strategy (R300 bn) possible higher risk	 Lack of clarity on how expansion is funded – impact may be higher tariffs Threats to security of supply Delays resulting in cost overruns. 	 Monitor Transnet financial status Develop a position paper on the possible need to intervene in petroleum pipeline regulatory asset base – competing modes of transport Compile a report on the implications of the state led infrastructure expansion to the policy makers Continued regulatory advocacy
Decline in perception of investment friendliness in South Africa	Further large scale investments in petroleum infrastructure will stop. Petroleum Infrastructure may not be sufficient to deal with demand	 Continued regulatory advocacy and engagements with relevant policy makers to ensure efficiencies Identify and implement key measures to improve regulatory certainty through consistent and defendable decisions, based on world-class regulatory framework for drafting regulatory decisions – licencing and tariffs Regulate in such a manner which ensures competition
Transversal Regulatory:		
Developmental State	Decisions of NERSA could be in conflict with policy	Continued regulatory advocacy and engagements with relevant policy makers
Cabinet's decision on amendment of NERSA Act, specifically the provision that "Minister becomes head of appeal body"	Independence of the Regulator could be impacted upon	 Validate the Cabinet Decision and monitor institutional design of the Energy Review Body to determine whether it will be an independent body Develop a position paper and through advocacy, lobby against a Body that would negatively impact the independence of the Regulator
Manage interface between different policy thrusts of Government (new growth path, IPAP2)	Decisions of NERSA could be in conflict with policy	 Make decisions that are not in conflict with the Acts Develop and implement a strategic engagement framework on developing legislation / policy changes
4. Policy gaps and inconsistencies	Regulatory uncertainly Lack of credibility of regulatory systems	 Review impact on NERSA's mandate Continued regulatory advocacy and engagements with relevant policy makers Develop an report on the cost of projects, the impact and implications thereof e.g. Integrated Resource Plan
5. Discussion / debate around nationalisation	Uncertainty for investment	Identify and implement key measures to improve regulatory certainty through consistent and defendable decisions, based on world-class regulatory standards, procedures and processes
6. Review of Sustainable Development Goals	NERSA may not assist the country in achieving its goals	Regulate in such a manner that accessibility and affordability is enhanced

Political factors	Impact if factor is not addressed	NERSA response to the factor
Organisational:		
1. Policy gaps and inconsistencies	Regulatory uncertainly Lack of credibility of regulatory systems	Conduct a review on the impact of NERSA's mandate Continued regulatory advocacy and engagements with relevant policy makers Develop an report on the cost, the impact and implications of projects e.g. Integrated Resource Plan

Economic factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Lack of competition in electricity supply industry	 Impact on the ability of the Independent Power Producers to access the industry High electricity prices to industrial consumers 	 Enforce Third Party Access through regulatory decisions Amend the Grid Code to include dispatch rules Continued regulatory advocacy and engagements with relevant policy makers
2. Subsidies in Industry	Subsidies cause wrong investment decisions	Review subsidy framework as far as within the Energy Regulators control and rationalise application of subsidies.
Electricity Price to commerce in the municipalities has reached a critical level	Commerce and industry closing down	Develop a position paper on tariff in municipalities, focusing on amongst others Harmonise tariffs Influence tariff structures Determine whether the actual application of tariffs yields expected result.
4. Impact of poverty	Lack of affordability and accessibility	Focus on pro-poor regulation
5. Increased consumption of coal by China and India	Security of supply	 Regulate the stock piles Develop a position paper on the introduction of renewable energy in the energy mix (taking into account its limitations)
6. Inter-dependency of SADC on SA economy	SADC countries' power plans not realised	 Contribute through regional structures towards the realisation of SADC countries' power plans Review NERSA's role in international trade
7. Low and slow growth of the GDP	 Depressed economy leading to less disposable income which in turn would result in an increase in bad debt and an ESI that is not economically viable. 	Ensure that electricity price increases are kept to the minimum by enforcing efficient licensee operations and that pro-poor regulation is strengthened
8. Credit worthiness of SOEs	 Impact on infrastructure investment due to higher cost of debt and inability to issue bonds Higher tariffs 	 Regulate in a manner that drives efficiency Set credit rating criteria in the MYPD methodology
9. Drought – water infrastructure	 Development of shale gas prospects Protection mechanism in petroleum pipeline infrastructure 	Review requests for tariff increase with this impact of water shortage in mind

Economic factors	Impact if factor is not addressed	NERSA response to the factor
Piped-Gas Industry Regulation:		
Lack of competition in gas industry	 Barrier to competitive outcomes (price discrimination and access) Likely perpetuation of current monopoly in the industry 	 Enforce Third Party Access through regulatory decisions Enforce maximum prices methodology and Tariff Guidelines Continued regulatory advocacy and engagements with relevant policy makers to facilitate entry
2. Lack of infrastructure investment	 No growth in the gas market Lack of gas import infrastructure 	Develop a regulatory advocacy report to the DOE and IPP regarding gas to power procurement programme in order to facilitate entry.
3. Supply and demand dilemma in gas industry	Impact growth of gas industryDiscourage investment	Develop a regulatory advocacy report to the DOE and IPP regarding gas to power procurement programme in order to facilitate entry.
4. Gas industrialisation campaign	Ineffective regulation of the gas market	Continued regulatory advocacy
Petroleum Pipelines Industry Regulation:		
User pays vs. developmental state	Decisions of NERSA could be in conflict with policy	 Assist DoE in creating awareness of policy Proactive engagement with government
Decline in perception of investment friendliness in South Africa	 Further large scale investments in petroleum infrastructure will stop. Petroleum Infrastructure may not be sufficient to deal with demand 	Identify and implement key measures to improve regulatory certainty through consistent and defendable decisions, based on world-class regulatory standards, procedures and processes.
3. HDSA and BBBEE participation	No 3 rd party access to storage facilities	Develop and implement a strategic engagement framework on developing legislation / policy changes
Transversal Regulatory:		
Impact of environmental levies on prices	Impossible to facilitate achievement of affordable energy services	Develop a position paper on the impact of environmental levies to policy makers
2. Downgrade of South Africa's credit status	Capital flight (foreign and local)	Identify and implement key measures to improve regulatory certainty through consistent and defendable decisions, based on world-class regulatory standards, procedures and processes.
3. Persistently low economic growth rate	Cost of energy – impact on consumers	Review tariffs to encourage manufacturing

Regulatory factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Compliance monitoring and enforcement of licence conditions	 Security and quality of supply Affordability and accessibility of electricity 	Continued regulatory advocacy and engagements with relevant policy makers, with specific reference to the need for punitive measures to be used for none compliance
2. Information asymmetry	Possible incorrect decisions taken due to lack of all relevant information available	 Develop and implement an appropriate method of ensuring the collection of accurate data Finalise the development of a Regulatory Reporting System for financial data and a Regulatory Reporting System for nonfinancial data
Insufficient coordination in regulating gas and electricity industries	 Inconsistent policy messages deterring investment Incorrect signals sent to the market 	Strengthen internal coordination and strategic interactions with government structures
Management of concurrent jurisdiction	Regulatory overlap No clear roles and responsibilities	Continued regulatory advocacy and engagements with relevant policy makers
		 Develop and implement MOUs and MOAs with regulators with concurrent jurisdiction
An overlap in regulatory mandate with other regulators or institutions	Lack of cooperation may lead to delay in decision making	Develop and implement MoUs with the appropriate regulators or institutions
Piped-Gas Industry Regulation:		
Light handed approach of current regulatory framework and weak enforcement powers	Difficult to effectively enforce regulatory mandate	Continued regulatory advocacy and engagements with relevant policy makers, with specific reference to the review of the Gas Act and the National Energy Regulator Act Develop and implement MoUs with the appropriate regulators or institutions, focusing amongst others on reduce confusion and unnecessary regulatory burden and cost
Potential removal of NERSA's power to regulate prices or tariffs	High gas pricesMonopolistic conditionsUnfair competition	Continued regulatory advocacy and engagements with relevant policy makers
Regulatory gaps and fragmentation of legislation (gas) (not regulating entire value chain)	 Unnecessary regulatory burden Unintended consequences (e.g. High distribution tariffs) 	Report on regulatory advocacy and engagements regarding provisions / measures to be included in the Gas Amendment Bill
Lack of experience in regulating new activities (e.g. LNG, Shale gas, FSRU, regasification)	Inappropriate regulation of new activities	 Develop a report regarding research on and benchmarking of the regulation of new activities (eg. LNG /regasification and Shale gas) – including specialised skills required for submission to the Energy Regulator and policy makers. Develop the rules, norms and standards for the regulation of the new activities Develop and implement a skills gap analysis and appropriate training for staff in regulating new activities

Regulatory factors	Impact if factor is not addressed	NERSA response to the factor
5. Information asymmetry	Possible incorrect decisions taken due to lack of accurate / adequate information for decision making	 Develop and implement an appropriate method of ensuring the collection of accurate data Implement the Regulatory Reporting Manuals to overcome information asymmetry
6. Legacy of discriminatory Market Value Pricing	Continuation of the utilisation of the regulatory provisions of the Sasol Agreement	 Implementation of the Maximum Price Methodology Monitoring Sasol Gas' compliance with the provisions of the Gas Act
7. Concurrent jurisdiction regarding the regulation of gas	Lack of cooperation may lead to delay in decision making	Development and implementation of MOUs and MOAs with regulators with concurrent jurisdiction
8. Concurrent application of two different legal frameworks – Gas Act and the Regulatory Agreement	 Legal actions Misalignment Different standards being applied Regulatory and investment uncertainty 	 Continued regulatory advocacy and engagements with relevant policy makers Undertake a process to harmonise the regulatory framework
Complementary jurisdiction misalignment in application o policy objective	Regulatory and investment uncertainty	 Continued regulatory advocacy and engagements with relevant policy makers Develop applicable MOUs
10. Fragmentation of the regulation of gas	Regulatory uncertainty	 Continued regulatory advocacy and engagements with relevant policy makers Ensure the alignment of me
11. Gaps and inconsistencies between regulations and the Act	Regulator uncertaintyLeads to confusion among stakeholdersLegal challenges	Continued regulatory advocacy and engagements with relevant policy makers
Cross border regulation and harmonisation of processes, methodologies and procedures	Regulatory uncertainty	Develop a position paper on a process to legalise the implementation of developed harmonised policies and processes as well as methodologies for submission to the INP Develop and implement an eng agement strategy with involved bodies to ensure coordination between gas upstream and downstream regulatory processes Develop a report on the advocacy for the inclusion of gas regulation under RERA
Petroleum Pipelines Industry Regulation:		
Concurrent and complementary jurisdiction	No Regulatory certainty	Harmonise regulatory methodologies (internally and externally) Continued regulatory advocacy and engagements with relevant policy makers

Regulatory factors	Impact if factor is not addressed	NERSA response to the factor
Cross border regulation and harmonisation of processes, methodologies and procedures	Regulatory uncertainty	Develop a position paper on a process to legalise the implementation of developed harmonised policies and processes as well as methodologies for submission to the INP Develop and implement an engagement strategy involved bodies to ensure coordination between gas upstream and downstream regulatory processes Develop a report on the advocacy for the inclusion of gas regulation under RERA
3. Possible market interventions by Government:	NERSA may not be adequately prepared	To be addressed in continued regulatory advocacy and engagements with relevant policy makers To pursue involvement in SADC structures (e.g. Oil and Gas Subcommittee)
4. Inconsistency in current tariff and storage methodology	Undue over-compensation	Revise the methodology
DoE regulation of transport margins in petrol price regulation	Sub optimal use of transport modes	Continued regulatory advocacy and engagements with relevant policy makers
Transversal Regulatory:		
Management of concurrent jurisdiction	Regulatory overlap No clear roles and responsibilities	Continued regulatory advocacy and engagements with relevant policy makers Develop and implement MOUs and MOAs with regulators with concurrent jurisdiction
2. Perception of independence of the Regulator	Uncertainty for investment	Develop a strategic engagement framework with all role players Develop a proactive communication strategy on NERSA's activities - particularly on how decisions are reached
3. Review of the Energy Regulator Act	Negative impact on regulatory ability if identified gaps are not address in the Act	Continued regulatory advocacy and engagements with relevant policy makers
Implementation of regulatory programmes and projects approved at continental and regional level	NERSA may not be in a position to contribute to continental and regional matters that may have on the energy industry, and the country as a whole	NERSA needs to incorporate continental and regional programmes in its regulatory activities (since RSA is a member and an important role player in regional and continental structures, e.g. RERA & AUC)

Social Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Resistance from consumers to have pre-paid meters	 Increased losses (energy and costs) for licencees Ineffective credit control and negative impact on viability of distributers 	 Develop a strategy to incentivise licensees to deal with losses Consumer education
2. Balancing user pays policy framework and social gaps	Increased poverty Boycotting of payments of electricity	 Continued regulatory advocacy and engagements with relevant policy makers – with specific reference to poverty alleviation measures Undertake a study on effectiveness of current free basic electricity
Piped-Gas Industry Regulation:		
Implementation of HDSA/BBBEE participation policy	 Limited participation in market by HDSA/BBBEE and industry transformation Access to gas and infrastructure 	 Ensure 3rd party access Provide input and advice when NERSA does concurrence Continued regulatory advocacy and engagements with relevant policy makers – with specific reference to the development of a charter
2. Uncontrolled building on pipeline servitudes	May result in damage to pipelines causing threat to security of supply	 Increase pressure on licensees to consult with municipalities by monitoring and enforcing compliance with licence conditions and Regulations strictly
3. Gas industrialisation initiative	Loss of potential to develop jobs	Ensure effective and efficient regulation when considering tariff margins (monitor compliance, approve prices at competitive levels)
4. Skills development	Inadequate skills to match new technically inclined developments upstream	 Monitor construction plans Ensure skills transfer in interactions with specialist service providers (e.g. skills transfer clauses in service level agreements with consultants) Ensure continued training on new developments in the industry
Petroleum Pipelines Industry Regulation:		
Public knowledge of positioning of pipelines	Health, safety and environmental concerns and NERSA could be blamed if incidents occurs	Monitor and enforce compliance with licence conditions and Regulations for licensees to liaison with municipalities
Transversal Regulatory:		
1. High level of unemployment	Political instability that can affect delivery of infrastructure to the poor	 Ensure that NERSA's Internship and Learnership programmes are current and effective Investigate how NERSA can use tariffs to allow licensees to employee young people as apprentices

Social Factors	Impact if factor is not addressed	NERSA response to the factor
Service delivery protests (consumer activism)	 Alienated and marginalised communities Potential increase in tariffs 	 Conduct customer education and public consultation initiatives Develop a position paper on the most appropriate funding mechanisms Develop a position paper on tariff reducing instruments in order to obtain policy clarity
3. Perception of independence of the Regulator	Uncertainty for investment	 Develop a strategic engagement framework with all role players Develop a proactive communication strategy on NERSA's activities - particularly on how decisions are reached
Resistance to energy infrastructure close to settlements	Security of supply	Ensure that the sector is ready for expropriation proceedings in terms of the Electricity Regulation Act

Technological Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Technological innovation e.g. Smart Grid	Security of supplyStranded assets	 Develop appropriate rules to cater for technological innovation in the sector Monitor compliance Develop measures in order to protect user information Customer education
2. Renewable Generation	Security of supplySA not meeting environmental targets	Amend the Grid Code to include dispatch rules
3. Gas as primary energy source	Security of supply	Continued regulatory advocacy and engagements with relevant policy makers
4. Nuclear Generation	Security of supply	 Conduct customer education Conduct a skills analysis and develop a strategy to upgrade NERSA skills
5. Energy efficiency	Revenue shortfall for municipalities/distributors/Eskom	Continued regulatory advocacy and engagements with relevant policy makers with specific reference to a different funding model for municipalities so that they don't have to depend mainly on electricity revenues.
6. Storage technologies	 Could impact prices and security of supply Will not harness the benefits of e.g. renewable energy, mini grids, etc. 	Create a regulatory environment to include this technology and capacity building of NERSA staff to improve understanding

Technological Factors	Impact if factor is not addressed	NERSA response to the factor
Piped-Gas Industry Regulation:		
Regulatory framework lags technological innovation	Unregulated gas activities (risk) Deters entry and investment Regulatory uncertainty NERSA could be exposed to possible legal action	 Develop a report to engage and persuade policy makers on rationale for regulating these areas and propose measures to be incorporated. Incentivise through tariffs, prices and licensing Monitor developments in the industry Ensure that a regulatory framework is developed in order to be ready for the regulation of the industry with technological innovation
Lack of piped-gas infrastructure for new technology (Liquefied Natural Gas, regasification, Compressed Natural Gas, Floating Liquefied Natural Gas, Liquefied Natural Gas tanks etc.)	Deters investment and growth of downstream industry	Continued regulatory advocacy and engagements with relevant policy makers regarding
Resistance to new gas technology (e.g. Shale Gas hydraulic fracturing)	SA misses out on opportunity to replace crude imports with domestic GTL	Conduct research on new gas technology and the impact on regulation Continuously monitor developments of gas technologies Review adequacy of current regulatory regime and rules Continued regulatory advocacy and engagements with relevant policy makers Conduct a skills analysis and develop a strategy to upgrade NERSA skills
4. Rapid development of gas technologies	Regulatory lag – impact on gas price Information asymmetry	Conduct research on new gas technology and the impact on regulation Continuously monitor developments of gas technologies Review adequacy of current regulatory regime and rules Continued regulatory advocacy and engagements with relevant policy makers Conduct a skills analysis and develop a strategy to upgrade NERSA skills
5. Lack of gas storage infrastructure	Security of supply could be compromised	Continued regulatory advocacy and engagements with relevant policy makers
Petroleum Pipelines Industry Regulation:		
Use of pipeline threatened by the use of alternative forms of energy and efficiency	Lower pipeline volumes will lead to higher tariffs, which may result in incentive to use alternative modes of transport	Monitor trends and potential alignment of tariff methodologies
Fragmentation of the different product grades of fuel – losing economies of scale	Lower volumes will lead to higher tariffs. Higher Transnet Pipeline costs due to higher interface volumes Reduce available storage capacity for individual products Will reduce availability of storage capacity per product grade and may consequently further reduce third party access	Encourage rationalisation of grades and specifications Licence tanks to store more than one type of product

Technological Factors	Impact if factor is not addressed	NERSA response to the factor
3. Increased efficiencies of internal combustion engines	Reduced demand for fuels	Monitor supply and demand Create an environment to regulate within changing landscape
4. Importation of LPG via trucks	Security of supply could be compromised	Monitor developments in this regard
Transversal Regulatory:		
Rapid development in ICT sector	Lost efficiencies and limited communication impact and reach	Harness technologies to speed up processes and improve efficiency Implement cyber security controls

Environmental Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Environmental activism	Security of supply	Continued regulatory advocacy and engagements with relevant policy makers
2. Embedded and self-generation	Eskom and Municipal sustainability at risk	Engage with stakeholdersDevelop a framework to address sustainability issues
3. Growing awareness of environmental factors	SA not meeting its reduction in greenhouse gas emission targets	Utilise the Multi-Year Price Determination to facilitate contributing towards the reduction of greenhouse gas emissions
4. Carbon tax (off sets and carbon trading)	Higher prices of all non-renewable energy	 Continued regulatory advocacy and engagements with relevant policy makers Monitor developments and decisions taken by the G20
Piped-Gas Industry Regulation:		
Environmental activism, global warming, carbon taxes and emissions reduction	Gas market cannot grow	Continued regulatory advocacy and engagements with relevant policy makers – specifically to promote gas as a more attractive option and environmentally friendly energy source Monitor developments and decisions taken by the G20
Shale Gas hydraulic fracturing perceived as an environmental threat	SA misses out on shale gas potential SA misses out on an opportunity to become energy self-sufficient	 Conduct research on shale gas and the environment Continued regulatory advocacy and engagements with relevant policy makers Participate in national debate on shale gas and task teams where possible
3. Court decision regarding nuclear in energy generation	Regulatory uncertainty	Continued regulatory advocacy and engagements with relevant policy makers

Environmental Factors	Impact if factor is not addressed	NERSA response to the factor
Petroleum Pipelines Industry Regulation:		
Reduction of carbon emissions – punitive taxes applied	Additional cost to the economy with no alternative fuel source of any scale	Develop a report on the impact of the introduction of a punitive tax.
Automotive industry is globally moving towards cleaner fuels and the market demand for cleaner fuels is increasing.	Taxes applied by the economy cannot respond to the signal	F
Shale Gas hydraulic fracturing perceived as an environmental threat	SA misses out on shale gas potential SA misses out on an opportunity to become energy self-sufficient	 Conduct research on shale gas and the environment Continued regulatory advocacy and engagements with relevant policy makers Participate in national debate on shale gas and task teams where possible
Transversal Regulatory:		
Environmental levies and Carbon tax policy	 SA not meeting its environmental targets Lack of affordability Policy uncertainty 	 Continued regulatory advocacy and engagements with relevant policy makers Monitor developments and decisions taken by the G20
2. Delays in issuing environmental Impact Assessments	Security of supply	Continued regulatory advocacy and engagements with relevant policy makers
3. Health and Safety	Possible environmental disasters such as Petroleum/Gas leaks from pipelines, wind turbine blades flying off etc.	NERSA to ensure that it discharges its responsibility regarding health and safety
Legal Factors	Impact if factor is not addressed	NERSA response to the factor
Electricity Industry Regulation:		
Electricity Regulation Act under review	NERSA's views not taken into consideration	Continued regulatory advocacy and engagements with relevant policy makers
2. Regulatory Principles compromised	Loss of credibilityListed as Regulatory RiskSubject to liability claims	Make sure all decisions are done in accordance with sound regulatory principles.
Piped-Gas Industry Regulation:		
Legislative amendments and developments	 Cost of gas may be too high Deter entry into the gas market Weak mandate on regulation of piped gas 	Continued regulatory advocacy and engagements with relevant policy makers
The Mineral And Petroleum Resources Development Amendment Bill not finalised	Uncertainty of the separation of oil and gas provision in the Bill	Continued regulatory advocacy and engagements with relevant policy makers

Legal Factors	Impact if factor is not addressed	NERSA response to the factor
Petroleum Pipelines Industry Regulation:		
Fragmentation of legislations – possible consolidation of downstream petroleum legislation	NERSA may not be ready for this possible expansion of its mandate (e.g. resources)	Continued regulatory advocacy and engagements with relevant policy makers
Upstream Mineral and Petroleum Resources Development Act and downstream regulation pronouncements	Regulatory uncertainty	 Continued regulatory advocacy and engagements with relevant policy makers Continued efficient regulation
Transversal Regulatory:		
National Energy Regulator Amendment Bill	NERSA's views not taken into consideration NERSA not ready when the National Energy Regulator Amendment Bill becomes operational	 Continued regulatory advocacy and engagements with relevant policy makers Regulatory Advocacy Proactively start preparing for a change in mandate
2. Ability to influence supplementary legislation	NERSA's views not included NERSA's powers weakened	Develop a strategic engagement framework on developing
Compliance with regulatory requirements (Public Finance Management Act and others)		legislation / policy changes Continued regulatory advocacy and engagements with relevant policy makers
4. Fragmentation of legislations		
5. Infrastructure Development Act	Expectation to fund out of tariff and tax instead of by investment.	Develop a position paper on what the funding model should be
6. Pending legal cases	Uncertainty on regulatory decisions and tools	Ensured that the legal cases are finalised in order to review regulatory decisions and/or tools where necessary.
7. Announcement by Minister of Energy of IPP Office Bill	Opportunity to include petroleum infrastructure within the bidding rounds approach may be lost.	Continued regulatory advocacy and engagements with relevant policy makers

Other factors considered by the Energy Regulator were the strengths, weaknesses, opportunities and threats NERSA needs to mitigate or leverage in carrying out its mandate.

STRENGTHS	WEAKNESSES
 Autonomy of the decision making process Internal processes and systems and policies in place Strong governance structures-financial Commitment of organisation to staff development 	 Enforcement tools in legislation are weak Poor organisational culture (poor collaboration across divisions; work ethic) and poor implementation of policies Misalignment between core and support functions (budget distortion and certain areas of structure) Delay in appointing a CEO Recruitment processes – internal staff given opportunities

OPPORTUNITIES	THREATS
 Distributed/embedded generation Electricity storage technologies Power generation Power challenges in SADC LNG facilities and regasification Emergence of economic regulators – integration and cross-fertilisation of ideas Suppressed economic development IT technologies Additional technologies to manage supply of energy sources Smart grid 	 Relationship with DoE Political threat to autonomy of the regulator Geo politics Copper and electricity theft Pipeline / servitude encroachment Cyber security

Challenges and Priorities

The environmental scan/situational analysis of NERSA's performance environment identified industry specific challenges and priorities that have informed the formulation of the key performance indicators as reflected in the proposed Annual Performance Plan (2018/19 – 2020/21). The identified challenges are listed below and linked to priorities in respect of each of the three industries being regulated by NERSA as well as with respect to the transversal regulatory environment.

Electricity Industry Regulation

Challenges	Strategic initiatives
Introduction of IPPs challenging NERSA's regulatory regimes and frameworks	Design new grid codes to accommodate renewables/embedded generation
Municipalities are not investing in maintenance of the distribution infrastructure.	Conduct audits on compliance to spending 6% of revenue on distribution infrastructure
Low demand accompanied by high prices thus punishing the consumer	Review tariff methodology
Inefficient Eskom plant performance influencing RCA decisions	Consider plant performance of above 84% in MYPD
A new grid code is required to address a different industry structure	Review the grid code
Refusal to sign the PPAs and connect the REIPPs	Enforce 3rd party access
Loss of revenue caused by embedded generation	Standardise tariffs
Court cases may mean a whole new process of determining tariffs	Review and improve processes and methodologies

Challenges	Strategic initiatives
The need for Constitutional clarity - right to supply versus exclusive right to supply posed by the Municipalities and Eskom	Utilise the Western Cape as a case study
The need for regulating Resellers and Small scale embedded generators	Develop new licensing regulations

Piped-Gas Industry Regulation

Challenges	Strategic initiatives
 Policy challenges - Potential investors/gas suppliers awaiting policy signals and commitment Uncertainty on gas infrastructure plan - GUMP not yet finalised Policy uncertainty in the Gas to Power Programme Gas IPP programme delayed IEP, IRP currently under revision Gas strategy and policy direction for role of gas in energy mix, as well as renewable integration and role in energy systems 	Continued regulatory advocacy
Cross border asset risks - challenges of jurisdiction, fair allocation of costs, geopolitical risks and reliance on gas from Mozambique	 Bilateral agreement/co-operation with Mozambique – direct engagement Regulatory advocacy Benchmarking through study tours to learn how other countries deal with these issues Uniformity of standards and norms for cross-border Fair allocation of costs
Reliance on one supplier	 Monitor ability of Sasol to supply Set tariffs to facilitate investment and additional gas supply

Petroleum Pipelines Industry Regulation

Challenges	Strategic initiatives
Lack of storage capacity at Transnet Pipeline connected facilities	Develop criteria for prudency assessment
Policy uncertainty – strategic stocks, clean fuels 2, liquid fuels 20-year infrastructure plan, biofuels	Regulatory advocacy
Tariffs prohibitive posing a barrier to entry and competition	Revision of tariff methodology

Challenges	Strategic initiatives
Low level of participation of new entrants particularly HDSA/BBBEE	3rd party access- uncommitted capacity
Fragmentation - Concurrent and complementary jurisdictions – DoE and TNPA optimal and efficient regulation	Regulatory advocacy

Transversal Regulatory

Challenges	Strategic initiatives
Silo approach-Multiple custodians responsible for data collections	Revitalise the collaborative approach iro data collection
Need for regulatory impact assessment on decisions taken by NERSA	REC to workshop
Revamp of NERSA building	Monitor ongoing revamp

Organisational

Challenges	Strategic initiatives
NERSA needs a thorough audit of available skills and competencies	 Review the Human Capital strategy Develop implementation plan
Poor work culture	Undertake a culture survey
Poor and inadequate IT Systems and business processes which do not improve the performance of individuals	Review IT system and business processes including security
Business processes: approval of submissions and role players	Implementation of the recommendations of the organisational review process
Inadequate Organisational systems	Implementation of the recommendations of the organisational review process Implementation of the "to-be" processes towards ISO certification

1.2. Stakeholder Analysis and Engagement

This is an era where strategic interactions with key stakeholders are crucial for an organisation in the accomplishment of its vision and mission. Organisations such as NERSA are embarking on strategic alliances to strengthen their knowledge base, corporate image and performance effectiveness. These strategic alliances are co-operative relationships between independent stakeholders, designed to achieve mutually beneficial business goals.

NERSA is dependent on sound relationships with stakeholders based on trust and credibility. However, trust is built by keeping channels of communication open and clear, and by making sure that all publics have access to information, by consulting and listening to stakeholders and by being open, honest and transparent at all times.

The Stakeholder Analysis and Engagement Strategy is aligned to the Integrated Communication Strategy and implemented according to the Action Plans within the Strategy. In order to understand the important stakeholders of NERSA as well as all factors impacting on the relationship between NERSA and its stakeholders, an approach was followed to segment stakeholders into specific groups:

1. Normative Stakeholder Group

Normative groups provide the authority for NERSA to function and the organisation is dependent on their co-operation and goodwill. They are our strategic stakeholders and are critical for NERSA in the accomplishment of its mission. They have the ability to influence the course of our regulatory functions or existence. These target groups include the Portfolio Committee on Minerals and Energy, all Parliamentarians and government departments such as the Ministry and Department of Energy, Ministry and Department of Public Enterprises, Ministry and Department of Finance (National Treasury), Ministry and Department of Local and Provincial Government, Auditor-General. NERSA should be actively involved in interacting with decision-makers such as Parliament, and Government. Strategic partnerships with international donors, funders and communities such as NORAD, USAid, DFID, AUSAid, NZODA and Daneda are also vital for NERSA to operate more effectively and efficiently through the funding of capacity building and knowledge sharing projects.

The approach in dealing with these stakeholders is to keep them informed through regular consultation and monitoring of developments within the energy industry.

2. Functional Groups

Functional groups directly affect many of the day-to-day activities of NERSA. It's most important target group is its employees because the credibility of NERSA is mainly determined by the output of its employees. Various employees interact on different levels and on a regular basis with external stakeholders and they act as the doors and windows of the organisation. The better informed they are, the more efficient and credible NERSA is perceived to be. This means that well-informed, empowered and committed NERSA staff can play a very important role as ambassadors of the organisation. However, this group also includes Regulator members who have an influence on the functions and policies of the organisation, as well as interact on a strategic level with government and parliamentarians. The functional groups can be divided into the following sub-groups:

- A management public such as the Executive Management and Heads of Departments;
- A specialised public, which consists mainly of functional experts and professionals in the technical, financial, economic, customer and support services areas who communicate horizontally and across channels within the organisation; and
- An administrative public people who work mainly with administrative tasks and who communicate across organisational boundaries.

NERSA's vision is to be a recognised world-class leader in energy regulation. In order to achieve this vision, NERSA needs to keep their functional stakeholders informed and involved about developments within NERSA and the energy industry on a regular basis. This will ensure loyalty by staff and keep them motivated to perform effectively and efficiently.

'An informed employee is a happy and productive employee'.

3. Public groups

Public groups are those dependent on the organisation for the rendering of a specific service and those who are affected by the decision-making of NERSA. They include the following:

Utilities and suppliers

Eskom, Eskom Enterprises, Metro Councils, Local Municipalities, Other Distributors, PetroSA, iGas, Shell, Transnet, Sasol Gas, all big oil companies, Sasol, Spring Lights Gas, Egoli Gas and Engen. It is mutually beneficial to maintain a meaningful relationship by sharing needs, perceptions and values. Important to share information on new projects, progress made on existing ones, successes and breakthroughs

Customers

- o Industrial: they are major stakeholders of NERSA and account for 35% of the electrical energy consumed in South Africa. They play an important role in the economic growth, prosperity and development of South Africa. They have a major interest in the outcome of the management and restructuring of the electricity industry NERSA needs to form close relationships with them through active involvement, engagement and participation in energy-related activities, which have a bearing on the business of energy intensive consumers
- o Commercial, agricultural, and residential (urban/rural): NERSA needs to form closer relationships with them through active involvement, engagement and participation,

 These stakeholders need to be engaged and encouraged to actively participate in the Energy Regulator's processes by being open, honest and transparent at all times. This will create credibility and confidence of NERSA's ability to effectively execute its mandate.

4. Diffused groups

Diffused groups are particular types of stakeholders who are concerned about protecting the rights of other people. They include the media, non-governmental organisations, community-based organisations, special interest groups such as academic institutions, associations/ organisations/Unions. NERSA needs to form closer relationships with them through active involvement, engagement and participation,

NERSA need to engage and interact with these stakeholders as partners and not as enemies. In this regard, pro-active actions will be taken to sensitize them of and clarify to them NERSA's role and functions.

The table below indicates NERSA's stakeholder map.

STAKEHOLDER	KEY CHARACTERISTICS	POSSIBLE IMPACT/RELATIONSHIP	
1. NERSA			
Regulator membersExecutive ManagementHeads of DepartmentEmployees/Staff	 Individuals/groups who have high levels of knowledge and involvement in the energy industry Functional experts and professionals in technical, financial, economics, customer and support services areas. 	The credibility of NERSA is mainly determined by the output of its employees. Various employees interact on different levels and on a regular basis with external stakeholders and they act as the doors and windows of the organisation. The better informed they are, the more efficient and credible NERSA is perceived to be. This means that well-informed, empowered and committed NERSA staff can play a very important role as ambassadors of the organisation.	
2. GOVERNMENT			
 Ministry and Department of Energy Ministry and Department of Public Enterprises Ministry and Department of Finance (National Treasury) – Auditor-General Ministry and Department of Cooperative Governance and Traditional Affairs 	 Individuals/groups who have high levels of knowledge and involvement in the energy industry Decision-makers and opinion leaders Regulator members appointed by Minister 	 A formal working relationship with regular meetings needs to be established between the DoE and NERSA to ensure pro-active cooperation on such matters as draft gas and petroleum pipelines regulations, draft legislation e.g. Electricity Regulation Amendment Bill; reticulation with local authorities; etc. Strategic stakeholders - they are critical, crucial, essential, important or vital for NERSA in the accomplishment of its mission. The Ministry of Energy has the ability to influence the course of our regulatory functions or existence. 	
3. PARLIAMENT			
 Portfolio Committee on Energy All Parliamentarians 	Individuals/groups with high levels of involvement, but low knowledge about the energy industry Decision-makers and opinion leaders	 They are our strategic stakeholders and are critical, crucial, essential, important or vital for NERSA in the accomplishment of its mission. NERSA should be actively involved in regulatory advocacy with decision-makers such as Parliament, Government etc. They have the ability to influence the course of our regulatory functions or existence. We are dependent on their co-operation and goodwill. 	
4. CUSTOMERS			
Industrial EIUG (Energy Intensive Users Group) Sasol Anglo American Iscor Samancor Highveld Steel Columbus Steel SAPPI Ingwe Coal Amplats Sasol Synthetic Fuels	 Large energy intensive consumers in the fields of mining, materials beneficiation and materials manufacture. Individuals/groups who have high levels of knowledge and involvement in the energy industry Direct consumers of electricity and do not distribute or resell electricity to other consumers. Membership has been restricted to the very large consumers who consume in excess of 500GWh per annum The purpose of the EIUG is to promote the interests of large energy users to ensure that low cost, good quality and reliable energy is available to industry in South Africa. 	 Major stakeholders of NERSA - they account for 35% of the electrical energy consumed in South Africa. They play an important role in the economic growth, prosperity and development of South Africa They have a major interest in the outcome of the management and restructuring of the electricity industry NERSA need to form close relationships with them through active involvement, engagement and participation in energy-related activities which have a bearing on the business of energy intensive consumers NERSA has a duty to see to their protection against abuse and discrimination 	

STAKEHOLDER	KEY CHARACTERISTICS	POSSIBLE IMPACT/RELATIONSHIP
 Mondi Bayside and Hillside Smelter Sasol Gas Ltd Rompco Transnet Pipelines Spring Lights Gas IGas Egoli Gas Tamasa Group Novo Energy Anglo Coal Division 		
Commercial SACOB (SA Chamber of Business) FABCOS (Foundation for African Business and Customer Services) NAFCOC (National African Federated Chamber of Commerce and Industry)	Individuals/groups with high levels of involvement, but low knowledge about the energy industry	 NERSA need to form closer relationships with them through active involvement, engagement and participation NERSA has a duty to see to their protection against abuse and discrimination
Residential (Urban/Rural) Customer Communication Forums SANCU (SA Consumer Union) Consumer Councils	 Individuals who have low levels of knowledge about and involvement in, the energy industry Concerned with protecting the rights of other people 	 NERSA need to form closer relationships with them through active involvement, engagement and participation NERSA has a duty to see to their protection against abuse and discrimination
Agricultural SAAU (SA Agricultural Union) Agri SA	 Individuals/groups with high levels of involvement, but low knowledge about the energy industry Concerned with protecting the rights of other people 	 NERSA need to form close relationships with them through active involvement, engagement and participation NERSA has a duty to see to their protection against abuse and discrimination
Associations/Organisations/Unions	 Individuals/groups who have high levels of knowledge and involvement in the energy industry (AMEU, SALGA) Individuals/groups with high levels of involvement, but low knowledge about the electricity industry Concerned with protecting the rights of other people Individuals/groups who have high levels of knowledge and involvement in the petroleum and piped-gas industries (SAPIA, PASA) 	 NERSA need to form close relationships with them through active involvement, engagement and participation PASA is in the best position to assist in building up a data bank on exploration and production of gas in South Africa

STAKEHOLDER	KEY CHARACTERISTICS	POSSIBLE IMPACT/RELATIONSHIP
5. REGULATORS		
National Regulators	Continental, Regional and National utility or sectoral regulators/agencies	Building/maintaining partnerships through information sharing, capacity building, and harmonisation of regulatory policies, encouragement of good corporate governance and the promotion of sound relationships with other stakeholders.
Associations/Forums		
6. MEDIA		
 Specialist/trade media (magazine and publications in the energy field) Electronic media (national, regional and local) – radio and television Press (national, regional and local) – daily, weekly, Sunday papers, bi-weekly 	Individuals/groups with high levels of involvement, but low knowledge about the electricity industry	They are in a position to influence and educate the general public (negatively or positively) – use them as a partner to portray NERSA as a credible regulator as well as distributing information to the public
7. ACADEMIC INSTITUTIONS		
RegistrarsHeads of DepartmentsResearch bodies/foundationsStudents	Individuals/groups who have high levels of knowledge, but low levels of knowledge about the electricity industry	Need to form an strategic alliance with this group to strengthen NERSA's knowledge base – sharing of information on research studies – one step closer to becoming a world-class regulator
8. ELECTRICITY		
Suppliers:	 Eskom is an electricity company, supplying over 95% of South Africa's electricity needs and over 50% of the electricity needs of the African Continent. Individuals/groups who have high levels of knowledge and involvement in the electricity industry 	It is mutually beneficial to maintain a meaningful relationship by sharing needs, perceptions and values Important to share information on new projects, progress made on existing ones, successes and breakthroughs

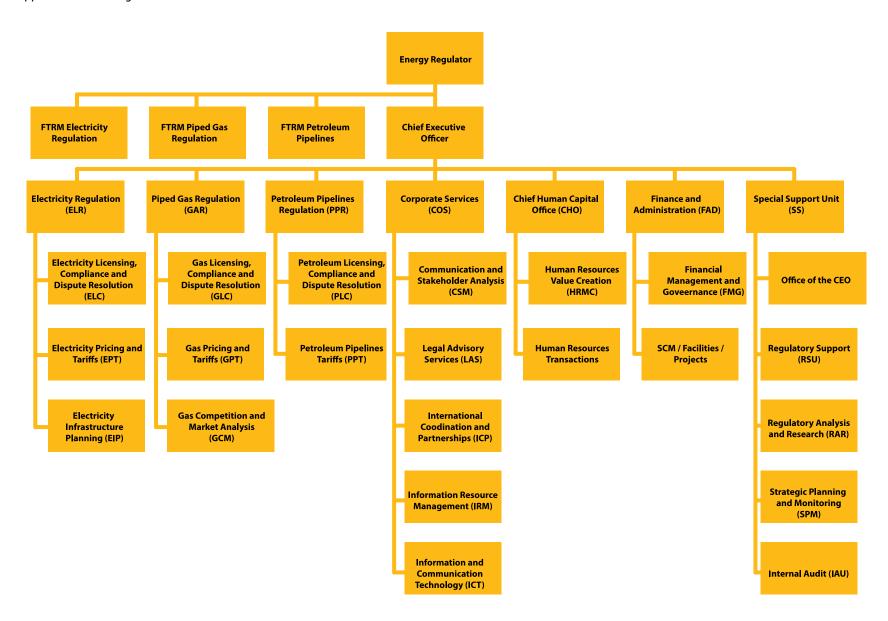
STAKEHOLDER	KEY CHARACTERISTICS	POSSIBLE IMPACT/RELATIONSHIP
9. PIPED-GAS		
Suppliers: PetroSA Egoli Gas Transnet SOC Limited Sasol Gas Ltd and ROMPCO Transnet Pipelines Spring Lights Gas Novo Energy (Pty) Ltd, Virtual Gas Networks and NGV (Pty) Ltd SL CNG Iscor, Columbus Stainless Steel and Huletts Aluminium, Bokomo Foods (Pty)	 PetroSA is a division of CEF Operates a GTL refinery in Mosselbay. The company is currently exploring for gas offshore in Western Cape with the intention of piping the gas through to Mosselbay. PetroSA is also participating in exploration activities in Mozambique Gas distributor to residential and industrial areas in Gauteng. Owns and operate gas and petroleum transmission pipelines between Gauteng and KwaZulu-Natal The main supplier of natural gas. Co owns a transmission pipeline from Mozambique to Secunda and has distribution networks in Durban (in partnership with Spring Light Gas) and in industrial areas in Witbank. It is the main user and distributor of gas in South Africa Owns and operates a gas transmission pipeline from Secunda to Sasolburg. Gas supplier in the Durban South area. Traders of compressed natural gas. They supply customers in Gauteng, KZN, Free Sate and Mpumalanga. Significant users of gas and energy in general 	 PetroSA will be required to apply for a construction license in the Western Cape at the right time PetroSA gas in Mozambique will be piped through the Moz/RSA pipeline and there are third party access implications. Egoli is the only gas reticulator. NERSA will be required to identify gaps in the regulatory framework Transnet Limited is a NERSA regulated entity subject to the Gas Act and NERSA's rules and license conditions and the Sasol Agreement administered by NERSA. Sasol Gas is a NERSA regulated entity subject to the Gas Act and NERSA's rules and license conditions and the Sasol Agreement administered by NERSA Transnet Pipelines is a NERSA regulated entity subject to the Gas Act and NERSA's rules and license conditions Spring Lights Gas is a NERSA regulated entity subject to the Gas Act and NERSA's rules and license conditions Novo Energy, VGN and NGV are all NERSA regulated entities subject to the Gas Act and NERSA's rules and license conditions Implications to tariff structures
10. PETROLEUM PIPELINES		
Suppliers: • Transnet Pipelines	 Transnet Pipelines, a division of Transnet Limited, dominates the petroleum pipeline industry. Transnet Pipeline's business is to transport petroleum and gas Transnet Pipelines is currently running out of pipeline capacity for the inland region of the country (Gauteng) and has investment plans for only around 201 	Transnet Limited is a NERSA regulated entity subject to the Petroleum Pipelines Act and NERSA's rules and licence conditions

STAKEHOLDER	KEY CHARACTERISTICS	POSSIBLE IMPACT/RELATIONSHIP
All big oil companies Sasol Oil Chevron, BP	 There is a general view that the oil companies operate as "club" with some of the transactions amongst them more like battering than commercial. The industry has long been "self-regulating" and may not take kindly to "outsiders". Sasol Oil is the largest and main fuels supplier to the inland regions and is currently enjoying high fuel prices while its cost base is low because of efficiencies in its operations. Engen has the largest fuel distribution network in the inland region (particularly the more important Gauteng area). 	NERSA will need to get establish and to exercise authority. It is possible that the industry may not be obliging in forwarding information that would assist the Regulator in carrying out it functions. Attempts at opening up the industry to free market competition could be scuttled. Price collusion could in the aftermath of price deregulation be a problem
• Engen	These companies own petroleum pipelines	 Particular prudence should be exercise in licensing the Engen storage facilities, since they could be key in unraveling the market for competition and fro entry by smaller player. The relationship between Engen and it "agencies" (i.e. companies or persons operating the Engen brand) should be closely monitored for possible price-to-market control
Oil company resellers Island View Storage, Vopak, Transnet (Tarlton)		There will be a need to monitor closely what is happening with these stakeholders so as to be pro-active as a Regulator. It could be beneficial to have a relationship with these players for information sharing
Transnet Pipeline's main customers: BP, Shell, Engen, Sasol Oil, Sasol Gas, Chevron, Total AFRICOIL and KHULACO did recent shipments	These companies make use of Transnet's pipelines to transport their petroleum	These players could have a useful impact. There should be a relationship with them. This will assist the Regulator in obtaining information from the "affected" parties although they might not be the end-users.

STAKEHOLDER	KEY CHARACTERISTICS	POSSIBLE IMPACT/RELATIONSHIP
11. OTHER STAKEHOLDERS		
Competition Commission	In terms of section 21 (1) (h) of the Competition Act agreements should be negotiated between the Competition Commission and Regulatory Authorities to ensure the consistent application of the principles of the Competition Act.	Impact on Regulation. Regulator should be involved Memorandum of Understanding
Department of Cooperative Governance	Reticulation has been specifically excluded from the	An ongoing relationship should be established with COGTA.
Department of Labour	Gas Act but liaison with the relevant Local Government Authorities will still be required as: o The gas for the reticulation areas will be supplied by licensees and through pipelines that resort under the Gas Act; o The Constitution requires the concurrent competence of national and local government for gas reticulation.	Memorandum of Understanding
Department of Environmental Affairs	Liaison in connection with NERSA's role re safety in the supply of gas, petroleum and electricity	Memorandum of Understanding
Public Protector	Liaison in connection with cooperation re	Memorandum of Understanding
Transnet National Port AuthorityPorts Regulator	Environmental Impact Assessments and licensing of facilities	
Airports Regulator	Liaison in connection with cooperation regarding complaints received relating to regulatory decisions	Memorandum of Understanding

1.3. Organisational environment

Below is the approved NERSA Organisational Structure:



In 2011/12, the Energy Regulator approved an organisational structure with a staff compliment of 177 as well as the implementation of this structure. The lack of specialised industry specific technical skills in both core business and support functions makes NERSA utilise consultants from time to time. NERSA is committed to resourcing the organisation appropriately to achieve its goals and therefore conducted an organisational review. The result is that the Board approved an additional 63 positions in July 2016.

Staff complement

The table below summarises the staff complement of NERSA.

DIVISION	DEPARTMENT	COMPLEMENT
Electricity Regulation (ELR)	FTRM	3
	Executive	3
	Electricity Pricing and Tariffs (EPT)	35
	Electricity Licensing, Compliance and Dispute Resolution (ELC)	27
	Electricity Infrastructure Planning (EIP)	13
Total		81
Piped-Gas Regulation (GAR)	FTRM	3
	Executive	5
	Gas Pricing and Tariffs (GPT)	8
	Gas Licensing, Compliance and Dispute Resolution (GLC)	11
	Gas, Competition and Market Analysis (GCM)	4
Total		31
Petroleum Pipelines Regulation	FTRM	3
(PPR)	Executive	6
	Petroleum Pipelines Tariffs (PPT)	9
	Petroleum Licensing, Compliance and Dispute Resolution (PLC)	9
Total		27
Finance and Administration	Executive	3
(CFO)	Financial Management and Governance (FMG)	7
	Supply Chain Management	13
Total		23
	Executive	2
Human Resources (CHO)	Human Resources – Value Creation	8
	Human Resources -Transactions	3
Total		13
Corporate Services (COS)	Executive	3
	Legal Advisory Services (LAS)	6
	Communication and Stakeholder Management (CSM)	9
	International Co-ordination and Partnerships (ICP)	3
	Information Resources Management (IRM)	7
	Information and Communication Technology (ICT)	10
Total		38

DIVISION	DEPARTMENT	COMPLEMENT
Specialised Support Units	Internal Audit (IAU)	7
(SSU)	Strategic Planning and Monitoring (SPM)	4
	Regulator Support (RSU)	11
	CEO's Office Operations (COO)	5
	Regulatory Analysis and Research (RAR)	6
Total		33
Grand Total NERSA Staff Comp	lement	246

2. Revisions to legislative and other mandates

There have been no significant changes to NERSA's legislative and other mandates. The current legislative and policy mandates are unpacked in detail in the approved Strategic Plan of 2015/16 – 2019/20.

In executing its mandate, NERSA has been challenged in some instances by interested and/or affected parties which has resulted in litigations some of which are on—going. As at 18 July 2017 NERSA had twenty six (26) litigations in electricity industry; two (2) in the Pipe-Gas Industry and two (2) in the Petroleum Pipelines Industry.

Planned policy initiatives

Although policy formulation is outside of NERSA's realm of authority, specific policy gaps were identified that require ongoing dialogue and strategic engagement with the Department of Energy in order to ensure that there is alignment between NERSA's strategic direction and the Department's policy thrusts.

NERSA advocates the implementation of the White Paper on Energy Policy of 1998 before the principles enshrined in the policy and suite of subsequent legislation are overhauled. As the Energy Regulator we are aware that the policies of 1998 and consequent suite of legislation (Gas Act, Petroleum Pipelines Act, National Energy Regulator Act and Electricity Regulation Act) which were developed between 2001 and 2006 have been actively implemented since the establishment of NERSA in October 2005. It is only now that we are able to give private investors some certainty regarding energy infrastructure investments and the level playing field we are expected to provide. Recent private sector licence applications in the piped-gas and petroleum pipelines industries are a testimony to the success of government's liberalisation policies.

The Electricity Regulation Act gives the mandate for competitive bidding of electricity generation capacity to the Department of Energy (DoE), following a Cabinet decision that private sector participation in the electricity industry be split 70:30 between Eskom and the private sector, with DoE procuring the plant and Eskom being the "off-taker". Thus it is completion for the market but not within the market at this stage.

With the rapid price reduction of solar panels a situation has arisen where rooftop solar has started to become attractive for residential consumers. This is more pronounced with commercial premises. These installations are not effectively dealt with in the current regulatory framework because the "Electricity Regulations on New Generation Capacity" are only applicable to state owned entities.

To license all of these small installations is also onerous to the installer and NERSA. It is much too expensive and complex process to be a realistic option for dealing with this class of generation. However in spite of their small size the number of them means that collectively they will make up a significant portion of generation capacity. This will impact allocations made in the Integrated Resource Plan (IRP).

Realising the future impact this trend was going to have NERSA approached DoE for guidance and the result is that DoE and NERSA have been working on Licensing Regulations which will provide the necessary clarity. This work is at an advanced stage.

There are developments in the three industries that are not covered by the current industry-specific Acts. For example, in the piped-gas industry there are new technological developments allowing for mobile storage of compressed natural gas that were not foreseen when the Gas Act was promulgated in 2001. Furthermore, with the experience arising from licence applications, NERSA is aware that licensing is becoming increasingly complex, involving methodological analysis of financial, technical and legal considerations.

Experience has also shown that a review of the National Energy Regulator Act needs to be undertaken in order to ensure that the gaps that have been identified can be addressed.

The Department of Energy has indicated that their key initiatives for the near future are:

- Evaluation of the IPP program;
- Conclusion of the reviewed IEP and IRP;
- Review of the NERA Act:
- · Gas Programme;
- Draft Gas Amendment Bil; and
- The embedded generation licensing framework.

3. Government programmes and priorities

As the regulatory authority, established in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), NERSA have a responsibility to contribute towards the Government's key programmes and priorities. In short the mandate of NERSA is to effectively regulate the electricity, piped-gas and petroleum pipelines industries. The regulatory functions of NERSA, as contained in relevant legislation, are summarised as follows:

- Issuing of licences with conditions;
- Setting and/or approving tariffs and prices;
- Monitoring and enforcing compliance with licence conditions;
- Dispute resolution including mediation, arbitration and the handling of complaints;
- Gathering, storing and disseminating industry information;
- Setting of rules, guidelines and codes for the regulation of the three industries;
- Determining of conditions of supply and applicable standards;
- Consulting with government departments and other bodies with regard to industry development and regarding any matter contemplated in the three industry Acts;
- · Expropriating land as necessary to meet the objectives of the relevant legislation;
- · Registration of import and production facilities; and
- Performing any activity incidental to the execution of its duties



Within the parameters of our mandate and the resultant functions, NERSA contributes towards critical government priorities and programmes. The tables below indicates the alignment of this Annual Performance Plan with relevant **outcomes** in the Medium-Term Strategic Framework 2014-2019 (MTSF), **enabling milestones** in the National Development Plan as well as **strategic integrated projects** in the National Infrastructure Plan.

3.1. NERSA'S CONTRIBUTION TO GOVERNMENT'S OUTCOMES

Government's Medium Term Strategic Framework (MTSF) clearly articulates the agenda of the Government. The set of 14 outcomes were developed to reflect the desired development impacts Government seeks to achieve, given Government's policy priorities. Each tier of government as well as public entities are required to base their own planning for the medium term expenditure framework on these priorities and outcomes. As a public entity NERSA will contribute to 6 of the 14 outcomes that the Minister of Energy has committed to.

The linkages between the Strategic Plan and this APP with the relevant outcomes are indicated in the table below:

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
	A LC	OUTCOME 2: ONG AND HEALTHY LIFE FOR ALL SOUTH AFRIC	CANS	
To facilitate security of supply in order to support sustainable socio-economic development in South Africa.	Promote energy supply that is certain and secure for current and future user needs Promote accessible and affordable energy for all citizens	To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To promote the quality and reliability level of electricity supply	% of tariff applications of licensed distributors, considered by the relevant Subcommittee, within 60 days of receipt of complete application Number of monitoring reports of the implementation of Inclining Block Tariffs (IBTs) by licensed distributors in South Africa, considered by the relevant Subcommittee Number of reports on the FBE Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee Number of monitoring reports on the performance and progress of Renewable Energy projects considered by the Energy Regulator, considered by the relevant Subcommittee Number of reports on the level of compliance of Independent Power Producers (IPPs) with the grid code on integration requirements for renewable energy projects in South Africa, considered by the relevant Subcommittee	NERSA contributes through facilitating the wider use of electricity instead of coal and wood as energy sources by all South Africans and thus improving respiratory health, amongst others by: Taking affordability into consideration when setting and/or approving tariffs and prices; Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers; Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers; Regulating in a manner which facilitates security of supply; and Policy advocacy with regards to cleaner fuels.

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS			
OUTCOME 4:							
	DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH						
To facilitate security of supply in order to support sustainable socio-economic development in South Africa.	Promote energy supply that is certain and secure for current and future user needs	To ensure financiailly sustainable supply of electricity by municipality private distributors	% of tariff applications of licensed distributors, considered by the relavant subcommittee, with 60 days of receipt of complete application	NERSA contributes through: Licensing and the setting and/or approving of tariffs and prices. In this manner NERSA creates pre-conditions towards the			
To facilitate investment in and access to infrastructure in the energy industry in support of sustainable socio-economic development in South Africa.	Create a regulatory environment that facilitates investment in energy infrastructure Promote competition and competitiveness within	To control entry and ensure orderly development of the Electricity industry	% of licence applications, considered by the relevant Subcommittee within 120 days from receipt of all required information	achievement of this outcome; Approving renewable energy licensees to ensure that the socio-economic development commitments specified in the DoE bidding			
To facilitate affordability of and accessibility to the energy industry to balance the economic interests of all stakeholders in support of socio-economic	the energy industry	To promote the quality and reliability level of electricity supply	Number of monitoring reports on the performance and progress of Renewable Energy projects, considered by the relevant Subcommittee	process are met; Promoting companies that are owned and controlled by Historically Disadvantaged Individuals (HDIs) to become competitive;			
development of South Africa and a better life for all.			Number of reports on the level of compliance of Independent Power Producers (IPPs) with the grid code on integration requirements for renewable energy projects in South Africa, considered by the relevant Subcommittee	Individuals (HDIs) to become competitive; and Regulating in a manner which facilitates security of supply.			
			Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee				
		To provide piped-gas price certainty	 % of decisions regarding maximum price applications; and trading margin applications are made by the relevant subcommittee within 120 days after date of publication of preliminary assessment of the applications. 				
		To provide tariff certainty through – the approval and monitoring of piped-gas transmission tariffs; and the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule.	% of decisions regarding transmission tariff applications, made by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment of the tariff applications				
		,	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules considered by the relevant Subcommittee				
		To ensure orderly development of the piped-gas industry by efficient licensing; and efficient registration of gas imports and production.	% of decisions regarding licence applications, made by the relevant subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received				
		p.ocaotion.	% of decisions regarding registration applications of gas imports and production, made by the relevant subcommittee within 120 days from date of receipt of the complete application				
		To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions	Number of inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee				
		To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry	% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application				

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
			% of decisions made on licence applications (in the FY) will be within the timelines prescribed in section 19(1) of the Petroleum Pipelines Act	
		To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure	Number of reports on investigations done into suspected unlicensed activities considered by the relevant Subcommittee	
	AN EFFICIENT, COMF	OUTCOME 6: PETITIVE AND RESPONSIVE ECONOMIC INFRAS	TRUCTURE NETWORK	
To promote competitive and efficient functioning as well as orderly development of the energy industry	Promote competition and competitiveness within the energy industry	To ensure financially sustainable supply of electricity by municipalities and private distributors	% of tariff applications of licensed distributors, considered by the relevant Subcommittee, within 60	NERSA contributes through: Setting rules and frameworks that facilitate
in order to sustain socio-economic development in South Africa.	the energy industry	electricity by municipalities and private distributors	days of receipt of complete application	the building of new infrastructure; Setting and/or approving cost reflective
South Africa.		To promote the quality and reliability level of electricity supply	Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee	tariffs and prices that encourage efficient investment; Facilitating and enforcing 3rd party access
		To ensure non- discriminatory access to as well as safe and reliable operation of the electricity infrastructure	% of decisions regarding applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions OR amendments to the South African distribution and transmission grid code, made by the relevant Subcommittee within 60 days from receipt of application	to facilities; Monitoring compliance and undertaking technical audits leading to regular maintenance and refurbishment of the infrastructure and therefor to the improvement in quality of supply; and Promoting competition and competitiveness.
		To provide piped-gas price certainty	% of decisions regarding • maximum price applications; and • trading margin applications; are made by the relevant subcommittee within 120 days after date of publication of preliminary assessment of the applications	
		To provide tariff certainty through –	% of decisions regarding transmission tariff applications, made by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment of the tariff applications	
		volumes below 120 million Gigajoule	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules considered by the relevant Subcommittee	
		To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions	Number of inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee	
		To enhance regulatory certainty in the piped-gas market	Number of reports on the review of identified rules, guidelines or codes for the regulation of the pipedgas industry (if deemed necessary) considered by the relevant Subcommittee	
		To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry	% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application	
		To monitor infrastructure utilisation and 3rd party access	Number of reports on trends regarding utilisation of storage facilities and 3rd party access, considered by the relevant Subcommittee	
		To monitor the development of infrastructure	Number of progress reports on the construction of new facilities (if any), considered by the relevant Subcommittee	

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
		To enhance regulatory certainty	Tariff methodologies reviewed when necessary	
	SUSTAINABLE HUN	OUTCOME 8: MAN SETTLEMENTS AND IMPROVED QUALITY O	OF HOUSEHOLD LIFE	
To facilitate security of supply in order to support sustainable socio-economic development in South Africa. To facilitate investment in and access to infrastructure in the energy industry in support of sustainable socio-economic development in South Africa. To facilitate affordability of and accessibility to the energy industry to balance the economic interests of all stakeholders in support of socio-economic development of South Africa and a better life for all.	Promote energy supply that is certain and secure for current and future user needs Promote accessible and affordable energy for all citizens	To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To promote the quality and reliability level of electricity supply To create a fair balance between the needs of all	% of tariff applications of licensed distributors, considered by the relevant Subcommittee, within 60 days of receipt of complete application Number of monitoring reports of the implementation of Inclining Block Tariffs (IBTs) by licensed distributors in South Africa, considered by the relevant Subcommittee Number of reports on the FBE Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee	NERSA contributes through: Facilitating access to energy services; Facilitating reliability of supply; Monitoring maintenance of infrastructure; Compliance monitoring with licence conditions; Taking affordability into consideration when setting and/or approving tariffs and prices; Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers; Promoting energy efficiency in licencees and in the NERSA building; and Dispute resolution, including mediation, arbitration and handling of complaints.
		outcome 10:	timelines	
To facilitate security of supply in order to support sustainable socio-economic development in South Africa. To promote competitive and efficient functioning as well as orderly development of the energy industry in order to sustain socio-economic development in South Africa. To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty	Promote energy supply that is certain and secure for current and future user needs Establish and position NERSA as a credible and reliable regulator	To control entry and ensure orderly development of the Electricity industry To promote the quality and reliability level of electricity supply To create a fair balance between the needs of all stakeholders To ensure orderly development of the piped-gas industry by efficient licensing To ensure orderly development of the piped-gas industry by efficient registration of gas imports and production	% of licence applications, considered by the relevant Subcommittee within 120 days from receipt of all required information Number of monitoring reports on the performance and progress of Renewable Energy projects, considered by the relevant Subcommittee Number of reports on the level of compliance of Independent Power Producers (IPPs) with the grid code on integration requirements for renewable energy projects in South Africa, considered by the relevant Subcommittee % of disputes/ complaints closed within stated timelines Number of reports on the trends regarding to the status of disputes and complaints in the electricity industry considered by the relevant Subcommittee % of decisions regarding licence applications, made by the relevant subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received % of decisions regarding registration applications of gas imports and production, made by the relevant subcommittee within 120 days from date of receipt of the complete application % of decisions made on licence applications (in the FY) will be within the timelines prescribed in section 19(1) of the Petroleum Pipelines Act	NERSA has a mandate for environmental protection and remediation through the industry specific Acts that it administers. NERSA contributes through: • Incorporating compliance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) as well as decommissioning remediation and the funding thereof into licence conditions; • Promoting energy efficiency in licencees and in the NERSA building; • Facilitation of the implementation of the Integrated Resource Plan (IRP) through considering concurring with determinations made by the Minister of Energy in line with section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006); • Monitoring the implementation of the IRP, the Integrated Energy Plan (once promulgated) and the Gas Utilisation Master Plan (once promulgated); and • Facilitating the transition to a low carbon economy.

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
		To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure	Number of reports on investigations done into suspected unlicensed activities considered by the relevant Subcommittee	
	AN EFFICIENT, EFFECTIVE AND DEVELOPM	OUTCOME 12: ENT ORIENTED PUBLIC SERVICE AND AN EMPO	DWERED, FAIR AND INCLUSIVE CITIZENSHIP	
To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty	Establish and position NERSA as a credible and reliable regulator	To empower stakeholders with relevant energy industry as well as economic regulatory knowledge and information To position and promote the good image of NERSA To influence energy sector policy development and amendments to legislation through regulatory and policy advocacy To create an efficient and effective world class organisation	Number of published quarterly newsletters Number of stakeholder engagement and education programmes conducted % improvement on the customer and stakeholder perception and satisfaction level Number of reports considered by the relevant Subcommittee on regulatory and policy advocacy Number of progress reports on the implementation of the Employment Equity Plan considered by the relevant subcommittee Number of progress reports on the implementation of the Youth Employment Accord considered by the relevant subcommittee Number of reports on the implementation of the Learnership and Internship Programmes Bursary programme for qualifying external applicants considered by the relevant subcommittee	NERSA contributes through: Transparent Processes; All decisions and reasons thereof are made public through being published on the website; The public is invited to make comments prior to decisions being made (written or in public hearing); Customer education; Training and development of staff and stakeholders, including training to electricity distributors on the completion of the forms requesting information from them; Participating in the Clean Energy Education and Empowerment Programme; Corporate Social Investment activities; and Techno Girls programme where ten girls from grade 9 to grade 12 are exposed to NERSA's activities through visits to the organisation during school holidays.

3.2. NERSA'S CONTRIBUTION TO THE NATIONAL DEVELOPMENT PLAN

The National Development Plan (NDP) is a plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans, unleashing the energies of its citizens, growing an inclusive economy, building capabilities, enhancing the capability of the state and leaders working together to solve complex problems. The high level objectives of the NDP are to:

- Reduce the number of people who live in households with a monthly income below R419 per person (in 2009 prices) from 39 percent to zero; and
- Reduce inequality, as measured by the Gini Coefficient, from 0.69 to 0.6.

In order to achieve these goals by 2030, a total of 19 enabling milestones were identified. Even though NERSA contributes indirectly to most of the enabling milestones, NERSA contributes specifically to 4 pertinent enabling milestones.

The linkages between the Strategic Plan and this APP with the relevant enabling milestones are indicated in the table below:

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS				
	ENABLING MILESTONES 1: INCREASE EMPLOYMENT FROM 13 MILLION IN 2010 TO 24 MILLION IN 2030							
To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty.	Establish and position NERSA as a credible and reliable regulator	To create an efficient and effective world class organisation	Number of progress reports on the implementation of the Employment Equity Plan considered by the relevant subcommittee by 30 September and 31 March respectively Number of progress reports on the implementation of the Youth Employment Accord considered by the relevant subcommittee Number of reports on the implementation of the Learnership and Internship Programmes by 31 March	NERSA contributes through: Development and implementation of the Youth Employment Accord; Implementation of a Learnership Programme as well as an Internship Programme; Training and development of staff and stakeholders; and Techno Girls programme where ten girls from grade 9 to grade 12 are exposed to NERSA's activities through visits to the organisation during school holidays.				
	ESTABLISH A COMPETITIVE BAS	ENABLING MILESTONES 4: E OF INFRASTRUCTURE, HUMAN RESOURCES	AND REGULATORY FRAMEWORKS					
To promote competitive and efficient functioning as well as orderly development of the energy industry in order to sustain socio-economic development in South Africa. To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty.	Promote regulatory certainty within the energy industry Promote competition and competitiveness within the energy industry Establish and position NERSA as a credible and reliable regulator	To ensure financially sustainable supply of electricity by municipalities and private distributors To control entry and ensure orderly development of the Electricity industry To promote the quality and reliability level of electricity supply	% of tariff applications of licensed distributors, considered by the relevant Subcommittee, within 60 days of receipt of complete application % of licence applications, considered by the relevant Subcommittee within 120 days from receipt of all required information Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee % of decisions regarding applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions OR amendments to the South African distribution and transmission grid code, made by the relevant Subcommittee within 60 days from receipt of application	NERSA contributes through: Publication of rules, codes and guides for the regulation of the electricity, piped-gas and petroleum pipelines industries; Setting rules and frameworks that facilitate the building of new infrastructure; Setting and/or approving cost reflective tariffs and market related prices that encourage investment; Facilitating and enforcing 3rd party access to facilities; Monitoring compliance through undertaking technical audits leading to regular maintenance and refurbishment of infrastructure and thus contributing to an increase in quality of supply; Transparent Processes; All decisions and reasons thereof are made public through being published on the NERSA website; The public is invited to make comments prior to decisions being made (written or in public hearing); Customer education; and Setting targets for becoming a more credible, reliable, efficient and effective regulator.				

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
		To ensure non-discriminatory access to as well as safe and reliable operation of the electricity infrastructure	% of decisions regarding maximum price applications, made by the relevant subcommittee within 120 days after date of publication of preliminary assessment of maximum price applications	
		To provide piped-gas price certainty	% of decisions regarding trading margin applications, made by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment of trading margin applications	
		To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs	100% of transmission tariff applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of tariff application	
		To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions	Number of inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee	
		To enhance regulatory certainty in the piped-gas market	Number of reports on the review of identified rules, guidelines or codes for the regulation of the pipedgas industry (if deemed necessary) considered by the relevant Subcommittee	
		To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry	% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application	
		To monitor infrastructure utilisation and 3rd party access	Number of reports on trends regarding utilisation of storage facilities and 3rd party access, considered by the relevant Subcommittee	
		To enhance regulatory certainty	Tariff methodologies reviewed when necessary	
		To benchmark NERSA against recognised world-class regulators	1 report on the outcomes of the benchmarking of NERSA, considered by the relevant Subcommittee by 31 March 2019	
		To empower stakeholders with relevant energy	Number of published quarterly newsletters	
		industry as well as economic regulatory knowledge and information	Number of stakeholder engagement and education programmes conducted	
		To create an efficient and effective world class organisation	Number of progress reports considered by the relevant Subcommittee on the implementation of the recommendations from the comprehensive Information and Communication Technology (ICT) systems review	
			Number of progress reports considered by the relevant Subcommittee on the progress made regarding obtaining ISO certification	
		To improve the effectiveness of the financial processes, systems and procedures	Result of annual audit	
		processes, systems and procedures	% of creditors paid within 30 days after all relevant documentation have been received	

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
ENSURE	THAT SKILLED, TECHNICAL, PROFESSIONAL A	ENABLING MILESTONES 5: AND MANAGERIAL POSTS BETTER REFLECT THE	COUNTRY'S RACIAL, GENDER AND DISABILITY	/ MAKEUP
To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty.	Establish and position NERSA as a credible and reliable regulator	To create an efficient and effective world class organisation	Bursary programme for qualifying external applicants considered by the relevant subcommittee	NERSA contributes through: Development and implementation of an Employment Equity Plan; Implementation of the recruitment policy
	BROADEN OWN	ENABLING MILESTONES 6: ERSHIP OF ASSETS TO HISTORICALLY DISADVA	NTAGED GROUPS	
To promote competitive and efficient functioning as well as orderly development of the energy industry n order to sustain socio-economic development in South Africa.	Promote competition and competitiveness within the energy industry	To ensure financially sustainable supply of electricity by municipalities and private distributors To promote the quality and reliability level of electricity supply	% of tariff applications of licensed distributors, considered by the relevant Subcommittee, within 60 days of receipt of complete application Number of consolidated audit reports on the state of compliance of licencees with license conditions	NERSA contributes through: Setting rules and frameworks that facilitate the building of new infrastructure; Setting and/or approving cost reflective tariffs and prices that encourage efficient investment;
		To ensure non- discriminatory access to as well as safe and reliable operation of the electricity infrastructure	or considered by the relevant Subcommittee % of decisions regarding applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions OR amendments to the South African distribution and transmission grid code, made by the relevant Subcommittee within 60 days from receipt of application	Facilitating and enforcing 3rd party access to facilities; Monitoring compliance and undertaking technical audits leading to regular maintenance and refurbishment of the infrastructure and therefor to the improvement in quality of supply; and Promoting competition and competitivenes
		To provide piped-gas price certainty To provide tariff certainty through – the approval and monitoring of piped-gas transmission tariffs; and	 % of decisions regarding maximum price applications; and trading margin applications; are made by the relevant subcommittee within 120 days after date of publication of preliminary assessment of the applications 	
			% of decisions regarding transmission tariff applications, made by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment of the tariff applications Number of calculations of the ROMPCO tariff	
		To enhance regulatory certainty in the piped-gas market	for gas volumes below 120 million Gigajoules considered by the relevant Subcommittee Number of inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee	
			Number of reports on the review of identified rules, guidelines or codes for the regulation of the pipedgas industry (if deemed necessary) considered by the relevant Subcommittee	
		To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry	% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application	
		To monitor infrastructure utilisation and 3rd party access	Number of reports on trends regarding utilisation of storage facilities and 3rd party access, considered by the relevant Subcommittee	

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
		To monitor the development of infrastructure	Number of progress reports on the construction of new facilities (if any), considered by the relevant Subcommittee	
		To enhance regulatory certainty	Tariff methodologies reviewed when necessary	
		To enhance regulatory certainty		
		To influence energy sector policy development and amendments to legislation through regulatory and policy advocacy	Number of reports considered by the relevant Subcommittee on regulatory and policy advocacy	
PRODUC		ENABLING MILESTONES 10: BY AT COMPETITIVE PRICES, ENSURING ACCES SSIONS PER UNIT OF POWER BY ABOUT ONE-T	•	CARBON
To facilitate Security of Supply in order to support sustainable socio-economic development in South Africa. To facilitate investment in and access to infrastructure in the energy industry in support of sustainable socio-economic development in South Africa. To promote competitive and efficient functioning as well as orderly development of the energy industry in order to sustain socio-economic development in South Africa To facilitate affordability of and accessibility to the energy industry to balance the economic interests of all stakeholders in support of socio-economic development of South Africa and a better life for all. To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty.	Promote regulatory certainty within the energy industry Promote accessible and affordable energy for all citizens Establish and position NERSA as a credible and reliable regulator	To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To control entry and ensure orderly development of the Electricity industry To promote the quality and reliability level of electricity supply	% of tariff applications of licensed distributors, considered by the relevant Subcommittee, within 60 days of receipt of complete application Number of monitoring reports of the implementation of Inclining Block Tariffs (IBTs) by licensed distributors in South Africa, considered by the relevant Subcommittee Number of reports on the FBE Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee % of licence applications, considered by the relevant Subcommittee within 120 days from receipt of all required information Number of monitoring reports on the performance and progress of Renewable Energy projects, considered by the relevant Subcommittee	This enabling milestone encompasses the mandate of NERSA. NERSA thus contributes through: Regulating in a manner which facilitates security of supply; Taking affordability into consideration when setting and/or approving tariffs and prices; Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers; Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers; Registration of gas importation and production facilities; Facilitating access to electricity in setting aside some funds for the Electrification Cross-subsidy as part of determining electricity prices; Incorporating compliance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) into licence conditions;
y .		To ensure non- discriminatory access to as well as safe and reliable operation of the electricity infrastructure To promote Security of Supply (electricity)	Number of reports on the level of compliance of Independent Power Producers (IPPs) with the grid code on integration requirements for renewable energy projects in South Africa, considered by the relevant Subcommittee % of decisions regarding applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions OR amendments to the South African distribution and transmission grid code, made by the relevant Subcommittee within 60 days from receipt of application Number of reports on System Adequacy considered	Promoting energy efficiency in general in South Africa and in particular in the NERSA building; Facilitation of the implementation of the Integrated Resource Plan (IRP) through considering concurring with determinations made by the Minister of Energy in line with section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006); Monitoring the implementation of the IRP; Development and implementation of the Grid Code for renewable energy to facilitate the introduction of renewable energy power producers;
			by the relevant Subcommittee 100% of maximum price applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of maximum price application	Facilitating the transition to a low carbon economy; Regulatory advocacy with regards to cleaner fuels policy; and Monitor the implementation of the Gas Utilisation Master Plan (once promulgated).
		To provide piped-gas price certainty	100% of trading margin applications considered by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment	

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
		To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs	% of decisions regarding transmission tariff applications, made by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment of the tariff applications	
		To provide tariff certainty through the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules considered by the relevant Subcommittee	
		To ensure orderly development of the piped-gas industry by efficient licensing	% of decisions regarding licence applications, made by the relevant subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received	
		To ensure orderly development of the piped-gas industry by efficient registration of gas imports and production	% of decisions regarding registration applications of gas imports and production, made by the relevant subcommittee within 120 days from date of receipt of the complete application	
		To enhance regulatory certainty in the piped-gas market	Number of reports on the review of identified rules, guidelines or codes for the regulation of the pipedgas industry (if deemed necessary) considered by the relevant Subcommittee	
		To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry	% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application	
		To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure	% of decisions made on licence applications (in the FY) will be within the timelines prescribed in section 19(1) of the Petroleum Pipelines Act	
		To monitor infrastructure utilisation and 3rd party access	Number of reports on trends regarding utilisation of storage facilities and 3rd party access, considered by the relevant Subcommittee	
		To enhance regulatory certainty	Tariff methodologies reviewed when necessary	
		To promote Security of Supply (petroleum pipelines)	Number of reports on the inland supply forecast considered by the relevant subcommittee	

3.3. NERSA'S CONTRIBUTION TO THE NATIONAL INFRASTRUCTURE PLAN

The South African Government adopted a National Infrastructure Plan in 2012 that intends to transform our economic landscape while simultaneously creating significant numbers of new jobs, and to strengthen the delivery of basic services. The plan also supports the integration of African economies. The New Growth Path sets a goal of five million new jobs by 2020, identifies structural problems in the economy to be overcome and points to opportunities in specific sectors and markets or "jobs drivers".

In order to address these challenges and goals, a total of 18 strategic integrated projects (SIPs) have been developed. The following 3 SIPs were identified for energy.

- 1. SIP 8: Green energy in support of the South African economy
 - Support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the Integrated Resource Plan (IRP2010).
 - Support bio-fuel production facilities.
- 2. SIP 9: Electricity generation to support socio- economic development
 - Accelerate the construction of new electricity generation capacity in accordance with the IRP2010 to meet the needs of the economy and address historical imbalances.
 - Monitor implementation of major projects such as new power stations: Medupi, Kusile and Ingula.
- 3. SIP 10: Electricity transmission and distribution for all
 - Expand the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development.
 - Align the 10-year transmission plan, the services backlog, the national broadband roll-out and the freight rail line development to leverage off regulatory approvals, supply chain and project development capacity.

The linkages between the Strategic Plan and this APP with the energy SIPs are indicated in the table below:

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS				
SIP 8: GREEN ENERGY IN SUPPORT OF THE SOUTH AFRICAN ECONOMY								
To facilitate Security of Supply in order to support sustainable socio-economic development in South Africa.	Promote energy supply that is certain and secure for current and future user needs	To control entry and ensure orderly development of the Electricity industry To promote the quality and reliability level of electricity supply	% of licence applications, considered by the relevant Subcommittee within 120 days from receipt of all required information Number of monitoring reports on the performance and progress of Renewable Energy projects, considered by the relevant % of licence applications, considered by the relevant Subcommittee within 120 days from receipt of all required information Number of monitoring reports on the performance and progress of Renewable Energy projects, considered by the relevant Subcommittee Number of reports on the level of compliance of Independent Power Producers (IPPs) with the grid code on integration requirements for renewable energy projects in South Africa, considered by the relevant Subcommittee	NERSA contributes through: Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers; Incorporating compliance with the National Environmental Management Act, 1998 (Act No. 107 of 1998) into licence conditions; Facilitation of the implementation of the Integrated Resource Plan (IRP) through considering concurring with determinations made by the Minister of Energy in line with section 34 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006); Monitoring the implementation of the IRP; Facilitating the transition to a low carbon economy; and Regulatory advocacy with regards to cleaner fuels policy.				
	EI ECTRICITY	SIP 9: GENERATION TO SUPPORT SOCIO-ECONOMIC	DEVELOPMENT					
To facilitate Security of Supply in order to support sustainable socio-economic development in South Africa. To facilitate investment in and access to infrastructure in the energy industry in support of sustainable socio-economic development in South Africa. To facilitate affordability of and accessibility to the energy industry to balance the economic interests of all stakeholders in support of socio-economic development of South Africa and a better life for all.	Promote energy supply that is certain and secure for current and future user needs Create a regulatory environment that facilitates investment in energy infrastructure Promote competition and competitiveness within the energy industry Promote regulatory certainty within the energy industry Promote accessible and affordable energy for all citizens	To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To control entry and ensure orderly development of the Electricity industry To promote the quality and reliability level of electricity supply	% of tariff applications of licensed distributors, considered by the relevant Subcommittee, within 60 days of receipt of complete application Number of monitoring reports of the implementation of Inclining Block Tariffs (IBTs) by licensed distributors in South Africa, considered by the relevant Subcommittee Number of reports on the FBE Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee % of licence applications, considered by the relevant Subcommittee within 120 days from receipt of all required information Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee Number of monitoring reports on the performance and progress of Renewable Energy projects, considered by the relevant Subcommittee Number of reports on the level of compliance of Independent Power Producers (IPPs) with the grid code on integration requirements for renewable energy projects in South Africa, considered by the relevant Subcommittee	NERSA contributes through: Regulating in a manner which facilitates security of supply and investment; Facilitating the conclusion of Power Purchase Agreements between the buyer and the renewable energy Independent Power Producers; Setting rules and frameworks that facilitate the building of new infrastructure; Setting and/or approving cost reflective tariffs and prices that encourage investment; Monitoring compliance through undertaking technical audits leading to regular maintenance and refurbishment of infrastructure and thus contributing to an improvement in quality of supply.				

NERSA STRATEGIC OUTCOME ORIENTED GOALS	NERSA STRATEGIC OBJECTIVES	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMME PERFORMANCE INDICATORS	SPECIFIC FOCUS AREAS
		To ensure non-discriminatory access to as well as safe and reliable operation of the electricity infrastructure	% of decisions regarding applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions OR amendments to the South African distribution and transmission grid code, made by the relevant Subcommittee within 60 days from receipt of application	
	ELECT	SIP 10: TRICITY TRANSMISSION AND DISTRIBUTION FO	DR ALL	
To facilitate security of supply in order to support sustainable socio-economic development in South Africa.	Promote energy supply that is certain and secure for current and future user needs Promote accessible and affordable energy for all citizens	To ensure financially sustainable supply of electricity by municipalities and private distributors To promote the quality and reliability level of electricity supply	% of tariff applications of licensed distributors, considered by the relevant Subcommittee, within 60 days of receipt of complete application Number of monitoring reports of the implementation of Inclining Block Tariffs (IBTs) by licensed distributors in South Africa, considered by the relevant Subcommittee Number of reports on the FBE Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee Number of monitoring reports on the performance and progress of Renewable Energy projects, considered by the relevant Subcommittee	NERSA contributes through: Facilitating access to electricity in setting aside some funds for the Electrification Cross-subsidy as part of determining electricity prices; Taking affordability into consideration when setting and/or approving tariffs and prices, while allowing a provision for expansion of current operations; Determining inclining block tariffs and free basic electricity tariffs to protect the low income electricity consumers; Facilitating reliability of supply; Determining benchmarks and monitoring maintenance of infrastructure; Auditing of the implementation of the Transmission Development Plan; Monitoring compliance with licence conditions; and Dispute resolution, including mediation, arbitration and handling of complaints.
		To create a fair balance between the needs of all stakeholders	% of disputes/ complaints closed within stated timelines	

4. Overview of 2018/19 budget and Medium Term Expenditure Framework (MTEF) estimates

- 4.1. As per the requirements of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), the budget for the regulation of the electricity, piped-gas and petroleum pipelines industries has been ring-fenced in order to reflect the cost of regulating each industry appropriately. The approved ring-fencing methodology is based on the following principles:
 - i. Costs that can be directly attributable to an industry-specific regulatory function will be charged directly to that function.
 - ii. Costs that are not directly attributable to an industry-specific regulatory function, but are incurred as common costs in order to support the three industry-specific regulatory functions, will be allocated between the three industry-specific regulatory functions using the ratio proportionate to the approved staff complement attributable to the industry-specific function:
 - The current ratio is 58% for the electricity industry regulation; 21% for the petroleum pipeline industry regulation; and 21% for the piped-gas industry regulation. This ratio is mainly based on the staff compliment and it did not materially change with the implementation of the Organisational Review project.
- 4.2. The total NERSA Expenditure Budget amounts to R341 667 902 for 2018/18 (2017/18: R 305 774 193). This expenditure budget represents an increase of 11.7% over the expenditure budget for the National Energy Regulator for the financial year 2017/18, as approved by the Minister of Energy in concurrence with the Minister of Finance.

4.3. Taking this into account, the total amount that NERSA will have to recover through levy and licence fee income is R 343 509 397 for 2018/19 (2017/18: R 308 594 612) with the specific amounts to be recovered for the three industries being as follows:

Electricity Industry:
 R 94 487 085 (2017/18: R 177 563 453)
 Piped-gas Industry:
 R 69 355 644 (2017/18: R 57 878 841)
 Petroleum Pipelines Industry:
 R 68 321 736 (2017/18: R 67 062 657)

4.4. The amount to be recovered through levy and licence fee income represents an increase of 11,3% over the amount that had to be recovered for the financial year 2017/18, as approved by the Minister of Energy in concurrence with the Minister of Finance.

5. NERSA Programmes and Purpose of each Programme

5.1. Programme 1: Setting and/or approval of tariffs and prices

The programme purpose is to set and/or approve tariffs, prices and charges in order to ensure a fair balance between the needs of the customer and the regulated entity. While the customer needs to be protected against misuse of monopolistic powers and unnecessary price hikes, the regulated entities needs to have sufficient income to ensure that they can continue operating as a going concern and have enough revenue for the maintenance and refurbishment of infrastructure.

5.2. Programme 2: Licensing and registration

The programme purpose is to ensure the orderly development of the energy industry and to ensure that all activities related to all operations are licensed and registered as required by the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum pipelines Act, 2003 (Act No. 60 of 2003).

5.3. Programme 3: Compliance monitoring and enforcement

The programme purpose is to ensure that all licensees in the three regulated industries fully comply with their licence conditions, including those relating to health, safety, security, environmental standards and requirements as well as any other standards and requirements prescribed by the relevant industry-specific legislation. The programme will also ensure compliance with directives to govern relations between a licensee and its end users. Compliance monitoring will be done in such a way that a fair balance between the interests of all stakeholders is encouraged and maintained.

5.4. Programme 4: Dispute resolution, including mediation, arbitration and handling of complaints

The programme purpose is to ensure that disputes and complaints between licensees or between licensees and customers or end-users are managed effectively and settled in a manner that is appropriate. This programme will also ensure that when needed, any mediation or arbitration required will be done within prescribed procedures.

5.5. Programme 5: Setting of rules, guidelines and codes for the regulation of the three energy industries

The programme purpose is to ensure the setting of appropriate rules, guidelines and codes of best practices in the quest to promote uniformity and standardise practices in the regulation of the three energy industries. This will facilitate the creation of investor confidence and lessen the regulatory burden on licencees.

In order to achieve orderly investor confidence in the energy industries there must be standardised practices, which are the same for all participants and NERSA must maintain and safeguard these standards. This will facilitate investment in the energy industries, as investors and developers need a sound regulatory framework to ensure that they receive the expected returns for their investment.

5.6. Programme 6: Administration (Establishing NERSA as an efficient and effective regulator)

The programme purpose is to ensure that systems, processes, procedures and resources are in place that will put NERSA in the position to appropriately advise policy makers on any matter relating to the effective and efficient regulation of the electricity, piped-gas and petroleum pipelines industries, thereby contributing towards the broader government objectives aimed at the economic development of the country. The purpose includes the development to skills, both internally and externally in energy regulation.

6. Link between NERSA Strategic Objectives, Programme Strategic Objectives and Programmes

The following table indicates the link between the strategic objectives as defined in the Strategic Plan (2015/16 – 2019/20) and the programmes as discussed above, with the programme strategic objectives:

NERSA STRATEGIC OBJECTIVE	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMMES
Energy supply that is certain and secure for current and future user needs	 To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To provide piped-gas price certainty To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs To provide tariff certainty through the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry 	Setting and/or approval of tariffs and prices
	 To control entry and ensure orderly development of the Electricity industry To ensure orderly development of the piped-gas industry by efficient licensing To ensure orderly development of the piped-gas industry by efficient registration of gas imports and production To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure 	Licensing and registration
	 To promote the quality and reliability level of electricity supply To ensure the supply of 120m GJ p.a. from Mozambique to South Africa (in terms of Schedule One of the Agreement) To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions To monitor licencees' compliance with approved transmission tariffs To monitor licencees' compliance with approved Maximum Prices To monitor infrastructure utilisation and 3rd party access To monitor the development of infrastructure To monitor licencees' compliance with statutory reporting requirements 	Compliance monitoring and enforcement
	 To ensure non-discriminatory access to as well as safe and reliable operation of the electricity infrastructure To enhance regulatory certainty in the piped-gas market To enhance regulatory certainty in the petroleum pipeline market Enhancing the regulatory dispensation in petroleum pipeline market 	Setting of rules, guidelines and codes for the regulation of the three energy industries
	 To promote Security of Electricity Supply To engage in the debate on gas policy and legislation To promote dialogue between stakeholders in the gas market in order to facilitate the development of the market To ensure an understanding of and monitor new developments in the gas industry To promote Security of Supply in the petroleum pipeline industry 	Administration (Establishing NERSA as an efficient and effective regulator)

NE	RSA STRATEGIC OBJECTIVE	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMMES
2.	A regulatory environment that facilitates investment in energy infrastructure	 To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To provide piped-gas price certainty To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs To provide tariff certainty through the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry 	Setting and/or approval of tariffs and prices
		 To control entry and ensure orderly development of the Electricity industry To ensure orderly development of the piped-gas industry by efficient licensing To ensure orderly development of the piped-gas industry by efficient registration of gas imports and production To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure 	Licensing and registration
		 To promote the quality and reliability level of electricity supply To ensure the supply of 120m GJ p.a. from Mozambique to South Africa (in terms of Schedule One of the Agreement) To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions To monitor licencees' compliance with approved transmission tariffs To monitor licencees' compliance with approved Maximum Prices To monitor infrastructure utilisation and 3rd party access To monitor the development of infrastructure To monitor licencees' compliance with statutory reporting requirements 	Compliance monitoring and enforcement
3.	Competition and competitiveness within the energy industry	 To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To provide piped-gas price certainty To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs To provide tariff certainty through the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule To provide piped-gas price certainty To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs To provide tariff certainty through the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry 	Setting and/or approval of tariffs and prices
		 To control entry and ensure orderly development of the Electricity industry To ensure orderly development of the piped-gas industry by efficient licensing To ensure orderly development of the piped-gas industry by efficient registration of gas imports and production To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure 	Licensing and registration
		 To promote the quality and reliability level of electricity supply To ensure the supply of 120m GJ p.a. from Mozambique to South Africa (in terms of Schedule One of the Agreement) To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions To monitor licencees' compliance with approved transmission tariffs To monitor licencees' compliance with approved Maximum Prices To monitor infrastructure utilisation and 3rd party access To monitor the development of infrastructure To monitor licencees' compliance with statutory reporting requirements 	Licensing and registration Compliance monitoring and enforcement
		 To create a fair balance between the needs of all stakeholders To ensure fairness and equity in the piped-gas market 	Dispute resolution, including mediation, arbitration and handling of complaints
		 To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure To ensure non- discriminatory access to as well as safe and reliable operation of the electricity infrastructure To enhance regulatory certainty in the piped-gas market To enhance regulatory certainty in the petroleum pipeline market Enhancing the regulatory dispensation in petroleum pipeline market 	Setting of rules, guidelines and codes for the regulation of the three energy industries

NERSA STRATEGIC OBJECTIVE	PROGRAMME STRATEGIC OBJECTIVES	PROGRAMMES
4. Regulatory certainty within the energy industry	 To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To provide piped-gas price certainty To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs To provide tariff certainty through the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry 	Setting and/or approval of tariffs and prices
	 To ensure non- discriminatory access to as well as safe and reliable operation of the electricity infrastructure To enhance regulatory certainty in the piped-gas market 	Setting of rules, guidelines and codes for the regulation of the three energy industries
	 To promote Security of Electricity Supply To engage in the debate on gas policy and legislation To promote dialogue between stakeholders in the gas market in order to facilitate the development of the market To ensure an understanding of and monitor new developments in the gas industry To promote Security of Supply in the petroleum pipeline industry 	Administration (Establishing NERSA as an efficient and effective regulator)
5. Accessible and affordable energy for all citizens	 To ensure financially sustainable supply of electricity by municipalities and private distributors To facilitate the sustainability of electricity supply by Eskom To provide piped-gas price certainty To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs To provide tariff certainty through the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry 	Setting and/or approval of tariffs and prices
	 To control entry and ensure orderly development of the Electricity industry To ensure orderly development of the piped-gas industry by efficient licensing To ensure orderly development of the piped-gas industry by efficient registration of gas imports and production To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure 	Licensing and registration
	 To promote the quality and reliability level of electricity supply To ensure the supply of 120m GJ p.a. from Mozambique to South Africa (in terms of Schedule One of the Agreement) To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions To monitor licencees' compliance with approved transmission tariffs To monitor licencees' compliance with approved Maximum Prices To monitor infrastructure utilisation and 3rd party access To monitor the development of infrastructure To monitor licencees' compliance with statutory reporting requirements 	Compliance monitoring and enforcement
	 To create a fair balance between the needs of all stakeholders in the electricity industry To ensure fairness and equity in the piped-gas market To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure 	Dispute resolution, including mediation, arbitration and handling of complaints
6. NERSA a credible and reliable regulator	 To create a fair balance between the needs of all stakeholders in the electricity industry To ensure fairness and equity in the piped-gas market To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure 	Dispute resolution, including mediation, arbitration and handling of complaints
	 To ensure non- discriminatory access to as well as safe and reliable operation of the electricity infrastructure To enhance regulatory certainty in the piped-gas market To enhance regulatory certainty in the petroleum pipeline market Enhancing the regulatory dispensation in petroleum pipeline market 	Setting of rules, guidelines and codes for the regulation of the three energy industries
	 To promote Security of Electricity Supply To engage in the debate on gas policy and legislation To promote dialogue between stakeholders in the gas market in order to facilitate the development of the market To ensure an understanding of and monitor new developments in the gas industry To promote Security of Supply in the petroleum pipeline industry To determine the impact of regulatory decisions To benchmark NERSA against recognised world-class regulators To complete the research agenda for the organisation To empower stakeholders with relevant energy industry as well as economic regulatory knowledge and information To reate an efficient and effective world class organisation To position and promote the good image of NERSA To improve the effectiveness of the financial processes, systems and procedures To influence energy sector policy development and amendments to legislation through regulatory and policy advocacy 	Administration (Establishing NERSA as an efficient and effective regulator)

The link between the programmes and the indicators are shown in the section below.

Part B: Programme and Sub-Programme Plans



7. ELECTRICITY INDUSTRY REGULATION

7.1. Electricity Industry Regulation Programme 1: Setting and/or approval of tariffs and prices

7.1.1. NERSA Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated		Medium-term targets		
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
SO 2: A SO 3: Co SO 4: Re		gy industry					
1.	To ensure financially sustainable supply of electricity by municipalities and private distributors	100% of tariff applications of licensed distributors approved by the relevant Subcommittee within 60 days of receipt of complete application.	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	
		1 report on the monitoring of the implementation of IBTs by licensed distributors in South Africa eligible for IBT implementation considered by the relevant Subcommittee	No target planned	No target planned	1 three yearly report on the monitoring of the implementation of IBTs by licensed distributors in South Africa eligible for IBT implementation considered by ELS/REC by 31 March 2020	No target planned	
		No target planned	1 report on the proposed guidelines and benchmarks for 2018/19 considered by the ELS/ REC by 31 March 2018	1 report on the proposed guidelines and benchmarks for 2019/20 considered by the ELS/ REC by 31 December 2018	1 report on the proposed guidelines and benchmarks for 2020/21 considered by the ELS/ REC by 31 December 2019	1 report on the proposed guidelines and benchmarks for 2021/22 considered by the ELS/ REC by 31 December 2020	
		New target	New target	1 report on the review of Eskom's revenue application for period starting 1 April 2019 considered by ER by 31 December 2018	No target planned	No target planned	
2.	To facilitate the sustainability of electricity supply by Eskom	1 report on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the relevant Sub-committee	1 report on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the ELS/REC by 31 December 2017	1 report on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the ELS/REC by 31 December 2018	1 report on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the ELS/REC by 31 December 2019	1 report on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the ELS/REC by 31 December 2020	

Programme Strategic	Audited/Actual	Estimated	Medium-term targets		
objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
	Eskom's submission on ERTSA reviewed and approved by the relevant subcommittee in line with statutory requirements	1 report on the review of Eskom's submission on ERTSA for the 2018/19 financial year considered by the ELS/REC by 31 March 2018 in line with statutory requirements	1 report on the review of Eskom's submission on ERTSA for the 2019/20 financial year considered by the ELS/REC by 30 November 2018 in line with statutory requirements	1 report on the review of Eskom's submission on ERTSA for the 2020/21 financial year considered by the ELS/REC by 30 November 2019 in line with statutory requirements	1 report on the review of Eskom's submission on ERTSA for the 2020/21 financial year considered by the ELS/REC by 30 November 2020 in line with statutory requirements
FBE Rate for 2015/16 approved by the relevant Subcommittee		1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2018 considered by ELS/REC by 30 June 2017	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2018 considered by ELS/REC by 30 June 2018	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2018 considered by ELS/REC by 30 June 2019	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2018 considered by ELS/REC by 30 June 2020
	Revised MYPD mechanism approved by the relevant subcommittee	No target planned	No target planned	No target planned	No target planned

7.1.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated		Medium-term targets	
	performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
1.	% of tariff applications of licensed distributors approved by the relevant Subcommittee within 60 days of receipt of complete application	100% of tariff applications of licensed distributors approved by the relevant Subcommittee within 60 days of receipt of complete application.	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.
2.	Number of monitoring reports of the implementation of Inclining Block Tariffs (IBTs) by licensed distributors in South Africa, considered by the relevant Subcommittee	Approved Inclining Block Tariffs (IBTs) for 75% of licensed distributors for residential customers	No target planned	No target planned	1 three yearly report on the monitoring of the implementation of IBTs by licensed distributors in South Africa eligible for IBT implementation considered by ELS/REC by 31 March 2020	No target planned
3.	Number of reports on the proposed municipal guidelines and benchmarks for the forthcoming financial year considered by the relevant subcommittee	No target planned	1 report on the proposed guidelines and benchmarks for 2018/19 considered by the ELS/ REC by 31 March 2018	1 report on the proposed guidelines and benchmarks for 2019/20 considered by the ELS/ REC by 31 December 2018	1 report on the proposed guidelines and benchmarks for 2020/21 considered by the ELS/ REC by 31 December 2019	1 report on the proposed guidelines and benchmarks for 2021/22 considered by the ELS/ REC by 31 December 2020

	Programme	Audited/Actual	Estimated		Medium-term targets	
	performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
4.	Number of reports on the review of Eskom's revenue application for period starting 1 April 2019 considered by ER	No target planned	No target planned	1 report on the review of Eskom's revenue application for period starting 1 April 2019 considered by ER by 31 December 2018	No target planned	No target planned
5.	Number of reports on the analysis of Eskom's performance, based on submitted Regulatory Financial Reports (RFRs), considered by the relevant Subcommittee	1 report on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the relevant Subcommittee	1 report on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the ELS/REC by 31 December 2017	1 report on the analysis of Eskom's performance, based on submitted Regulatory Financial Reports (RFRs), considered by the ELS/REC by 31 December 2018	1 report on the analysis of Eskom's performance, based on submitted Regulatory Financial Reports (RFRs), considered by the ELS/REC by 31 December 2019	1 report on the analysis of Eskom's performance based, on submitted Regulatory Financial Reports (RFRs), considered by the ELS/REC by 31 December 2020
6.	Numbers of reports on the review of Eskom's submission on the Annual retail tariffs (ERTSA) considered by the relevant subcommittee in line with statutory requirements	Approved ERTSA of Eskom for 2015/16 in line with statutory requirements	1 report on the review of Eskom's submission on ERTSA for the 2018/19 financial year considered by the ELS/REC by 31 March 2018 in line with statutory requirements	1 report on the review of Eskom's submission on ERTSA for the 2019/20 financial year considered by the ELS/REC by 30 November 2018 in line with statutory requirements	1 report on the review of Eskom's submission on ERTSA for the 2020/21 financial year considered by the ELS/REC by 30 November 2019 in line with statutory requirements	1 report on the review of Eskom's submission on ERTSA for the 2020/21 financial year considered by the ELS/REC by 30 November 2020 in line with statutory requirements
7.	Number of reports on the Free Basic Electricity (FBE) Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee	FBE Rate for 2015/16 approved by the relevant Subcommittee	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2017 considered by the ELS/REC by 30 June 2017	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2018 considered by ELS/REC by 30 June 2018	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2019 considered by ELS/REC by 30 June 2019	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2020 considered by ELS/REC by 30 June 2020

7.1.3. Quarterly targets for 2018/19

		Reporting period (Quarterly, Biannual, Annual)		Quarterly targets				
	Performance indicator		Annual target 2018/19	1 st	2 nd	3 rd	4 th	
1.	% of tariff applications of licensed distributors approved by the relevant Subcommittee within 60 days of receipt of complete application	Annually	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	No target planned	No target planned	No target planned	100% of tariff applications of licensed distributors considered by the ELS/REC within 60 days of receipt of complete application.	

		Reporting period	Annual torrat		Quarte	rly targets	
	Performance indicator	(Quarterly, Biannual, Annual)	Annual target 2018/19] st	2 nd	3 rd	4 th
2.	Number of reports on the proposed municipal guidelines and benchmarks for the forthcoming financial year considered by the relevant subcommittee	Annually	1 report on the proposed guidelines and benchmarks for 2019/20 considered by the ELS/REC by 31 December 2018	No target planned	No target planned	1 report on the proposed guidelines and benchmarks for 2019/20 considered by the ELS/REC by 31 December 2018	No target planned
3.	Number of reports on the review of Eskom's revenue application for period starting 1 April 2019 considered by ER	Annually	1 report on the review of Eskom's revenue application from period starting 1 April 2019 considered by ER by 31 December 2018	No target planned	No target planned	1 report on the review of Eskom's revenue application from period starting 1 April 2019 considered by ER by 31 December 2018	No target planned
4.	Number of reports on the analysis of Eskom's performance, based on submitted Regulatory Financial Reports (RFRs), considered by the relevant Subcommittee	Annually	1 report on the analysis of Eskom's performance, based on submitted Regulatory Financial Reports (RFRs), considered by the ELS/REC by 31 December 2018	No target planned	No target planned	1 report on the analysis of Eskom's performance, based on submitted Regulatory Financial Reports (RFRs), considered by the ELS/REC by 31 December 2018	No target planned
5.	Numbers of reports on the review of Eskom's submission on the Annual retail tariffs (ERTSA) considered by the relevant subcommittee in line with statutory requirements	Annually	1 report on the review of Eskom's submission on ERTSA for the 2019/20 financial year considered by the ELS/ REC by 30 November 2018 in line with statutory requirements	No target planned	No target planned	1 report on the review of Eskom's submission on ERTSA for the 2019/20 financial year considered by the ELS/REC by 30 November 2018 in line with statutory requirements	No target planned
6.	Number of reports on the Free Basic Electricity (FBE) Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee	Annually	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2018 considered by ELS/REC by 30 June 2018	1 report on the FBE Rate for the compensation of Eskom for implementation on 1 July 2018 considered by ELS/REC by 30 June 2018	No target planned	No target planned	No target planned

7.1.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of electricity. Electricity is a necessary precondition to social and economic development. The successful supply of electricity at an appropriate price is one of NERSA's objectives; a necessary precondition to obtain security of supply.

This programme also links directly to the build programme of generation capacity as the tariffs and prices that are set and/or approved must ensure an environment conducive for the licencees securing the necessary capital in order to embark / continue with this programme – another precondition for security of supply going into the future.

7.2. Electricity Industry Regulation Programme 2: Licensing and registration

7.2.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated	Medium-term targets		
•	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
SO 2: A reg SO 3: Comp	SO 1: Energy supply that is certain and secure for current and future user needs SO 2: A regulatory environment that facilitates investment in energy infrastructure SO 3: Competition and competitiveness within the energy industry SO 5: Accessible and affordable energy for all citizens					
	To control entry and ensure orderly development of the Electricity industry	100% of licence applications processed within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information

7.2.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual Estimated		Medium-term targets			
	performance indicator performance 2016/17		performance 2017/18	2018/19	2019/20	2020/21	
1.	% of licence applications considered by the relevant subcommittee within 120 days from receipt of all required information	100% of licence applications processed within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	

7.2.3. Quarterly targets for 2018/19

		Reporting period			Quarterly targets			
	Performance indicator	(Quarterly, Biannual, Annual)	Annual target 2018/19] st	2 nd	3 rd	4 th	
1.	% of licence applications considered by the relevant subcommittee within 120 days from receipt of all required information	Quarterly	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information	

7.2.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of electricity. Electricity is a necessary precondition to social and economic development. The licensing of electricity infrastructure across the value chain is one of NERSA's objectives; a necessary precondition to obtain security of supply.

The licensing of the Independent Power Producers will also fit in with the macro and infrastructure plans as the move towards renewable energy sources has been identified as a priority in order to assure sustainability of the industry into the future. To this end, NERSA is participating in the competitive bidding process led by Government.

Electricity Industry Regulation Programme 3: Compliance monitoring and enforcement 7.3.

7.3.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated		Medium-term targets	
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
SO 2: A ro SO 3: Coi						
1.	To promote the quality and reliability level of electricity supply	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the relevant Subcommittee	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2018	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2019	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2020	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2021
		1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the relevant Subcommittee	1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2018	1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2019	1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2020	1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/ REC by 31 March 2021
		1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the relevant Subcommittee	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2018	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2019	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2020	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2021
		3 progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the relevant subcommittee	3 progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2018 one each for transmission generation and distribution licencees	3 progress reports, one each for transmission generation and distribution licencees, on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2019	3 progress reports, one each for transmission generation and distribution licencees on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2020	3 progress reports, one each for transmission generation and distribution licencees, on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2021

Programme Strategic	Audited/Actual	Estimated		Medium-term targets	
objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
	1 audit report on the review the annual performance of IDM for 2015/16 considered by the relevant Subcommittee	1 audit report on the review the annual performance of IDM for 2016/17 considered by the ELS/ REC by 31 March 2018	1 audit report on the review the annual performance of IDM for 2017/18 considered by the ELS/ REC by 31 March 2019	1 audit report on the review the annual performance of IDM for 2018/19 considered by the ELS/ REC by 31 March 2020	1 audit report on the review the annual performance of IDM for 2019/20 considered by the ELS/ REC by 31 March 2021
	1 audit report on Eskom's Transmission Network Development 2015/16 projects for compliance with the South African Grid, considered by the relevant Subcommittee (subject to all information available	1 audit report on Eskom's Transmission Network Development 2016/17 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2018 subject to all information available	1 audit report on Eskom's Transmission Network Development 2017/18 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2019 subject to all information available	1 audit report on Eskom's Transmission Network Development 2018/19 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2020 subject to all information available	1 audit report on Eskom's Transmission Network Development 2019/20 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2021 subject to all information available
	2 monitoring reports on the performance and progress of Renewable Energy projects for 2016/17, considered by the relevant Subcommittee	2 monitoring reports on the performance and progress of Renewable Energy projects for 2017/18, considered by the ELS/ REC by 30 September 2017 and 31 March 2018 respectively	2 monitoring reports on the performance and progress of Renewable Energy projects for 2018/19, considered by the ELS/ REC by 30 September 2018 and 31 March 2019 respectively	2 monitoring reports on the performance and progress of Renewable Energy projects for 2019/20, considered by the ELS/ REC by 30 September 2019 and 31 March 2020 respectively	2 monitoring reports on the performance and progress of Renewable Energy projects for 2020/21, considered by the ELS/ REC by 30 September 2020 and 31 March 2021 respectively

7.3.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Duamana	Audited/Actual	Estimated		Medium-term targets	
	Programme performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
1.	Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the relevant Subcommittee 1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the relevant Subcommittee	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2018 1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2018	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2019 1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2019	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2020 1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2020	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2021 1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2021
		1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the relevant Subcommittee	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2018	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2019	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2020	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2021

	Duamana	Audited/Actual	Estimated		Medium-term targets	
	Programme performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
2.	Number of progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the relevant subcommittee	3 progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the relevant subcommittee	3 progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/ REC by 31 March 2018 one each for transmission generation and distribution licencees	3 progress reports, one each for transmission generation and distribution licencees, on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2019	3 progress reports, one each for transmission generation and distribution licencees on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2020	3 progress reports, one each for transmission generation and distribution licencees, on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2021
3.	Number of audit reports on the review of the annual performance of the Integrated Demand Management (IDM) considered by the relevant Subcommittee	1 audit report on the review the annual performance of IDM for 2015/16 considered by the relevant Subcommittee	1 audit report on the review the annual performance of IDM for 2016/17 considered by the ELS/ REC by 31 March 2018	1 audit report on the review the annual performance of IDM for 2017/18 considered by the ELS/ REC by 31 March 2019	1 audit report on the review the annual performance of IDM for 2018/19 considered by the ELS/ REC by 31 March 2020	1 audit report on the review the annual performance of IDM for 2019/20 considered by the ELS/ REC by 31 March 2021
4.	Number of audit reports on Eskom's Transmission Network Development projects for compliance with the South African Grid Code, considered by the relevant Subcommittee (subject to all information available)	1 audit report on Eskom's Transmission Network Development 2015/16 projects for compliance with the South African Grid, considered by the relevant Subcommittee (subject to all information available)	1 audit report on Eskom's Transmission Network Development 2016/17 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2018 (subject to all information available)	1 audit report on Eskom's Transmission Network Development 2017/18 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2019 (subject to all information available)	1 audit report on Eskom's Transmission Network Development 2018/19 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2020 (subject to all information available)	1 audit report on Eskom's Transmission Network Development 2019/20 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2021 (subject to all information available)
5.	Number of monitoring reports on the performance and progress of Renewable Energy projects considered by the relevant Subcommittee	2 monitoring reports on the performance and progress of Renewable Energy projects for 2016/17, considered by the relevant Subcommittee	2 monitoring reports on the performance and progress of Renewable Energy projects for 2017/18, considered by the ELS/ REC by 30 September 2017 and 31 March 2018 respectively	2 monitoring reports on the performance and progress of Renewable Energy projects for 2018/19, considered by the ELS/ REC by 30 September 2018 and 31 March 2019 respectively	2 monitoring reports on the performance and progress of Renewable Energy projects for 2019/20, considered by the ELS/ REC by 30 September 2019 and 31 March 2020 respectively	2 monitoring reports on the performance and progress of Renewable Energy projects for 2020/21, considered by the ELS/ REC by 30 September 2020 and 31 March 2021 respectively

7.3.3. Quarterly targets for 2018/19

		Reporting period			Quarte	rly targets	
F	Performance indicator	(Quarterly, Biannual, Annual)	Annual target 2018/19	1 st	2 nd	3 rd	4 th
1.	Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee	Annually	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2019	No target planned	No target planned	No target planned	1 consolidated distribution audit report on the state of compliance of licensees with licence conditions considered by the ELS/ REC by 31 March 2019
		Annually	1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2019	No target planned	No target planned	No target planned	1 consolidated generation audit report on the state of compliance of power stations with licence conditions considered by the ELS/REC by 31 March 2019
		Annually	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2019	No target planned	No target planned	No target planned	1 consolidated transmission audit report on the state of compliance of Main Transmission Substations with licence conditions considered by the ELS/REC by 31 March 2019
2.	Number of progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the relevant subcommittee	Annually	3 progress reports one each for transmission generation and distribution licencees, on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2019	No target planned	No target planned	No target planned	3 progress reports one each for transmission generation and distribution licencees, on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31March 2019
3.	Number of audit reports on the review of the annual performance of the Integrated Demand Management (IDM) considered by the relevant Subcommittee	Annually	1 audit report on the review the annual performance of IDM for 2017/18 considered by the ELS/REC by 31 March 2019	No target planned	No target planned	No target planned	1 audit report on the review the annual performance of IDM for 2017/18 considered by the ELS/REC by 31 March 2019

		Reporting period	Annual target 2018/19		Quarte	rly targets	
	Performance indicator	(Quarterly, Biannual, Annual)		1 st	2 nd	3 rd	4 th
4.	Number of audit reports on Eskom's Transmission Network Development projects for compliance with the South African Grid Code, considered by the relevant Subcommittee (subject to all information available)	Annually	1 audit report on Eskom's Transmission Network Development 2017/18 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2019 (subject to all information available)	No target planned	No target planned	No target planned	1 audit report on Eskom's Transmission Network Development 2017/18 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2019 (subject to all information available)
5.	Number of monitoring reports on the performance and progress of Renewable Energy projects considered by the Energy Regulator, considered by the relevant Subcommittee	Biannually	2 monitoring reports on the performance and progress of Renewable Energy projects for 2018/19, considered by the ELS/REC by 30 September 2018 and 31 March 2019 respectively	No target planned	1 monitoring report on the performance and progress of Renewable Energy projects for 2018/19, considered by the ELS/REC by 30 September 2018	No target planned	1 monitoring report on the performance and progress of Renewable Energy projects for 2018/19, considered by the ELS/ REC by 31 March 2019

7.3.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of electricity. Electricity is a necessary precondition to social and economic development. The monitoring of compliance to licence conditions is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

7.4. Electricity Industry Regulation Programme 4: Dispute resolution, including mediation, arbitration and handling of complaints

7.4.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

P	Programme Strategic		Estimated	Medium-term targets			
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
SO 3: Competition and competitiveness within the energy industry SO 5: Accessible and affordable energy for all citizens SO 6: NERSA a credible and reliable regulator							
	To create a fair balance between the needs of all stakeholders	80% of disputes/ complaints closed within 180 days from receipt	80% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	

Programme Strategic	Audited/Actual	Estimated performance 2017/18	Medium-term targets			
objective	performance 2016/17		2018/19	2019/20	2020/21	
	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the relevant Subcommittee	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2018	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2019	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2020	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2021	

7.4.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme performance indicator	Audited/Actual performance 2016/17	Estimated performance	Medium-term targets			
	performance indicator		2017/18	2018/19	2019/20	2020/21	
1.	% of disputes/ complaints closed within stated timelines	80% of disputes/ complaints closed within 180 days from receipt	80% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	
2.	Number of reports on the trends regarding to the status of disputes and complaints in the electricity industry considered by the relevant Subcommittee	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the relevant Subcommittee	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2018	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2019	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2020	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2021	

7.4.3. Quarterly targets for 2018/19

		Reporting period	Annual target 2018/19		Quarte	rly targets	
P	Performance indicator	(Quarterly, Biannual, Annual)		J st	2 nd	3 rd	4 th
1.	% of disputes/ complaints closed within stated timelines	Quarterly	85% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt	85% of disputes/ complaints closed within 180 days from receipt
2.	Number of reports on the trends regarding to the status of disputes and complaints in the electricity industry considered by the relevant Subcommittee	Annually	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2019	No target planned	No target planned	No target planned	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/ REC by 31 March 2019

7.4.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of electricity. Electricity is a necessary precondition to social and economic development. The resolution of disputes is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

Electricity Industry Regulation Programme 5: Setting of rules, guidelines and codes for the regulation of the electricity industry

7.5.1 Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated		Medium-term targets					
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21				
SO 3: Con SO 4: Reg	SO 1: Energy supply that is certain and secure for current and future user needs SO 3: Competition and competitiveness within the energy industry SO 4: Regulatory certainty within the energy industry SO 6: NERSA a credible and reliable regulator									
1.	To ensure non-discriminatory access to as well as safe and reliable operation of the electricity infrastructure	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC				
		100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring_amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring_amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring_amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC				
		New target	New target	Report on the scope for the review of the South African distribution and transmission grid code considered by ER by 31 March 2019	No target planned	No target planned				

7.5.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	D.,	Audited/Actual	Estimated		Medium-term targets	
	Programme performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
1.	% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC
2.	% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring_amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring_amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring_amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of the recommendation from the GCAC
3.	Number of reports on the scope for the review of the South African distribution and transmission grid code considered by ER within stated timeline	New target	New target	Report on the scope for the review of the South African distribution and transmission grid code considered by ER by 31 March 2019	No target planned	No target planned

7.5.3. Quarterly targets for 2018/19

		Reporting period	Annual target		Quarte	rly targets	
	Performance indicator	(Quarterly, Biannual, Annual)	2018/19	1 st	2 nd	3 rd	4 th
1.	% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of application	Quarterly	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of application from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of complete application	100% of application from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of complete application	100% of application from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of complete application	100% of application from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of complete application
2.	% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the relevant Subcommittee within 60 days from receipt of application	Quarterly	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application
3.	Number of reports on the scope for the review of the South African distribution and transmission grid code considered by ER within stated timeline	Annually	Report on the scope for the review of the South African distribution and transmission grid code considered by ER by 31 March 2019	No target planned	No target planned	No target planned	Report on the scope for the review of the South African distribution and transmission grid code considered by ER by 31 March 2019

7.5.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of electricity. Electricity is a necessary precondition to social and economic development. The setting of rules, guidelines and codes is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

7.6. Electricity Industry Regulation Programme 6: Administration (Establishing NERSA as an efficient and effective regulator)

7.6.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated	Medium-term targets			
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
SO 4: Reg	rgy supply that is certain and sec gulatory certainty within the energ RSA a credible and reliable regulat						
1.	To promote Security of Supply	System Adequacy Report considered by the relevant Subcommittee	1 System Adequacy Report considered by the ELS/REC by 31 March 2018	1 System Adequacy Report considered by the ELS/REC by 31 March 2019	1 System Adequacy Report considered by the ELS/REC by 31 March 2020	1 System Adequacy Report considered by the ELS/REC by 31 March 2021	

7.6.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated performance 2017/18	Medium-term targets			
F	performance indicator	performance 2016/17		2018/19	2019/20	2020/21	
1.	Number of System Adequacy Reports considered by the relevant Subcommittee	1 System Adequacy Report considered by the relevant Subcommittee	1 System Adequacy Report considered by the ELS/REC by 31 March 2018	1 System Adequacy Report considered by the ELS/REC by 31 March 2019	1 System Adequacy Report considered by the ELS/REC by 31 March 2020	1 System Adequacy Report considered by the ELS/REC by 31 March 2021	

7.6.3. Quarterly targets for 2018/19

		Reporting period	Annual target 2018/19	Quarterly targets			
	Performance indicator	(Quarterly, Biannual, Annual)		1 st	2 nd	3 rd	4 th
1.	Number of System Adequacy Reports considered by the relevant Subcommittee	Annually	1 System Adequacy Report considered by the ELS/REC by 31 March 2019				1 System Adequacy Report considered by the ELS/REC by 31 March 2019

7.6.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of electricity. Electricity is a necessary precondition to social and economic development. The establishment of NERSA as an effective and efficient regulator is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

8. PIPED-GAS INDUSTRY REGULATION

8.1. Piped-Gas Industry Regulation Programme 1: Setting and/or approval of tariffs and prices

8.1.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated		Medium-term targets					
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21				
SO 2: A re SO 3: Com SO 4: Reg	1: Energy supply that is certain and secure for current and future user needs 10 2: A regulatory environment that facilitates investment in energy infrastructure 10 3: Competition and competitiveness within the energy industry 10 4: Regulatory certainty within the energy industry 10 5: Accessible and affordable energy for all citizens									
1.	To provide piped-gas price certainty	certainty applications are considered by the relevant Subcommittee within 120 days after date of publication applications are consider PGS/REC within 120 days after date of publication of pre		applications are considered by the PGS/REC within 120 days after date of publication of preliminary assessment of maximum price	4100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application			
		100% of trading margin applications considered by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the PGS/REC within 120 days after the date of the publication of preliminary assessment	⁵ 100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment				
2.	To provide tariff certainty through the approval and monitoring of piped-gas transmission tariffs	100% of transmission tariff applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by PGS/REC within 120 days after date of publication of preliminary assessment of tariff application	6100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application				
3.	To provide tariff certainty through the calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule	4 calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule	4 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS/REC	⁷ 4 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	4 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	4 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS				

⁴ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

⁵ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

⁶ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

⁷ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

8.1.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated	Medium-term targets			
	performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
1.	% of maximum price applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the PGS/REC within 120 days after date of publication of preliminary assessment of maximum price application	8100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	
2.	% of trading margin applications considered by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment	100% of transmission tariff applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of tariff application	100% of trading margin applications considered by the PGS/REC within 120 days after the date of the publication of preliminary assessment	9100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	
3.	% of transmission tariff applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by PGS/REC within 120 days after date of publication of preliminary assessment of tariff application	¹⁰ 100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	
4.	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the relevant Subcommittee	4 calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule	4 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS/REC	114 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	4 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	4 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	

⁸ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

⁹ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

¹⁰ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

¹¹ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

8.1.3. Quarterly targets for 2018/19

		Reporting period	Annual target	Quarterly targets				
P	Performance indicator	(Quarterly, Biannual, Annual)	2018/19] st	2 nd	3 rd	4 th	
1.	% of maximum price applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of maximum price application	Quarterly	12100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of maximum price applications are considered by the ER within 120 days after date of publication of preliminary assessment of maximum price application	
2.	% of trading margin applications considered by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment	Quarterly	13100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	100% of trading margin applications considered by the ER within 120 days after the date of the publication of preliminary assessment	
3.	% of transmission tariff applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of tariff application	Quarterly	14100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	100% of transmission tariff applications are considered by ER within 120 days after date of publication of preliminary assessment of tariff application	
4.	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the relevant Subcommittee	Quarterly	154 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	1 quarterly calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	1 quarterly calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	1 quarterly calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	1 quarterly calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS	

8.1.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of energy. Energy is a necessary precondition to social and economic development. The successful supply of piped-gas at an appropriate price is one of NERSA's objectives; a necessary precondition to obtain security of supply.

¹² The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

¹³ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

¹⁴ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

¹⁵ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

This will also assist in obtaining investor confidence; a necessary precondition to ensure the growth of the gas market.

8.2. Piped-Gas Industry Regulation Programme 2: Licensing and registration

8.2.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated		Medium-term targets	
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
SO 2: A re SO 3: Con						
	To ensure orderly development of the piped- gas industry by efficient licensing	100% of licence applications considered by the relevant Subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received
		New target	New target	16100% of applications for licence amendments considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received
2.	To ensure orderly development of the piped- gas industry by efficient registration of gas imports and production	100% of registration applications of gas imports and production are processed and considered by the relevant Subcommittee within 120 days from date of receipt of complete application.	100% of registration applications of gas imports and production are processed and considered by the PGS/REC within *60 days from date of receipt of complete application not requiring publication OR. *120 days of receipt of complete application which need to be published	17 100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which needs to be published	60 days from date of close of public comment period or period of applicant's response to objections received	100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR. *120 days of receipt of complete application which needs to be published

¹⁶ This target was added due to the fact that the conditions for an application for a license amendment, differs from a normal licence application.

¹⁷ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

8.2.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated performance 2017/18		Medium-term targets	
	performance indicator	performance 2016/17		2018/19	2019/20	2020/21
1.	% of licence applications considered by the relevant Subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the relevant Subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received
2.	% of applications for licence amendments considered by the PGS/REC within - *60 days from date of close of public comment period or period of applicant's response to objections received OR *90 days from date of receipt of complete application, not requiring publication for comment	New target	New target	18 100% of applications for licence amendments considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received

¹⁸ This target was added due to the fact that the conditions for an application for a license amendment, differs from a normal licence application.

	Programme	Audited/Actual	Estimated	Medium-term targets			
	performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
3.	% of registration applications of gas imports and production are processed and considered by the relevant Subcommittee within *60 days from date of receipt of complete application not requiring publication OR *90 days of receipt of complete application which need to be published	100% of registration applications of gas imports and production are processed and considered by the relevant Subcommittee within 120 days from date of receipt of complete application.	100% of registration applications of gas imports and production are processed and considered by the PGS/REC within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which need to be published	19100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which needs to be published	100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which needs to be published	100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR. *120 days of receipt of complete application which needs to be published	

8.2.3. Quarterly targets for 2018/19

		Reporting period	Annual target 2018/19	Quarterly targets			
P	Performance indicator	(Quarterly, Biannual, Annual)		1 st	2 nd	3 rd	4 th
1.	% of licence applications considered by the relevant Subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received	Quarterly	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received

¹⁹ The relevant structure that will be considering the applications were amended to be aligned to the approved delegation matrix.

		Reporting period	Annual target		Quarte	rly targets	
F	Performance indicator	(Quarterly, Biannual, Annual)	2018/19	1 st	2 nd	3 rd	4 th
2.	% of applications for licence amendments considered by the relevant subcommittee within - *60 days from date of close of public comment period or period of applicant's response to objections received OR *90 days from date of receipt of complete application, not requiring publication for comment	Quarterly	²⁰ 100% of applications for licence amendments considered by the PGS/ REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/ REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/ REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/ REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/ REC within 60 days from date of close of public comment period or period of applicant's response to objections received
3.	% of registration applications of gas imports and production are processed and considered by the relevant Subcommittee within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which need to be published	Quarterly	21100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which need to be published	100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which need to be published	100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which need to be published	100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which need to be published	100% of registration applications of gas imports and production are processed and considered by the PGS within *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which need to be published

8.2.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of energy. Energy is a necessary precondition to social and economic development. The licensing and registration of piped-gas activities is one of NERSA's objectives; a necessary precondition to obtain security of supply.

This will also assist in obtaining investor confidence; a necessary precondition to ensure the growth of the gas market.

This target was added due to the fact that the conditions for an application for a licence amendment, differs from a normal licence application.
 The relevant structures that will be considering the applications were amended to be aligned to the approved delegation matrix.

8.3. Piped-Gas Industry Regulation Programme 3: Compliance Monitoring and Enforcement

8.3.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual performance	Estimated performance		Medium-term targets						
	objective	2016/17	2017/18	2018/19	2019/20	2020/21					
S.O.3: Cor S.O.4: Reg	S.01: Energy supply that is certain and secure for current and future user needs S.0.3: Competition and competitiveness within the industry S.0.4: Regulatory certainty within the industry S.0.5: NERSA a credible and reliable regulator										
1.	To ensure the supply of 120m GJ p.a. from Mozambique to South Africa (in terms of Schedule One of the Agreement)	12 monthly volume balance reports assessed and analysis reports considered by the relevant Subcommittee	12 monthly volume balance reports assessed and analysis reports considered by the PGS/ REC within 60 days from date of receipt of information from Sasol Gas	²² 12 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas	12 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas	12 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas					
		2 audits conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the relevant Subcommittee	1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS/ REC by 31 March 2018	²³ 1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS by 31 March 2019	1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS by 31 March 2020	1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS by 31 March 2021					
2.	To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions	20 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee	35 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS/REC by 31 March 2018	²⁴ 40 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS	45 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS	50 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS					
3.	To monitor licencees' compliance with approved transmission tariffs	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the relevant Subcommittee	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS/REC by 31 March 2018	²⁵ 3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2019	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2020	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2021					

²² The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

²³ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

²⁴ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

²⁵ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

	Programme Strategic objective	Audited/Actual Estimated performance performance		Medium-term targets			
	objective	2016/17	2017/18	2018/19	2019/20	2020/21	
4.	To monitor licencees' compliance with approved Maximum Prices	1 monitoring report on the implementation of Maximum Prices considered by the relevant Subcommittee	1 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS/REC by 31 March 2018	²⁶ 1 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS by 31 March 2019	1 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS by 31 March 2020	1 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS by 31 March 2021	

8.3.2. Programme performance indicators and annual targets for 2018/19-2020/21

	Programme	Audited/Actual	Estimated		Medium-term targets	
	performance indicator	performance 2016/17	performance 201718	2018/19	2019/20	2020/21
1.	Number of monthly volume balance reports assessed and analysis reports considered by the relevant Subcommittee	12 monthly volume balance reports assessed and analysis reports considered by the relevant Subcommittee	12 monthly volume balance reports assessed and analysis reports considered by the PGS/ REC within 60 days from date of receipt of information from Sasol Gas	²⁷ 12 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas	12 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas	12 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas
2.	Number of audits conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the relevant Subcommittee	2 audits conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the relevant Subcommittee	1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS/ REC by 31 March 2018	²⁸ 1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS by 31 March 2019	1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS by 31 March 2020	1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS by 31 March 2021
3.	Number of inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee	20 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee	35 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS/REC by 31 March 2018	²⁹ 40 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS by 31 March 2019	45 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS by 31 March 2020	50 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS by 31 March 2021

²⁶ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

²⁷ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

²⁸ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

²⁹ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

	Programme	Audited/Actual	Estimated	Medium-term targets			
	performance indicator	performance 2016/17	performance 201718	2018/19	2019/20	2020/21	
4.	Number of monitoring reports on the implementation of transmission tariffs considered by the relevant Subcommittee	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the relevant Subcommittee	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS/REC by 31 March 2018	3º3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2019	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2020	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2021	
5.	Number of monitoring reports on the implementation of Maximum Prices considered by the relevant Subcommittee	1 monitoring report on the implementation of Maximum Prices considered by the relevant Subcommittee	1 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS/REC by 31 March 2018	311 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS by 31 March 2019	1 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS by 31 March 2020	1 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS by 31 March 2021	

8.3.3. Quarterly targets for 2018/19

		Reporting period	Annual target 2018/19	Quarterly targets			
P	Performance indicator	(Quarterly, Biannual, Annual)] st	2 nd	3 rd	4 th
1.	Number of monthly volume balance reports assessed and analysis reports considered by the relevant Subcommittee	Quarterly	3212 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas	3 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas	3 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas	3 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas	3 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol Gas
2.	Number of audits conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the relevant Subcommittee	Annually	331 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS by 31 March 2019	No target planned	No target planned	No target planned	1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS by 31 March 2019

The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix. The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix. The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix. The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

		Reporting period	Annual target		Quarte	rly targets	
	Performance indicator	(Quarterly, Biannual, Annual)	2018/19	1 st	2 nd	3 rd	4 th
3.	Number of inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee	Quarterly	³⁴ 40 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS	10 inspections conducted, non-compliance notices issued (where necessary) and an inspection report considered by the PGS	10 inspections conducted, non-compliance notices issued (where necessary) and an inspection report considered by the PGS	10 inspections conducted, non-compliance notices issued (where necessary) and an inspection report considered by the PGS	10 inspections conducted, non-compliance notices issued (where necessary) and an inspection report considered by the PGS
4.	Number of monitoring reports on the implementation of transmission tariffs considered by the relevant Subcommittee	Annually	on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2019	No target planned	No target planned	No target planned	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2019
5.	Number of monitoring reports on the implementation of Maximum Prices considered by the relevant Subcommittee	Annually	on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS by 31 March 2019	No target planned	No target planned	No target planned	1 monitoring report on the implementation of Maximum Prices per licencee after one year following the approval of the maximum price considered by the PGS by 31 March 2019

8.3.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of energy. Energy is a necessary precondition to social and economic development. The monitoring of compliance to licence conditions by piped-gas licencees is one of NERSA's objectives; a necessary concurrent activity to obtaining security of supply.

³⁴ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

³⁵ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

³⁶ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

8.4. Piped-Gas Industry Regulation Programme 4: Dispute Resolution including mediation, arbitration and the handling of complaints

8.4.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated	Medium-term targets					
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21			
S.0.3: Competition and competitiveness within the industry S.0.4: Regulatory certainty within the industry S.0.5: NERSA a credible and reliable regulator									
1.	To ensure fairness and equity in the piped-gas market	50% of complaint investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS/REC	3750% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS			
		50% of initiated investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS/REC	³⁸ 50% of initiated investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS			

8.4.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated	Medium-term targets			
	performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
1.	% of complaint investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	50% of complaint investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS/REC	³⁹ 50% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS	
2.	% of initiated investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	50% of initiated investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS/REC	4º50% of initiated investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS	

³⁷ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

³⁸ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

³⁹ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

⁴⁰ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

8.4.3. Quarterly targets for 2018/19

		Reporting period	Annual target _ 2018/19	Quarterly targets			
	Performance indicator	(Quarterly, Biannual, Annual)		1 st	2 nd	3 rd	4 th
1.	% of complaint investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	Quarterly	4150% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS
2.	% of initiated investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	Quarterly	4250% of initiated investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS

8.4.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of energy. Energy is a necessary precondition to social and economic development. The resolution of disputes in the piped-gas industry is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

⁴¹ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

⁴² The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

8.5. Piped-Gas Industry Regulation Programme 5: Setting of rules, guidelines and codes for the regulation of the piped-gas industry

8.5.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual performance 2016/17	Estimated performance 2017/18	Medium-term targets					
	objective			2018/19	2019/20	2020/21			
SO 1: Energy supply that is certain and secure for current and future user needs SO 3: Competition and competitiveness within the energy industry SO 4: Regulatory certainty within the energy industry SO 6: NERSA a credible and reliable regulator									
1.	To enhance regulatory certainty in the piped-gas market	Tariff Guidelines reviewed (if deemed necessary)	1 report on a set of guidelines to streamline application processes with specific reference to applying for certain information to be treated as confidential and to inform licencees of what type of information was considered confidential by the regulator in the past considered by the PGS/REC by 31 March 2018	1 report on the review of the Maximum Pricing Methodology (if deemed necessary) considered by the PGS/REC by 31 March 2019	No target planned	No target planned			

8.5.2. Programme performance indicators and annual targets for 2018/19-2020/21

	Programme	Audited/Actual performance 2016/17	Estimated performance 2017/18	Medium-term targets			
	performance indicator			2018/19	2019/20	2020/21	
1.	Tariff and pricing methodologies and guidelines reviewed (if deemed necessary)	Tariff Guidelines reviewed (if deemed necessary	1 report on a set of guidelines to streamline application processes with specific reference to applying for certain information to be treated as confidential and to inform licencees of what type of information was considered confidential by the regulator in the past considered by the PGS/ REC by 31 March 2018	1 report on the review of the Maximum Pricing Methodology (if deemed necessary) considered by the PGS/REC by 31 March 2019	No target planned	No target planned	

8.5.3. Quarterly targets for 2018/19

		Reporting period	Annual target	Quarterly targets				
Performance indicator		(Quarterly, Biannual, Annual)	2018/19	1 st	2 nd	3 rd	4 th	
1.	Tariff and pricing methodologies and guidelines reviewed (if deemed necessary)	Annually	1 report on the review of the Maximum Pricing Methodology (if deemed necessary) considered by the PGS/REC by 31 March 2019	No target planned	No target planned	No target planned	1 report on the review of the Maximum Pricing Methodology (if deemed necessary) considered by the PGS/REC by 31 March 2019	

8.5.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of energy. Energy is a necessary precondition to social and economic development. The setting of rules, guidelines and codes for the piped-gas industry is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

8.6. Piped-Gas Industry Regulation Programme 6: Administration (Establishing NERSA as an efficient and effective regulator)

8.6.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated	Medium-term targets						
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21				
SO 4: Re	SO 1: Energy supply that is certain and secure for current and future user needs SO 4: Regulatory certainty within the energy industry SO 6: NERSA a credible and reliable regulator									
1.	To engage in the debate on gas policy and legislation	1 report considered by the relevant Subcommittee on gas regulatory advocacy	1 report on gas regulatory advocacy considered by the PGS/REC by 31 March 2018	⁴³ 1 report on gas regulatory advocacy considered by the PGS by 31 March 2019	1 report on gas regulatory advocacy considered by the PGS by 31 March 2020	1 report considered by the PGS on gas regulatory advocacy by 31 March 2021				

⁴³ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

	Programme Strategic	Audited/Actual	Estimated	Medium-term targets			
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
2.	To promote dialogue between stakeholders in the gas market in order to facilitate the development of the market	1 report on stakeholder workshops / meetings considered by the relevant Subcommittee	1 report on stakeholder workshops / meetings considered by the PGS/REC by 31 March 2018	441 report on stakeholder workshops / meetings considered by the PGS by 31 March 2019	1 report on stakeholder workshops / meetings considered by the PGS by 31 March 2020	1 report on stakeholder workshops / meetings considered by the PGS by 31 March 2021	
3.	To ensure an understanding of and monitor new developments in the gas industry	2 reports on new developments in the gas industry considered by the relevant Subcommittee	2 reports on new developments in the gas industry considered by the PGS/REC BY 30 September 2017 and 31 March 2018 respectively	452 reports on new developments in the gas industry considered by the PGS by 30 September 2018 and 31 March 2019 respectively	2 reports on new developments in the gas industry considered by the PGS by 30 September 2019 and 31 March 2020 respectively	2 reports on new developments in the gas industry considered by the PGS by 30 September 2020 and 31 March 2021 respectively	

8.6.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	D	Audited/Actual	Estimated		Medium-term targets	
	Programme performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
1.	Number of reports on gas regulatory advocacy considered by the relevant Subcommittee	1 report considered by the relevant Subcommittee on gas regulatory advocacy	1 report on gas regulatory advocacy considered by the PGS/REC by 31 March 2018	⁴⁶ 1 report on gas regulatory advocacy considered by the PGS by 31 March 2019	1 report on gas regulatory advocacy considered by the PGS by 31 March 2020	1 report considered by the PGS on gas regulatory advocacy by 31 March 2021
2.	Number of reports on stakeholder workshops / meetings considered by the relevant Subcommittee	1 report considered by the relevant Subcommittee on stakeholder workshops / meetings	1 report on stakeholder workshops / meetings considered by the PGS/REC by 31 March 2018	⁴⁷ 1 report on stakeholder workshops / meetings considered by the PGS by 31 March 2019	1 report on stakeholder workshops / meetings considered by the PGS by 31 March 2020	1 report on stakeholder workshops / meetings considered by the PGS by 31 March 2021
3.	Number of reports on new developments in the gas industry considered by the relevant Subcommittee	2 reports on new developments in the gas industry considered by the relevant Subcommittee	2 reports on new developments in the gas industry considered by the PGS/REC BY 30 September 2017 and 31 March 2018 respectively	⁴⁸ 2 reports on new developments in the gas industry considered by the PGS by 30 September 2018 and 31 March 2019 respectively	2 reports on new developments in the gas industry considered by the PGS by 30 September 2019 and 31 March 2020 respectively	2 reports on new developments in the gas industry considered by the PGS by 30 September 2020 and 31 March 2021 respectively

⁴⁴ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

⁴⁵ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

⁴⁶ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

⁴⁷ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

⁴⁸ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

8.6.3. Quarterly targets for 2018/19

		Reporting period	Annual target 2018/19	Quarterly targets				
	Performance indicator	(Quarterly, Biannual, Annual)] st	2 nd	3 rd	4 th	
1.	Number of reports on gas regulatory advocacy considered by the relevant Subcommittee	Annually	⁴⁹ 1 report on gas regulatory advocacy considered by the PGS by 31 March 2019	No target planned	No target planned	No target planned	1 report on gas regulatory advocacy considered by the PGS by 31 March 2019	
2.	Number of reports on stakeholder workshops / meetings considered by the relevant Subcommittee	Annually	⁵⁰ 1 report on stakeholder workshops / meetings considered by the PGS by 31 March 2019	No target planned	No target planned	No target planned	1 report on stakeholder workshops / meetings considered by the PGS by 31 March 2019	
3.	Number of reports on new developments in the gas industry considered by the relevant Subcommittee	Biannually	⁵¹ 2 reports on new developments in the gas industry considered by the PGS by 30 September 2018 and 31 March 2019 respectively	No target planned	1 report on new developments in the gas industry considered by the PGS by 30 September 2018	No target planned	1 report on new developments in the gas industry considered by the PGS by 31 March 2019	

⁴⁹ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

⁵⁰ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix. ⁵¹ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

9. PETROLEUM PIPELINES INDUSTRY

9.1. Petroleum Pipelines Industry Regulation Programme 1: Setting and/or approval of tariffs and prices

9.1.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

ı	Programme Strategic objective	Audited/Actual performance	Estimated performance	Medium-term targets					
	objective	2016/17	2017/18	2018/19	2019/20	2020/21			
SO 2: A reg SO 3: Com SO 4: Regu	SO 1: Energy supply that is certain and secure for current and future user needs SO 2: A regulatory environment that facilitates investment in energy infrastructure SO 3: Competition and competitiveness within the energy industry SO 4: Regulatory certainty within the energy industry SO 5: Accessible and affordable energy for all citizens								
1.	To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry	60% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application	65% of pipeline, storage and loading facility tariff applications considered by the PPS/REC within 7 months of receipt of complete application	70% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	75% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	80% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application			

9.1.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated performance 2017/18	Medium-term targets			
ŗ	performance indicator	performance 2016/17		2018/19	2019/20	2020/21	
1.	% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application	60% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application	65% of pipeline, storage and loading facility tariff applications considered by the PPS/REC within 7 months of receipt of complete application	70% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	75% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	80% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	

9.1.3. Quarterly targets for 2018/19

_	Seef conservation Program	Reporting period (Quarterly, Biannual, Annual)	Annual target 2018/19	Quarterly targets				
'	Performance indicator] st	2 nd	3 rd	4 th	
1.	% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 7 months of receipt of complete application	Quarterly	70% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	70% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	70% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	70% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	70% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	

9.1.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of petroleum products to the inland market. Petroleum products are a necessary precondition to social and economic development. The successful supply of petroleum products by pipeline and storage at an appropriate tariff is one of NERSA's objectives; a necessary precondition to obtain security of supply.

9.2. Petroleum Pipelines Industry Regulation Programme 2: Licensing and registration

9.2.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated	Medium-term targets				
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21		
S0 1: Energy supply that is certain and secure for current and future user needs S0 2: A regulatory environment that facilitates investment in energy infrastructure S0 3: Competition and competitiveness within the energy industry S0 5: Accessible and affordable energy for all citizens								
1.	To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure	100% of licence applications will be decided upon within the timelines as prescribed in Section 19(1) of the Petroleum Pipelines Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act		
		4 reports on investigations done into suspected unlicensed activities, considered by the relevant Subcommittee	4 reports on investigations done into suspected unlicensed activities, considered by the PPS/REC	521 report on investigations done into suspected unlicensed activities, considered by the 53REC by 31 March 2019	1 report on investigations done into suspected unlicensed activities, considered by the REC by 31 March 2020	1 report on investigations done into suspected unlicensed activities, considered by the REC by 31 March 2021		

⁵² The number of reports was decreased to 1 report per annum due to the fact that the NERSA does not undertake this target that often to do quarterly reporting.

⁵³ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

9.2.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated	Medium-term targets			
	performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
1.	% of licence applications that will be decided upon within the timelines as prescribed in Section 19(1) of the Petroleum Pipelines Act	100% of licence applications will be decided upon within the timelines as prescribed in Section 19(1) of the Petroleum Pipelines Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	
2.	Number of reports on investigations done into suspected unlicensed activities considered by the relevant Subcommittee	4 reports on investigations done into suspected unlicensed activities, considered by the relevant Subcommittee	4 reports on investigations done into suspected unlicensed activities, considered by the PPS/REC	541 report on investigations done into suspected unlicensed activities, considered by the 55REC by 31 March 2019	1 report on investigations done into suspected unlicensed activities, considered by the REC by 31 March 2020	1 report on investigations done into suspected unlicensed activities, considered by the REC by 31 March 2021	

9.2.3. Quarterly targets for 2018/19

		Reporting period	Annual target 2018/19	Quarterly targets				
ı	Performance indicator	(Quarterly, Biannual, Annual)		1 st	2 nd	3 rd	4 th	
1.	% of licence applications that will be decided upon within the timelines as prescribed in Section 19(1) of the Petroleum Pipelines Act	Quarterly	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	100% of licence applications will be decided upon within 60 Days under the conditions as prescribed in Section 19(1) of the Petroleum Pipeline Act	
2.	Number of reports on investigations done into suspected unlicensed activities considered by the relevant Subcommittee	Annually	investigations done into suspected unlicensed activities, considered by the ⁵⁷ REC by 31 March 2019	No target planned	No target planned	No target planned	1 report on investigations done into suspected unlicensed activities, considered by the REC by 31 March 2019	

⁵⁴ The number of reports was decreased to 1 report per annum due to the fact that the NERSA does not undertake this target that often to do quarterly reporting.

⁵⁵ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

⁵⁶ The number of reports was decreased to 1 report per annum due to the fact that the NERSA does not undertake this target that often to do quarterly reporting.

⁵⁷ The relevant structure that will be considering the report was amended to be aligned to the approved delegation matrix.

9.2.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of petroleum products to the inland market. Petroleum products are a necessary precondition to social and economic development. The licensing of petroleum pipelines and storage facilities is one of NERSA's objectives; a necessary precondition to obtain security of supply.

Petroleum Pipelines Industry Regulation Programme 3: Compliance monitoring and enforcement

9.3.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated		Medium-term targets				
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21			
SO 2: A re SO 3: Cor	SO 1: Energy supply that is certain and secure for current and future user needs SO 2: A regulatory environment that facilitates investment in energy infrastructure SO 3: Competition and competitiveness within the energy industry SO 5: Accessible and affordable energy for all citizens								
1.	To monitor infrastructure utilisation and 3 rd party access	utilisation and 3 rd party utilisation of storage facilities utilisation of storage facilities		2 reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by PPS by the 30 September 2018 and 31 March 2019 respectively	2 reports on trends regarding utilisation of storage facilities and 3rd party access, considered by PPS by the 30 September 2019 and 31 March 2020 respectively	2 reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by PPS by the 30 September 2020 and 31 March 2021 respectively			
		New target	New target	Reviewed methodology to determine uncommitted capacity considred by the relevant Subcommittee by 31 March 2019	1 report on the implementation of the methodology to determine uncommitted capacity considered by the relevant Subcommitee by 31 March 2020	1 report on the implementation of the methodology to determine uncommitted capacity considered by the relevant Subcommitee by 31 March 2021			
2.	To monitor the development of infrastructure	4 reports on the construction of new facilities, considered by the relevant Subcommittee	4 reports on the construction of new facilities if any, considered by the PPS/REC	4 quarterly reports on the construction of new facilities if any, considered by the PPS	4 quarterly reports on the construction of new facilities if any, considered by the PPS	4 quarterly reports on the construction of new facilities if any, considered by the PPS			
3.	To monitor licencees' compliance with statutory reporting requirements	4 reports considered by the relevant Subcommittee on licencees' compliance with statutory reporting requirements	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS			

9.3.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

		Audited/Actual	Estimated		Medium-term targets	
	Programme performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
1.	Number of reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by the relevant Subcommittee	1 report on trends regarding utilisation of storage facilities and 3 rd party access, considered by the relevant Subcommittee	2 reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by PPS/REC by the 30 September 2017 and 31 March 2018 respectively	2 reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by PPS by the 30 September 2018 and 31 March 2019 respectively	2 reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by PPS by the 30 September 2019 and 31 March 2020 respectively	2 reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by PPS by the 30 September 2020 and 31 March 2021 respectively
2.	Reviewed methodology to determine uncommitted capacity considred by the relevant Subcommittee	New target	New target	Reviewed methodology to determine uncommitted capacity considred by the relevant Subcommittee by 31 March 2019	1 report on the implementation of the methodology to determine uncommitted capacity considered by the relevant Subcommitee by 31 March 2020	1 report on the implementation of the methodology to determine uncommitted capacity considered by the relevant Subcommitee by 31 March 2021
3.	Number of reports on the construction of new facilities, considered by the relevant Subcommittee	4 reports on the construction of new facilities, considered by the relevant Subcommittee	4 reports on the construction of new facilities if any, considered by the PPS/REC	4 quarterly reports on the construction of new facilities if any, considered by the PPS	4 quarterly reports on the construction of new facilities if any, considered by the PPS	4 quarterly reports on the construction of new facilities if any, considered by the PPS
4.	Number of reports on licencees' compliance with statutory reporting requirements considered by the relevant Subcommittee	4 reports considered by the relevant Subcommittee on licencees' compliance with statutory reporting requirements	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS

9.3.3. Quarterly targets for 2018/19

	Performance indicator	Reporting period (Quarterly, Biannual, Annual)	Annual target . 2018/19	Quarterly targets				
F	Performance indicator			1 st	2 nd	3 rd	4 th	
1.	Number of reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by the relevant Subcommittee	Biannually	2 reports on trends regarding utilisation of storage facilities and 3 rd party access, considered by PPS by the 30 September 2018 and 31 March 2019 respectively	No target planned	1 report on trends regarding utilisation of storage facilities and 3rd party access, considered by PPS by the 30 September 2018	No target planned	1 report on trends regarding utilisation of storage facilities and 3 rd party access, considered by PPS 31 March 2019	

		Reporting period	Annual target		Quarte	rly targets	
Performance indicator		(Quarterly, Biannual Annual)	2018/19	1 st	2 nd	3 rd	4 th
2.	Reviewed methodology to determine uncommitted capacity considred by the relevant Subcommittee	Annually	Reviewed methodology to determine uncommitted capacity considred by the relevant Subcommittee by 31 March 2019	No target planned	No target planned	No target planned	Reviewed methodology to determine ncommitted capacity considred by the relevant Subcommittee by 31 March 2019
3.	capacity considred by the relevant Subcommittee	Quarterly	4 quarterly reports on the construction of new facilities if any, considered by the PPS	1 report on the construction of new facilities if any, considered by the PPS by 30 June 2018	1 report on the construction of new facilities if any, considered by the PPS by 30 September 2018	1 report On The Construction Of New Facilities If Any, Considered By The PPS By 30 December 2018	1 report on the construction of new facilities if any, considered by the PPS by 31 March 2019
4.	Number of reports on licencees' compliance with statutory reporting requirements considered by the relevant Subcommittee	Quarterly	4 quarterly reports on licencees' compliance with statutory reporting requirements considered by the PPS	1 report on licencees' compliance with statutory reporting requirements considered by the PPS by 30 June 2018	1 report on licencees' compliance with statutory reporting requirement considered by the PPS by 30 September 2018	1 report on licencees' compliance with statutory reporting requirements considered by the PPS by 30 December 2018	1 report on licencees' compliance with statutory reporting requirement considered by the PPS by 31 March 2019

9.3.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of petroleum products to the inland market. Petroleum products are a necessary precondition to social and economic development. The monitoring of compliance to license conditions by the petroleum pipelines and storage licencees is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

9.4. Petroleum Pipelines Industry Regulation Programme 4: Dispute resolution including mediation, arbitration and the handling of complaints

9.4.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated	Medium-term targets						
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21				
SO 5: Acc	SO 3: Competition and competitiveness within the energy industry SO 5: Accessible and affordable energy for all citizens SO 6: NERSA a credible and reliable regulator									
1.	To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure	Within 60 days of receipt, all complaints are investigated and reported on	100% of complaints are investigated and considered by the PPS/REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/REC within 12 months of receipt				

9.4.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

D.		Audited/Actual	Estimated	Medium-term targets			
	ogramme ance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
investi consid releval	omplaints gated and lered by the nt subcommittee 12 months of	Within 60 days of receipt, all complaints are investigated and reported on	100% of complaints investigated and considered by the PPS/REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/REC within 12 months of receipt	

9.4.3. Quarterly targets for 2018/19

		Reporting period		Quarterly targets				
	Performance indicator	(Quarterly, Biannual, Annual)	Annual target 2018/19] st	2 nd	3 rd	4 th	
1.	% of complaints investigated and considered by the relevant subcommittee within 12 months of receipt	Quarterly	100% of complaints investigated and considered by the PPS/ REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/ REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/ REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/ REC within 12 months of receipt	100% of complaints investigated and considered by the PPS/ REC within 12 months of receipt	

9.4.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of petroleum products to the inland market. Petroleum products are a necessary precondition to social and economic development. The resolution of disputes in the petroleum pipelines industry is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

Petroleum Pipelines Industry Regulation Programme 5: Setting of rules, guidelines and codes for the regulation of the three industries

9.5.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic	Audited/Actual	Estimated	Medium-term targets					
objective		performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21			
SO 1: Energy supply that is certain and secure for current and future user needs SO 3: Competition and competitiveness within the energy industry SO 4: Regulatory certainty within the energy industry SO 6: NERSA a credible and reliable regulator									
1.	To enhance regulatory certainty	Tariff methodologies published and reviewed when necessary	Tariff methodologies published and reviewed when necessary	Prudency Guidelines considered by the ER by 31 March 2019	Reviewed Tariff Methodology considered by 31 March 2020	1 report on the monitoring of the implementation of the Prudency Guidelines considered by ER by 31 March 2021			
2.	Enhancing the regulatory dispensation	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2018	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2019	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2020	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2021			

9.5.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated	Medium-term targets			
	performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
1.	Reviewed Prudency Guidelines considered by the relevant structure	To enhance regulatory certainty	Tariff methodologies published and reviewed when necessary	Prudency Guidelines considered by the ER by 31 March 2019	Reviewed Tariff Methodology considered by 31 March 2020	1 report on the monitoring of the implementation of the Prudency Guidelines considered by ER by 31 March 2021	
2.	Number of reports on contributions towards alignment between relevant Petroleum legislation and regulations and government policies considered by the relevant subcommittee	Enhancing the regulatory dispensation	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2019	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2020	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2021	

9.5.3. Quarterly targets for 2018/19

		Reporting period	Annual target 2018/19	Quarterly targets			
l l	Performance indicator	(Quarterly, Biannual, Annual)		1 st	2 nd	3 rd	4 th
1.	Reviewed Prudency Guidelines considered by the relevant structure	Quarterly	Prudency Guidelines considered by the ER by 31 March 2019	No target planned	No target planned	No target planned	Prudency Guidelines considered by the ER by 31 March 2019
2.	Number of reports on contributions towards alignment between relevant Petroleum legislation and regulations and government policies considered by the relevant subcommittee	Annually	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2019	No target planned	No target planned	No target planned	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2019

9.5.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of petroleum products to the inland market. Petroleum products are a necessary precondition to social and economic development. The setting of rules, guidelines and codes for the petroleum pipelines industry is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

9.6. Petroleum Pipelines Industry Regulation Programme 6: Administration (Establishing NERSA as an efficient and effective regulator)

9.6.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

Р	Programme Strategic	Audited/Actual	Estimated	Medium-term targets			
	objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
SO 4: Regula	y supply that is certain and secu latory certainty within the energy A a credible and reliable regulato						
I I	To promote Security of Supply	2 reports on the inland supply forecast	2 reports on the inland supply forecast considered by PPS/REC by 30 September 2017 and 31 March 2018	2 reports on the inland supply forecast considered by PPS by 30 September 2018 and 31 March 2019	2 reports on the inland supply forecast considered by PPS by 30 September 2019 and 31 March 2020	2 reports on the inland supply forecast considered by PPS by 30 September 2020 and 31 March 2021	

9.6.2. Programme performance indicators and annual targets for 2018/19 - 2020/21

	Programme	Audited/Actual	Estimated	Medium-term targets			
	performance indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
1.	Number of reports on the inland supply forecast considered by the relevant subcommittee	2 reports on the inland supply forecast	2 reports on the inland supply forecast considered by PPS/REC by 30 September 2017 and 31 March 2018	2 reports on the inland supply forecast considered by PPS by 30 September 2018 and 31 March 2019	2 reports on the inland supply forecast considered by PPS by 30 September 2019 and 31 March 2020	2 reports on the inland supply forecast considered by PPS by 30 September 2020 and 31 March 2021	

9.6.3. Quarterly targets for 2018/19

		Reporting period	Annual target 2018/19	Quarterly targets				
	Performance indicator	(Quarterly, Biannual, Annual)		1 st	2 nd	3 rd	4 th	
1.	Number of reports on the inland supply forecast considered by the relevant subcommittee	Biannually	2 reports on the inland supply forecast considered by PPS/REC by 30 September 2018 and 31 March 2019 respectively	No target planned	1 report on the inland supply forecast considered by PPS/REC by 30 September 2018	No target planned	1 report on the inland supply forecast considered by PPS/REC by 31 March 2019	

10. TRANSVERSAL REGULATORY

10.1. Transversal Regulatory Programme 6: Administration (Establishing NERSA as an efficient and effective regulator)

10.1.1.Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Dua una una a Chuaha uia	Audited/Actual	Estimated	Medium-term targets							
	Programme Strategic objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21					
SO 4: Reg	SO 1: Energy supply that is certain and secure for current and future user needs SO 4: Regulatory certainty within the energy industry SO 6: NERSA a credible and reliable regulator										
1.	To determine the impact of regulatory decisions	Revised regulatory impact assessment framework based on lessons learnt considered by the relevant Subcommittee	1 report on regulatory impact assessment considered by the REC by 31 March 2018	1 report on regulatory impact assessment considered by the REC by 31 March 2019	1 report on regulatory impact assessment considered by the REC by 31 March 2020	1 report on regulatory impact assessment considered by the REC by 31 March 2021					
2.	To benchmark NERSA against recognised world-class regulators	Reviewed benchmarking framework considered by the relevant Subcommittee	No target planned	1 report on the outcomes of the benchmarking of NERSA, considered by the REC by 31 March 2019	No target planned	No target planned					
		New target	2 progress reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the REC by 30 September 2017 and 31 March 2018 respectively	2 progress reports on the implementation of the Regulatory Reporting Manuals for Nonfinancial and financial information, considered by the REC by 30 September 2018 and 31 March 2019 respectively	2 progress reports on the implementation of the Regulatory Reporting Manuals for Nonfinancial and financial information, considered by the REC by 30 September 2019 and 31 March 2020 respectively	2 progress reports on the implementation of the Regulatory Reporting Manuals for Nonfinancial and financial information, considered by the REC by 30 September 2020 and 31 March 2021 respectively					
		New target	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2018	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2019	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2020	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2021					
3.	To complete the research agenda for the organisation	1 report on research conducted in line with the approved research agenda considered by the relevant Subcommittee	1 report on research conducted in line with the approved research agenda considered by the REC by 31 March 2018	1 report on research conducted in line with the approved research agenda considered by the REC 31 March 2019	1 report on research conducted in line with the approved research agenda considered by the REC 31 March 2020	1 report on research conducted in line with the approved research agenda considered by the REC 31 March 2021					

•		Audited/Actual	Estimated		Medium-term targets	
	Programme Strategic objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
4.	To empower stakeholders	Quarterly newsletters published	Quarterly newsletters published	4 quarterly newsletters published	4 quarterly newsletters published	4 quarterly newsletters published
	with relevant energy industry as well as economic regulatory knowledge and information	Undertake 35 stakeholder engagement and education programmes	45 stakeholder engagement and education programmes undertaken by 31 March 2018	50 stakeholder engagement and education programmes undertaken by 31 March 2019	55 stakeholder engagement and education programmes undertaken by 31 March 2020	60 stakeholder engagement and education programmes undertaken by 31 March 2021
		New target	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 March 2018	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 May 2018	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 May 2019	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 May 2021
5.	To contribute towards the transformation agenda of Government	New target	New target	NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect of ownership and equity considered by the Energy Regulator by 30 September 2018	1 report on the progress made with the implementation of the NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect of ownership and equity considered by the Energy Regulator by 31 March 2020	1 report on the progress made with the implementation of the NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect of ownership and equity considered by the Energy Regulator by 31 March 2021

Programme performance indicators and annual targets for 2018/19 - 2020/21 10.1.2.

		Audited/Actual	Estimated	Medium-term targets			
	Performance Indicator	performance 2016/17	· · · · · · · · · · · · · · · · · · ·		2019/20	2020/21	
1.	Number of reports on regulatory impact assessment considered by the relevant subcommittee	Revised regulatory impact assessment framework based on lessons learnt considered by the relevant Subcommittee	1 report on regulatory impact assessment considered by the REC by 31 March 2018	1 report on regulatory impact assessment considered by the REC by 31 March 2019	1 report on regulatory impact assessment considered by the REC by 31 March 2020	1 report on regulatory impact assessment considered by the REC by 31 March 2021	
2.	Number of reports on the outcomes of the benchmarking of NERSA, considered by the relevant subcommittee	Reviewed benchmarking framework considered by the relevant Subcommittee	No target planned	1 report on the outcomes of the benchmarking of NERSA, considered by the REC by 31 March 2019	No target planned	No target planned	

		Audited/Actual	Estimated _	Medium-term targets			
	Performance Indicator	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
3.	Number of progress reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the relevant subcommittee	New target	2 progress reports on the implementation of the Regulatory Reporting Manuals for Nonfinancial and financial information, considered by the REC by 30 September 2017 and 31 March 2018 respectively	2 progress reports on the implementation of the Regulatory Reporting Manuals for Nonfinancial and financial information, considered by the REC by 30 September 2018 and 31 March 2019 respectively	2 progress reports on the implementation of the Regulatory Reporting Manuals for Nonfinancial and financial information, considered by the REC by 30 September 2019 and 31 March 2020 respectively	2 progress reports on the implementation of the Regulatory Reporting Manuals for Nonfinancial and financial information, considered by the REC by 30 September 2020 and 31 March 2021 respectively	
4.	Number of progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the relevant subcommittee	New target	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2018	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2019	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2020	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2021	
5.	Number of reports on research conducted in line with the approved research agenda considered by the relevant Subcommittee	1 report on research conducted in line with the approved research agenda considered by the relevant Subcommittee	1 report on research conducted in line with the approved research agenda considered by the REC by 31 March 2018	1 report on research conducted in line with the approved research agenda considered by the REC 31 March 2019	1 report on research conducted in line with the approved research agenda considered by the REC 31 March 2020	1 report on research conducted in line with the approved research agenda considered by the REC 31 March 2021	
6.	Number of published quarterly newsletters	Quarterly newsletters published	Quarterly newsletters published	4 quarterly newsletters published	4 quarterly newsletters published	4 quarterly newsletters published	
7.	Number of stakeholder engagement and education programmes conducted	Undertake 35 stakeholder engagement and education programmes	45 stakeholder engagement and education programmes undertaken by 31 March 2018	50 stakeholder engagement and education programmes undertaken by 31 March 2019	55 stakeholder engagement and education programmes undertaken by 31 March 2020	60 stakeholder engagement and education programmes undertaken by 31 March 2021	
8.	Number of reports on the impact of global, regional and local energy trends on NERSA's business considered by the relevant subcommittee	New target	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 March 2018	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 May 2018	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 May 2019	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 May 2021	
9.	NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect ownership and equity considered by the Energy Regulator	New target	New target	NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect of ownership and equity considered by the Energy Regulator by 30 September 2018	1 report on the progress made with the implementation of the NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect of ownership and equity considered by the Energy Regulator by 31 March 2020	1 report on the progress made with the implementation of the NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect of ownership and equity considered by the Energy Regulator by 31 March 2021	

Quarterly targets for 2018/19 10.1.3.

		Reporting period	Annual target		Quarte	rly targets	
F	erformance indicator	(Quarterly, Biannual, Annual)	2018/19] st	2 nd	3 rd	4 th
1.	Revised regulatory impact assessment framework considered by the relevant subcommittee	Annually	1 report on regulatory impact assessment considered by the REC by 31 March 2019	No target planned	No target planned	No target planned	1 report on regulatory impact assessment considered by the REC by 31 March 2019
2.	Number of reports on the outcomes of the benchmarking of NERSA, considered by the REC	Annually	1 report on the outcomes of the benchmarking of NERSA, considered by the REC by 31 March 2019	No target planned	No target planned	No target planned	1 report on the outcomes of the benchmarking of NERSA, considered by the REC by 31 March 2019
3.	Number of progress reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the relevant subcommittee	Bi-annually	2 progress reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the REC by 30 September 2018 and 31 March 2019 respectively	No target planned	1 progress report on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the REC by 30 September 2018	No target planned	1 progress report on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the by the REC by 31 March 2019
4.	Number of progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the relevant subcommittee	Annually	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2019	No target planned	No target planned	No target planned	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2019
5.	Number of reports on research conducted in line with the approved research agenda considered by the relevant Subcommittee	Annually	1 report on research conducted in line with the approved research agenda considered by the REC 31 March 2019	No target planned	No target planned	No target planned	Report on the approved Research Agenda considered by the REC by 31 March 2019
6.	Number of published quarterly newsletters	Quarterly	4 quarterly newsletters published	1 newsletter published	1 newsletter published	1 newsletter published	1 newsletter published
7.	Number of stakeholder engagement and education programmes conducted	Quarterly	50 stakeholder engagement and education programmes undertaken by 31 March 2019	15 stakeholder engagement and education programmes undertaken	15 stakeholder engagement and education programmes undertaken	10 stakeholder engagement and education programmes undertaken	10 stakeholder engagement and education programmes undertaken

	Performance indicator	Reporting period	Annual target 2018/19	Quarterly targets				
Р	erformance indicator	(Quarterly, Biannual, Annual)		1 st	2 nd	3 rd	4 th	
8.	Number of reports on the impact of global, regional and local energy trends on NERSA's business considered by the relevant subcommittee	Annually	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 May 2018	No target planned	No target planned	No target planned	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 March 2018	
9.	NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect ownership and equity considered by the Energy Regulator	Annually	NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect of ownership and equity considered by the Energy Regulator by 30 September 2018	No target planned	NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect of ownership and equity considered by the Energy Regulator by 30 September 2018	No target planned	No target planned	

10.1.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of energy. Energy is a necessary precondition to social and economic development. The establishment of NERSA as an effective and efficient regulator is one of NERSA's objectives; a necessary concurrent activity to obtain security of supply.

11. ORGANISATIONAL

11.1. Organisational Programme 6: Administration (Establishing NERSA as an efficient and effective regulator)

11.1.1. Strategic objective (SO) annual targets for 2018/19 - 2020/21

	Programme Strategic objective	Audited/Actual performance 2016/17	Estimated performance 2017/18	Medium-term targets			
				2018/19	2019/20	2020/21	
1.	To create an efficient and effective world class organisation	New target	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September and 31 March respectively	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September 2018 and 31 March 2019 respectively	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September 2019 and 31 March 2020 respectively	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September 2020 and 31 March 2021 respectively	

Programme Strategic	Audited/Actual	Estimated		Medium-term targets	
objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21
	New target	New target	50% of women in management positions	50% of women in management positions	50% of women in management positions
	New target	New target	2% of people with disabilities employed	2% of people with disabilities employed	2% of people with disabilities employed
	New target	4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC	4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC	4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC	4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC
	New target	Annual report on the implementation of the Learnership and Internship Programmes by 31 March	Annual report on the implementation of the Learnership and Internship Programmes by 31 March 2019	Annual report on the implementation of the Learnership and Internship Programmes by 31 March 2020	Annual report on the implementation of the Learnership and Internship Programmes by 31 March 2021
	New target	NERSA bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2018	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2019	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2020	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2021
	4 progress reports considered by the relevant Subcommittee on the implementation of the recommendations from the comprehensive ICT systems review	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC
	4 progress reports considered by the relevant Subcommittee on the progress made regarding obtaining ISO certification	4 quarterly reports on the progress made regarding obtaining ISO certification considered by the REC	4 quarterly reports on the progress made regarding obtaining ISO certification considered by the REC	ISO certification obtained	1 report on the monitoring of the maintenance of the ISO certification requirements considered by the REC by the end of the financial year
	New target	New target	NERSA Enterprise Development Plan considered by the ER by 31 March 2019 and relevant black female-owned enterprises identified	4 progress reports on the implementation of the NERSA Enterprise Development Plan considered by the ER on a quarterly basis	4 progress reports on the implementation of the NERSA Enterprise Development Plan considered by the ER on a quarterly basis
	New target	New target	100% implementation of Preferential Procurement Policy Framework, with ≥80% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better	100% implementation of Preferential Procurement Policy Framework, with ≥85% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 3 or better	100% implementation of Preferential Procurement Policy Framework, with ≥90% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 3 or better

	D.,	Audited/Actual	Estimated	Medium-term targets			
	Programme Strategic objective	performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
2.	To position and promote the good image of NERSA	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 82.5%)	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 84.5%)	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 86.5%)	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 88.5%)	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 90.5%)	
3.	To improve the	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	
	effectiveness of the financial processes, systems and procedures	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	
4.	To influence and respond to developments in policy and law impacting on the Regulator	4 reports considered by the relevant Subcommittee on regulatory and policy advocacy	4 quarterly reports on regulatory and policy advocacy considered by the REC	4 quarterly reports on legislative and policy developments impacting on the Regulator, considered by the REC	4 quarterly reports on legislative and policy developments impacting on the Regulator, considered by the REC	4 quarterly reports on legislative and policy developments impacting on the Regulator, considered by the REC	

Programme performance indicators and annual targets for 2018/19 - 2020/21 11.1.2.

	D	A	Estimated	Medium-term targets			
рє	Programme erformance indicator	Audited/Actual performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
1.	Number of progress reports on the implementation of the Employment Equity Plan considered by the relevant subcommittee	New target	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September and 31 March respectively	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September 2018 and 31 March 2019 respectively	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September 2019 and 31 March 2020 respectively	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September 2020 and 31 March 2021 respectively	
2.	% of women in management positions	New target	New target	9		50% of women in management positions	
3.	% of people with disabilities employed	New target	New target	2% of people with disabilities employed	2% of people with disabilities employed	2% of people with disabilities employed	
4.	Number of progress reports on the implementation of the Youth Employment Accord considered by the relevant subcommittee	New target	4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC	4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC 4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC		4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC	
5.	Number of reports on the implementation of the Learnership and Internship Programmes by 31 March	New target	Annual report on the implementation of the Learnership and Internship Programmes by 31 March	Annual report on the implementation of the Learnership and Internship Programmes by 31 March 2019	Annual report on the implementation of the Learnership and Internship Programmes by 31 March 2020	Annual report on the implementation of the Learnership and Internship Programmes by 31 March 2021	

	Duanyawa	Audited/Astrol newformers	Estimated	Medium-term targets			
pe	Programme erformance indicator	Audited/Actual performance 2016/17	performance 2017/18	2018/19	2019/20	2020/21	
6.	Number of progress report on the implementation of the bursary programme for qualifying external applicants considered by the relevant subcommittee	New target	NERSA bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2018	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2019	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2020	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2021	
7.	Number of progress reports on the implementation of the recommendations from the comprehensive Information and Communication Technology (ICT) systems review considered by the relevant Subcommittee	4 progress reports considered by the relevant Subcommittee on the implementation of the recommendations from the comprehensive ICT systems review	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	
8.	Number of progress reports on the progress made regarding obtaining ISO certification considered by the relevant Subcommittee	4 progress reports considered by the relevant Subcommittee on the progress made regarding obtaining ISO certification	4 quarterly reports on the progress made regarding obtaining ISO certification considered by the REC	4 quarterly reports on the progress made regarding obtaining ISO certification considered by the REC		1 report on the monitoring of the maintenance of the ISO certification requirements considered by the REC by the end of the financial year	
9.	NERSA Enterprise Development Plan considered by the ER by 31 March 2019 and relevant black female-owned enterprises identified	New target	New target	NERSA Enterprise Development Plan considered by the ER by 31 March 2019 and relevant black female-owned enterprises identified 4 progress reports on the implementation of the NERSA Enterprise Development Plan considered by the ER on a quarterly basis		4 progress reports on the implementation of the NERSA Enterprise Development Plan considered by the ER on a quarterly basis	
10.	% implementation of Preferential Procurement Policy Framework, with % procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better	New target	New target	100% implementation of Preferential Procurement Policy Framework, with ≥80% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better 100% implementation of Preferential Procurement Policy Framework, with ≥85% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 3 or better		100% implementation of Preferential Procurement Policy Framework, with ≥90% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 3 or better	
11.	% improvement on the customer and stakeholder perception and satisfaction level	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 82.5%)	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 84.5%)	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 86.5%)	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 88.5%)	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 90.5%)	
12.	Result of annual audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	Unqualified audit	
13.	% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	

	Drawawa	Audited/Actual performance	Estimated	Medium-term targets			
Programme performance indicator		2016/17	performance 2017/18	2018/19	2019/20	2020/21	
14.	Number of reports on legislative and policy developments impacting on the Regulator, considered by the relevant Subcommittee	4 reports considered by the relevant Subcommittee on regulatory and policy advocacy	4 quarterly reports on regulatory and policy advocacy considered by the REC	4 quarterly reports on legislative and policy developments impacting on the Regulator, considered by the REC	4 quarterly reports on legislative and policy developments impacting on the Regulator, considered by the REC	4 quarterly reports on legislative and policy developments impacting on the Regulator, considered by the REC	

11.1.3 Quarterly targets for 2018/19

					Quarte	rly targets	
	Performance indicator	Reporting period (Quarterly, Biannual, Annual)	Annual target 2017/18	Įst	2 nd	3 rd	4 th
1.	Number of progress reports on the implementation of the Employment Equity Plan considered by the relevant subcommittee by 30 September and 31 March respectively	Biannual	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September and 31 March respectively	No target planned	1 progress report on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September	No target planned	1 progress report on the implementation of the Employment Equity Plan considered by the HRRC/REC 31 March
2.	% of women in management positions	Annual	50% of women in management positions	No target planned	No target planned	No target planned	50% of women in management positions
3.	% of people with disabilities employed	Annual	2% of people with disabilities employed	No target planned	No target planned	No target planned	2% of people with disabilities employed
4.	Number of progress reports on the implementation of the Youth Employment Accord considered by the relevant subcommittee	Quarterly	4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC	1 progress report on the implementation of the Youth Employment Accord considered by the HRRC/	1 progress report on the implementation of the Youth Employment Accord considered by the HRRC/REC	1 progress report on the implementation of the Youth Employment Accord considered by the HRRC/REC	1 progress report on the implementation of the Youth Employment Accord considered by the HRRC/REC
5.	Number of reports on the implementation of the Learnership and Internship Programmes by 31 March	Annual	Annual report on the implementation of the Learnership and Internship Programmes by 31 March	No target planned	No target planned	No target planned	1 report on the implementation of the Learnership and Internship Programmes by 31 March

					Quarte	rly targets	
	Performance indicator	Reporting period (Quarterly, Biannual, Annual)	Annual target 2017/18] st	2 nd	3 rd	4 th
6.	Number of progress reports on the implementation of the bursary programme for qualifying external applicants considered by the relevant subcommittee	Annually	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March annually	No target planned	No target planned	No target planned	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March annually
7.	Number of progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the relevant Subcommittee	Quarterly	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	1 progress report on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	1 progress report on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	1 progress report on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	1 progress report on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC
8.	Number reports on the progress made regarding obtaining ISO certification considered by the relevant Subcommittee	Quarterly	4 quarterly reports on the progress made regarding obtaining ISO certification considered by the REC	1 report on the progress made regarding obtaining ISO certification considered by the REC	1 report on the progress made regarding obtaining ISO certification considered by the REC	1 report on the progress made regarding obtaining ISO certification considered by the REC	1 report on the progress made regarding obtaining ISO certification considered by the REC
9.	NERSA Enterprise Development Plan considered by the ER by 31 March 2019 and relevant black female-owned enterprises identified	Annual	NERSA Enterprise Development Plan considered by the ER by 31 March 2019 and relevant black female-owned enterprises identified	No target planned	No target planned	No target planned	NERSA Enterprise Development Plan considered by the ER by 31 March 2019 and relevant black female-owned enterprises identified
10.	% implementation of Preferential Procurement Policy Framework, with % procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better	Quarterly	100% implementation of Preferential Procurement Policy Framework, with ≥80% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better	100% implementation of Preferential Procurement Policy Framework, with ≥80% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better	100% implementation of Preferential Procurement Policy Framework, with ≥80% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better	100% implementation of Preferential Procurement Policy Framework, with ≥80% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better	100% implementation of Preferential Procurement Policy Framework, with ≥80% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better
11.	% of improvement on the customer and stakeholder perception and satisfaction level	Quarterly	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 86.5%)	0.5% improvement on the customer and stakeholder perception and satisfaction level	0.5% improvement on the customer and stakeholder perception and satisfaction level	0.5% improvement on the customer and stakeholder perception and satisfaction level	0.5% improvement on the customer and stakeholder perception and satisfaction level
12.	Result of annual audit	Annually	Unqualified audit	No target planned	Unqualified audit	No target planned	No target planned
13.	% of creditors paid within 30 days after all relevant documentation have been received	Quarterly	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received	100% of creditors paid within 30 days after all relevant documentation have been received

					Quarte	rly targets	
	Performance indicator	Reporting period (Quarterly, Biannual, Annual)	Annual target 2017/18	1st	2 nd	3 rd	4 th
14.	Number of reports on legislative and policy developments impacting on the Regulator, considered by the relevant Subcommittee	Quarterly	4 quarterly reports on legislative and policy developments impacting on the Regulator, considered by the REC	1 quarterly report on legislative and policy developments impacting on the Regulator, considered by the REC	1 quarterly report on legislative and policy developments that might impact on the Regulator, considered by the REC	1 quarterly report on legislative and policy developments that might impact on the Regulator, considered by the REC	1 quarterly report on legislative and policy developments that might impact on the Regulator, considered by the REC

11.1.4. Linkage with other macro or infrastructure plans

Government's developmental objectives and its strategy to expand infrastructure rely upon a secure supply of energy. Energy is a necessary precondition to social and economic development. The establishment of NERSA as an effective and efficient regulator is one of NERSA's objectives; a necessary concurrent activity to obtaining security of supply.

Part C: Links to other plans



12. LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

NERSA does not have any long-term infrastructure and other capital plans.

Appendix A: Strategic Risk Register

1. INTRODUCTION

The Public Finance and Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Treasury Regulations indicate that the Energy Regulator has the responsibility to ensure that the organisation has implemented an effective ongoing process to identify risks, to measure the potential impact against a broad set of assumptions, and then to activate what is necessary to proactively manage these risks.

NERSA is a Schedule 3A Public Entity as per the PFMA, and therefore has to comply with the requirements of this Act. As part of complying with the requirements of the PFMA, the Energy Regulator approved a Risk Management Policy for the organisation.

As part of the requirements of the approved Risk Management Policy, a complete risk identification and ranking exercise is conducted every three years in order to determine and rank the risks facing the organisation. In the two years in between the new risk identification and ranking, the strategic Risk Register is reviewed and a revised register is considered and approved by the Energy Regulator. This risk identification is carried out as part of the strategic planning process within the organisation

The ranking of the risks based on the impact that the occurrence of the risk would have on the organisation as well as the likelihood of the risk happening, are done taking all current strategies to mitigate against the occurrence of the identified risks into account. Once the risks have been identified and ranked, the risk appetite (the broad-based amount of risk an organisation is willing to accept in pursuit of its mission or vision) and risk tolerance (the acceptable variation relative to the achievement of objectives) for every risk is determined. In line with the risk appetite and risk tolerance, additional strategies to mitigate against the occurrence of the risks, are identified. In line with the recommendations from the King report on good governance, primary risk owners, as well as secondary risk owners (assurance providers) are also identified.

Below is a legend indicating the risk assessment matrix applied for this risk register.

		IMPACT				
	Risk assessment legend	Negligible 1	Potentially important 2	Serious 3	Significant 4	Catastrophic 5
	Certain 5	Moderate 5	Significant 10	Catastrophic 15	Catastrophic 20	Catastrophic 25
8	Almost certain 4	Moderate 4	Significant 8	Significant 12	Catastrophic 16	Catastrophic 20
皇	Probable 3	Minor 3	Moderate 6	Significant 9	Significant 12	Significant 15
LIKEL	Unlikely 2	Minor 2	Moderate 4	Moderate 6	Significant 8	Significant 10
=	Rare 1	Negligible 1	Minor 2	Moderate 3	Significant 4	Significant 5

2. LINKS BETWEEN NERSA'S STRATEGIC OUTCOME ORIENTED GOALS, STRATEGIC OBJECTIVES AND IDENTIFIED STRATEGIC RISKS

The intention of this section is to provide a high-level summary of the context within which the strategic risks were identified as well as an overall assessment of the risks.

In the table below, the links between the identified strategic risks and NERSA's strategic outcome oriented goals and strategic objectives are indicated. These goals and strategic objectives are indicated in NERSA's approved Strategic Plan 2015/16 to 2019/20.

The outcome of the inherent and residual risks assessment are summarised below. NERSA also assessed desired risk ratings, which were used to ensure that the mitigating strategies are focused towards an end goal, in this case the desired risk level.

	STRATEGIC OUTCOME ORIENTED	STRATEGIC OBJECTIVE		STRATEGIC RISKS		OVERALL RISK ASSES	SSMENT
	GOAL	STRATEGIC OBJECTIVE		STRATEGICRISKS	Inherent	Residual	Desired
1.	To facilitate Security of Supply in order to support sustainable socio-economic	Promote energy supply that is certain and secure for current and future user needs	1.	Suboptimal decisions made by NERSA	16	9	6
	development in South Africa.		2.	Shortcomings in the legislative and regulatory framework to achieve the objectives of the relevant acts	12	9	6
2.	To facilitate investment in and access to infrastructure in the energy industry in support of sustainable socio-economic development in South Africa.	Create a regulatory environment that facilitates investment in energy infrastructure Promote regulatory certainty within the energy industry	3.	Inadequate infrastructure to enable the security of supply.	16	12	9
3.	To promote competitive and efficient functioning as well as orderly development of the energy industry in order to sustain socio-economic development in South Africa.	Promote competition and competitiveness within the energy industry	4.	Lack of competition in the energy market structures	12	9	6
4.	To facilitate affordability of and accessibility to the energy industry to balance the economic interests of all stakeholders in support of socioeconomic development of South Africa and a better life for all.	Promote accessible and affordable energy for all citizens	5.	Inadequate access of customers to energy services and existing infrastructure at affordable levels	16	12	9
5.	To position and establish NERSA as a credible and reliable regulator in order to create regulatory certainty.	Establish and position NERSA as a credible and reliable regulator	6.	Inadequate performance management to assist NERSA in achieving its goals and objectives.	12	9	6

3. DETAILED STRATEGIC RISK REGISTER

The tables below provides an elaboration of the strategic risks indicated in Section 2 above. The content of these tables depict the outcome of the comprehensive risk assessment that was undertaken, as per NERSA's approved Risk Management Policy.

					RISK RESPONSE	II	IHERE RISK			Rl	ESIDU. RISK		[ESIRE RISK				
1	O. RISK DESCRIPT	ON	ROOT CAUSE(S)	CONSEQUENCE (S)	Avoid Reduce Share Accept	Likelihood	Impact	Overall Assessment	CONTROLS	Likelihood	Impact	Overall Assessment	Likelihood	Impact	Overall Assessment	MITIGATING STRATEGIES	DUE DATE	RISK OWNERS
1.	Suboptima decisions made by NERSA	•	Information asymmetry between NERSA and licensees Lack of access to accurate information Inaccurate and limited information Inadequate skills	Negative impact on credibility of NERSA decisions Incorrect price path	Reduce	4 Almost certain	4 Significant	16 Catastrophic	 Annual audited volume reports from all licenced generators MYPD Methodology to achieve a high level of transparency, reliability, relevance and objective realignment for pricing and tariffs Monthly volume reports of gas supply from Mozambique to monitor the supply Audited annual volume reports Gas allocations from Mozambique in terms of the Agreement Monthly volume reports from Storage Licensees. Annual audited volume reports from loading and pipeline licensees Implementation of RRM in relation of Non-financial information (NFI) 	3 Probable	3 Serious	9 Significant	3 Probable	2 Potentially important	6 Moderate	 Improve enforcement of data collection requirements from licencees Enhance analytical acumen of all staff Develop and roll out regulatory information template to all licensees Improve level of compliance with reporting requirements Review and mplementation of the NFI mplementation Develop a mechanism for regulatory costing information 	31 March 2019	EM: ELR EM: GAR EM: PPR SM: RAR

				RISK	IN	HEREI RISK			F	RESIDL RISK		I	DESIF RIS				
NO.	RISK DESCRIPTION	ROOT CAUSE(S)	CONSEQUENCE (S)	RESPONSE - Avoid - Reduce - Share - Accept	Likelihood	Impact	Overall Assessment	CONTROLS	Likelihood	Impact	Overall Assessment	Likelihood	Impact	Overall Assessment	MITIGATING STRATEGIES	DUE DATE	RISK OWNERS
2.	Shortcomings in the legislative and regulatory framework to achieve the objectives of the relevant acts	Long legislative review process. Current legislation and policies not in line with industry developments (e.g. new technologies) Fragmentation in legislation Concurrent and complementary jurisdiction, including cross-border agreements Legislative gaps Misalignment between primary legislation and subordinate legislations Cross-border agreement Geo-political factors and regulatory jurisdictions Inadequate coordination and harmonisation of regulatory policies, legislation, processes and methodologies Complexities associated with regulation by contract Legal and regulatory frameworks not harmonised	Investment and development of the industry stifled Regulatory burden on licensees Inefficient regulatory outcomes Misalignment in policy implementation and application Forum shopping by stakeholders to lodge complaints Unfair cost allocation High tariffs. Undue regulatory burden Sub-optimal regulatory decisions	Reduce	4 Almost certain	3 Serious	12 Significant	Regulatory advocacy Regulatory stakeholder engagement Regional cooperation on electricity at RERA level MOUs with regulators where there is concurrent jurisdiction Compliance monitoring of licence conditions Tariff guidelines Maximum price methodology Bi-national commission REPGA Regional Petroleum and Gas Association (SADC) Storage, loading facilities and pipeline licence conditions Tariff methodology	3 Probable	3 Serious	9 Significant	3 Probable	2 Potentially important	6 Moderate	Annual regulatory advocacy review and alignment. Periodic review of rules Periodic review of price and tariff methodology Harmonisation of cross border regulatory frameworks and policies Memorandum of understanding (MoU) on cooperation on regulatory matters and sharing of information with the INP.	31 March 2019 31 March 2019 31 March 2019	EM: ELR EM: GAR EM: PPR

				RISK RESPONSE		IERENT RISK	Т		ı	RESIDI RISI			DESIR RISI				
NO.	RISK DESCRIPTION	ROOT CAUSE(S)	CONSEQUENCE (S)	- Avoid - Reduce - Share - Accept	Likelihood	Impact	Overall Assessment	CONTROLS	Likelihood	Impact	Overall Assessment	Likelihood	Impact	Overall Assessment	MITIGATING STRATEGIES	DUE DATE	RISK OWNERS
3.	Inadequate infrastructure to enable the security of supply.	Difficulty with the integration and regulation of new energy technologies Inadequate regulatory tools / measures. Inadequate infrastructure investment Lack of centralised and insufficient information on existing and future infrastructure for planning Shortcomings in funding models or funding requirements	Regulatory uncertainty and delay in infrastructure investment Sub-optimal regulatory decisions resulting in inefficient regulation Lack of sustainability, security, availability and affordability of energy Lack of the orderly, efficient and sustainable development of the energy industry Regulatory uncertainty and delayed investment	Reduce	4 Almost certain	4 Significant	16 Catastrophic	 Audits of generation, transmission and distribution networks Review of the grid code Evaluation of the transmission development plan of Eskom System adequacy reports Regulatory stakeholder engagement in terms of future infrastructure investment plans from the licensees Regulatory advocacy, including existing fora, distribution networks Licencing of gas infrastructure Appropriate license conditions Storage, loading facilities and pipeline licencing conditions Bi-annual inland supply reports Compliance monitoring of licence conditions Implementation of RMM in relation of Non-financial information (NFI) Assessment of excess capacity Tariff methodology MOUs with regulators where there is concurrent jurisdiction 	3 Probable	4 Significant	12 Significant	3 Probable	3 Serious	9 Significant	 Improve enforcement of compliance with licence conditions, e.g. issuance of compliance notices, ER sit as a tribunal Development of a national network code for gas infrastructure Enforcement of third party access 	31 March 2019 31 March 2019	EM: ELR EM: GAR EM: PPR

				RISK RESPONSE		IEREN RISK	Т		ا	RESIDU RISH			DESIR RISI				
NO.	RISK DESCRIPTION	ROOT CAUSE(S)	CONSEQUENCE (S)	Avoid Reduce Share Accept	Likelihood	Impact	Overall Assessment	CONTROLS	Likelihood	Impact	Overall Assessment	Likelihood	Impact	Overall Assessment	MITIGATING STRATEGIES	DUE DATE	RISK OWNERS
4.	Lack of competition in the energy market structures	Existing market structures inhibit competition Shortcomings in legislation, regulatory and policy frameworks Inadequate policy / regulatory measures to stimulate entrance to and investment in the market Natural monopolies in the pipelines and infrastructure in the ports Critical knowledgebased skills set inadequate	Inadequate investment Uncompetitive market outcomes, e.g. tariffs and prices Impeded investment and / or development in energy infrastructure and industry / market Unfair access to energy services and infrastructure (Perpetuate monopolistic market conditions) Market conditions not stimulating competition in the energy industry	Reduce	4 Almost certain	3 Serious	12 Significant	Electricity licence conditions Compliance monitoring of licence conditions Tariff and price methodology Third party access through the grid code Economic impact analysis and assessment Regulatory advocacy with relevant structures Tariff guidelines Maximum price methodology Storage, loading facilities and pipeline licence conditions Application tools to assist new entrants MOU with TNPA	3 Probable	3 Serious	9 Significant	3 Probable	2 Potentially important	6 Moderate	Improve enforcement of compliance with licence conditions Development and regular review of mechanisms for enforcement of 3rd party access Enhanced knowledge sharing and education of new entrants on entry requirements Build in-house research, economic and analytical capacity Enhance analytical acumen	31 March 2019 31 March 2019 31 March 2019 31 March 2019	EM: ELR EM: GAR EM: PPR SM: RAR

				RISK RESPONSE		IEREN RISK	Т		F	RESIDI RISH			DESIR RISI				
NO.	RISK DESCRIPTION	ROOT CAUSE(S)	CONSEQUENCE (S)	Avoid Reduce Share Accept	Likelihood	Impact	Overall Assessment	CONTROLS	Likelihood	Impact	Overall Assessment	Likelihood	Impact	Overall Assessment	MITIGATING STRATEGIES	DUE DATE	RISK OWNERS
5.	Inadequate access of customers to energy services and existing infrastructure at affordable levels	 Inappropriate tariff structures and methodologies to enable infrastructure expansion Regulatory gaps and shortcomings within the legislation and policies Inconsistencies between primary and secondary legislation Lack of emergence of new players in the market Inadequate consumer advocacy Challenges brought about by balancing the triangle of forces of energy supply - (Security of supply, environmental friendly source, affordability) Inadequate – FBE ADD Lack of competition Imbalanced customer mix to augment / enhance cross subsidisation 	Constrained consumer access to affordable energy Inability to contribute to the achievement of government imperatives Uncompetitive and higher energy prices Uncompetitive tariff levels Increased nontechnical losses Encroachment of pipelines and servitudes Higher energy prices Poor access to energy Unaffordable services Incorrect determination of the rate at which licensees can allocate FBE	Reduce	4 Almost certain	4 Significant	16 Catastrophic	 Grid code Customer education and stakeholder engagements Monitoring of FBE implementation Regulatory stakeholder engagement. Regulatory advocacy Tariff methodologies Storage, loading facilities and pipeline licence conditions Monitoring of acceptable prices Tariff guidelines Maximum price methodology International benchmarking on new developments/ technologies Investigations and inspections Monitor and approve distinguishing features Annual report on the monitoring of aggregate gas prices Periodic review of adequacy of competition 	3 Probable	4 Significant	12 Significant	3 Probable	3 Serious	9 Significant	 Develop scope for the review of the South African distribution and transmission grid code Review tariff guidelines every three years or as necessary. Review maximum price methodologies every five years or as necessary Review adequacy of competition Review methodology for uncommitted capacity Review of petroleum pipelines licensing guidelines Review and implement the Non-financial Information (NFI) reporting requirements. 	31 March 2019	EM: ELR EM: GAR EM: PPR SM: RAR

				RISK		IEREN RISK	т		F	RESIDU RISK			DESIR RISH				
NO	RISK DESCRIPTION	ROOT CAUSE(S)	CONSEQUENCE (S)	RESPONSE - Avoid - Reduce - Share - Accept	Likelihood	Impact	Overall Assessment	CONTROLS	Likelihood	Impact	Overall Assessment	Likelihood	Impact	Overall Assessment	MITIGATING STRATEGIES	DUE DATE	RISK OWNERS
6.	Inadequate performance management to assist NERSA in achieving its goals and objectives.	Misalignment between individual and organisational performance measurement Staff turnover and inadequate transitional management Inadequate performance management systems and processes	Loss of credibility due to poor organisational performance Low staff morale Organisational underperformance Loss of institutional memory	Reduce	4 Almost certain	3 Serious	12 Significant	Performance management policy and manual Performance contracts with personal development plans Quarterly monitoring and reporting to the ER Documented organisational policies and procedures Organisational planning, monitoring and reporting processes and procedures aligned to legislated and prescribed timelines	3 Probable	3 Serious	9 Significant	3 Probable	2 Potentially important	6 Moderate	 Moderation of performance contracts and assessments Develop a succession planning policy Training on performance management Skills and competency audit Asses skills development and training Ensure alignment of budget with APP programmes Development of divisional scorecard mechanisms incorporating the link between organisational performance measures and individual performance measures Develop a procedure on organisational performance monitoring, evaluation and reporting 	31 March 2019	EM: COS CHCO CFO SM: SPM SM: COO SM: RSU

Appendix B: Budget Assumptions and Parameters

NERSA BUDGET PLANNING ASSUMPTIONS AND PARAMETERS

The planning assumptions and parameters that are to be utilised in preparing the NERSA 2018/19 budget and forecasts for 2019/20 and 2020/21.

1. INTRODUCTION

- 1.1 The 2018/19 Budget is prepared within tight fiscal constraints and strict guidelines from National Treasury.
- 1.2. According to National Treasury all entities compensation budget limits remain in place and entities are also required to demonstrate in their Human Resources Budget Plan how they are managing their personnel establishment accordingly.
- 1.3. Entities must continue to seek cost containment and improved efficiency by undertaking appropriate activities that result in savings and are to the NERSA business objective.
- 1.4. Entities must include implementing the initiatives emanating from the Chief Procurement Office, and must be clearly demonstrated in the budget submissions.

2. BUDGETING PRINCIPLES

- 2.1. The budget is aimed at achieving the NERSA objectives as contained in the Strategic Plan, APP as well as the development of staff and moving towards becoming a world-class Energy Regulator.
- 2.2. The budget is linked to projects and programmes in the Strategic Plan and Annual Performance Plan.
- 2.3. Expenditure items are justified based on legal requirements, NERSA policies and regulatory mandate.
- 2.4. Costs that can be directly attributable to an industry-specific regulatory function are charged directly to that function.
- 2.5. Costs that cannot directly attributable to an industry-specific regulatory function, but are incurred as common costs in order to support the three industry-specific regulatory functions, are allocated between the three industry-specific regulatory functions using the ratio proportionate to the approved staff complement attributable to the industry-specific function
 - o The current ratio is 58% for the electricity industry regulation; 21% for the petroleum pipeline industry regulation; and 21% for the piped-gas industry regulation. This ratio is mainly based on the staff compliment and it did not materially change with the implementation of the Organization Review project.
- 2.6. A cash-flow risk mitigation reserve is held by the Energy Regulator to overcome timing differences between the start of the financial year and the start of levy payment by the industries.

 The reserve is based on 3 months employment cost for the electricity, piped-gas and petroleum pipelines industry and 4.5% of the annual operating expenditure.
- 2.7. The funding requirements from each industry is determined for each year to cover the total expenditure (operating and capital) allocated to the regulation of the industry.
- 2.8. Employment costs are budgeted at full-approved staff complement and are based on the projected salary increase. In the current budget (2018/19) the staff complement is assumed to be the recently approved structure in terms of the Organisational Review Project.

3. ECONOMIC FACTORS

3.1. Inflation rate

The outlook for consumer price inflation (CPI) for the next three years is expected to be around an average of 5.6%. The CPI figures are provided by the National Treasury.

The inflation rate is used to determine the level at which recurrent expenditure items should increase.

Financial Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Approved Budget	Budget	Forecast	Forecast
Inflation rate – CPI	5.47	6.2	6.2	5.7	5.6	5.5

3.2. Exchange rate of the Rand

This exchange rate forecast is based on the information provided by the National Treasury in the 2018 Medium Term Expenditure Framework (MTEF) Technical Guidelines.

The exchange rate is used when calculating the budget for international travel as well as other expenses where payments are made in foreign currency.

Financial Year	2015/16 Actual	2016/17 Actual	2017/18 Approved Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
Exchange Rate of the Rand to the US Dollar (R/USD)	12.14	12.63	15.68	14.41	14.70	14.99

3.3. Economic growth

This economic growth forecast is based on the information provided by the National Treasury in the 2018 Medium Term Expenditure Framework (MTEF) Technical Guidelines.

Financial Year	2015/16 Actual	2016/17 Actual	2017/18 Approved Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
Economic Growth rate %	0.2	1.2	1.0	1.8	2.1	2.3

3.4. Industry volumes and growth

Industry volumes are used in calculating the levy rate payable by each industry based on the required expenditure budget minus any refunds approved by the Energy Regulator.

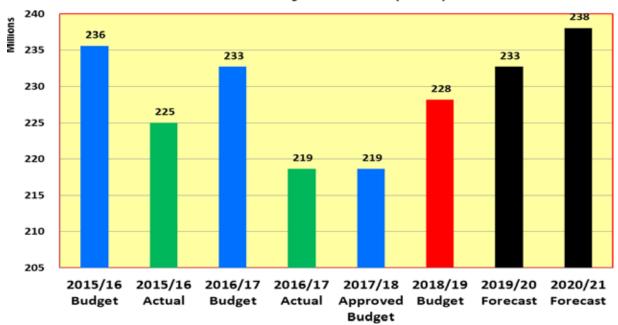
The volumes amounts were provided by licensees in the respective industry regulation. For the forecast of 2019/20 and 2020 /21 the percentage increase is the lower of economic growth rate or the amount provided by licensees.

3.4.1. Electricity Volumes

The budgeted volumes are based on ESKOM projections plus 5% that is added for small electricity generators.

ELECTRICITY	2015/16 Actual	2016/17 Actual	2017/18 Approved Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
Net electricity sent out from licensed power stations (MWh)	224 990 132	228 572 726	218 690 408	228 180 000	232 697 964	238 050 017
Electricity volume growth %		1.59%	-4.32%	4.34%	1.98%	2.30%

Electricity Volumes (Mwh)



Electricity Volumes Forecast assumptions and risk factors:

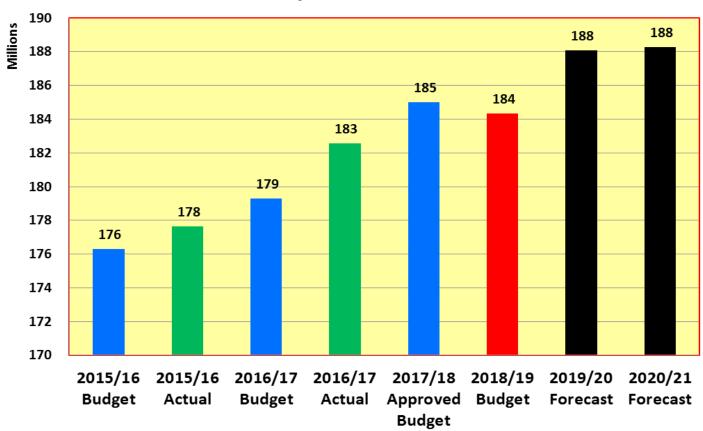
- Energy availability factors
- New build commercial operation dates
- Load factors on cycles Gas Turbines

3.4.2. Piped Gas Volumes

The budgeted volumes are based on Sasol Gas projections.

PIPED GAS	2015/16 Actual	2016/17 Actual	2017/18 Approved Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
Piped-gas volume delivered at inlet flange of licensed pipelines (GJ)	177 646 926	182 567 070	184 997 737	184 388 024	188 061 552	188 268 520
Piped-gas volume growth %		2.77%	1.33%	(0.33%)	2.02%	0.11%

Piped Gas Volumes



Piped Gas Volumes Forecast assumptions and risk factors:

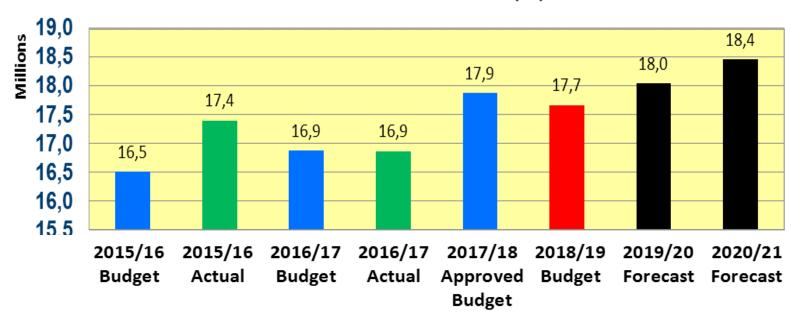
- Customers volumes limited to Annual Contracted Quantities
- Customers currently in business rescue will be fully ramped up by 2019
- A positive outlook forecasted for steel industry due to government intervention

3.4.3. Petroleum Pipelines Volumes

The budgeted volumes are based in Transnet Pipelines projections.

Petroleum Pipelines	2015/16 Actual	2016/17 Actual	2017/18 Approved Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
Petroleum volumes delivered at inlet flange of licensed pipelines (kl)	17 391 942	16 856 464	17 864 000	17 659 134	18 021 976	18 444 665
Petroleum pipelines volume growth %		-3.08%	5.98%	(1.15%)	2.10%	2.3%

Petroleum Volumes (kl)



Petroleum Pipelines Volumes Forecast assumptions and risk factors:

Petrol

- Big shift into Petrol 95
- More efficient and smaller cars being used possibility
- Possibly people opting to use available public transport (Gautrain and Gaubus, Reya Vaya, My-City in Cape Town other bus services)
- Slow economic growth

Diesel

- Shift from 500ppm to 50ppm more consumers are switching to lower Sulphur
- 10ppm there's a possibility that some diesel users previously 500ppm are moving to 10ppm.
- Drought affecting farmers and activities requiring diesel usage may have been affected
- Eskom PetroSA is no longer supplying ESKOM with diesel
- Slow economic growth Economic growth

SALARY PROJECTIONS

	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Approved Budget	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
Permanent Staff (incl FTRM) (Headcount)	167	166	180	249	256	256	256
Permanent Employees Salary Bill (excl Bonus)	R122,0 M	R126.5 M	R154.4 M	R175.5 M	R202.51 M	R213.8. M	R229.6 M
Vacancy Rate %	7%	8%	11%	10%	5%	5%	5%
Temporary Staff (Headcount)	46	55	52	-	5	6	7
Temporary Employees Salary Bill	R14,9 M	R18.2 M	R20.3 M	R440 000	R1.0 M	R1.2 M	R1.4 M
Performance Bonus	R20,4 M	R19.6 M	R25.5 M	R38.8 M	R43 M	R46.1 M	R50 M
Bonus/ Salaries %	18.4%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%
Average Performance Score	4.0	4.1	4.1	4.1	4.1	4.1	4.1
NERSA Annual Performance	96%	92%	98%	98%	98%	98%	98%

As NERSA is a knowledge-based institution, the retention of staff is a priority and it is therefore important that the salary is market related for the skills necessary that is required.

- 4.1. The above estimated salary increase of CPI +1.0% (6.7%) for 2018/19 is based on the multi-year salary agreement between NERSA and NEHAWU. The 2019/20 and 2020/21 projected salary increase is based on the forecasted CPI +1.0%.
- 4.2. NERSA is budgeting for temporary staff standing in for permanent staff going on maternity leave.

- 4.3. The performance bonus is based on previous year's actual payments and forecast based on average performance per employee.
- 4.4. The average staff performance is budgeted at 18.5% in 2018/19; 2019/20 and 2020/21 to be in line with the actual performance for 2014/15; 2015/16 and 2016/17 as well as what was budgeted for 2017/18.
- 4.5. NERSA's annual organisational performance has also increased from 92% in 2014/15 to 98% in 2016/17 with continued improvements forecasted going forward to 2020/21.

5. TREND ANALYSIS

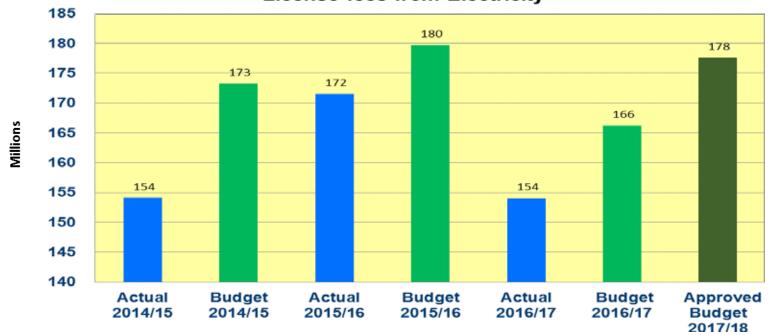
The purpose of this trend analysis is to review historical trends between Budget and Actual amounts for Levies Received, Operating Expenditure and Capital Expenditure.

5.1. Levies Received

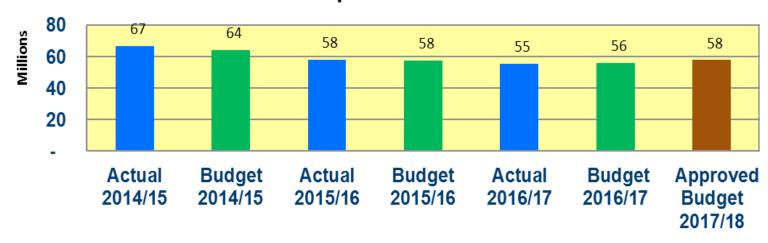
Actual Levies received were traditionally under budget due to higher than expected Forecasted Volumes received or late submissions from Licensees. This process has now been streamlined and the budget amounts are becoming more accurate.

Financial Year	Actual 2014/15 R'000	Budget 2014/15 R'000	Actual 2015/16 R'000	Budget 2015/16 R'000	Actual 2016/17 R'000	Budget 2016/17 R'000
License fees from Electricity	154 093	173 192	171 547	179 666	154 012	166 210
Levies from Piped Gas	66 988	64 357	58 144	57 702	55 426	55 946
Levies from Petroleum Pipeline	69 181	66 130	75 446	71 577	66 743	66 781
Total Levies received	290 263	303 679	305 137	308 945	276 181	288 937
% Variance – Under		4.62%		1.25%		4.62%

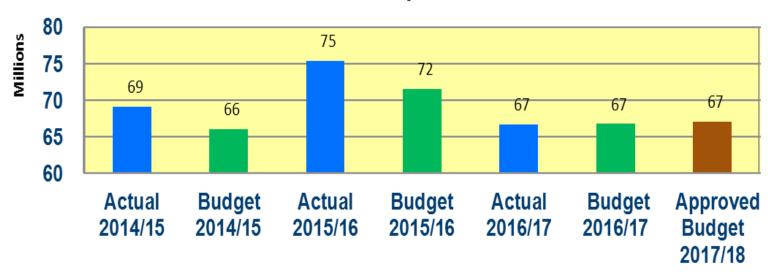
License fees from Electricity



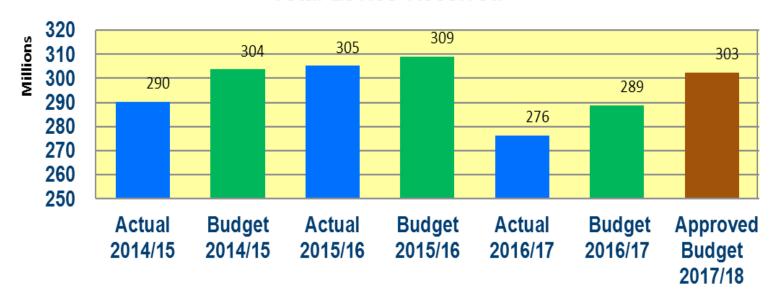
Levies Piped Gas Received



Levies Petroleum Pipeline Received



Total Levies Received

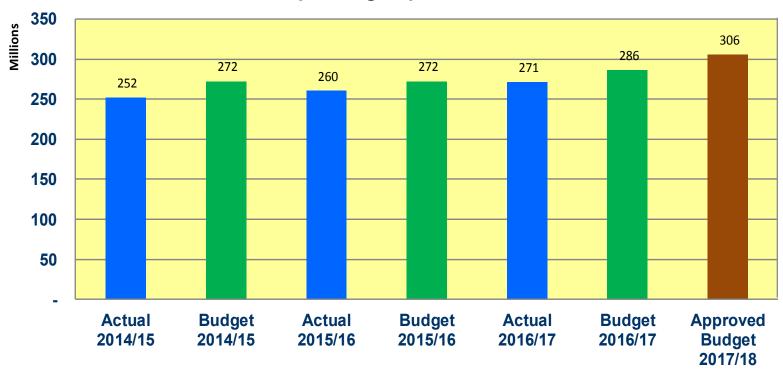


5.2. Operating Expenditure

Operating Expenditure was traditionally under budget due to cost containment initiatives and streamlined processes. In future we expect less under-expenditure as cost containment factors are taken into account at budgeting stage.

	Actual	Budget	Actual	Budget	Actual	Budget
Financial Year	2014/15	2014/15	2015/16	2015/16	2016/17	2016/17
	R'000	R'000	R'000	R'000	R'000	R'000
Operating Expenditure	252 119	272 354	260 309	285 453	271 243	286 269
% Variance – Under		8.03%		9.66%		5.54%

Operating Expenditure

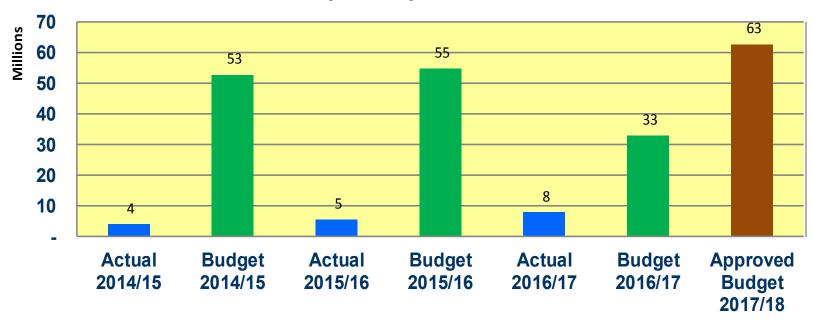


5.3. Capital Expenditure

Capital Expenditure is below budget due to the start of the Refurbishment Project being delayed. This multi-year project has commenced in 2016/17 and will continue into 2017/18 and 2018/19.

Financial Year	Actual 2014/15 R'000	Budget 2014/15 R'000	Actual 2015/16 R'000	Budget 2015/16 R'000	Actual 2016/17 R'000	Budget 2016/17 R'000
Capital Expenditure	3 951	52 723	5 468	54 626	7 808	32 850
% Variance – Under		92.51%		89.99%		76.23%

Capital Expenditure



6. PROGRAM BUDGETING

6.1. Strategic objectives per programme

- NERSA believes that its services add value to the electricity, piped-gas and petroleum pipelines industries in support of government's economic and social objectives.
- These underscore NERSA's role in facilitating the achievement of the national socio-economic and socio-political development agenda.
- Value has been added in each of the following six strategic outcome oriented programmes that are cascaded from the mandate and reflect the key policy priorities of government.
- The strategic outcome-oriented objectives within the limit of its mandate and which guides the programmes and the budgeting process thereof are:

6.1.1. PROGRAMME 1: Setting and/or approval of tariffs and prices

Sector		Strategic Objectives
Electricity Industry Regulation		To ensure financially sustainable supply of electricity by municipalities and private distributors To ensure affordability of electricity supply to low-income households
	•	To facilitate the sustainability of electricity supply by Eskom
Piped-Gas Industry Regulation	•	To provide piped-gas price certainty To provide piped-gas tariff certainty
Petroleum Pipelines Industry Regulation	•	To promote access to petroleum products, security of supply and investment in the petroleum pipelines industry

6.1.2. PROGRAMME 2: Licensing and registration

Sector		Strategic Objectives
Electricity Industry Regulation	•	To control entry and ensure orderly development of the electricity industry
Piped-Gas Industry Regulation	•	To ensure orderly development of the piped-gas industry by efficient licensing To ensure orderly development of the piped-gas industry by efficient registration of gas imports and production
Petroleum Pipelines Industry Regulation	•	To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure

6.1.3. PROGRAMME 3: Compliance monitoring and enforcement

Sector	Strategic Objectives
Electricity Industry Regulation	To promote the quality and reliability level of electricity supply
Piped-Gas Industry Regulation	 To ensure the supply of 120m GJ p.a. from Mozambique to South Africa (in terms of Schedule One of the Agreement) To create a reputable competitive, sustainable and safe industry by enforcing compliance with licence conditions To advise government on the impact of the implementation of the Regulatory Agreement
Petroleum Pipelines Industry Regulation	 To monitor infrastructure utilisation and third-party access To monitor the development of infrastructure To monitor licensees' compliance with statutory reporting requirements

6.1.4. PROGRAMME 4: Dispute resolution, including mediation, arbitration and handling of complaints

Sector		Strategic Objectives
Electricity Industry Regulation		To create a fair balance between the needs of all stakeholders
Piped-Gas Industry Regulation		To ensure fairness and equity in the piped-gas market
Petroleum Pipelines Industry Regulation	•	To promote the efficient, effective, sustainable and orderly development, operation and use of petroleum pipelines infrastructure

6.1.5. PROGRAMME 5: Setting of rules, Guidelines and codes for the regulation of these three energy industries

Sector	Strategic Objectives
Electricity Industry Regulation	To ensure non- discriminatory access to as well as safe and reliable operation of the electricity infrastructure
Petroleum Pipelines Industry Regulation	To enhance regulatory certainty To enhance the regulatory dispensation

6.1.6. PROGRAMME 6: Establishing NERSA as an efficient and effective Regulator

Sector	Strategic Objectives
Piped-Gas Industry Regulation	 To engage in the debate on gas policy and legislation To facilitate understanding of the regulatory framework by stakeholders
Petroleum Pipelines Industry Regulation	To promote Security of Supply
Transversal Regulatory	 To determine the impact of regulatory decisions To empower stakeholders with relevant energy industry as well as economic regulatory knowledge and information
Organisational	 To create an efficient and effective world-class organisation To position and promote the good image of NERSA To improve the effectiveness of the financial processes, systems and procedures To influence energy sector policy development and amendments to legislation through regulatory and policy advocacy

Expenditure/Cost allocation per programme per industry (%) 6.2.

- These cost centres perform various activities across the six programmes outlined in 6.1 above.
- For purposes of allocating expenditure/cost to the six programmes, a percentage based on time spent on the programme by each cost centre is used as demonstrated below.

6.2.1. Electricity industry regulation cost centres allocation

010	Programmes								
Cost Centres	1	2	3	4	5	6	Total %		
Electricity Regulation	20%	20%	20%	20%	20%	-	100%		
Electricity Pricing & Tariffs	60%	10%	10%	10%	10%	-	100%		
Electricity Licensing, Compliance & Dispute Resolution	-	40%	30%	30%	-	-	100%		
Electricity Infrastructure Planning	10%	-	80%	-	10%	-	100%		
Special Support Units	-	-	-	-	-	58%	58%		

6.2.3. Piped-gas industry regulation cost centres allocation

Cost Centres	Programmes							
Cost Gentres	1	2	3	4	5	6	Total %	
Piped-Gas Regulation	20%	20%	20%	20%	20%	-	100%	
Gas Pricing & Tariffs	100%	-	-	-	-	-	100%	
Gas Licensing, Compliance & Dispute Resolution	-	40%	40%	20%	-	-	100%	
Gas Competition and Markets	-	-	30%	30%	40%		100%	
Special Support Units	-	-	-	-	-	21%	21%	

6.2.3. Petroleum pipeline industry regulation cost centres allocation

Cost Centres	Programmes								
Cost Centres	1	2	3	4	5	6	Total %		
Petroleum Pipeline Regulation	20%	20%	20%	20%	20%	-	100%		
Petroleum Licensing, Compliance & Dispute Resolution	-	40%	40%	20%	-	-	100%		
Petroleum Pipelines Tariffs	75%	-	15%	-	10%	-	100%		
Special Support Units	-	-	-	-	-	21%	21%		

7. REGULATORY FACTORS

These industry specific and cross-cutting regulatory factors are likely to influence the regulatory programmes and projects of the Energy Regulator during the 2018/19 budget period.

Electricity industry regulation 7.1.

- Eskom's 1 year determination implementation establishment of customer end user forums 1.
- 2. Amendment of the NERSA Act and the ERA.
- 3. Commercial operation of the licensed 47 bidders from DoE's RE IPP procurement program
- Review of the IRP2010 (IRP 2017) in 2017/8 with a reduced demand forecasts 4.
- Excess capacity/compliance enforcement to improve supply reliability 5.
- Implementation of the DoE IPP procurement program based on the Minister of Energy determination including renewable energy and conventional generation plants 6.
- Framework for Reseller/Trader regulation 7.
- Delay in Regulations (Electricity Regulation Act) 8.
- Municipal maintenance and refurbishment 9.
- Compliance monitoring and enforcement of license conditions 10.
- An overlap in regulatory mandate with other regulators or institutions 11.

7.2. Piped gas industry regulation

- Limited regulatory approach in the Gas Act 1.
- 2. Inconsistencies in the empowering provisions of the Gas Act and the Regulations
- 3. Potential investors / gas suppliers awaiting policy signals and commitment
- Coordination / cooperation among regulatory authorities 4.
- 5. Cross border asset risks
- Monopoly supplier / Lack of adequate gas resources 6.

Petroleum pipeline industry regulation

- Security of supply 1.
- Enforcement of third party access 2.
- Implementation of Bulk storage decision 3.
- Review of the Tariff Methodology 4.
- Regulatory framework/ legislative issue 5.
- 6. Cross border issues
- 7. Issues of Interconnections
- **Compliance Monitoring & Enforcement** 8.
- Impediments to infrastructure 9.

7.4. Cross cutting

- 1. Information asymmetry
- 2. Management of concurrent jurisdiction
- 3. Perception of independence of the Regulator
- 4. Guidelines for cross border trading
- 5. Implementation of regulatory programmes and projects approved at continental and regional level

8. BUDGET PROCESS

The key budget dates for the 2018/19 budget process are outlined below:-

#	Item	Date			
1	Budget Assumptions and Parameters - REC - FIC - ER	17 July 2017 25 July 2017 27 July 2017			
2	DRAFT 2018/19 budget tabled at Regulator Executive Committee (REC)	31 July 2017			
3	Proposed budget tabled at Extended Finance Committee	11 Aug 2017			
4	Energy Regulator approves the proposed budget	24 Aug 2017			
5	Obtain CEO approval to Gazette 2018/19 budget and invite representation	30 August 2017			
6	Submission to the DOE and National Treasury	31 August 2017			
7	Obtain CEO approval to Gazette 2018/19 levies (Petroleum Pipelines and Piped Gas) and invite representation	1 September 2017			
8	Closing date for representations	9 October 2017			
9	Resolve representations if any, and obtain approval from Energy Regulator for changes to budget by round-robin	11 October 2017			
10	Letter to Minister of Energy to approve levies in concurrence of the Minister of Finance	16 October 2017			
11	Follow-up on Ministerial Approval	Dec 2017 to Mar 2018			
12	Gazette approved levies for 2018/19 (Gas & Petroleum)	After approval by the Minister (approval by 31 March latest)			

Appendix C: Funding for NERSA

FUNDING FOR THE NATIONAL ENERGY REGULATOR

- 1. In terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), the National Energy Regulator (NERSA) will be funded through money appropriated by Parliament; levies and license fees imposed by or under separate legislation; charges for dispute resolution and other services rendered in terms of the Act. However, it suffices to say that the most prudent form of funding for all three industries is through levies and license fees.
- For electricity, it is further provided that its funding will include donations or contributions received from any person or entity, as provided for in section 5B of the Electricity Act, (Act No. 47 of 1987).
- 3. Levies from the petroleum pipelines industry and piped-gas industry are imposed in terms of the Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004) and the Gas Regulator Levies Act, 2002 (Act No. 75 of 2002) respectively.
- 4. Under Section 5B of the Electricity Act [which has not been repealed with the operationalisation of the Electricity Regulation Act, 2006 (Act No. 4 of 2006)], the Minister of Energy prescribes the electricity licence fees by Notice in the Government Gazette.
- 5. Under the Petroleum Pipeline Levies Act and the Gas Regulator Levies Act, the Energy Regulator first publishes the intended levies for the public to make representations, considers the representation and submits a report to the Minister of Energy on the representations and how the representations affected the levies. After the approval by the Minister of Energy, in concurrence with the Minister of Finance, the Energy Regulator publishes a Notice in the Government Gazette of the approved levies for at least thirty days before the piped-gas and petroleum pipelines industries start paying the levies.
- 6. With regard to the electricity industry, the budget for regulating this industry will use the variable of 'net kilowatt-hour generated' to determine the relative percentage contribution of each generation licensee to the licence fees as prescribed by Section 5B of the Electricity Act.
- 7. In order to calculate the licence fees, the estimated energy production figures for the 2018 calendar year for the Electricity Industry are used. From the energy production, figures the net energy that has been sent out by every electricity generator is calculated (the difference between the gross energy produced and the amount of energy used during the generation process). The unit for this figure is kilowatt-hour. The licence fees are determined by dividing the budget for the electricity industry by the total amount of energy sent out. This provides a figure measured in cents per kilowatt-hour.
- 8. With regard to the piped-gas industry, the budget for regulating this industry will use the variable of 'gigajoules entered into the system' to determine the relative percentage contribution of each pipeline licensee to the levy. The estimated volumes are obtained from Sasol in this regard.
- 9. For the piped-gas industry, the levy is payable by the holders of the title to gas as it enters the system licensed by NERSA and is based on gigajoules.
- 10. With regard to the petroleum pipelines industry, the budget for regulating this industry will use the variable of 'litres entered into the system' to determine the relative percentage contribution of each owner of petroleum to the levy.
- 11. For petroleum pipelines, the levy is payable by the holders of the title to the petroleum product as it enters the system licensed by NERSA and is based on litres.

Appendix D: Executive Summary – Budget 2018/19

EXECUTIVE SUMMARY

Funding

Funding is obtained by charging levies/licence fees to the relevant industries. Interest receivable from the banks, other income and refund of surplus funds from previous financial years have been allocated and deducted from the leviable amount in order to calculate the levy/licence fee rate for the 2018/19 budget.

The total funding requirement for the 2018/19 budget is 9.80% higher than the 2017/18 funding requirement. The calculation was completed after taking into account the effects of refunds to the industries and interest receivable.

The forecast funding requirement for the 2019/20 financial year increases by 6.28% and increases by 7.02% in 2020/21 due to changes in refunds to industries and projected increase in expenditure.

The industry levies/licence fees are influenced by changes in volumes, expenditure, other income and refunds to industries. The levies/licence fees for 2017/18 will change as follows compared to the previous financial year.

Industry	Volumes	Industry Operating Expenditure	Support Service Allocation	Capital Expenditure	Interest and Other Income	Refunds to Industry	TOTAL
Electricity	(4.56%)	5.85%	4.90%	(7.32%)	(1.72%)	7.71%	4.98%
Piped-Gas	(2.16%)	12.12%	5.44%	(8.13%)	(1.91%)	12.30%	17.67%
Petroleum Pipelines	0.14	5.19%	4.70%	(7.01%)	(1.65%)	(0.65%)	(2.02%)

Operating Expenditure

Operating expenditure for the 2018/19 financial year amounts to R342 million, which is 11.7% higher than the R306 million of 2017/18. The variance per category can be summarised as follows:

- Advertising, Promotion and Communication decreases by 12.8%
- Employment Costs increases by 15.2%
- Facilities Management increases by 25.5%
- Office Administration decreases by 16.9%
- Professional fees increases by 5.8%
- Travel, Accommodation and Training increases by 21.7%
- Other Expenses increases by 1.7%

Capital Expenditure

Capital expenditure for the 2018/19 financial year amounts to R40 million, which is 35.8% lower than the R63 million for 2017/18.

Appendix E: BUDGET 2018/19 Income and Expenditure

CONSOLIDATED Summary

ANNUAL BUDGET FOR THE YEAR 2018/19

CONSOLIDATED

INCOME AND EXPENDITURE BUDGET 2018/19 AND FORECAST FOR THE PERIOD 2019/20 AND 2020/21

		Α	В		С	Е	2	3	F	Н
		BUDGET	ACTUAL	% Variance	APPROVED BUDGET	CONSOLIDATED BUDGET	% Variance	% Variance (B E)	FORECAST	FORECAST
		BUDGET	ACTUAL	(A /B)		BUDGET	(E / C)	(B E)	FURECASI	FURECAST
DESCRIPTION	NOTES	2016/17	2016/17		2017/18	2018/19			2019/20	2020/21
TOTAL INCOME		296 497 120	288 864 081	(2,6%)	308 594 612	343 509 397	11,3%	18,9%	365 213 805	390 908 023
Levies from Electricity Industry	1	166 210 126	154 012 303	(7,3%)	177 563 453	194 487 085	9,5%	26,3%	211 035 259	224 085 259
Levies from Piped-Gas Industry	2	55 945 854	55 425 537	(0,9%)	57 878 841	69 355 644	19,8%	25,1%	82 682 129	89 827 778
Levies from Petroleum Pipeline Industry	3	66 781 465	66 743 172	(0,1%)	67 062 657	68 321 736	1,9%	2,4%	59 302 241	63 887 954
Interest received	4	7 503 557	12 189 709	62,5%	6 013 235	11 279 888	87,6%	(7,5%)	12 125 879	13 035 320
Rental Income		56 118	71 335	27,1%	76 426	65 045	(14,9%)	(8,8%)	68 297	71 712
Other Income			422 025	0,0%			, ,	, , ,		
TOTAL OPERATING EXPENDITURE		286 269 045	266 923 970	(6,8%)	305 774 193	341 667 902	11,7%	28,0%	360 801 305	386 203 911
Advertising, Promotion and Communication	5	10 863 856	9 339 967	(14,0%)	17 368 796	15 151 814	(12,8%)	62,2%	16 000 316	16 992 336
Employment cost	6	189 522 873	179 652 246	(5,2%)	210 606 252	242 516 493	15,2%	35,0%	256 097 417	275 008 382
Facilities Maintenance	7	10 868 201	10 335 206	(4,9%)	8 765 399	10 998 074	25,5%	6,4%	11 613 966	12 334 032
Office Administration	8	10 627 877	8 952 529	(15,8%)	14 255 902	11 841 773	(16,9%)	32,3%	12 504 912	13 280 217
Professional fees	9	31 545 874	26 698 298	(15,4%)	27 696 468	29 294 412	5,8%	9,7%	30 934 899	32 852 862
Travel, Accommodation and Training	10	27 114 886	26 220 645	(3,3%)	21 589 195	26 282 257	21,7%	0,2%	27 754 063	29 474 815
Other Expenses	11	5 725 478	5 725 079	(0,0%)	5 492 181	5 583 080	1,7%	(2,5%)	5 895 732	6 261 268
				(3,2.14)			.,.,.	(=, - 1 - 9		
NET SURPLUS/ (DEFICIT) before Depreciation		10 228 075	21 940 111	114,5%	2 820 419	1 841 495	(34,7%)	(91,6%)	4 412 500	4 704 111
Depreciation		9 176 816	4 485 928	(51,1%)	8 087 437	-	(100,0%)	(100,0%)	-	-
NET CURRILIO (DEFICIT) (, , ,		4 054 050	47 454 400	4500.00/	(5.005.040)	4 044 405	0.00/	(00.40/)	4 440 500	4 =04 444
NET SURPLUS/ (DEFICIT) for the period		1 051 259	17 454 183	1560,3%	(5 267 018)	1 841 495	0,0%	(89,4%)	4 412 500	4 704 111
TOTAL CAPITAL EXPENDITURE	12	32 850 000	7 807 855	(76,2%)	62 596 534	40 200 000	(35,8%)	414,9%	21 600 000	19 400 000
Motor vehicles	12.1			0.0%	600 000	800 000	33,3%	0.0%		800 000
Computer software	12.2	600 000	800 133	33,4%	15 496 534	2 650 000	(82,9%)	231,2%	9 600 000	6 600 000
Office furniture and equipment	12.3	9 500 000	1 613 509	(83,0%)	4 000 000	3 500 000	(12,5%)	116,9%	4 000 000	4 000 000
Building improvements	12.4	20 000 000	3 646 418	(81,8%)	40 000 000	30 000 000	(25,0%)	722,7%	5 500 000	5 500 000
Computer hardware	12.5	2 750 000	1 747 795	(36,4%)	2 500 000	3 250 000	30,0%	85,9%	2 500 000	2 500 000
Funding Requirement (Opex excl Dep + Capex less refunds and interest and other income)		311 559 370	262 470 780	(15,8%)	302 504 952	332 164 466	9,80%	26,6%	348 654 331	373 118 462

Appendix F: NERSA Consolidated Budget

ANNUAL BUDGET FOR THE YEAR 2018/19

CONSOLIDATED

CONSOLIDATED										
INCOME AND EXPENDITURE BUDGET 2018/19 A	ND FORECA			020/21						
		Α	В		С	E	2	3	F	Н
				%			%	%		
				Variance	APPROVED	CONSOLIDATED		Variance		
		BUDGET	ACTUAL	(A /B)	BUDGET	BUDGET	(E / C)	(B E)	FORECAST	FORECAST
DESCRIPTION	NOTES	2016/17	2016/17		2017/18	2018/19			2019/20	2020/21
TOTAL INCOME		296 497 120	288 864 081	(2,6%)	308 594 612	343 509 397	11,3%	18,9%	365 213 805	390 908 023
Levies from Electricity Industry	1	166 210 126	154 012 303	(7,3%)	177 563 453	194 487 085	9,5%	26,3%	211 035 259	224 085 259
Levies from Piped-Gas Industry	2	55 945 854	55 425 537	(0,9%)	57 878 841	69 355 644	19,8%	25,1%	82 682 129	89 827 778
Levies from Petroleum Pipeline Industry	3	66 781 465	66 743 172	(0,1%)	67 062 657	68 321 736	1,9%	2,4%	59 302 241	63 887 954
Interest received	4	7 503 557	12 189 709	62,5%	6 013 235	11 279 888	87,6%	(7,5%)	12 125 879	13 035 320
Rental Income		56 118	71 335	27,1%	76 426	65 045	(14,9%)	(8,8%)	68 297	71 712
Other Income			422 025	0,0%						
TOTAL OPERATING EXPENDITURE		286 269 045	266 923 970	(6,8%)	305 774 193	341 667 902	11,7%	28,0%	365 166 602	390 886 441
National/International/Initiatives	5.1	118 400	-	(100,0%)	800 000	620 752	(22,4%)	0,0%	655 514	696 156
Publication and Commnunications		3 200 000	2 661 462	(16,8%)	3 540 000	3 626 800	2,5%	36,3%	3 829 901	4 067 355
Advertising	5.2	6 715 536	6 073 973	(9,6%)	9 308 796	7 099 262	(23,7%)	16,9%	7 496 821	7 961 624
Stakeholder Meetings		510 000	604 532	18,5%	540 000	565 000	4,6%	(6,5%)	596 640	633 632
Tribunals, hearings and inquiries		319 920	_	(100,0%)	3 180 000	3 240 000	1,9%	0,0%	3 421 440	3 633 569
Advertising, Promotion and Communication	5	10 863 856	9 339 967	(14,0%)	17 368 796	15 151 814	(12,8%)	62,2%	16 000 316	16 992 336
Gross Salaries	6.1	130 740 967	126 409 885	(3,3%)	163 334 640	190 597 338	16,7%	50,8%	204 701 541	219 849 455
Learnership Allowance	6.2	792 000	497 453	(37,2%)	871 200	958 320	10,0%	92,6%	1 029 236	1 105 399
Internship Allowance	6.3	936 000	807 280	(13,8%)	1 029 600	1 132 560	10,0%	40.3%	1 216 369	1 306 381
Leave pay	6.4	1 056 676	1 453 415	37,5%	1 463 266	1 581 498	8,1%	8,8%	1 698 529	1 824 220
Leave pay: Regulator Members	6.5	364 458	544 627	49,4%	364 458	28 096	(92,3%)	(94,8%)	30 175	32 408
Performance Bonus - FTRM	0.0	1 183 342	722 416	(39,0%)	1 196 963	1 076 834	(10,0%)	49,1%	1 156 520	1 242 103
Performance Bonus - Staff		22 225 965	21 270 167	(4,3%)	30 216 908	35 260 508	16,7%	65,8%	37 869 785	40 672 149
Remuneration - FTRM		8 452 445	4 194 123	(50,4%)	8 549 735	7 691 675	(10,0%)	83.4%	8 260 859	8 872 162
Publication Incentives		_	45 000	0,0%	300 000	300 000	0,0%	566,7%	322 200	300 000
Remuneration - PTRM and External Members	6.5	2 678 757	1 899 241	(29,1%)	2 839 482	2 889 663	1,8%	52,1%	3 103 499	3 333 157
Salary temporary staff	6.5	21 092 263	21 808 640	3,4%	440 000	1 000 000	127,3%	(95,4%)	1 074 000	1 153 476
Employment cost	6	189 522 873	179 652 246	(5,2%)	210 606 252	242 516 493	15,2%	35,0%	260 462 713	279 690 911
Maintenance	7.1	6 000 000	5 944 518	(0,9%)	4 150 000	5 500 000	32,5%	(7,5%)	5 808 000	6 168 096
Motor vehicles	7.1	268 333	177 814	(33,7%)	245 546	225 000	(8,4%)	26,5%	237 600	252 331
Municipal Charges	7.2	4 062 000	3 722 545	(8,4%)	3 870 937	4 626 000	19,5%	24.3%	4 885 056	5 187 929
Insurance	7.3	537 868	490 329	(8,8%)	498 916	647 074	29,7%	32,0%	683 310	725 675
Facilities Maintenance	7	10 868 201	10 335 206	(4,9%)	8 765 399	10 998 074	25,5%	6,4%	11 613 966	12 334 032
Office Operational Expenses	8.1	1 358 278	1 411 676	0.0%	972 974	1 366 386	40,4%	(3,2%)	1 442 904	1 532 364
Office operational costs: Leases	8.2	1 400 000	1 258 302	(10,1%)	2 600 000	1 400 000	(46,2%)	11,3%	1 478 400	1 570 061
Postage and delivery costs		287 405	198 519	(30,9%)	274 681	272 153	(0,9%)	37,1%	287 394	305 212
Information Technology Operations	8.3	-	-	0,0%	1 550 600	1 638 984	5,7%	0,0%	1 730 767	1 838 075
Software licenses	8.4	3 209 895	2 646 964	(17,5%)	4 950 000	3 150 000	(36,4%)	19,0%	3 326 400	3 532 637
Stationery and Printing		1 773 497	1 420 201	(19,9%)	1 489 328	1 555 130	4,4%	9,5%	1 642 218	1 744 035
Organizational Membership Subscription	8.5	1 251 377	1 125 740	(10,0%)	1 274 496	1 416 446	11,1%	25,8%	1 495 767	1 588 505
Professional Membership Subscription		101 073	75 369	(25,4%)	141 824	128 741	(9,2%)	70,8%	135 951	144 380
Telephone and fax	8.6	1 246 352	815 757	(34,5%)	1 002 000	913 932	(8,8%)	12,0%	965 112	1 024 949
Office Administration	8	10 627 877	8 952 529	(15,8%)	14 255 902	11 841 773	(16,9%)	32,3%	12 504 912	13 280 217
Consultant fees	9.1	16 844 128	11 354 416	(32,6%)	14 193 335	13 860 000	(2,3%)	22,1%	14 636 160	15 543 602
External auditors fees	j	2 790 937	2 201 211	(21,1%)	2 303 133	2 434 412	5,7%	10,6%	2 570 739	2 730 125
Recruitment costs	9.2	2 110 809	2 227 810	5,5%	3 000 000	2 000 000	(33,3%)	(10,2%)	2 112 000	2 242 944
Legal fees	9.3	7 800 000	8 846 447	13,4%	6 200 000	9 000 000	45,2%	1,7%	9 504 000	10 093 248
Co-sourced internal audit function		2 000 000	2 068 415	3,4%	2 000 000	2 000 000	0,0%	(3,3%)	2 112 000	2 242 944

		Α	В		С	E	2	3	F	Н
		BUDGET	ACTUAL	% Variance (A /B)	APPROVED BUDGET	CONSOLIDATED BUDGET	% Variance (E / C)	Variance (B E)	FORECAST	FORECAST
DECORIDATION	NOTES	2016/17	2016/17	` '	2017/18	2018/19		` ′	2019/20	2020/21
DESCRIPTION Professional fees	NOTES _	31 545 874	26 698 298	(15,4%)	27 696 468	29 294 412	5,8%	9,7%	30 934 899	32 852 862
Learnership programme	•	1 000 000	718 491	(28,2%)	1 000 000	1 000 000	0,0%	39,2%	1 056 000	1 121 47
Study fees	10,1	1 492 027	912 373	(38,9%)	985 130	1 120 330	13,7%	22,8%	1 183 068	1 256 41
External Bursaries	10,2	1 402 021	012 070	0,0%	300 100	525 000	100,0%	100,0%	554 400	588 77
Train, & Dev. FRTM	10,3	500 904	643 473	28,5%	398 623	269 209	(32,5%)	(58,2%)	284 284	301 91
Train. & Dev. PTRM	10,4	000 004	0-10-17-0	0,0%	- 000 020	336 511	100,0%	100,0%	355 356	377 38
Train. & Dev. 1 11(1)	10,4	5 883 335	5 986 142	1,7%	5 716 712		16,2%	10,9%	7 012 118	7 446 86
Travel Costs Regulator Members	10,5	4 039 577	4 212 707	4,3%	1 893 446	4 714 661	149,0%	11,9%	4 978 682	5 287 36
Travel Costs Regulator Members Travel Costs Staff	10,5	14 199 043	13 747 459	(3,2%)	11 595 284	11 676 283	0,7%			13 094 62
	10	27 114 886	26 220 645		21 589 195		21,7%	(15,1%) 0,2%	12 330 154 27 754 063	29 474 81
Travel, Accommodation and Training	_			(3,3%)			,			29 474 813 160 590
Bank charges and Forex	11,1	151 332	130 178	(14,0%)	127 108		12,7%	10,0%	151 214	
Catering		1 536 691	1 533 340	(0,2%)	1 243 722	1 259 182	1,2%	(17,9%)	1 329 696	1 412 13
Employee wellness		614 922	500 404	(18,6%)	614 922	651 202	5,9%	30,1%	687 670	730 30
Health & Safety		590 000	461 088	(21,8%)	500 000	529 500	5,9%	14,8%	559 152	593 819
Loss on assets			181 854	0,0%	-	-	0,0%	(100,0%)		
Knowledge Center		2 832 533	2 918 215	3,0%	3 006 429	3 000 000	(0,2%)	2,8%	3 168 000	3 364 410
Bad Debts		-	-	0,0%	-	-	0,0%	0,0%	-	
Other Expenses	11	5 725 478	5 725 079	(0,0%)	5 492 181	5 583 080	1,7%	(2,5%)	5 895 732	6 261 268
NET SURPLUS/ (DEFICIT) before Depreciation		10 228 075	21 940 111	114,5%	2 820 419	1 841 495	(34,7%)	(91,6%)	47 203	21 582
Depreciation Building		2 424 872	1 602 908	(33,9%)	2 366 653		(100,0%)	(100,0%)	-	
Depreciation Hardware		2 151 982	1 063 959	(50,6%)	2 569 373		(100,0%)	(100,0%)	-	
Depreciation Motor Vehicles		444 181	224 019	(49,6%)	213 228		(100,0%)	(100,0%)	-	
Depreciation Office Equipment		1 455 771	575 695	(60,5%)	1 384 550		(100,0%)	(100,0%)	-	
Depreciation Software		2 700 010	1 019 347	(62,2%)	1 553 633		(100,0%)	(100,0%)	-	
Depreciation		9 176 816	4 485 928	(51,1%)	8 087 437	-	(100,0%)	(100,0%)	-	
NET SURPLUS/ (DEFICIT) for the period		1 051 259	17 454 183	1560,3%	(5 267 018)	1 841 495	0,0%	(89,4%)	47 203	21 58
TOTAL CAPITAL EXPENDITURE	12	32 850 000	7 807 855	(76,2%)	62 596 534	40 200 000	(35,8%)	414,9%	21 600 000	19 400 00
Motor vehicles	12.1			0,0%	600 000	800 000	33,3%	0,0%		800 00
Computer software		600 000	800 133	33,4%	15 496 534	2 650 000	(82,9%)	231,2%	9 600 000	6 600 00
•	12.2	9 500 000		· · · · · · · · · · · · · · · · · · ·	4 000 000					4 000 00
Office furniture and equipment	12.3		1 613 509	(83,0%)		3 500 000	(12,5%)	116,9%	4 000 000	
Building improvements	12.4	20 000 000	3 646 418	(81,8%)	40 000 000	30 000 000	(25,0%)	722,7%	5 500 000	5 500 00
Computer hardware	12.5	2 750 000	1 747 795	(36,4%)	2 500 000	3 250 000	30,0%	85,9%	2 500 000	2 500 00
Funding Requirement (Opex excl Dep + Capex										
less refunds and interest and other income)		311 559 370	262 470 780	(15,8%)	302 504 952	332 164 466	9,80%	26,6%	353 019 628	377 800 99

Appendix G: Notes to the NERSA Budget

NOTES TO THE BUDGET

REVENUE

Total revenue amounts to R344 million and is 11.3% higher in comparison with the R309 million budget for 2017/18. The increase in total revenue has been largely impacted by decrease in refunds to industry from R60 million (2017/18) to R35 million (2018/19). Total revenue is also determined after taking to account an increase of R19 million in Operating expenditure which is partly off-set by a decrease in capital expenditure of R22 million.

1. LICENCE FEES FROM ELECTRICITY INDUSTRY

The licence fees from the Electricity Industry has increased by **9.5%** from R177.6 million to R194.5 million. This is after taking into account a decrease of R13.9 million in refunds to the Electricity Industry from R30.8 million in the previous budget to R16.9 million in the current budget. Operating expenditure directly attributable to the industry increased by R10.4 million (13.7%), while Support Service allocation increased by R8.7 million (8.7%). Electricity generated volumes increased by 4.34% from 218.7 GWh to 228.2 GWh for the 2018/19 budget. The increase in volumes has contributed 4.56% towards the decrease in the licence fee rate.

2. LEVIES FROM PIPED-GAS INDUSTRY

The piped-gas levies has increased by 19.8% from R57.9 million to R69.4 million. This is after taking into account a decrease of R7.1 million in refunds to the Piped-Gas industry from R21.2 million in the previous budget to R14.1 million in the current budget. Operating expenditure directly attributable to the industry increased by R7.0 million (22.4%) while Support Service allocation increased by R3.1 million (8.7%). Piped-Gas volumes slightly increased by 1.83% from 184 997 737 GJ to 188 388 024 GJ for the 2018/19 budget. The increase in volumes has contributed 2.16 % towards the decrease in the levy rate.

3. LEVIES FROM THE PETROLEUM PIPELINES INDUSTRY

The petroleum pipelines levies has decreased by **1.9%** from R67.1 million to R68.3 million. This is after taking into account an increase of R0.4 million in refunds. Operating expenditure directly attributable to the industry increases by R3.5 million (12.9%) while Support Service allocation increased by R3.1 million (8.7%). Petroleum Pipelines volumes decreased by 0.14%. The decrease in volumes has contributed 0.14% towards increase in the levy rate.

4. INTEREST RECEIVED

Interest received is budgeted at an average cash level of R173 million at 6.5% (based on the actual interest received for 2016/17). Based on the cash forecast for 2017/18 it is not expected that cash reserves will decrease significantly.

OPERATING EXPENDITURE

The total operating expenditure budget for 2018/19 is R342 million, which represents an increase of 11.7% compared to the 2017/18 budget.

5. ADVERTISING, PROMOTION AND COMMUNICATION

There is an overall decrease of 12.8% on the budget and this is attributable to expected savings on advertising and international initiatives.

5.1 INTERNATIONAL INITIATIVES

This line item is used for International Co-ordination and Partnership activities, which include International Relations and Protocol Training, Protocol Related Activities for Africa Forum for Utility Regulators (AFUR) and Regional Electricity Regulators Association (RERA). Provision has been made for the hosting of the Conference in collaboration with other Organisations. The **22.4**% decrease is due to the collaboration and cost sharing in the hosting of the conference with other organisations.

5.2 ADVERTISING

This line item is used for placing of newspaper adverts for legal notices such as invitations to public hearings, license applications, amendments etc. The reduction in budget by 23.7% is due to the implementation of cost containment measures by consolidating notices in a single advert and an expected reduction in number of notices, as some tariff applications in the piped gas regulation are multiyear.

6. EMPLOYMENT COST

There is an overall increase of 12.8% on the budget and this is attributable to the following:

6.1 GROSS SALARIES

Gross salaries increase at an average of 16.7% as follows:

- Cost of living adjustments based on inflation (5.7% plus 1%);
- Introduction of pay progression increase (1.5%)*;
- · 1.23% increase in gross salaries due to promotions and appointments (including match place) that were made above the median for the salary grade;
- · Adjustment of the vacancy rate from 10% to 5% has contributed 5.39% increase in salaries; and
- Seven new positions in the Electricity Division has contributed 1.88% increase in gross salaries.

Pay progression is the additional percentage increase in the employee salary that is linked to the employee's performance. The aim is to have performing employees' salaries progressing on the salary scales.

6.2 INTERNSHIP AND LEARNERSHIP ALLOWANCE

Internship and Learnership allowances have increased by 10% to ensure the retention of learners and interns for the full duration of the contract period.

The proposed allowances for 2018/19 are as follows:

- Internship 12 graduates at a remuneration of R79 860 per person per annum (R 958 320).
- Learnership 12 learners at a remuneration of R94 380 per person per annum (R1 132 560).

6.3 LEAVE PAY STAFF

The budget for leave pay caters for changes in leave days and changes in leave daily rates (BCEA) from one financial year to the next. The budget for salary increases for 2018/19 is 8.2%.

6.4 LEAVE PAY REGULATOR MEMBERS

The 2017/18 budget included leave pay-outs for Full Time Regulator Members whose contracts expired during the 2016/17. The reduction in leave pay budget for 2018/19 is attributable to the correction of the 2017/18 budget.

6.5 REMUNERATION: PART-TIME REGULATOR MEMBERS

The remuneration of Part-Time Regulator Members is based on meeting rates approved by the Minister of Energy in consultation with the Minister of Finance. From 2016/17, the Minister's approval has been at around 2.5% while NERSA had budgeted for an increase of 6%. The budget for 2018/19 is based on the actual of 2016/17 (adjusted to include all members from April to March) and cumulative 5% for 2017/18 and 2018/19.

The budget includes the proposed ICT committee and the 14% VAT that may be charged by Part Time Regulators and External Members as allowed for by the recent SARS rulings.

6.6 SALARY TEMPORARY STAFF

The budget represents a contingency to cater for temporary staff to be appointed when staff goes on extended leave (such maternity leave, temporary incapacity, etc.) or as circumstances require.

7. FACILITIES MAINTENANCE

There is an overall increase of 25.5% on the budget and this is attributable to anticipated increase in Maintenance, Municipal charges and Insurance.

7.1 MAINTENANCE

The budget of R5.5 million is based on the recommended bidders pricing on the tender for the facility management service provider. The tender process is currently at adjudication stage.

7.2 MUNICIPAL CHARGES

Municipal Charges include water and electricity consumption and rates and taxes paid to the City of Tshwane and Arcadia Business improvement project.

Municipal charges increase by **19.5**% mainly due to high electricity consumption. The Building Refurbishment project has contributed to high electricity consumption. Post the Building Refurbishment project (third quarter of 2018/19) electricity consumption is expected to reduce as the project will result in a more efficient building due to a new HVAC system.

7.3 INSURANCE

Insurance increases by 29.7% due to the acquisition of new furniture and increased value of the building on the completion of the Building Refurbishment project.

8. OFFICE ADMINISTRATION

There is an overall decrease of 16.9% on the budget and this is attributable to office operational expense leases and software licenses.

8.1 OFFICE OPERATIONAL EXPENSES

This line item is used for office groceries (coffee and milk) and rental of parking bays and vouchers. The **40.4%** increase in budget is as a result of correction of under-budgeting for this line item in 2017/18 and the increase in NERSA employees requiring parking bays.

8.2 OFFICE OPERATIONAL COST: LEASES

This line item is used for lease payments in respect of operating lease agreements. For 2017/18 NERSA planned for the leasing of computer hardware amounting to R1 million. This option was not approved by the Regulator Executive Committee as it was in favour of a straight purchase. For this reason the budget decreased by 46.2% decrease.

8.3 INFORMATION TECHNOLOGY OPERATIONS

This line item was created during the budget preparation for 2017/18. The objective was to separate routine ICT consulting fees from once off consulting fees. The budget is for the following services:

- Disaster Recovery and Business Continuity;
- Preventative Maintenance;

- · Website Maintenance; and
- · Records Management.

8.4 SOFTWARE LICENCES

This line item caters for the right to use computer software. The budget is based on the list of software licenses that is maintained by Information Resource Management. The decrease of **36.4**% if due to the non-renewal of the following software's:

- · MS Fast Search used for search Indexing;
- Novell PlateSpin Forge 500 series used for Backup Management;
- · RightFax Business Server use for Fax Management;
- · Serendipity for Sharepoint used for Website indexing; and
- · SoftCopy used for Market research analysis.

8.5 ORGANISATIONAL MEMBERSHIP SUBSCRIPTIONS

This line item is for organisational membership subscriptions to African Forum of Utility Regulators (AFUR) and the Regional Electricity Regulators Association of Southern Africa (RERA). These organisations provide a useful platform for information sharing and capacity building among regulators at a regional and continental level. The increase of 11.1% is due to changes in foreign exchange rates and inflation.

9. PROFESSIONAL FEES

There is an overall increase of 11.2% in the budget and this is attributable to an increase in legal fees and number of planned projects.

9.1 CONSULTING FEES

Consulting fees increased by **8.2**% compared to the budget of 2017/18 due to additional projects. The budget for Consulting Fees is based on the number of planned projects and contingencies as indicated in the table below:

PLANNED PROJECTS

COST CENTRE	NAME OF PROJECT	PURPOSE OF THE PROJECT	ESTIMATED AMOUNT
ELR	INVESTIGATIONS	This is a provision made for investigations that may need to be conducted during the review of applications for tariff increases by licensees.	R 1 500 000
EIP	INTEGRATED DEMAND MANAGEMENT AUDIT	An annual audit on Energy Efficiency Demand Side Management	R 1 200 000
TOTAL ELECTRICITY			R 2 700 000
GPT	PRICING METHODOLOGY	This is a provision for the review of the tariff methodology.	R 1 500 000
GLC	NETWORK CODE	This is a provision for the uniform network code project	R 1 720 000
TOTAL PIPED-GAS			R 3 220 000
PPR	DECOMMISSIONING OF THE DJP	Consultants to provide advice to NERSA on the decommissioning of the Durban to Johannesburg Pipeline by Transnet.	R 400 000
TOTAL PETROLEUM PIPELINES			R 400 000
сѕм	MEDIA MONITORING	Monitoring, Analysis and report on media articles that affect NERSA.	R 480 000
IRM	GOVERNANCE AND RISK COMPLIANCE	NERSA will use this system to manage Information Communication Technology governance, risk and compliance with frameworks such as Corporate Governance of Information and Communication Technology Policy Framework and Government Wide Enterprise architecture, which is mandated by the Department of Public Service and Administration.	R 750 000
IRM	GEOGRAPHICAL INFORMATION SYSTEM (GIS PROJECT)	Electricity and Piped Gas divisions require Geographical Information System capabilities. Currently, Piped Gas uses ArcGIS from ESRI and has a technical person who works on this. It is envisaged to extend this implementation across NERSA and the GIS project will manage this outcome. Technical GIS support services for emergency cases. Gathering of GIS data from electricity licensees and implementation thereof in the GIS is required.	R 450 000
IRM	SKYPE BUSINESS APPLICATION	Implementation of Skype for Business within NERSA to be used as a communication tool.	R 450 000
IRM	CHANGE APPLICATION MANAGEMENT	NERSA will be undertaking significant projects, which will change the application landscape and business processes of the organisation. In doing so, all end users and staff will be affected. For such an organisational change, change management is essential to ensure that the organisation receives the changes in a positive light and the projects are successful.	R 1 900 000
TOTAL CORPORATE SERVICE			R 4 030 000
FAD	ENHANCEMENT FOR ACCPAC AND SCM SYSTEMS	Enhancement of the Financial Management and Supply Chain Management systems.	R 850 000
TOTAL FINANCE AND ADMINISTRA	ATION		R 850 000

COST CENTRE	NAME OF PROJECT	PURPOSE OF THE PROJECT	ESTIMATED AMOUNT	
HRD	JOB EVALUATIONS AND REMUNERATIONS SURVEYS	Appointment of Consultants to assist with some Job Evaluations as well as the acquisition of Remuneration Surveys to be used during Salary Negotiations.	R 400 000	
TOTAL HUMAN RESOURCES			R 400 000	
RAR	IMPACT ASSESSMENT	Study of the impact of the Energy Regulator decisions in the South African economy.	R 250 000	
RSU	ENERGY REGULATOR BOARD ASSESSMENT	3, 3, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,		
IAU	FRAUD HOTLINE	Monthly fees payable to the Service Provider for Management of the NERSA Fraud Hotline.	R 60 000	
SPM STRATEGIC PLANNING FACILITATION		Facilitators for the Annual ER planning sessions based on the three-year agreement with the service provider.	R 300 000	
TOTAL SPECIAL SUPPORT UNITS			R 1 210 000	
TOTAL NERSA			R 12 810 000	

Provision for unforeseen consulting projects that may arise

COST CENTRE	ESTIMATED AMOUNT
GAR	R 200 000
PPR	R 200 000
COS	R 100 000
CFO	R 200 000
СНО	R 200 000
COO	R 150 000
TOTAL	R 1 050 000

9.2 RECRUITMENT COSTS

This line item caters for costs related to recruitment of employees such as response handling, relocation costs for new employees from outside Gauteng, as well as newspaper advertisements.

The decrease in the budget by **33.3**% is due to the expected filling of the organisational review positions in 2017/18.

9.3 LEGAL FEES

This line item caters for potential litigation for and against NERSA, legal opinions, dispute resolution and other legal matters including Labour Relations matters. Based on the expenditure incurred in 2016/17, current litigation matters and the anticipated expenditure for 2017/18, legal fees are on an upward trajectory. While it is not practical to estimate legal fees. Based on the above factors LAS has requested a 45.2% increase in budget.

10. TRAVEL, ACCOMMODATION AND TRAINING

There is an overall increase of 19.8% in the budget and this is attributable to travel for Regulator Members.

10.1 STUDY FEES

This line item is for financial assistance offered to employees who are studying for formal qualifications with institutions of higher learning. There is an increase of 13.7% on this line item due to the following:

- The new Training and Development policy has increased the maximum amount of assistance from R50 000 to R120 000 per annum for Master and PHD studies:
- · The budget is based on inputs from departments based on the number of employees who intend to study: and
- New employees appointed during the implementation of the organisational review project who will now qualify for assistance.

10.2 EXTERNAL BURSARIES

Through the Human Resource Department, NERSA Capacity Building Steering Committee plans to introduce bursaries for two bachelor degrees students and two honours degrees students. The budget include tuition, books and study material, accommodation, and daily meal allowances. The budget amount is for one year of study.

10.3 TRAINING AND DEVELOPMENT (FULL TIME REGULATOR MEMBERS)

This line item is for the local and international courses that are required for continued professional development by Full Time Regulator Members and External Members.

The budget is based on 3.5% of employment costs for Full Time Regulator Members. The reduction of the budget by 32.5% is due to the separation of the Part Time Regulator Members training budget from this line item.

10.4 TRAINING AND DEVELOPMENT (PART TIME REGULATOR MEMBERS)

This line item is for the local and international courses that are required for personal development and continued professional development by Part Time Regulator Members.

For 2018/19, the budget amount is an average budget similar to that for the Full Time Regulators.

10.5 TRAVEL AND ACCOMMODATION: REGULATOR MEMBERS

The budget for Travel and Accommodation increased by 149.0% to bring it in line with actual for 2016/17. It is also expected that in 2018/19 NERSA may have new Regulator Members, who may require international training as part of induction. The RSU department is developing a programme for international trips of regulator members.

11. OTHER EXPENSES

There is an overall increase of 1.7% in the budget for other expenses due to an increase in bank charges.

11.1 BANK CHARGES AND FOREX

Bank charges increases by **12.7**% to bring it in line with actual expenditure of 2016/17. The increase is attributable to charges related to the increase in the number of business-on-line users and charges incurred for foreign currency for international subsistence.

12. CAPITAL EXPENDITURE

The total capital expenditure budget for 2018/19 amounts to R40.4 million. This represents a 35.5% decrease compared to the budget of 2017/18

12.1 Motor Vehicles

NERSA has six pool vehicle and plans to replace two in 2018/19. The two vehicles would have reached the end of useful life and will be too costly to maintain.

12.2 COMPUTER SOFTWARE

The NERSA Enterprise System (recommendation of the ITC Systems and Operations Review Project), which was planned in 2017/18, is currently under review. The budget for 2018/19 is mainly for upgrade of security protection systems and other software that may be necessary pending the review of the NERSA Enterprise System.

12.3 OFFICE FURNITURE AND EQUIPMENT

The Refurbishment project will require a change of furniture and equipment. The tender process is in the final adjudication stage. The total expected cost based on the recommendation bidder's price is R6 millions of which R4 million is expected to be spend in 2017/18.

12.4 BUILDING IMPROVEMENTS

The Energy Regulator approved a cap of R70 million to be utilised on the refurbishment. A budget of R40 million was provided for in 2017/18 with the remaining R30 million being spend in 2018/19.

12.5 COMPUTER HARDWARE

The budget is for the planned replacement of the Uninterrupted Power Supply that will be out of warranty and the replacement of other computer hardware as per the hardware replacement plan.

13. DEPRECIATION

Depreciation, which is the systematic allocation of the value derived from the use of NERSA Property, Plant and Equipment and Intangible assets over a period of time is already included in the funding requirement as Capital Expenditure. Capital expenditure is already budgeted for in full and the inclusion of depreciation will result in double counting.

Appendix H: Consolidated Electricity Industry Regulation Budget

INCOME AND EXPENDITURE BUDGET FOR 2018/19							
	A	В		С	1	D	2
	ELECTRICITY REGULATION BUDGET	ELECTRICITY REGULATION ACTUAL	%Variance (A /B)	ELECTRICITY REGULATION APPROVED BUDGET	% Variance (A /C)	ELECTRICITY REGULATION PROPOSED BUDGET	%Variance (E C)
DESCRIPTION	2016/17	2016/17		2017/18		2018/19	
TOTAL INCOME	170 594 736	162 212 510	(4,9%)	181 095 501	6,2%	201 067 145	11,0%
License fees for Electricity Industry	166 210 126	154 012 303	(7,3%)	177 563 453	6,8%	194 487 085	9,5%
Interest received	4 352 062	7 840 149	80,1%	3 487 676	(19,9%)	6 542 335	87.6%
Rental Income	32 548		39.4%	44 372	36,3%	37 726	(15,0%)
	32 340	314 671	39,4%	44 372	0,0%	31 120	
Other Income		314 67 1		-	0,0%	-	0,0%
TOTAL OPERATING EXPENDITURE	64 129 155	60 101 282	6,3%	76 102 792	18,7%	86 502 812	13,7%
National/International/Initiatives	-	-	0,0%	-	0,0%	-	0,0%
Publications and Communications	-	-	0,0%	400 000	0.0%	411 800	3,0%
Advertising	1 177 638	1 446 125	(22,8%)	1 696 764	44,1%	2 074 870	22,3%
Stakeholder Meetings	-	66 359	0,0%	340 000	0,0%	415 000	22,1%
Tribunals and Hearings	159 920		0,0%	3 000 000	1775,9%	3 000 000	0,0%
Advertising, Promotion and Communication	1 337 558	1 512 484	(13,1%)	5 436 764	306,5%	5 901 670	8,6%
Gross Salaries	37 885 203	36 639 559	3,3%	50 026 415	32,0%	58 450 011	16,8%
Learnership Allowance	-		0,0%	-	0,0%		0,0%
Internship Allowance	_	_	0,0%		0,0%	_	0,0%
Leave Pay: Staff	349 063	176 662	49,4%	399 500	14,4%	431 780	8,1%
Leave pay: Regulator Members	-		0.0%	_	0.0%	.01100	0.0%
Performance Bonus: FTRM	_	_	0,0%	_	0,0%	_	0,0%
Performance Bonus: Staff	6 440 488	6 863 124	(6,6%)	9 254 887	43,7%	10 813 252	16,8%
Remuneration: FTRM	0 440 400	0 000 124	0,0%	3 204 007	0,0%	10 010 202	0.0%
Publication Incentives			0,0%		0,0%	_	0,0%
Remunerattion - PTRM and External Members			0,0%		0.0%		0,0%
Salaries Temporary Staff	7 040 345	7 053 255	(0,2%)	_	(100,0%)		0.0%
Employment cost	51 715 100	50 732 601	1,9%	59 680 802	15,4%	69 695 042	16,8%
Maintenance	31713100	00 102 001	0,0%	03 000 002	0,0%	00 000 042	0.0%
Motor Vehicle Expenses			0,0%		0,0%		0,0%
Municipal Charges			0,0%		0.0%		0.0%
nsurance			0,0%		0,0%		0.0%
Facilities Maintenance			0,0%	-	0,0%		0,0%
Office Operational Expenses	5 832	•	100,0%		(100,0%)		0,0%
Office operational expenses Payments	5 632		0,0%	<u> </u>	0.0%		0,0%
Postage & Courier Services	5 504	7 821	(42,1%)	5 310	(3,5%)	9 660	81,9%
Information Technology Operations	3 304	1 021	0,0%	3310	0,0%	3 000	0,0%
Software License Fees	1 000 000	1 036 249	(3,6%)	1 350 000	35,0%	1 350 000	0,0%
Stationery and Printing	48 517	38 155	21.4%	32 479	(33,1%)	38 104	17.3%
Organizational Membership Subscriptions	48 517	30 155	0,0%	32 479	(33,1%)	30 104	0,0%
	- 00.004	10.770	'	24.745	21,4%	44 715	
Professional Membership Subscriptions	28 604	18 773	34,4%	34 715	0,0%	44 /15	28,8% 0,0%
Telephone and fax Office Administration	1 088 457	1 100 998	0,0% (1,2%)	1 422 505	0,0% 30,7%	1 442 479	1,4%

	Α	В		С	1	D	2
	ELECTRICITY REGULATION BUDGET	ELECTRICITY REGULATION ACTUAL	% Variance (A /B)	ELECTRICITY REGULATION APPROVED BUDGET	%Variance (A /C)	ELECTRICITY REGULATION PROPOSED BUDGET	%Variance (E C)
DESCRIPTION	2016/17	2016/17		2017/18		2018/19	
Consultants' Fees	3 000 000	900 368	70,0%	3 300 000	10,0%	2 700 000	(18,2%)
External Auditors	-	-	0,0%	-	0,0%	-	0.0%
Recruitment	-	41 440	0,0%	-	0,0%	-	0,0%
_egal fees	-	-	0,0%	-	0,0%	-	0,0%
nternal Audit	-	-	0,0%	-	0,0%	_	0,0%
Professional fees	3 000 000	941 808	68,6%	3 300 000	10,0%	2 700 000	(18,2%)
_earnership programme	-	-	0,0%	-	0,0%	-	0.0%
Study fees	267 115	338 560	(26,7%)	275 000	3,0%	215 000	(21,8%)
External Bursaries	20, 110	-	0.0%		0,0%		0.0%
Frain. & Dev. FRTM	_	_	0,0%	_	0,0%		0.0%
Frain. & Dev. PTRM	_	_	0,0%	_	0,0%	_	0.0%
Frain.& Dev. Staff	1 704 830	1 168 385.70	31,5%	1 750 924,56	2,7%	2 045 750,37	16,8%
Travel Costs Regulator Members	-	-	0,0%	-	0,0%		0,0%
Travel Costs Staff	4 602 009	4 152 685	9.8%	4 001 911	(13.0%)	4 253 901	6.3%
Fravel, Accommodation and Training	6 573 954	5 659 631	13,9%	6 027 836	(8,3%)	6 514 651	8,1%
Bank Charges	-	-	0,0%	-	0,0%	_	0.0%
Catering & Entertain	414 084	153 760	62,9%	234 886	(43,3%)	248 968	6.0%
Employees Wellness	-	-	0,0%	-	0,0%	_	0,0%
Health and Safety	-	-	0,0%	-	0,0%	_	0,0%
Loss on Disposal of assets	-	-	0,0%	-	0,0%	_	0,0%
Knowledge Centre	-	-	0,0%	-	0,0%	_	0,0%
Bad Debts	-	_	0,0%	-	0,0%	_	0.0%
Other Expenses	414 084	153 760	62,9%	234 886	(43,3%)	248 968	6,0%
NET SURPLUS/ (DEFICIT) before Depreciation	106 465 581	102 111 228	4,1%	104 992 709	(1,4%)	114 564 334	9,1%
Support Service	98 476 317	95 092 810	3,4%	99 440 026	1,0%	108 139 693	8,7%
Depreciation	5 322 553	2 601 838	51,1%	4 690 714	(11,9%)		(100,0%)
NET SURPLUS/ (DEFICIT) for the period	2 666 711	4 416 580	(65,6%)	861 969	(67,7%)	6 424 641	645,3%
TOTAL CAPITAL EXPENDITURE	19 053 000	4 528 556	76,2%	36 305 990	90,6%	23 316 000	(35,8%)
Motor vehicles			0,0%	348 000	0,0%	464 000	33,3%
Computer software	348 000	464 077	(33,4%)	8 987 990	2482,8%	1 537 000	(82,9%)
Office furniture and equipment	5 510 000	935 835	83,0%	2 320 000	(57,9%)	2 030 000	(12,5%)
Building improvements	11 600 000	2 114 922	81,8%	23 200 000	100,0%	17 400 000	(25,0%)
zanang improvemente	1 595 000	1 013 721	36.4%	1 450 000	(9,1%)	1 885 000	30,0%

Appendix I: Consolidated Piped-Gas Industry Regulation Budget

PIPED GAS REGULATION	·						
INCOME AND EXPENDITURE BUDGET FOR 2018/19							
INCOME AND EXCENDINGLE BODGETTON 2010/13	Α	В		С	1	D	2
	PIPED GAS REGULATION BUDGET		% Variance (A /B)	PIPED GAS REGULATION APPROVED BUDGET	% Variance (A /C)	PIPED GAS REGULATION PROPOSED BUDGET	% Variance (E / C)
DESCRIPTION	2016/17	2016/17		2017/18		2018/19	
TOTAL INCOME	57 533 386	E7 000 000	0,2%	E0 4E7 C70	3,5%	71 738 080	21,3%
				59 157 670			
Levies from Piped-Gas Industry	55 945 854	55 425 537	(0,9%)	57 878 841	3,5%	69 355 644	19,8%
Interest received	1 575 747	2 174 780	38,0%	1 262 779	(19,9%)	2 368 776	87,6%
Rental Income	11 785	12 974	10,1%	16 049	36,2%	13 659	(14,9%)
Other Income		53 677	0,0%	-	0,0%	-	0,0%
TOTAL OPERATING EXPENDITURE	25 314 368	24 337 329	3,9%	31 254 927	23,5%	38 269 880	22,4%
National/International/Initiatives	-	-	0.0%	-	0.0%	-	0.0%
Publications and Communications	_	_	0,0%	_	0,0%	_	0,0%
Advertising	1 904 314	2 712 297	(42,4%)	3 853 678	102,4%	2 874 392	(25,4%)
Stakeholder Meetings	-	56 876	0,0%	200 000	0,0%	150 000	(25,0%)
Tribunals and Hearings	80 000		0,0%	90 000	12,5%	120 000	33,3%
Advertising, Promotion and Communication	1 984 314		(39,6%)	4 143 678	108,8%	3 144 392	(24,1%)
Gross Salaries	15 182 525		6,8%	20 365 523	34,1%	24 611 859	20,9%
Learnership Allowance	-	_	0,0%		0,0%		0.0%
Internship Allowance	_	_	0,0%	_	0,0%	_	0.0%
Leave Pay: Staff	100 569	154 187	(53,3%)	244 088	142,7%	263 811	8,1%
Leave pay: Regulator Members	-	104 107	0,0%	244 000	0.0%	200 011	0.0%
Performance Bonus: FTRM		_	0.0%	_	0,0%	_	0,0%
Performance Bonus: Staff	2 581 030	2 449 280	5,1%	3 767 622	46,0%	4 553 194	20,9%
Remuneration: FTRM	2 30 1 030	2 443 200	0.0%	3 101 022	0.0%	4 000 104	0.0%
Publication Incentives			0,0%	-	0,0%		0,0%
Remunerattion - PTRM and External Members		_	0,0%	-	0,0%	_	0,0%
Salaries Temporary Staff	521 251	310 231	40,5%	-	(100,0%)	-	0,0%
Employment cost	18 385 375		7,2%	24 377 233	32,6%	29 428 864	20,7%
Maintenance	16 363 373	17 002 030	0.0%	24 311 233	0.0%	25 420 004	0,0%
Motor Vehicle Expenses			0,0%	-	0,0%		0,0%
Municipal Charges			0,0%	-	0,0%		0,0%
Insurance			0,0%	-	0,0%		0,0%
Facilities Maintenance	-	-	0,0%	<u>-</u>	0,0%	-	0,0%
Office Operational Expenses	272	-	0,0%	•	(100,0%)		0,0%
Office operational expenses Office operational expenses-Lease Payments	212		0,0%	-	0,0%		0,0%
Postage & Courier Services	1 835	6 031	(228,7%)	1 839	0,0 %	10 000	443,9%
Information Technology Operations	1 833	0031	0.0%	1 039	0,2 %	10 000	0.0%
Software License Fees			0,0%	_	0,0%		0,0%
Stationery and Printing	19 292	21 129	(9,5%)	34 055	76,5%	29 500	(13,4%)
Organizational Membership Subscriptions	19 292	21 129	0,0%	34 055	0,0%	29 500	0.0%
Professional Membership Subscriptions	 1 115	1 671	(49,9%)	-	(100,0%)		0,0%
Telephone and fax	1115	10/1	0,0%	-	0,0%		0,0%
Office Administration	22 513	28 831	(28,1%)	35 894	59.4%	39 500	10,0%
Office Administration	22 513	28 831	(20,1%)	35 894	J9,4%	39 500	10,0%

INCOME AND EXPENDITURE BUDGET FOR 2018/19	A	В		С	1	D	2
	A	<u>в</u>			1		2
	PIPED GAS REGULATION BUDGET	PIPED GAS REGULATION ACTUAL	% Variance (A /B)	PIPED GAS REGULATION APPROVED BUDGET	% Variance (A /C)	PIPED GAS REGULATION PROPOSED BUDGET	%Variance (E / C)
DESCRIPTION	2016/17	2016/17		2017/18		2018/19	
Consultants' Fees	2 100 000	607 753	71,1%	600 000	(71,4%)	3 420 000	470,0%
External Auditors	-	-	0,0%	-	0,0%	-	0,0%
Recruitment	-	-	0,0%	-	0,0%	-	0,0%
Legal fees	_	-	0,0%	-	0,0%	-	0,0%
Internal Audit	_	-	0,0%	-	0,0%	-	0,0%
Professional fees	2 100 000	607 753	71,1%	600 000	(71,4%)	3 420 000	470,0%
Learnership programme	-	-	0,0%	-	0,0%	-	0,0%
Study fees	250 000	147 770	40,9%	160 000	(36,0%)	170 000	6,2%
External Bursaries	-	-	0,0%	-	0,0%	-	0,0%
Train. & Dev. FRTM	-	-	0,0%	-	0,0%	-	0,0%
Train. & Dev. PTRM	_	-	0,0%	-	0,0%	-	0,0%
Train.& Dev. Staff	683 214	998 278	(46,1%)	712 793	4,3%	830 771	16,6%
Travel Costs Regulator Members	-	-	0,0%	-	0,0%	-	0,0%
Travel Costs Staff	1 851 333	2 713 593	(46,6%)	1 213 853	(34,4%)	1 213 853	0,0%
Travel, Accommodation and Training	2 784 547	3 859 641	(38,6%)	2 086 646	(25,1%)	2 214 624	6,1%
Bank Charges	-	-	0,0%	-	0,0%	-	0,0%
Catering & Entertain	37 619	9 273	75,4%	11 476	(69,5%)	22 500	96,1%
Employees Wellness	-	-	0,0%	-	0,0%	-	0,0%
Health and Safety	-	-	0,0%	-	0,0%	-	0,0%
Loss on Disposal of assets	-	-	0,0%	-	0,0%	-	0,0%
Knowledge Centre		-	0,0%	-	0,0%	-	0,0%
Bad Debts	-	-	0,0%	-	0,0%	-	0,0%
Other Expenses	37 620	9 273	75,4%	11 476	(69,5%)	22 500	96,1%
NET SURPLUS/ (DEFICIT) before Depreciation	32 219 018	33 329 639	(3,4%)	27 902 743	(13,4%)	33 468 200	0,0%
Support Service	35 655 218	34 364 803	3,6%	36 004 147	1,0%	39 154 027	8,7%
Depreciation	1 927 131	942 045	51,1%	1 698 362	(11,9%)		(100,0%)
NET SURPLUS/ (DEFICIT) for the period	(5 363 332)	_	•	(9 799 766)	<u> </u>	(5 685 827)	(42,0%)
NET SURPLUS/ (DEFICIT) for the period	(5 363 332)	(1977210)	03,1%	(9 / 99 / 00)	0,0%	(5 005 021)	(42,0%)
TOTAL CAPITAL EXPENDITURE	6 898 500	4 528 556	24.40/	13 145 272	90,6%	8 442 000	(25.00/)
TOTAL CAPITAL EXPENDITURE	0 090 000	4 326 336	34,4%	13 143 212	90,6%	8 442 000	(35,8%)
Motor vehicles			0,0%	126 000	0.0%	168 000	33,3%
Computer software	126 000	464 077	(268,3%)	3 254 272	2482,8%	556 500	(82,9%)
Office furniture and equipment	1 995 000	935 835	53,1%	840 000	(57,9%)	735 000	(12,5%)
Building improvements	4 200 000	2 114 922	49,6%	8 400 000	100.0%	6 300 000	(12,5%)
Computer hardware	577 500	1 013 721	(75,5%)	525 000	(9,1%)	682 500	30,0%
Computer natuware	577 500	1013721	(75,5%)	525 000	(3,170)	002 500	30,0%

Appendix J: Consolidated Petroleum Pipelines Industry Regulation Budget

PETROLEUM PIPELINES REGULATION							
INCOME AND EXPENDITURE BUDGET FOR 2018/19							
	Α	В		С	1	D	2
	PETROLEUM PIPELINES REGULATION BUDGET	PETROLEUM PIPELINES REGULATION ACTUAL	% Variance (A /B)	PETROLEUM PIPELINES REGULATION APPROVED BUDGET	% Variance (A /C)	PETROLEUM PIPELINES REGULATION PROPOSED BUDGET	% Variance (E / C)
DESCRIPTION	2016/17	2016/17		2017/18		2018/19	
TOTAL INCOME	68 368 997	68 984 603	0,9%	68 341 485	(100,0%)	70 704 171	3,5%
Levies from Petroleum Pipeline Industry	66 781 465	66 743 172	(0,1%)	67 062 657	(100,0%)	68 321 736	1,9%
Interest received	1 575 747	2 174 780	38,0%	1 262 779	(100,0%)	2 368 776	87,6%
Rental Income	11 785	12 974	10,1%	16 049	(100,0%)	13 659	(14,9%)
Other Income	11765	53 677	10,176	10 049	(100,0%)	13 039	0.0%
Other income		33 077		-	(100,0%)		0,0 %
TOTAL OPERATING EXPENDITURE	27 038 782	21 366 166	21,0%	26 968 152	(0,3%)	30 447 464	12,9%
National/International/Initiatives	-	-	0,0%	-	0,0%	_	0,0%
Publications and Communications	_	_	0,0%	_	0,0%	_	0,0%
Advertising	2 650 358	1 812 487	31,6%	3 625 114	36,8%	2 000 000	(44,8%)
Stakeholder Meetings	_	-	0,0%	-	0,0%	-	0,0%
Tribunals and Hearings	80 000	_	0,0%	90 000	12,5%	120 000	33,3%
Advertising, Promotion and Communication	2 730 358	1 812 487	33,6%	3 715 117	36,1%	2 120 000	(42,9%)
Gross Salaries	15 064 759	14 120 383	6,3%	17 249 700	14,5%	21 169 894	22.7%
Learnership Allowance	-	-	0,0%	-	0,0%		0,0%
Internship Allowance	_	_	0,0%	_	0,0%	_	0,0%
Leave Pay: Staff	109 736	170 927	(55,8%)	83 147	(24,2%)	89 865	8,1%
Leave pay: Regulator Members	-	-	0,0%	50 117	0,0%	-	0,0%
Performance Bonus: FTRM	_	_	0,0%	_	0,0%	_	0,0%
Performance Bonus: Staff	2 561 009	2 022 984	21,0%	3 191 194	24,6%	3 916 430	22,7%
Remuneration: FTRM	2 001 000	2 022 304	0.0%	0 101 104	0.0%	0 3 10 400	0,0%
Publication Incentives		_	0,0%	_	0,0%	_	0,0%
Remunerattion - PTRM and External Members			0,0%		0,0%		0,0%
Salaries Temporary Staff	2 699 788	2 283 145	15,4%	_	(100,0%)		0,0%
Employment cost	20 435 292	18 597 439	9,0%	20 524 041	0,4%	25 176 189	22,7%
Maintenance	20 403 292	10 001 409	0.0%	20 327 041	0,4%	20 110 109	0.0%
Motor Vehicle Expenses			0,0%	_	0,0%		0,0%
Municipal Charges			0,0%		0,0%		0,0%
Insurance			0,0%	_	0,0%		0,0%
Facilities Maintenance			0,0%		0,0%		0,0%
Office Operational Expenses			0,0%		0,0%		0.0%
Office operational expenses-Lease Payments			0,0%	_	0.0%		0.0%
Postage & Courier Services	8 909	5 011	43,8%	4 628	(48,1%)	3 500	(24,4%)
Information Technology Operations	0 303		0.0%	- 020	0,0%	- 0000	0,0%
Software License Fees			0,0%		0,0%		0,0%
Stationery and Printing	30 239	23 109	23,6%	37 237	23,1%	30 225	(18,8%)
Organizational Membership Subscriptions	30 239	25 109	0,0%	- 51 251	0,0%	00 223	0,0%
Professional Membership Subscriptions	5 676		100,0%	-	(100,0%)	4 000	0.0%
Telephone and fax	5 676		0.0%	-	0,0%	4 000	0,0%
i cichinne and iav	_	28 119	37,3%	41 865	(6,6%)	37 725	(9,9%)

INCOME AND EXPENDITURE BUDGET FOR 2018/19	A	В		С	1	D	2
	PETROLEUM PIPELINES REGULATION BUDGET	PETROLEUM PIPELINES REGULATION ACTUAL	% Variance (A /B)	PETROLEUM PIPELINES REGULATION APPROVED BUDGET	% Variance	PETROLEUM PIPELINES REGULATION PROPOSED BUDGET	% Variance
DESCRIPTION	2016/17	2016/17		2017/18		2018/19	
Consultants' Fees	1 200 000	477 612	60,2%	900 000	(25,0%)	600 000	(33,3%)
External Auditors	-	-	0,0%	-	0,0%		0,0%
Recruitment	-	-	0,0%	-	0,0%		0,0%
Legal fees	-	-	0,0%	-	0,0%		0,0%
Internal Audit	-	-	0,0%	-	0,0%	-	0,0%
Professional fees	1 200 000	477 612	60,2%	900 000	(25,0%)	600 000	(33,3%)
Learnership programme	-	-	0,0%	-	0,0%	-	0,0%
Study fees	190 000	64 129	66,2%	145 500	(23,4%)	262 000	80,1%
External Bursaries		_	0,0%	-	0.0%	_	0,0%
Train. & Dev. FRTM	_	-	0,0%	-	0,0%	_	0,0%
Train. & Dev. PTRM	-	-	0,0%	-	0,0%		0,0%
Train.& Dev. Staff	677 914	261 312,20	61,5%	603 739,56	(10,9%)	740 946,30	22,7%
Travel Costs Regulator Members	-	-	0,0%	-	0,0%	´ -	0,0%
Travel Costs Staff	1 729 966	88 819	94,9%	995 601	(42,4%)	1 453 103	46,0%
Travel, Accommodation and Training	2 597 882	414 260	84,1%	1 744 841	(32,8%)	2 456 049	40,8%
Bank Charges	-	-	0,0%	-	0,0%	-	0,0%
Catering & Entertain	30 425	36 249	(19,1%)	42 288	39,0%	57 500	36,0%
Employees Wellness	-	-	0,0%	-	0,0%	-	0,0%
Health and Safety	-	-	0,0%	-	0,0%	-	0,0%
Loss on Disposal of assets	-	-	0,0%	-	0,0%	-	0,0%
Knowledge Centre	-	-	0,0%	-	0,0%	-	0,0%
Bad Debts	-	-	0,0%	-	0,0%	-	0,0%
Other Expenses	30 426	36 249	(19,1%)	42 288	39,0%	57 500	36,0%
NET SURPLUS/ (DEFICIT) before Depreciation	41 330 215	47 618 437	(15,2%)	41 373 333	0,1%	40 256 707	0,0%
Support Service	35 655 218	31 708 567	11,1%	36 004 147	1,0%	39 154 027	8,7%
Depreciation	1 927 313	942 045	51,1%	1 698 362	(11,9%)		(100,0%)
NET SURPLUS/ (DEFICIT) for the period	3 747 684	14 967 825	(299,4%)	3 670 824	(2,1%)	1 102 681	0,0%
TOTAL CAPITAL EXPENDITURE	6 898 500	4 528 556	34,4%	13 145 272	90,6%	8 442 000	(35,8%)
TOTAL CAPITAL EXPENDITURE	0 090 300	4 320 330	34,4%	13 143 272	90,6%	0 442 000	(35,6%)
Motor vehicles			0,0%	126 000	0.0%	168 000	33,3%
Computer software	126 000	464 077	(268,3%)	3 254 272	2482,8%	556 500	(82,9%)
Office furniture and equipment	1 995 000	935 835	53,1%	840 000	(57,9%)	735 000	(12,5%)
Building improvements	4 200 000	2 114 922	49,6%	8 400 000	100,0%	6 300 000	(25,0%)
Computer hardware	577 500	1 013 721	(75,5%)	525 000	(9,1%)	682 500	30,0%
Computer naraware	317 300	1013721	(10,070)	323 000	(5,170)	002 300	50,070

Appendix K: Consolidated Common Cost Budget

SUPPORT SERVICE							
INCOME AND EXPENDITURE BUDGET FOR 2018/19							
	A	В		С	1	D	2
	SUPPORT SERVICE BUDGET	SUPPORT SERVICE ACTUAL	% Variance (A /B)	SUPPORT SERVICE APPROVED BUDGET	% Variance (A /C)	SUPPORT SERVICE BUDGET	% Variance (E / C)
DESCRIPTION	2016/17	2016/17		2017/18		2018/19	
	400 -00 -44	101 110 100	- 40/	474 449 000	4 00/	100 117 710	2 70/
TOTAL OPERATING EXPENDITURE	169 786 744	161 119 193	5,1%	171 448 323	1,0%	186 447 746	8,7%
National/International/Initiatives	118 400	- 0.004.400	100,0%	800 000	575,7%	620 752	(22,4%)
Publications and Communications	3 200 000	2 661 462	16,8%	3 140 000	(1,9%)	3 215 000	2,4%
Advertising	983 226	103 065	89,5%	133 237	(86,4%)	150 000	12,6%
Stakeholder Meetings	510 000	481 297	5,6%	-	(100,0%)	-	0,0%
Tribunals and Hearings	-	- 0.045.004	0,0%	4 070 007	0,0%		0,0%
Advertising, Promotion and Communication	4 811 626	3 245 824	32,5%	4 073 237	(15,3%)	3 985 752	(2,1%)
Gross Salaries	62 608 480	61 500 982	1,8%	75 693 001	20,9%	86 365 574	14,1%
Learnership Allowance	792 000	497 453	37,2%	871 200	10,0%	958 320	10,0%
Internship Allowance	936 000	807 280	13,8%	1 029 600	10,0%	1 132 560	10,0%
Leave Pay: Staff	497 308	951 639	(91,4%)	736 532	48,1%	796 043	8,1%
Leave pay: Regulator Members	364 458	544 627	(49,4%)	364 458	0,0%	28 096	(92,3%)
Performance Bonus: FTRM	1 183 342	722 416	39,0%	1 196 963	1,2%	1 076 834	(10,0%)
Performance Bonus: Staff	10 643 438	9 934 780	6,7%	14 003 205	31,6%	15 977 631	14,1%
Remuneration: FTRM	8 452 445	4 194 123	50,4%	8 549 735	1,2%	7 691 675	(10,0%)
Publication Incentives		45 000	0,0%	300 000	0,0%	300 000	0,0%
Remunerattion - PTRM and External Members	2 678 757	1 899 241	29,1%	2 839 482	6,0%	2 889 663	1,8%
Salaries Temporary Staff	10 830 879	12 162 008	(12,3%)	440 000	(95,9%)	1 000 000	127,3%
Employment cost	98 987 106	93 259 549	5,8%	106 024 176	7,1%	118 216 398	11,5%
Maintenance	6 000 000	5 944 518		4 150 000	(30,8%)	5 500 000	32,5%
Motor Vehicle Expenses	268 333	177 814	33,7%	245 546	(8,5%)	225 000	(8,4%)
Municipal Charges	4 062 000	3 722 545	8,4%	3 870 937	(4,7%)	4 626 000	19,5%
Insurance	537 868	490 329	8,8%	498 916	(7,2%)	647 074	29,7%
Facilities Maintenance	10 868 201	10 335 206	4,9%	8 765 399	(19,3%)	10 998 074	25,5%
Office Operational Expenses	1 352 174	1 411 676	(4,4%)	972 974	(28,0%)	1 366 386	40,4%
Office operational expenses-Lease Payments	1 400 000	1 258 302	10,1%	2 600 000	85,7%	1 400 000	(46,2%)
Postage & Courier Services	271 157	179 656	33,7%	262 904	(3,0%)	248 993	(5,3%)
Information Technology Operations	-	-	0,0%	1 550 600	0,0%	1 638 984	5,7%
Software License Fees	2 209 895	1 610 715	27,1%	3 600 000	62,9%	1 800 000	(50,0%)
Stationery and Printing	1 675 449	1 337 808	20,2%	1 385 555	(17,3%)	1 457 301	5,2%
Organizational Membership Subscriptions	1 251 377	1 125 740	10,0%	1 274 496	1,8%	1 416 446	11,1%
Professional Membership Subscriptions	65 678	54 925	16,4%	107 109	63,1%	80 026	(25,3%)
Telephone and fax	1 246 352	815 757	34,5%	1 002 000	(19,6%)	913 932	(8,8%)
Office Administration	9 472 082	7 794 580	17,7%	12 755 638	34,7%	10 322 068	(19,1%)

SUPPORT SERVICE - continue INCOME AND EXPENDITURE BUDGET FOR 2018/19							
	A	В		С	1	D	2
	SUPPORT SERVICE BUDGET	SUPPORT SERVICE ACTUAL	% Variance (A /B)	SUPPORT SERVICE APPROVED BUDGET	%Variance (A /C)	SUPPORT SERVICE BUDGET	% Variance (E / C)
DESCRIPTION	2016/17	2016/17		2017/18		2018/19	
Consultants' Fees	10 544 128	9 368 683	11,1%	9 393 335	(10,9%)	7 140 000	(24,0%)
External Auditors	2 790 937	2 201 211	21,1%	2 303 133	(17,5%)	2 434 412	5,7%
Recruitment	2 110 809	2 186 370	(3,6%)	3 000 000	42,1%	2 000 000	(33,3%)
Legal fees	7 800 000	8 846 447	(13,4%)	6 200 000	(20,5%)	9 000 000	45,2%
Internal Audit	2 000 000	2 068 415	(3,4%)	2 000 000	0,0%	2 000 000	0,0%
Professional fees	25 245 874	24 671 125	2,3%	22 896 468	(9,3%)	22 574 412	(1,4%)
Learnership programme	1 000 000	718 491	28,2%	1 000 000	(0,0%)	1 000 000	0,0%
Study fees	784 912	361 915	53,9%	404 630	(48,4%)	473 330	17,0%
External Bursaries	-	-	0,0%	-	0,0%	525 000	0,0%
Train. & Dev. FRTM	500 904	643 473	(28,5%)	398 623	(20,4%)	269 209	(32,5%)
Train. & Dev. PTRM	-	-	0,0%	-	0,0%	336 511	0,0%
Train.& Dev. Staff	2 817 376	3 558 165,97	(26,3%)	2 649 255,22	(6,0%)	3 022 795,10	14,1%
Travel Costs Regulator Members	4 039 577	4 212 707	(4,3%)	1 893 446	(53,1%)	4 714 661	149,0%
Travel Costs Staff	6 015 735	6 792 361	(12,9%)	5 383 918	(10,5%)	4 755 426	(11,7%)
Travel, Accommodation and Training	15 158 505	16 287 113	(7,4%)	11 729 873	(22,6%)	15 096 932	28,7%
Bank Charges	151 332	130 178	14,0%	127 108	(16,0%)	143 195	12,7%
Catering & Entertain	1 054 563	1 334 058	(26,5%)	955 073	(9,4%)	930 214	(2,6%)
Employees Wellness	614 922	500 404	18,6%	614 922	0,0%	651 202	5,9%
Health and Safety	590 000	461 088	21,8%	500 000	(15,3%)	529 500	5,9%
Loss on Disposal of assets	-	181 854	0,0%	-	0,0%	-	0,0%
Knowledge Centre	2 832 533	2 918 215	(3,0%)	3 006 429	6,1%	3 000 000	(0,2%)
Bad Debts	-	-	0,0%	-	0,0%	-	0,0%
Other Expenses	5 243 350	5 525 797	(5,4%)	5 203 532	(0,8%)	5 254 112	1,0%
NET SURPLUS/ (DEFICIT) before Depreciation	(169 786 744)	(161 119 193)	5,1%	(171 448 323)	0,0%	(186 447 746)	8,7%
Depreciation Building	2 424 872	1 602 908	33,9%		(100,0%)	-	0,0%
Depreciation Hardware	2 151 982	1 063 959	50,6%		(100,0%)		0,0%
Depreciation Motor Vehicles	444 181	224 019	49,6%		(100,0%)		0,0%
Depreciation Office Equipment	1 455 771	575 695	60,5%		(100,0%)		0,0%
Depreciation Software	2 700 010	1 019 347	62,2%		(100,0%)		0,0%
Depreciation Software	9 176 816	4 485 928	51,1%	-	(100,0%)	-	0,0%
·							
NET SURPLUS/ (DEFICIT) for the period	(178 963 560)	(165 605 121)	7,5%	(171 448 323)	0,0%	(186 447 746)	8,7%
TOTAL CAPITAL EXPENDITURE	32 850 000	7 807 855	76,2%	62 596 534	90,6%	40 200 000	(35,8%)
Motor vehicles			0.0%	600 000	0.0%	800 000	33,3%
Computer software	600 000	800 133	(33,4%)	15 496 534	2482,8%	2 650 000	(82,9%)
Office furniture and equipment	9 500 000	1 613 509	83,0%	4 000 000	(57,9%)	3 500 000	(12,5%)
Building improvements	20 000 000	3 646 418	81,8%	40 000 000	100,0%	30 000 000	(25,0%)
Computer hardware	2 750 000	1 747 795	36,4%	2 500 000	(9,1%)	3 250 000	30,0%
Computer natuwate	2 7 30 000	1747795	30,4 /0	2 300 000	(3,1/0)	3 230 000	30,070
Funding Requirement (Opex excl Dep + Capex)	202 636 744	168 927 048	16,6%	234 044 857	15,5%	226 647 746	(3,16%)

Appendix L: Levies Calculation

2018/2019 LICENSE FEES AND LEVY RATE CALCULATION

			PETROLEUM		
	ELECTRICITY	PIPED-GAS	PIPELINES	TOTAL	
Operating Expenditure - Regulated Industries	86 502 812	38 269 880	30 447 464	155 220 156	
Expenditure - Support services allocated	108 139 693	39 154 027	39 154 027	186 447 746	
Operating Expenditure	194 642 505	77 423 907	69 601 491	341 667 902	
Add: Capital Expenditure	23 316 000	8 442 000	8 442 000	40 200 000	
Total Expenditure	217 958 505	85 865 907	78 043 491	381 867 902	
Less: Interest Received	(6 542 335)	(2 368 776)	(2 368 776)	(11 279 888)	
Less: Rental Income	(37 726)	(13 659)	(13 659)	(65 045)	
Less: Refund of prior year surplus funds	(16 891 359)	(14 127 827)	(7 339 319)	(38 358 505)	
Leviable amount	194 487 085	69 355 644	68 321 736	332 164 465	
Projected Volumes (from Industry)	228 180 000	188 388 024	17 659 000	-4 764 872	
	MWh	Gj	KI		
				-6 580 061	
Electricity license fee (c/kWh)	0,08523				
Piped-Gas levy rate (c/Gj)		36,815			
Petroleum Pipeline levy rate (c/litre)			0,38689		
Levy Rate Increase / (Decrease)	4,98%	17,67%	2,02%		
0040/40 Lave Increase / (Decrease) decrete above veitor					
2018/19 - Levy Increase / (Decrease) due to c	<u> </u>	(2.460/)	0.440/		
Volumes	(4,56%)	(2,16%)	0,14%		

2010/13 - Levy Increase / (Decrease) due to c	mange m.		
Volumes	(4,56%)	(2,16%)	0,14%
Operating Expenditure	5,86%	12,12%	5,19%
Support Service Allocation	4,90%	5,44%	4,70%
Capital Expenditure	(7,32%)	(8,13%)	(7,01%)
Interest received and Other Income	(1,72%)	(1,91%)	(1,65%)
Refund of surplus funds	7,81%	12,30%	0,65%
Total change	4,98%	17,67%	2,02%

Appendix M: Refunds to Industry

The surplus funds will be refunded to the relevant industries through a reduction of the levy rate. The refunds per industry are as follows:

SURPLUS TO BE REFUNDED PER INDUSTRY	YEAR OF SURPLUS	2017/18	2018/19	2019/20	2020/21	Total
Electricity						
Piped-Gas	2011/12 - 2012-13	1 586 283	5 280 913			6 867 196
Petroleum Pipeline						
Electricity			11 063 734			
Piped-Gas	2013/14	5 053 788	5 053 788			22 394 814
Petroleum Pipeline		-	1 223 504			
Electricity		10 942 700				
Piped-Gas	2014/15	14 606 605	2 190 991	1 460 660		44 753 128
Petroleum Pipeline		7 776 086		3 888 044	3 888 044	
Electricity		19 810 652	4 811 158	1 839 560	1 839 560	
Piped-Gas	2015/16		2 552 134	1 531 280	1 020 854	51 752 646
Petroleum Pipeline			6 115 815	6 115 815	6 115 815	
Electricity			1 016 467	609 880	406 587	
Piped-Gas	2016/17		(949 999)	(949 999)	(949 999)	13 298 052
Petroleum Pipeline				7 057 557	7 057 557	
		59 776 114	38 358 504	21 552 798	19 378 418	139 065 835

MOVEMENT IN REFUNDS				
	2017/18	2018/19	CHANGES	
ELECTRICITRY	R 30 753 352	R 16 891 359	R 13 861 993	
PIPED GAS	R 21 246 676	R 14 127 827	R 7 118 849	
PETROLEUM PIPELINES	R 7776 086	R 7 339 319	R 436 767	
	R 59 776 114	R 38 358 505	R 21 417 609	

Appendix N: Programme Budgets

Budgeted Expenditure per programme 2018/19

	Programm	e 1	Programn	ne 2		Programn	ne 3	Programme	4	Programn	1e 5	Prog	ramm	e 6			
	Setting and approval of tar prices		_	Licensing and Registration		Compliance monitoring and enforcement		Dispute resolution including mediation, arbitration and the resolution of complaints		Setting of rules, guides and codes for regulation		Establishing NE an efficient effective organ		and	Total	Total	
Electricity					_												
Electricity Regulator	1 749 934	20%	1 749 934	20%		1 749 934	20%	1 749 934	20%	1 749 934	20%		-	0%	8 749 668	100%	
Electricity Pricing and Tariffs	17 579 579	60%	2 929 930	10%		2 929 930	10%	2 929 930	10%	2 929 930	10%		-	0%	29 299 298	100%	
Electricity licencing, Compliance, and Dispute Resolution	-	0%	13 696 742	40%		10 272 557	30%	10 272 557	30%	-			-	0%	34 241 855	100%	
Electricity Infrastructure Planning	1 421 199	10%	-	0%		11 369 592	80%	-	0%	1 421 199	10%		-	0%	14 211 990	100%	
Support	-	0%	-	0%		-	0%	-	0%	-	0%	108 139	693	58%	108 139 693		
Piped-Gas																	
Piped Gas Regulation	2 619 358	20%	2 619 358	20%		2 619 358	20%	2 619 358	20%	2 619 358	20%		-	0%	13 096 789	100%	
Gas Pricing and Tariffs	13 701 588	100%		0%		-	0%	-	0%	-	0%		-	0%	13 701 588	100%	
Gas Licencing, Compliance and Dispute Resolution	-	0%	4 588 601	40%		3 441 451	30%	3 441 451	30%	-	0%		-	0%	11 471 503	100%	
Support	-	0%	-	0%		-	0%	-	0%	-	0%	39 154	1027	21%	39 154 027		
Petroleum Pipelines																	
Petroleum Pipelines Regulation	2 132 903	20%	2 132 903	20%		2 132 903	20%	2 132 903	20%	2 132 903	20%		-	0%	10 664 513	100%	
Petroleum Pipeline Tariffs	7 126 648	75%		0%		1 425 330	15%	-	0%	950 220	10%		-	0%	9 502 197	100%	
Petroleum Licensing, Compliance																	
and Dispute Resolution	-	0%	4 112 302	40%		4 112 302	40%	2 056 151	20%	-	0%		-	0%	10 280 754	100%	
Support	-	0%	-	0%		-	0%	-	0%	-	0%	39 154	1027	21%	39 154 027		
														100%	341 667 902		

Appendix O: Technical Indicator Description

The tables below provide technical descriptions for all the Key Performance Indicators as reflected in the NERSA Annual Performance Plan (2018/19 - 2020/21). In line with the approved Annual Performance Plan, these indicators are divided in programmes as well as in the following functional areas:

- Electricity Industry Regulation
- Piped-Gas Industry Regulation;
- Petroleum Pipelines Industry Regulation;
- Transversal Regulatory; and
- Organisational.

1. **ELECTRICITY INDUSTRY REGULATION**

1.1. Programme 1: Setting and/or approval of tariffs and prices

- 1: Energy supply that is certain and secure for current and future user needs
- 2: A regulatory environment that facilitates investment in energy infrastructure
- 3: Competition and competitiveness within the energy industry
- 4: Regulatory certainty within the energy industry
- 5: Accessible and affordable energy for all citizens

Indicator number	1	2
Indicator title	% of tariff applications of licensed distributors considered by the relevant Subcommittee, within 60 days of receipt of complete application	Number of reports on the proposed municipal guidelines and benchmarks for the forthcoming financial year considered by the relevant subcommittee
Short definition	This is the percentage of complete tariff applications that are considered by the Regulator Executive Committee or the Electricity Subcommittee (depending on delegation) and submitted to the Energy Regulator for a final decision, in compliance with the legislated timeframes.	These are reports in which proposed municipal guidelines and benchmarks for the forthcoming financial year are stated, based on an analysis that was performed, taking into account the MYPD3, the current financial year's Municipal tariff increases and benchmarks as well as inflation targets and others.
Purpose/Importance	The implementation of this KPI is necessary for NERSA to execute its mandate in setting prices and tariffs, aimed at ensuring financially sustainable supply of electricity by municipalities and private distributors.	The Guidelines for Municipal Tariff Increases and Benchmarks for the forthcoming financial year assists municipalities in compiling their tariff applications for the forthcoming financial year. This is aimed at facilitating the sustainability of electricity supply by Eskom
Source/collection of data	Tariff Applications and D Forms; Tariff analysis schedules and Minutes of REC and ELS meetings	Reasons for Decision of MYPD3 and previous Municipal tariff increases and benchmarks; Guidelines for Municipal tariff increases and Benchmarks for the current financial year; and minutes of ELS and ER meetings
Method of calculation	((number of tariff applications approved within 60 days of receipt of complete application) / (number of received tariff applications))*100	Number of reports per year
Data limitations	None	None
Type of indicator	Outcome	Output
Calculation type	Non-cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Annual
New indicator	No	No
Desired performance	100% of tariff applications of licensed distributors approved by the relevant Subcommittee within 60 days of receipt of complete application.	1 report on the proposed guidelines and benchmarks for 2018/19 considered by the ELS/REC by 31 December 2018
Indicator Responsibility	EM (ELR) and HOD (EPT)	EM (ELR) and HOD (EPT)

Indicator number	3	4
Indicator title	Number of reports on the review of Eskom's revenue application for period starting 1 April 2019 considered by ER	Number of reports on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the relevant Subcommittee
Short definition	Report will summarise the outcome of the analysis of the applications, the outcome of stakeholder engagements and public hearings as well as the recommended revenue for approval and a clear motivation for the recommendation.	These reports provide the Regulator with information on Eskom's performance which are based on an analysis of Eskom's Regulatory Financial Reports and on the MYPD3 determination.
Purpose/Importance	Eskom is required to submit an application to the Energy Regulator for approval of its revenue and tariff for each · financial year. The process of approving Eskom's revenue may be done at the beginning of one financial year and for further extended years. In terms of the ERA and the licence conditions, Eskom cannot charge any customer any tariff other than the one approved by the Energy Regulator	The implementation of this KPI will enable NERSA to monitor the impact of the MYPD3 on Eskom and decide on possible regulatory clearing accounts. This is aimed at facilitating the sustainability of electricity supply by Eskom.
Source/collection of data	Analysis of applications, comments from stakeholders and inputs received during public hearings.	Eskom report on its actual performance against the MYPD3
Method of calculation	Add up number of reports per year	Add up number of reports per year
Data limitations	Information supplied by Eskom	Information supplied by licencees
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Annual
New indicator	Yes	No
Desired performance	1 report on the review of Eskom's revenue application from period starting 1 April 2019 considered by ER by 31 December 2018	1 report on the analysis of Eskom's performance based on submitted Regulatory Financial Reports (RFRs) considered by the ELS/REC by 31 December 2018
Indicator Responsibility	EM (ELR) and HOD (EPT)	EM (ELR) and HOD (EPT)

Indicator number	5	6
Indicator title	Number of reports on the review of Eskom's submission on Eskom Retail Tariff and Structural Adjustment (ERTSA) considered by the relevant subcommittee in line with statutory requirements	Number of reports on the Free Basic Electricity (FBE) Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee
Short definition	These are reports on the review of Eskom's annual application to adjust the tariffs applicable to the respective customer groups; the annual submission of a proposed schedule of standard tariffs applicable to each of the customer groups for each year of the MYPD as well as the Reasons for Decision (RfD).	These are reports on the determination of the rate at which Eskom can charge the municipalities annually for supplying FBE on its behalf, based on an analysis of Eskom's FBE reports which contains customer statistics and consumption information and an analysis of Eskom's approved IBT (1st block) rate.
Purpose/Importance	The implementation of this KPI fits into the setting of tariffs and prices in that NERSA will determine the structural adjustments of Eskom's retail tariffs (those tariffs that Eskom uses to sell electricity to other distributors, amongst others). This is aimed at facilitating the sustainability of electricity supply by Eskom.	The implementation of this KPI will also ensure that the free basic electricity is implementable by municipalities as they will get their required revenue and the poor will benefit. This is aimed at facilitating the sustainability of electricity supply by Eskom.
Source/collection of data	ERTSA Application by Eskom and tariff model, Reasons for Decision and Minutes (ELS and Energy Regulator).	Eskom - FBE customer statistics and consumption information; NERSA - the Approved 1st block of The Eskom Retail Tariff; and minutes of ELS and ER
Method of calculation	The ERTSA is determined by the tariff model	FBE is in line with the tariff model
Data limitations	Accuracy and timeliness of information	Accuracy and timeliness of information
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Annual
New indicator	No	No
Desired performance	1 report on the review of Eskom's submission on ERTSA for the 2019/20 financial year considered by the ELS/REC by 30 November 2018 in line with statutory requirements	One report on the FBE Rate for the compensation of Eskom for implementation on 1 July annually considered by the relevant Subcommittee
Indicator Responsibility	EM (ELR) and HOD (EPT)	EM (ELR) and HOD (EPT)

1.2. Programme 2:

Licensing and registration

- 1: Energy supply that is certain and secure for current and future user needs
- 2: A regulatory environment that facilitates investment in energy infrastructure
- 3: Competition and competitiveness within the energy industry
- 5: Accessible and affordable energy for all citizens

Indicator number	1
Indicator title	% of licence applications considered by the relevant Subcommittee within 120 days from receipt of all required information
Short definition	This is the percentage of complete tariff applications that are considered by the Regulator Executive Committee or the Electricity Subcommittee (depending on delegation) and submitted to the Energy Regulator for a final decision, in compliance with the legislated timeframes.
Purpose/Importance	The implementation of this KPI is necessary for NERSA to execute its mandate to issue licences with conditions, aimed at controlling entry and ensuring the orderly development of the Electricity Industry.
Source/collection of data	Licence applications, Reasons for decision (RFD). The RFD documents outlines the timelines in the processing of applications and Minutes (REC/ELS/ER depending on delegation)
Method of calculation	(number of processed licence applications within 120 days / number of received licence applications)*100
Data limitations	Incomplete applications
Type of indicator	Outcome
Calculation type	Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly
New indicator	No
Desired performance	100% of licence applications considered by the ELS/REC within 120 days from receipt of all required information
Indicator Responsibility	EM (ELR) and HOD (ELC)

1.3. Programme 3:

Compliance monitoring and enforcement

- 1: Energy supply that is certain and secure for current and future user needs
- 2: A regulatory environment that facilitates investment in energy infrastructure
- 3: Competition and competitiveness within the energy industry
- 5: Accessible and affordable energy for all citizens

Indicator number	1	2		
Indicator title	Number of consolidated audit reports on the state of compliance of licencees with license conditions considered by the relevant Subcommittee	Number of progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the relevant subcommittee		
Short definition	These are annual reports on all the audits NERSA conducted on the state of generation, transmission and distribution licencees' compliance with licence conditions, including audit findings	These are reports indicating the progress made by licencees' with their corrective action plans, based on the audit findings by NERSA regarding the state of their compliance with license conditions.		
Purpose/Importance	This KPI will ensure effective and consistent compliance monitoring throughout in the electricity sector, as part of executing NERSA's mandate with specific reference to the promotion of the quality and reliability level of electricity supply.	This KPI will contribute towards a higher level of compliance with licence conditions through monitoring the implementation of licencees' corrective action plan, as part of executing NERSA's mandate with specific reference to the promotion of the quality and reliability level of electricity supply.		
Source/collection of data	Compliance audit reports	Compliance audit reports; status reports on the implementation of corrective action plans		
Method of calculation	Number of reports per year	Number of reports per year		
Data limitations	Cooperation by licencees in providing management comments	Information supplied by licencees		
Type of indicator	Output	Output		
Calculation type	Cumulative	Cumulative		
Reporting cycle (quarterly, annually or at longer time intervals)	Annually	Annually		
New indicator	No	No		
Desired performance	Three consolidated distribution audit reports - one each for distribution, generation and distribution licensees - on the state of compliance of licensees with licence conditions considered by the ELS/REC by 31 March 2019	3 progress reports on the monitoring of the implementation of the corrective action plans by non-complying licensees considered by the ELS/REC by 31 March 2019 one each for transmission generation and distribution licencees		
Indicator Responsibility	EM (ELR) and HOD (ELC)	EM (ELR) and HOD (ELC)		

Indicator number	3	4
Indicator title	Number of audit reports on the review of the annual performance of the Integrated Demand Management (IDM) considered by the relevant Subcommittee	Number of audit reports on Eskom's Transmission Network Development projects for compliance with the South African Grid Code, considered by the relevant Subcommittee (subject to all information available)
Short definition	These are annual audit reports of the IDM performance based on Eskom's breakdown of all IDM programmes/ technologies with their estimated costs, demand and energy savings that was submitted to the Energy Regulator with the MYPD application.	These are reports regarding the audits conducted on projects included in Eskom's approved Transmission Development Plan in order to evaluate the compliance of these projects with the approved Grid Code
Purpose/Importance	The implementation of this KPI will assist in ensuring the implementation of measurable and sustainable demand-reduction interventions in order to increase the safety net between South Africa's energy usage and what Eskom can supply. This forms part of executing NERSA's mandate with specific reference to the promotion of the quality and reliability level of electricity supply.	The implementation of this KPI will assist in determining the level of compliance of projects in Eskom's approved Transmission Development Plan with the South African Grid Code.
Source/collection of data	Approved audit report that details the assessment and evaluation of IDM for compliance with the South African Grid Code	Approved audit report that details the assessment and evaluation of projects in Eskom's approved Transmission Development Plan for compliance with the South African Grid Code
Method of calculation	Number of audit reports per year	Number of audit reports per year
Data limitations	Participation by Eskom Transmission	Participation by Eskom Transmission
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Annual
New indicator	No	No
Desired performance	1 audit report on the review the annual performance of IDM for 2015/16 considered by the ELS/REC by 31 March 2019	1 audit report on Eskom's Transmission Network Development 2016/17 projects for compliance with the South African Grid, considered by the ELS/REC by 31 March 2019 subject to all information available
Indicator Responsibility	EM (ELR) and HOD (EIP)	EM (ELR) and HOD (EIP)

Indicator number	5
Indicator title	Number of monitoring reports on the performance and progress of Renewable Energy projects considered by the Energy Regulator, considered by the relevant Subcommittee
Short definition	These are monitoring reports on the performance of and progress made with renewable energy aimed at informing all stakeholders and decision makers on the status.
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of promoting the quality and reliability level of electricity supply.
Source/collection of data	Reports on the performance and progress of Renewable Energy
Method of calculation	Number of reports per year
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Bi-annually
New indicator	No
Desired performance	Two monitoring reports on the performance and progress of Renewable Energy projects considered by the Energy Regulator for 2017/18, considered by the relevant Subcommittee by 30 September 2018 and by 31 March 2019 respectively
Indicator Responsibility	EM (ELR) and HOD (EIP)

1.4. Programme 4:

Dispute resolution, including mediation, arbitration and handling of complaints

- 3: Competition and competitiveness within the energy industry
- 5: Accessible and affordable energy for all citizens
- 6: Establishing NERSA as an efficient and effective regulator

Indicator number	1	2
Indicator title	% of disputes/ complaints closed within 180 days from receipt	Number of reports on the trends regarding to the status of disputes and complaints in the electricity industry considered by the relevant Subcommittee
Short definition	This is the percentage of complaints / disputes closed with set timelines	This is a report compiled on an annual basis, on the trends regarding to and the status of complaints in the electricity industry
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of dispute resolution including mediation, arbitration and the handling of complaints	The implementation of this KPI is directly linked to NERSA's mandate of dispute resolution including mediation, arbitration and the handling of complaints
Source/collection of data	Records of complaints received	Records of complaints and disputes
Method of calculation	(number of closed disputes / complaints within 180 days of receipt / number of received complaints)*100	Number of reports per year
Data limitations	Participation by complainant and licencees	None
Type of indicator	Outcome	Output
Calculation type	Non-cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Annually
New indicator	No	No
Desired performance	85% of disputes/ complaints closed within 180 days from receipt	1 report on the trends regarding to the status of disputes and complaints in the electricity industry considered by the ELS/REC by 31 March 2019
Indicator Responsibility	EM (ELR) and HOD (ELC)	EM (ELR) and HOD (ELC)

Setting of rules, guidelines and codes for the regulation of the electricity industry

- 1: Energy supply that is certain and secure for current and future user needs
- 3: Competition and competitiveness within the energy industry
- 4: Regulatory certainty within the energy industry
- 6: Establishing NERSA as an efficient and effective regulator

Indicator number	1	2
Indicator title	% of decisions regarding applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, made by the relevant Subcommittee within 60 days from receipt of application	% of decisions regarding applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, made by the relevant Subcommittee within 60 days from receipt of application
Short definition	This is the percentage of decisions taken regarding applications for exemption from the Grid Code made by the relevant Subcommittee within 60 days from receipt of application	This is the percentage of decisions taken regarding applications for amendment of the Grid Code made by the relevant Subcommittee within 60 days from receipt of application
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of Setting of rules, guidelines and codes for the regulation of the three industries	The implementation of this KPI is directly linked to NERSA's mandate of Setting of rules, guidelines and codes for the regulation of the three industries
Source/collection of data	Applications for exemptions of the grid code	Applications for amendments to the grid code
Method of calculation	(number of applications <u>requiring exemptions</u> completed within 60 days / number of applications for <u>exemptions</u> received)*100	(number of applications <u>requiring amendments</u> completed within 60 days / number of applications for <u>amendments</u> received)*100
Data limitations	None	None
Type of indicator	Outcome	Outcome
Calculation type	Non-cumulative	Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	No
Desired performance	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring exemptions to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application	100% of applications from the ESI relating to fair and equitable access to electricity infrastructure requiring amendment to the South African distribution and transmission grid code, considered by the ELS/REC within 60 days from receipt of application
Indicator Responsibility	EM (ELR) and HOD (EIP)	EM (ELR) and HOD (EIP)

Indicator number	3	
Indicator title	Number of reports on the scope for the review of the South African distribution and transmission grid code considered by ER within stated timeline	
Short definition	The report will indicate all the areas of the Grid Code that needs to be reviewed to ensure that the reciprocal obligations of industry participants around the use of the TS and operation of the interconnected power system (IPS) are aligned to developments in the industry.	
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of Setting of rules, guidelines and codes for the regulation of the three industries	
Source/collection of data	Desk top research; analaysis reports; inputs from industry participants	
Method of calculation	Number of reports per year	
Data limitations	None	
Type of indicator	Output	
Calculation type	Cumulative	
Reporting cycle (quarterly, annually or at longer time intervals)	Annually	
New indicator	Yes	
Desired performance	Report on the scope for the review of the South African distribution and transmission grid code considered by ER by 31 March 2019	
Indicator Responsibility	EM (ELR) and HOD (EIP)	

Programme 6: Administration (Establishing NERSA as an efficient and effective regulator) 1.6.

- 1: Energy supply that is certain and secure for current and future user needs
- 4: Regulatory certainty within the energy industry
- 6: Establishing NERSA as an efficient and effective regulator)and affordable energy for all citizens

Indicator number	1	
Indicator title	Number of System Adequacy reports considered by the relevant Subcommittee	
Short definition	These are reports in which NERSA indicates the generation system adequacy and performance, as well as capacity outlook for the near future.	
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate monitor the supply–demand balance of the electricity system to achieve efficient, effective, sustainable and orderly development and operation of the electricity supply infrastructure in South Arica.	
Source/collection of data	Reports from Eskom	
Method of calculation	Number of reports per year	
Data limitations	None	
Type of indicator	Output	
Calculation type	Cumulative	
Reporting cycle (quarterly, annually or at longer time intervals)	Annually	
New indicator	No	
Desired performance	One System Adequacy Report considered by the relevant Subcommittee	
Indicator Responsibility	EM (ELR)	

2. PIPED-GAS INDUSTRY REGULATION

2.1. Programme 1: Setting and/or approval of tariffs and prices

NERSA Strategic Objective(s) 1: Energy supply that is certain and secure for current and future user needs

- 2: A regulatory environment that facilitates investment in energy infrastructure
- 3: Competition and competitiveness within the energy industry
- 4: Regulatory certainty within the energy industry
- 5: Accessible and affordable energy for all citizens

Indicator number	1	2
Indicator title	% of maximum price applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of maximum price application	% of trading margin applications considered by the relevant subcommittee within 120 days after the date of the publication of preliminary assessment
Short definition	This is the percentage of applications for maximum prices of piped-gas considered by the relevant Subcommittee, within a set timeframe, subject to a finding that there is inadequate competition	This is the percentage of trading margin applications by the relevant Subcommittee, within a set timeframe, aimed at enabling the licensee to: a) Recover all efficient and prudently incurred investment and operational costs, and b) Make a profit commensurate with risk
Purpose/Importance	The implementation of indicator is directly linked to NERSA's mandate of setting and approving of tariffs and prices.	The implementation of this KPI is directly linked to NERSA's mandate of setting and/or approving tariffs and prices
Source/collection of data	Applications for maximum prices of gas, Reasons for Decision - contains timelines of consideration of application and Minutes	Applications for trading margin, Reasons for Decision - contains timelines of consideration of application and Minutes
Method of calculation	(number of applications for maximum prices completed within 120 days / number of applications for maximum prices received)*100	(number of trading margin applications completed within 120 days / number of applications for maximum prices received)*100
Data limitations	None	None
Type of indicator	Outcome	Outcome
Calculation type	Non-cumulative	Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	No
Desired performance	100% of maximum price applications are considered by the PGS/ER within 120 days after date of publication of preliminary assessment of maximum price application	100% of trading margin applications considered by the PGS/ER within 120 days after the date of the publication of preliminary assessment
Indicator Responsibility	EM (GAR) and HOD (GPT)	EM (GAR) and HOD (GPT)

Indicator number	3	4
Indicator title	% of transmission tariff applications are considered by the relevant Subcommittee within 120 days after date of publication of preliminary assessment of tariff application	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules considered by the relevant Subcommittee
Short definition	This is the percentage of transmission tariff applications considered by the relevant Subcommittee, within a set timeframe, subject to a finding that there is inadequate competition	This is the number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules considered by the relevant Subcommittee, within a set timeframe
Purpose/Importance	The implementation of this KPI is necessary for NERSA to execute its mandate in setting and approving prices and tariffs	The implementation of this KPI is necessary for NERSA to execute its mandate in setting and approving prices and tariffs
Source/collection of data	Applications for transmission tariff, Reasons for Decision - contains timelines of consideration of application and Minutes	Schedule One to the Agreement and PPI from StatsSA, Report containing the ROMPCO tariffs for volumes below 120 GJ and Minutes of PGS
Method of calculation	(number of transmission tariff applications completed within 120 days / number of applications for maximum prices received)*100	Actual number of calculations and publication of the ROMPCO tariff for volumes below 120 Gigajoule
Data limitations	None	None
Type of indicator	Outcome	Output
Calculation type	Non-cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	No
Desired performance	100% of transmission tariff applications are considered by PGS/ER within 120 days after date of publication of preliminary assessment of tariff application	4 quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the PGS
Indicator Responsibility	EM (GAR) and HOD (GPT)	EM (GAR) and HOD (GPT)

2.2. Programme 2:

Licensing and Registration

- 1: Energy supply that is certain and secure for current and future user needs
- 2: A regulatory environment that facilitates investment in energy infrastructure
- 3: Competition and competitiveness within the energy industry
 5: Accessible and affordable energy for all citizens

Indicator number	1	2
Indicator title	% of licence applications considered by the relevant Subcommittee within 60 days from date of close of public comment period or period of applicant's response to objections received	% of applications for licence amendments considered by the relevant subcommittee within - *60 days from date of close of public comment period or period of applicant's response to objections received OR *90 days from date of receipt of complete application, not requiring publication for comment
Short definition	This is the percentage of the licence applications considered by the REC or PGS (depending on the delegation) within a set timeframe	This is the percentage of the applications for license amendment, considered by the relevant subcommittee within a set timeframe
Purpose/Importance	The implementation of this KPI is linked to NERSA's mandate to issue licences with conditions	The implementation of this KPI is linked to NERSA's mandate to register gas operations
Source/collection of data	Licence applications, Reasons for decision (RFD). The RFD documents the timelines in the processing of applications and Minutes of REC / PGS (depending on delegation)	Applications for licence amendments, Reasons for decision (RFD). The RFD documents the timelines in the processing of applications and Minutes of REC / PGS (depending on delegation)
Method of calculation	(Number of licence applications considered within 60 days after the end of the objection period or period of applicant's response to objections received) / (total number of applications received) * 100	(Number of applications for amendments considered within 120 days from receipt of complete application) / (total number of applications received) * 100
Data limitations	Accuracy and completeness of information	Accuracy and completeness of information
Type of indicator	Outcome	Outcome
Calculation type	Non-cumulative	Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	Yes
Desired performance	100% of licence applications considered by the PGS/REC within 60 days from date of close of public comment period or period of applicant's response to objections received	100% of applications for licence amendments considered by the PGS/REC within - *60 days from date of close of public comment period or period of applicant's response to objections received OR *90 days from date of receipt of complete application, not requiring publication for comment
Indicator Responsibility	EM (GAR) and HOD (GLC)	EM (GAR) and HOD (GLC)

Indicator number	3	
Indicator title	% of registration applications of gas imports and production are processed and considered by the relevant Subcommittee within - *60 days from date of receipt of complete application not requiring publication OR *120 days of receipt of complete application which need to be published	
Short definition	This is the percentage of the registration applications for operations or activities related to the production and importation of gas, considered by the relevant subcommittee within a set timeframe	
Purpose/Importance	The implementation of this KPI is linked to NERSA's mandate to register gas operations	
Source/collection of data	Registration applications, Reasons for decision (RFD). The RFD documents the timelines in the processing of applications and Minutes of REC	
Method of calculation	(Number of registration applications considered within 120 days from receipt of complete application) / (total number of applications received) * 100	
Data limitations	Accuracy and completeness of information	
Type of indicator	Outcome	
Calculation type	Non-cumulative	
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	
New indicator	No	
Desired performance	100% of registration applications of gas imports and production are processed and considered by the PGS/REC within *60 days from date of receipt of complete application not requiring publication OR. *120 days of receipt of complete application which need to be published	
Indicator Responsibility	EM (GAR) and HOD (GLC)	

2.3. Programme 3:

Compliance monitoring and enforcement

- 1: Energy supply that is certain and secure for current and future user needs
- 2: A regulatory environment that facilitates investment in energy infrastructure
- 3: Competition and competitiveness within the energy industry
- 5: Accessible and affordable energy for all citizens

Indicator number	1	2
Indicator title	Number of monthly volume balance reports assessed and analysis reports considered by the relevant Subcommittee	Number of audits conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the relevant Subcommittee
Short definition	This is the number of reports on the assessment and analysis of Sasol's volume balance reports considered by the relevant Subcommittee, within 60 days from date of receipt of information from Sasol, in order for NERSA to have regular, systematic, consistent, and sufficient non-financial information relevant to economic regulation, to enhance the efficiency and transparency of the regulatory process.	This is the number of reports on the audits conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the relevant Subcommittee by the end of the financial year
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring as well as gathering information relating to the production, transmission, storage, distribution, trading, liquefaction and re-gasification of gas	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring
Source/collection of data	Volume balance report assessment reports	Audit reports
Method of calculation	Number of reports	Number of reports
Data limitations	Accuracy and availability of information	Accuracy and availability of information
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Annually
New indicator	No	No
Desired performance	12 monthly volume balance reports assessed and analysis reports considered by the PGS within 60 days from date of receipt of information from Sasol	1 audit conducted on the ROMPCO pipeline according to the compliance framework, non-compliance notices issued (where necessary) and audit reports considered by the PGS/REC by 31 March 2019
Indicator Responsibility	EM (GAR) and HOD (GLC)	EM (GAR) and HOD (GLC)

Indicator number	3	4
Indicator title	Number of inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the relevant Subcommittee	Number of monitoring reports on the implementation of transmission tariffs considered by the relevant Subcommittee
Short definition	This is the number of inspections conducted aimed at enforcing monitoring and compliance of licensed entities with licence conditions and to issue notices of non-compliance if and when necessary	This is the number of reports on the monitoring of the implementation of transmission tariffs by ROMPCO, Transnet and Sasol Gas respectively, considered by the relevant Subcommittee
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring
Source/collection of data	Inspection reports	Reports on the implementation of transmission tariffs
Method of calculation	Number of reports	Number of reports
Data limitations	Accuracy and availability of information	Accuracy and availability of information
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	No
Desired performance	40 inspections conducted, non-compliance notices issued (where necessary) and inspection reports considered by the PGS by 31 March 2019	3 monitoring reports on the implementation of transmission tariffs (one for ROMPCO, one for Transnet and one for Sasol Gas) considered by the PGS by 31 March 2019
Indicator Responsibility	EM (GAR) and HOD (GLC)	EM (GAR) and HOD (GLC)

Indicator number	5	
Indicator title	Number of monitoring reports on the implementation of Maximum Prices considered by the relevant Subcommittee	
Short definition	These are reports on the implementation of maximum prices considered by the relevant Subcommittee, aimed at evaluating compliance.	
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring	
Source/collection of data	Reports on the implementation of transmission tariffs	
Method of calculation	Number of reports	
Data limitations	Accuracy and availability of information	
Type of indicator	Output	
Calculation type	Cumulative	
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	
New indicator	No	
Desired performance	1 monitoring report on the implementation of Maximum Prices per licence after one year following the approval of the maximum price considered by the PGS by 31 March 2019	
Indicator Responsibility	EM (GAR) and HOD (GLC)	

Programme 4: 2.4.

Dispute resolution, including mediation, arbitration and handling of complaints

- 3: Competition and competitiveness within the energy industry
- 5: Accessible and affordable energy for all citizens
- 6: NERSA a credible and reliable regulator

Indicator number	1	2
Indicator title	% of complaint investigations completed within 12 months and a report on findings considered by the relevant Subcommittee	% of initiated investigations completed within 12 months and a report on findings considered by the relevant Subcommittee
Short definition	This is the percentage of investigations into complaints and disputes received, completed within a stated timeframes and a report on the findings considered by the relevant Subcommittee	This is the percentage of initiated investigations within a stated timeframes and a report on the findings considered by the relevant Subcommittee
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of dispute resolution including mediation, arbitration and the handling of complaints	The implementation of this KPI is directly linked to NERSA's mandate of dispute resolution including mediation, arbitration and the handling of complaints
Source/collection of data	Records of complaints received, RFD, minutes of relevant Subcommittee	Records of complaints initiated, RFD, minutes of relevant Subcommittee
Method of calculation	(Number of complaints received completed within 12 months after receipt) / (total number of applications received) * 100	(Number of initiated investigations completed within 12 months after receipt) / (total number of initiated investigations) * 100
Data limitations	Participation by complainant and licencees	Participation by licencees
Type of indicator	Outcome	Numeric / Outcome
Calculation type	Non-cumulative	Percentage – Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Annual
New indicator	No	No
Desired performance	50% of complaint investigations completed within 12 months and a report on findings considered by the PGS	50% of initiated investigations completed within 12 months and a report on findings considered by the PGS
Indicator Responsibility	EM (GAR) and (HOD (GPT) or HOD (GLC))	EM (GAR) and (HOD (GPT) or HOD (GLC))

2.5. Programme 5:

Setting of rules, guidelines and codes for the regulation of the piped-gas industry

- 3: Competition and competitiveness within the energy industry
 4: Regulatory certainty within the energy industry
 5: Accessible and affordable energy for all citizens

- 6: NERSA a credible and reliable regulator

Indicator number	1	
Indicator title	Tariff and pricing methodologies and guidelines reviewed (if deemed necessary)	
Short definition	The is the number of reports relating to specific issues relating to either rules, guidelines or codes for the regulation of the piped-gas industry, should a need be identified	
Purpose/Importance	The implementation of this indicator is linked to NERSA's mandate of setting of rules, guidelines and codes for the regulation of the piped-gas industry	
Source/collection of data	Reports considered, minutes of relevant Subcommittee	
Method of calculation	Number of reports considered per annum	
Data limitations	None	
Type of indicator	Output	
Calculation type	Cumulative	
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	
New indicator	No	
Desired performance	1 benchmark report on the impact of the Maximum Pricing Methodology considered by the PGS/REC by 31 March 2019)	
Indicator Responsibility	EM (GAR), HOD (GLC) and HOD (GPT)	

Programme 6: 2.6.

Administration (Establishing NERSA as an efficient and effective regulator)

- 1: Energy supply that is certain and secure for current and future user needs
- 4: Regulatory certainty within the energy industry
- 6: NERSA a credible and reliable regulator

Indicator number	1	2
Indicator title	Number of reports on gas regulatory advocacy considered by the relevant Subcommittee	Number of reports on stakeholder workshops / meetings considered by the relevant Subcommittee
Short definition	This is the number of reports on gas regulatory advocacy engagements with decision-makers on identified legislative and policy matters	This is the number of reports on stakeholder workshops and meetings regarding pricing and tariffs as well as licensing and compliance monitoring
Purpose/Importance	The implementation of this indicator is aimed at facilitating the best possible legislative framework to enable NERSA in executing its mandate, thereby contributing to establishing NERSA as an efficient and effective regulator	The implementation of this indicator is part of NERSA's obligation to its stakeholders to provide information and education around its activities and mandate, thereby contributing to establishing NERSA as an efficient and effective regulator
Source/collection of data	Reports considered, minutes of relevant Subcommittee	Reports considered, minutes of relevant Subcommittee
Method of calculation	Number of reports considered per annum	Number of reports considered per annum
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Annual
New indicator	No	No
Desired performance	1 report considered by the PGS on gas regulatory advocacy by 31 March 2019	1 report on stakeholder workshops / meetings considered by the relevant Subcommittee by 31 March 2018
Indicator Responsibility	EM (GAR), HOD (GLC) and HOD (GPT)	EM (GAR), HOD (GLC) and HOD (GPT)

Indicator number	3	
Indicator title	Number of reports on new developments in the gas industry considered by the relevant Subcommittee	
Short definition	This is the number of reports on new developments in the gas industry considered by the relevant Subcommittee	
Purpose/Importance	The implementation of this indicator is aimed at keeping abreast of new development and identifying the possible regulatory impact it might have, thereby contributing to establishing NERSA as an efficient and effective regulator	
Source/collection of data	Reports considered, minutes of relevant Subcommittee	
Method of calculation	Number of reports considered per annum	
Data limitations	None	
Type of indicator	Output	
Calculation type	Cumulative	
Reporting cycle (quarterly, annually or at longer time intervals)	Bi-annual	
New indicator	No	
Desired performance	2 bi-annual reports on new developments in the gas industry considered by the relevant Subcommittee by 30 September and 31 March respectively	
Indicator Responsibility	EM (GAR), HOD (GLC) and HOD (GPT)	

3. PETROLEUM PIPELINES INDUSTRY REGULATION

3.1. Programme 1: Setting and/or approval of tariffs and prices

NERSA Strategic Objective(s) 1: Energy supply that is certain and secure for current and future user needs

2: A regulatory environment that facilitates investment in energy infrastructure

3: Competition and competitiveness within the energy industry

4: Regulatory certainty within the energy industry

5: Accessible and affordable energy for all citizens

Indicator number	1	
Indicator title	% of pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 7 months of receipt of complete application	
Short definition	This is the percentage of all the pipeline, storage and loading facility tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application	
Purpose/Importance	The implementation of this KPI is necessary for NERSA to execute its mandate in setting and/or approving tariffs	
Source/collection of data	Applications for tariffs; Reasons for Decision; and Minutes	
Method of calculation	((Number of tariff applications considered by the relevant Subcommittee within 8 months of receipt of complete application) / (Total number of tariff applications received))*100	
Data limitations	Accuracy, reliability and completeness of information	
Type of indicator	Outcome	
Calculation type	Non-cumulative	
Reporting cycle (quarterly, annually or at longer time intervals)	Annually	
New indicator	No	
Desired performance	70% of pipeline, storage and loading facility tariff applications considered by the PPS/ER within 7 months of receipt of complete application	
Indicator Responsibility	EM (PPR) and HOD (PPT)	

3.2. Programme 2: Licensing and Registration

- 1: Energy supply that is certain and secure for current and future user needs
- 2: A regulatory environment that facilitates investment in energy infrastructure
- 3: Competition and competitiveness within the energy industry
- 5: Accessible and affordable energy for all citizens

Indicator number	1	2
Indicator title	% of licence applications will be decided upon within 60 Days under the conditions as prescribed in section 19(1) of the Petroleum Act	Number of reports on investigations done into suspected unlicensed activities considered by the relevant Subcommittee
Short definition	This is the percentage of licence applications that will be decided upon within the timelines as prescribed in Section 19(1) of the Petroleum Pipelines Act	This is the number of reports on investigations done into suspected unlicensed activities considered by the relevant Subcommittee
Purpose/Importance	The implementation of this KPI is directly necessary in order to comply with NERSA's mandate to Issue licences with conditions	The implementation of this KPI is directly necessary in order to comply with NERSA's mandate to issue licences with conditions and to ensure that all unlicensed facilities have been appropriately licensed
Source/collection of data	Licence applications; Reasons for decision (RFD). The RFD documents the timelines in the processing of applications; and Minutes	Monthly compliance report, quarterly reports on suspected unlicensed activities, minutes of relevant Subcommittee
Method of calculation	(number of applications decided upon within statutory deadlines / number of received licence applications)*100	Number of reports
Data limitations	Incomplete applications	None
Type of indicator	Outcome	Output
Calculation type	Non-cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annually	Quarterly
New indicator	No	No
Desired performance	100% of licence applications will be decided upon within 60 days under the conditions as prescribed in Section 19(1) of the Petroleum Pipelines Act	1 report on investigations done into suspected unlicensed activities, considered by the REC by 31 March 2019
Indicator Responsibility	EM (PPR) and HOD (PLC)	EM (PPR) and HOD (PLC)

Programme 3: 3.3. Compliance monitoring and enforcement

- 1: Energy supply that is certain and secure for current and future user needs
- 2: A regulatory environment that facilitates investment in energy infrastructure
- 3: Competition and competitiveness within the energy industry
- 5: Accessible and affordable energy for all citizens

Indicator number	1	2
Indicator title	Number of reports on trends regarding utilisation of storage facilities and 3rd party access, considered by the relevant Subcommittee	Methodology to determine uncommitted capacity reviewed if necessary
Short definition	This is the number of reports on trends regarding the utilisation of storage facilities and 3rd party access, considered by the relevant Subcommittee, aimed at promoting competition in the industry	The existing methodology to determine uncommitted capacity in the petroleum pipelines industry will be reviewed when the need arises.
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring
Source/collection of data	Reports on trends regarding utilisation of storage facilities and 3 rd party access and minutes of the relevant Subcommittee	Published tariff methodologies
Method of calculation	Number of reports	Published – Yes / no
Data limitations	Accuracy of information	None
Type of indicator	Output	Output
Calculation type	Cumulative	Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Bi-annual	Annual
New indicator	No	Yes
Desired performance	2 reports on trends regarding utilisation of storage facilities and 3rd party access, considered by PPS by the 30 September 2018 and 31 March 2019 respectively	Methodology to determine uncommitted capacity reviewed if necessary
Indicator Responsibility	EM (PPR) and HOD (PLC)	EM (PPR) and HOD (PLC)

Indicator number	3	4
Indicator title	Number of reports on the construction of new facilities, considered by the relevant Subcommittee	Number of reports on licencees' compliance with statutory reporting requirements considered by the relevant Subcommittee
Short definition	This is the number of reports detailing the compliance of construction licencees to licence conditions is developed and considered by the relevant Subcommittee on a quarterly basis	This is a report on the compliance of the licencees on all the statutory reporting requirements considered by the relevant Subcommittee
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring	The implementation of this KPI is directly linked to NERSA's mandate of compliance monitoring
Source/collection of data	Monitoring reports and minutes of the relevant Subcommittee	Statutory reporting submissions, report on licencees' compliance with statutory reporting
Method of calculation	Number of reports detailing the compliance of construction licencees to licence conditions	Number of reports
Data limitations	Accuracy of information	Accuracy of information
Type of indicator	Numeric / Output	Output
Calculation type	Number – Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	No
Desired performance	4 quarterly reports on the construction of new facilities if any, considered by the PPS	4 quarterly reports on licencees' compliance with statutory requirements considered by the PPS
Indicator Responsibility	EM (PPR) and HOD (PLC)	EM (PPR) and HOD (PLC)

Programme 4: Dispute resolution, including mediation, arbitration and handling of complaints 3.4.

NERSA Strategic Objective(s) 3: Competition and competitiveness within the energy industry

5: Accessible and affordable energy for all citizens

6: NERSA a credible and reliable regulator

Indicator number	1	
Indicator title	% of complaints investigated and considered by the relevant subcommittee within 60 days of receipt	
Short definition	This is the percentage of the complaints investigated and considered by the relevant subcommittee within 60 days of receipt	
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of dispute resolution including mediation, arbitration and the handling of complaints	
Source/collection of data	Records of complaints received	
Method of calculation	(number of finalised complaints within 60 days of receipt / number of received complaints)*100	
Data limitations	Participation by complainant and licencees	
Type of indicator	Outcome	
Calculation type	Non-cumulative	
Reporting cycle (quarterly, annually or at longer time intervals)	Annually	
New indicator	No	
Desired performance	100% of complaints are investigated and considered by the PPS within 12 months of receipt	
Indicator Responsibility	EM (PPR) and HOD (PLC)	

3.5. Programme 5:

Setting of rules, guidelines and codes for the regulation of the petroleum pipelines industry

- 3: Competition and competitiveness within the energy industry
- 4: Regulatory certainty within the energy industry
- 5: Accessible and affordable energy for all citizens
- 6: NERSA a credible and reliable regulator

Indicator number	1	2
Indicator title	Tariff methodologies reviewed when necessary	Number of reports on contributions towards alignment between relevant Petroleum legislation and regulations and government policies considered by the relevant Subcommittee
Short definition	The need for the update of the tariff guidelines for pipelines as well as for storage and loading facilities methodologies will be assessed and if deemed necessary, the methodologies will be updated and updates will be published to assist licencees who are applying for tariffs to compile their applications	This is the number of reports NERSA will produce an annual report on its contributions towards the alignment between relevant Petroleum legislation and regulations and government policies
Purpose/Importance	The implementation of this KPI is directly linked to NERSA's mandate of setting of rules, guidelines and codes for the regulation of the three industries	The implementation of this KPI is directly linked to NERSA's mandate of setting of rules, guidelines and codes for the regulation of the three industries
Source/collection of data	Published tariff methodologies	Contribution reports
Method of calculation	Published – Yes / no	Number of reports
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Non-cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Annual
New indicator	No	No
Desired performance	Tariff methodologies reviewed when necessary	1 report on contributions towards alignment between relevant Petroleum legislation and regulations and government policies submitted to the PPS for noting by 31 March 2019
Indicator Responsibility	EM (PPR) and HOD (PPT)	EM (PPR) and HOD (PLC)

Programme 6: Administration (Establishing NERSA as an efficient and effective regulator) 3.6.

1: Energy supply that is certain and secure for current and future user needs **NERSA Strategic Objective(s)**

- 4: Regulatory certainty within the energy industry
 6: NERSA a credible and reliable regulator

Indicator number	1
Indicator title	Number of reports on the inland supply forecast considered by the relevant subcommittee
Short definition	This is the number of reports on the inland supply forecast considered by the relevant subcommittee, in order to determine if there will be enough supply for the inland market, utilising NERSA's forecast model
Purpose/Importance	The implementation of this KPI is directly linked to the mandate of NERSA to gather, store and disseminate industry information
Source/collection of data	Report
Method of calculation	Number of reports
Data limitations	Accuracy, availability and reliability of information
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Biannually
New indicator	Yes
Desired performance	2 reports on the inland supply forecast considered by PPS/REC by 30 September 2018 and 31 March 2019 respectively
Indicator Responsibility	EM (PPR)

4. TRANSVERSAL REGULATORY

4.1 Programme 6: Administration (Establishing NERSA as an efficient and effective regulator)

NERSA Strategic Objective(s) 6: NERSA a credible and reliable regulator

Indicator number	1	2
Indicator title	Revised regulatory impact assessment framework considered by the relevant subcommittee	Number of reports on the outcomes of the benchmarking of NERSA, considered by the relevant subcommittee
Short definition	This framework will prove for an improved process to be followed to determine the impact of NERSA's regulatory decisions	This is the number of reports on the outcome of a study undertaken in order to benchmark NERSA operations against similar organisations
Purpose/Importance	The implementation of this indicator would contribute to establishing NERSA as an efficient and effective regulator through ensuring that its regulatory decisions are always aligned to prescribed guidelines as well as that they are consistent and defendable	The implementation of this indicator would contribute to establishing NERSA as an efficient and effective regulator through ensuring that NERSA remains relevant in the energy industry
Source/collection of data	Research	Reports
Method of calculation	Framework	Number of reports
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Annual
New indicator	No	Yes
Desired performance	Revised regulatory impact assessment framework considered by the REC by 31 March 2019	1 report on the outcomes of the benchmarking of NERSA, considered by the REC by 31 March 2019
Indicator Responsibility	SM (RAR)	SM (RAR)

Indicator number	3	4
Indicator title	Number of progress reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the relevant subcommittee	Number of progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the relevant subcommittee
Short definition	This is the number of progress reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the relevant subcommittee	This is the number of progress reports on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the relevant subcommittee
Purpose/Importance	The implementation of this indicator is directly link to NERSA's mandate to regulate the energy industry efficiently and effectively, aimed at the ongoing refinement of the regulatory mandate; to develop best practice methodologies; to enhance regulatory processes and efficiencies and to address the problem of information asymmetry between the Energy Regulator and the regulated energy industries.	The implementation of this indicator is directly link to NERSA's mandate to regulate the energy industry efficiently and effectively, aimed at the ongoing refinement of the regulatory mandate; to develop best practice methodologies; to enhance regulatory processes and efficiencies and to address the problem of information asymmetry between the Energy Regulator and the regulated energy industries.
Source/collection of data	Report on the progress made with the implementation of the RRMs for financial and non-financial information	Progress reports on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities
Method of calculation	Number of reports	Number of reports
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Bi-annual	Annual
New indicator	Yes	Yes
Desired performance	2 progress reports on the implementation of the Regulatory Reporting Manuals for Non-financial and financial information, considered by the REC by 30 September 2018 and 31 March 2019 respectively	1 progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for the municipalities considered by the REC by 31 March 2019
Indicator Responsibility	SM (RAR)	SM (RAR)

Indicator number	5	6
Indicator title	Number of reports on research conducted in line with the approved research agenda considered by the relevant Subcommittee	Number of published quarterly newsletters
Short definition	This is the number of reports on research conducted in line with the approved research agenda considered by the relevant Subcommittee	This is the number of quarterly newsletters published and made available to all stakeholders containing information regarding the organisation and the industries being regulated
Purpose/Importance	The implementation of this indicator is directly link to NERSA's mandate to regulate the energy industry efficiently and effectively, aimed at researching issues identified a critical topics in order for NERSA to establish itself as an efficient and effective regulator.	The implementation of this indicator is linked to NERSA's obligation to its stakeholders to provide information and education around its activities and mandate
Source/collection of data	Reports on research conducted, research agenda	Energy Regulator decisions Developments within the industries Articles written by staff
Method of calculation	Number of reports	Number of news letters
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Quarterly
New indicator	Yes	No
Desired performance	1 report on research conducted in line with the approved research agenda considered by the REC 31 March 2019	4 quarterly newsletters published
Indicator Responsibility	SM (RAR)	EM (COS) and HOD (CSM)

Indicator number	7	8
Indicator title	Number of stakeholder engagement and education programmes conducted	Number of reports on the impact of global, regional and local energy trends on NERSA's business considered by the relevant subcommittee
Short definition	This is the number of stakeholder engagement and education programmes conducted where NERSA engages its stakeholders in a number of ways, including education programmes	This is the number of reports on the impact of global, regional and local energy trends on NERSA's business considered by the relevant subcommittee
Purpose/Importance	The implementation of this indicator is linked to NERSA's obligation to its stakeholders to provide information and education around its activities and mandate	The implementation of this indicator is directly link to NERSA's mandate to regulate the energy industry efficiently and effectively
Source/collection of data	Energy Regulator decisions Regulatory methodologies Topical regulatory matters Disputes referred to the energy regulator Stakeholder surveys	Reports on the impact of global, regional and local energy trends on NERSA's business
Method of calculation	Number of stakeholder engagements and education programmes held	Number of reports
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	Yes
Desired performance	50 stakeholder engagement and education programmes undertaken by 31 March 2019	1 report on the impact of global, regional and local energy trends on NERSA's business considered by the REC by 31 May 2018
Indicator Responsibility	EM (COS) and HOD (CSM)	SM (RAR)

Indicator number	9
Indicator title	NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect ownership and equity considered by the Energy Regulator
Short definition	This framework would indicate in detail how NERSA will contribute towards the transformation of the electricity, piped-gas and petroleum pipelines industries in respect ownership and equity through its regulatory functions
Purpose/Importance	The implementation of this KPI is linked to NERSA's contribution to government priorities
Source/collection of data	Desktop research; benchmarking
Method of calculation	Number of reports per year
Data limitations	None
Type of indicator	Output
Calculation type	Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annually
New indicator	Yes
Desired performance	NERSA Framework on the transformation of the electricity, piped-gas and petroleum pipelines industries in respect ownership and equity considered by the Energy Regulator by 30 September 2018
Indicator Responsibility	SM (RAR)

5. ORGANISATIONAL

Administration (Establishing NERSA as an efficient and effective regulator) 5.1. Programme 6:

NERSA Strategic Objective(s) 6: NERSA a credible and reliable regulator

Indicator number	1	2
Indicator title	Number of progress reports on the implementation of the Employment Equity Plan considered by the relevant subcommittee	% of women in management positions
Short definition	These reports will state the progress NERSA made with implementation of its approved Employment Equity Plan	Indication of the percentage of woman appointed to management positions
Purpose/Importance	This KPI is in line with NERSA's compliance with statutory directives regarding employment equity	This KPI is in line with NERSA's compliance with government's policy directive regarding employment equity
Source/collection of data	Report	Report
Method of calculation	Number of progress reports	Statistical analysis
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Bi-annually	Annually
New indicator	Yes	Yes
Desired performance	2 progress reports on the implementation of the Employment Equity Plan considered by the HRRC/REC by 30 September 2018 and 31 March 2019 respectively	50% of women in management positions
Indicator Responsibility	CHCO and HOD (HR)	CHCO and HOD (HR)

Indicator number	3	4
Indicator title	% of people with disabilities employed	Number of progress reports on the implementation of the Youth Employment Accord considered by the relevant subcommittee
Short definition	Indication of the percentage of persons with disabilities in the staff structure	These reports indicates in details what was achieved in the implementation of the Youth Employment Accord
Purpose/Importance	This KPI is in line with NERSA's compliance with government's policy directive regarding employment equity	This KPI is in line with NERSA's compliance with government's policy directive regarding employment equity
Source/collection of data	Report	Reports
Method of calculation	Statistical analysis	Number of progress reports
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annually	Quarterly
New indicator	Yes	Yes
Desired performance	2% of people with disabilities employed	4 quarterly progress reports on the implementation of the Youth Employment Accord considered by the HRRC/REC
Indicator Responsibility	CHCO and HOD (HR)	CHCO and HOD (HR)

Indicator number	5	6
Indicator title	Number of reports on the implementation of the Learnership and Internship Programmes by 31 March	Number of progress report on the implementation of the bursary programme for qualifying external applicants considered by the relevant subcommittee
Short definition	These report states information of how NERSA provided young graduates from further education and training institutions and universities with access to theoretical training and on-the-job experience in order to prepare them for future employment opportunities in the regulatory environment or energy industry	These reports states the numbers of bursary applicants as well as the areas of study of employees to pursue further studies over a period longer than six (6) months with an academic institution. This includes assistance for new study Programmes and continuation with existing studies.
Purpose/Importance	This internship program is aimed at empowering young previously disadvantaged groups that met the minimum criteria in the sphere Electricity Regulation in NERSA with a National Certificate in Energy Regulation at NQF Level 5. This is NERSA's contribution towards preparing young people for the job market.	This is in line with NERSA's focus on creating a learning environment in order to build NERSA as a knowledge organisation
Source/collection of data	Reports	Reports
Method of calculation	Number of progress reports	Number of progress reports
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Annual
New indicator	Yes	Yes
Desired performance	Annual report on the implementation of the Learnership and Internship Programmes by 31 March 2019	1 progress report on the implementation of the bursary programme for qualifying external applicants considered by the HRRC/REC by 31 March 2019
Indicator Responsibility	CHCO and HOD (HR)	CHCO and HOD (HR)

Indicator number	7	8
Indicator title	Number of progress reports on the implementation of the recommendations from the comprehensive Information and Communication Technology (ICT) systems review considered by the relevant Subcommittee	Number reports on the progress made regarding obtaining ISO certification considered by the relevant Subcommittee
Short definition	This is the number of reports on the progress made with the implementation NERSA's comprehensive ICT systems considered by the relevant Subcommittee	This is the number of reports on the progress made regarding obtaining ISO certification considered by the relevant Subcommittee, based on the implementation of the identified "to-be" business processes to be implemented in order to obtain ISO certification
Purpose/Importance	The implementation of this indicator is critical for NERSA in view of the fact that ICTs plays a pivotal role as a technology enabler, consistently providing ICT that enables NERSA to effectively and efficiently regulate the electricity, piped-gas and petroleum industries.	The implementation of this indicator will ensure the continuous improvement of all business processes, thereby contributing to establishing NERSA as an efficient and effective regulator
Source/collection of data	Project Progress Reports and minutes of the relevant Energy Regulator structures	Progress Report and minutes of the relevant Subcommittee
Method of calculation	Number of progress reports	Number of progress reports
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	No
Desired performance	4 quarterly progress reports on the implementation of the recommendations from the comprehensive ICT systems review considered by the REC	4 quarterly reports on the progress made regarding obtaining ISO certification considered by the REC
Indicator Responsibility	EM (COS) and HOD (IRM)	SM (SPM)

Indicator number	9	10
Indicator title	NERSA Enterprise Development Plan considered by the ER by 31 March 2019 and relevant black female-owned enterprises identified	% implementation of Preferential Procurement Policy Framework, with % procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better
Short definition	This plan will state the detail of what NERSA will do to assist with the development of identified relevant black female-owned enterprises	This will indicate what percentage of the implementation of the PPPF and a percentage of procurement for any services or goods from suppliers with a B-BBEE level of 4 or better
Purpose/Importance	The implementation of this KPI is linked to NERSA's contribution to government priorities	The implementation of this KPI is linked to NERSA's contribution to government priorities
Source/collection of data	Desktop research	Analysis of NERSA's procurement records
Method of calculation	Report	Statistical analysis
Data limitations	None	None
Type of indicator	Output	Output
Calculation type	Non-cumulative	Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Annual	Quarterly
New indicator	Yes	Yes
Desired performance	NERSA Enterprise Development Plan considered by the ER by 31 March 2019 and relevant black female-owned enterprises identified	100% implementation of Preferential Procurement Policy Framework, with ≥80% procurement over R30 000 awarded to suppliers with a B-BBEE status level of 4 or better
Indicator Responsibility	CFO and HOD (FAD)	CFO and HOD (FAD)

Indicator number	11	12
Indicator title	% of improvement on the customer and stakeholder perception and satisfaction level	Result of annual audit
Short definition	This is the percentage of improvement of the level of customer satisfaction with NERSA and its decisions, based on surveys done at each stakeholder engagement and customers education activity	This is the outcome of NERSA's audit on an annual basis by the Auditor-General
Purpose/Importance	This KPI will provide an indication as to the view of the stakeholders of NERSA's role and implementation of its mandate	This KPI is a reflection of how accurately the information published in NERSA's Annual Report is a reflection of what is happening
Source/collection of data	Completed customer satisfaction questionnaires	Final Management Report from the AG
Method of calculation	Customer satisfaction calculation model	Qualified audit – yes / no
Data limitations	Accuracy and completes of information	None
Type of indicator	Outcome	Outcome
Calculation type	Cumulative	Non-cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Annually
New indicator	No	No
Desired performance	2% improvement on the customer and stakeholder perception and satisfaction level (baseline is 86.5%)	Unqualified audit
Indicator Responsibility	EM (COS) and HOD (CSM)	CFO and HOD (FAD)

Indicator number	13	14
Indicator title	% of creditors paid within 30 days after all relevant documentation have been received	Number of reports on legislative and policy developments impacting on the Regulator, considered by the relevant Subcommittee
Short definition	In line with Government's direction, NERSA aims to pay all its creditors within 30 days of receipt of all relevant documentation	This is the number of report on NERSA's engagements in regulatory and policy advocacy with its stakeholders considered by the relevant Subcommittee
Purpose/Importance	This KPI will measure whether creditors are being paid timeously	This KPI will provide an indication of the regulatory and policy advocacy conducted
Source/collection of data	Payment transaction reports and invoices	Progress Report and minutes of the relevant Subcommittee
Method of calculation	(number of creditors paid within 30 days of receipt of all relevant documentation / total number of creditors)*100	Number of progress reports
Data limitations	None	Publishing of relevant legislative, regulatory or supervisory requirements for comments
Type of indicator	Outcome	Output
Calculation type	Non-cumulative	Cumulative
Reporting cycle (quarterly, annually or at longer time intervals)	Quarterly	Quarterly
New indicator	No	No
Desired performance	100% of creditors paid within 30 days after all relevant documentation have been received	4 quarterly reports on legislative and policy developments impacting on the Regulator, considered by the REC
Indicator Responsibility	CFO and HOD (FAD)	EM (COS) and HOD (LAS)



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