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# CLIENT ALERT: SOUTH AFRICA'S NEW ENERGY REFORM PLANS

On June 10, 2021, after Eskom implemented stage four load-shedding, President Ramaphosa announced an amendment to Schedule 2 of the Electricity Regulation Act to increase the National Energy Regulator of South Africa ("NERSA") licensing threshold for embedded generation projects from 1 MW to 100 MW. This will exempt generation projects up to 100 MW from NERSA's licensing requirements, whether or not they are connected to the grid, removing a significant obstacle to investment in embedded generation projects.

Generators will be allowed to wheel electricity through the transmission grid, subject to wheeling charges, and the corresponding agreements with Eskom and the municipalities; however, the announcement did not mention any clear rules for self-generation projects to sell energy to other companies, which would be an interesting development for the market.

These types of projects will still require: (a) grid connection permit; (b) registration approval by the regulator to receive the authorisation to operate; (c) an environmental impact assessment and compliance with other requirements under the existing legislation.

The licensing exemption aims to unlock significant investment in generation capacity by allowing companies to build their own generation facilities to supply their energy needs.

The government announced that the final version of the amendment to Schedule 2 will be published by the Department of Mineral Resources and Energy within 60 days or "sooner". We are hopeful that the amendment will provide for clear and business-oriented rules to attract major investment in the industry.

With a team of energy experts and a wealth of experience garnered in advising multi-nationals and local companies in energy investments in different countries across the continent, Centurion Law Group is the industry leader on the African continent.



## CONTACT US



**Zion Adeoye**  
Managing Director  
[zion.adeoye@centurionlawfirm.com](mailto:zion.adeoye@centurionlawfirm.com)



**Andrés Vega**  
International Associate |  
[andres.vegasanchez@centurionlg.com](mailto:andres.vegasanchez@centurionlg.com)