



**MINERAL RESOURCES AND ENERGY
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE (MP)**

**ELECTRICITY REGULATION AMENDMENT BILL
PARLIAMENT, CAPE TOWN
14 MARCH 2024**

Honourable House Chairperson,

Chairperson of the Portfolio Committee of Mineral Resources and Energy, Mr Sahlulele Luzipho

Honourable Members

In 2006, this democratic government passed the ***Electricity Regulation Act (ERA)*** to establish a national regulatory framework for the electricity supply industry and to provide for licenses and registration as the manner in which generation, transmission, distribution, trading, and the import and export of electricity are regulated in South Africa.

Since the promulgation of the Act 18 years ago, ***several developments*** in the electricity sector ***necessitated fundamental changes*** to the regulatory framework to be introduced. Amongst these developments, are:

- The ***decline in energy availability factor***
- The need to stimulate economic development through the ***restructuring of the state's energy assets*** and ***encourage competition within energy market*** in line with the White Paper on Energy Policy.

As part of government's concerted efforts aimed at **transforming the electricity sector**, the **6th administration** sought to amend the Act by introducing the **Electricity Regulation Amendment Bill (the ERA Bill)**.

In line with the electricity reforms called by President Cyril Ramaphosa, the Department of Mineral Resources and Energy (DMRE) effected the **amendments to the Act to**, amongst others:

- **Provide for an open market platform** that will allow for competitive electricity trading in South Africa.
- Make provision for the creation of the **Transmission Systems Operator (TSO)** to act as a wheeler and dealer of electricity.
- **Strengthen the role of NERSA** to include powers to license entities that will implement the competitive market and have regulatory oversight during transitioning to a competitive market.
- **Introduce provisions on offences and penalties** to address the theft and vandalism of electricity infrastructure.

In keeping with the **Batho Pele Principles**, the Bill went through extensive **consultations with the people** of South Africa through various processes, including **periods for public comments** initiated by both the DMRE and Parliament. In addition, the Portfolio Committee on Mineral Resources and

Energy (PCMRE) conducted ***physical public hearings*** on the ERA Bill in all provinces between September 2023 and February 2024. We are buoyed by the ***overwhelming support for the amendments*** to the ERA Bill by the citizens of this country.

Cognisant of the concerns raised by some members of this house regarding NERSA retaining the powers to “***set and approve prices and tariffs***”, we are in full support of the Portfolio Committee’s view that end-users need to be protected from possible price manipulation by market participants and therefore ***NERSA needs to retain the powers to intervene*** when necessary.

Notwithstanding the ***divergent views*** raised by the public on the introduction of a competitive market, the establishment of the TSO, and on offences and penalties for those who vandalise electricity infrastructure, we are of a firm view that the ***changes to the regulatory framework will radically transform the structure*** of the electricity sector for future generations.

In conclusion, the tabling of the ERA Bill for adoption by this house marks yet another significant milestone in the performance of the 6th administration.

We are, therefore, ***convinced that the adoption of this Bill*** will not only give effect to Eskom unbundling reforms, but it will also encourage private sector participation in the electricity industry and thus ***introduce competition in the industry. I thank you.***