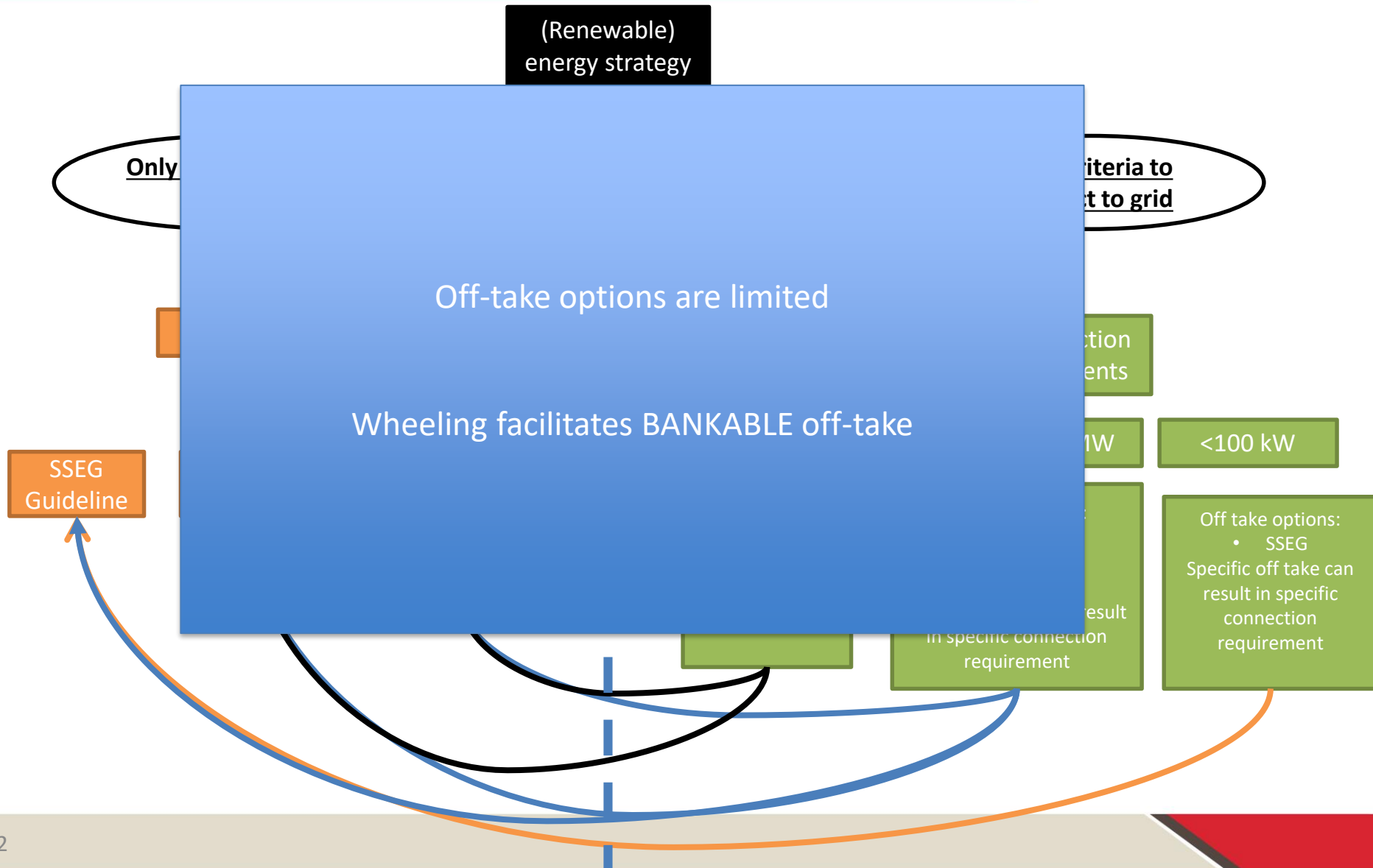


George Municipality – Wheeling pilot update
27 July 2022

Overview

- Introduction & context
- Benefits of wheeling
- Wheeling pilot
- What we learned thus far
- Challenges

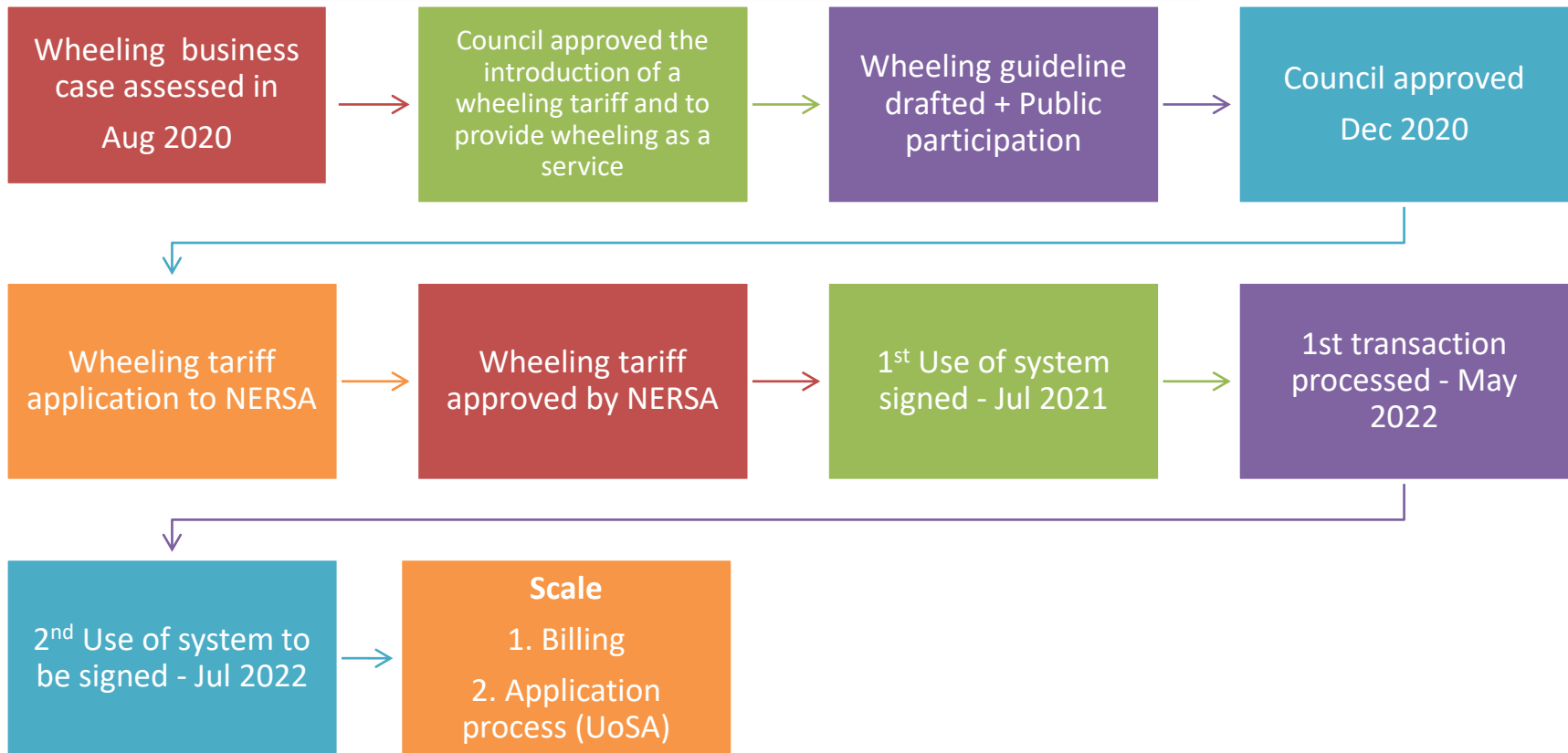
Introduction & context



Benefits of wheeling

- **Better service** to the customer
 - Competition in the energy market, driving down prices, giving customers more choice
 - Accelerate bringing generation onto the grid
 - Accelerate renewable energy adoption (climate commitments)
- Keeping customers connected to the grid and sustain an **efficient economy**
 - Proper use of the grid, using the economies of scale advantage the grid provides.
- **Sustainable** and **adaptable** business model for the municipality
 - Incentivised by the correct economic drivers.
 - Low risk – because we are not “wheeling” Eskom energy at risk.
 - Separation between monopoly and competition sectors.

Wheeling Pilot



*Council approved the establishment of “limited” wheeling service, open to anyone who wants to wheel.

Limits municipality risk, but still feasible for private sector to take part.

What we learned thus far*

*George generator to George customer via an electricity trader

Financial feasibility

- Municipality: Revenue neutral
- Off-taker: Options and lower tariff
- Generator: Feasible

Contractual framework

- Use of system agreement (Municipality – “Wheeler”)
- Amended supply agreement (Municipality – Off taker)
- Generator connection agreements (Municipality – Generator)

Fundamental billing process

- Billing process implemented

Challenges

Challenges to scale

- Standardized contracts and energy sector expertise
- Billing:
 - 30 min reconciliation
 - Many to many scenario

General challenges

- Capacity constraints
 - Personnel and time:

Municipalities are losing “grid” customers because the “energy” is too expensive. We are wheeling Eskom energy at risk and are transitioning slower than the industry.
- Transition phase in the energy sector:
 - Unknown future energy market