ORDINARY COUNCIL MEETING

OPEN SUPPLEMENTARY



KOUGA local municipality
Service Excellence through Good Governance

DATE: 11 December 2025
TIME: 10:00
VENUE: Virtual

KOUGA MUNICIPALITY (EC108)	UMASIPALA I-KOUGA (EC108)	MUNISIPALITEIT KOUGA (OK108)
NOTICE CONVENING A MEETING	**ISAZISO NGENTLANGANISO**	**KENNISGEWING VAN VERGADERING**
NOTICE IS HEREBY GIVEN that in terms of Section 19 of the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000) that an Ordinary Council Meeting will be held virtually on	**ISAZISO** sikhutshiwe ukuba ngokwe Candelo-19 uMthetho weeNkqubo zikaMasipala, (uMthetho 32 ka-2000), ukuba kubanjwe intlanganiso ebonakalayo yesigqeba Ye khansile	**KENNIS GESKIED HIERMEE** dat ingevolge Artikel 19 van die Wet op Munisipale Stelsels, 2000 (Wet No.32 of 2000), dat 'n virtuele raadsvergadering gehou sal word op
DATE: 11 December 2025	**UMHLA: 11 EyoMnga 2025**	**DATUM: 11 Desember 2025**
TIME: 10:00	**IXESHA: 10:00**	**TYD: 10:00**
L. MAREE **SPEAKER**	**L. MAREE** **USOMLOMO**	**L. MAREE** **SPEAKER**

Councillors are required to comply with the Standing Rules and Orders of Council and all its Committees By-law as promulgated in the Provincial Gazette on 22 October 2018 No.4134 and applicable to this meeting of Council. Any person who willfully contravenes any provision of these rules shall be guilty of an offence and which contravention shall be dealt with in accordance with the disciplinary procedures for Councillors.

SUPPLEMENTARY A G E N D A

1. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

   (The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

2. **REPORTS BY THE EXECUTIVE MAYOR**

2.1 **REPORTS BY THE CHAIRPERSON: ELECTRO-MECHANICAL SERVICES**

25/12/EMS1 Request for Council Authorization to Provide Security – Eskom Agreement

Pages: 7 - 48

3. **CLOSURE**

Distribution list:

Executive Mayor
Deputy Executive Mayor
Speaker
All Councillors
Municipal Manager
All Directors
Relevant Managers
Committee Services

MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR

KOUGA
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REPORTS BY THE PORTFOLIO COMMITTEE CHAIRPERSONS

KOUGA
local municipality
Service Excellence through Good Governance

REPORTS BY THE CHAIRPERSON: ELECTRO-MECHANICAL SERVICES

KOUGA
local municipality
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KOUGA MUNICIPALITY (EC 108)
ORDINARY COUNCIL MEETING
ELECTRO-MECHANICAL SERVICES
OPEN
DATE: 11 DECEMBER 2025
ITEM NO**:25/12/EMS1**

REQUEST FOR COUNCIL AUTHORIZATION TO PROVIDE SECURITY – ESKOM AGREEMENT

1. **Introduction**

The purpose of this item is to seeks Council's approval for the application for and provision of a Bank Guarantee (ceding investment account), in terms of Section 48(2)(a) of the Local Government: Municipal Finance Management Act No. 56 of 2003, in respect of the application for the proposed increase in electricity bulk supply from 5MVA to 7 MVA for the St Francis Bay license area. The Budget Quote received comprised of two components the connection charge of R 98 715.67 and fee for the increased bulk supply is in the amount of R4 519 000.00 – security/electricity accounts guarantee - Annexure **A – ESKOM Budget Quote.**

2. **Background**

The Kouga Municipality, due to the increase in demand in the St Francis license area, and the accompanying penalties for exceeding the electricity demand, has applied for an increase in the bulk electricity supply from Eskom, changing the supply demand from a 5MVA to a 7MVA, which would assist with servicing the increased demand in the said license area.

3. **Discussion**

The Council is required to consider the request to submit an application for and provision of a Bank Guarantee (ceding investment account), in terms of Section 48(2)(a) of the Local Government: Municipal Finance Management Act No. 56 of 2003, in respect of the application for the proposed increase in electricity bulk supply from 5MVA to 7 MVA for the St Francis Bay license area. Council is further required to consider the implications of not providing such security and depicted under 'other implications' below.

4. **Financial Implications**

Completed by BTO -	Not applicable
Project Description	
Ukey no.	
Budgeted Amount	
Amount spent and committed to date	
Amount Available	

Comment	
BTO Signature	

5. **Applicable Legislation**

Electricity Regulation Act No.4 of 2006
Electricity Regulation Amendment Act, 38 of 2024
Local Government: Municipal Finance Management Act No.56 of 2003

6. **Legal Implications**

Section 48 (1) of the Local Government: Municipal Finance Management Act No 56 of 2003 provides that a municipality may, by resolution of Council, provide security for (a) any of its debt obligations, (b) any debt obligations of a municipal entity under its sole control, or (c) contractual obligations of the municipality undertaken in connection with capital expenditure by other persons on property , plant or equipment to be used by the municipality or such other person for the purpose of achieving the objects of local government in terms of section 152 of the Constitution.

Section 48 (2) provides that Council may provide any appropriate security and subjection (a) provided for a lien on, or pledging, mortgaging, ceding or otherwise hypothecating an asset or right, or giving any other form of collateral.

Should the Council resolve to approve the recommendations herein, the Accounting Officer will be authorized to apply for a Guarantee Facility from the current service provider, ABSA bank, in the amount of R4 519 000 and to present such guarantee to ESKOM in respect of the conclusion of the intended Electricity Supply Agreement relating to the increase bulk electricity supply for the St Francis license area.

7. **Other Implications**

Should the Municipality not conclude on the Electricity Supply Agreement and provide the associated guarantee in respect of the increased demand, the Municipal will be required to pay a penalty at a minimum in the amount of R2 700 000 for exceeding the electricity demand for the license area as that was reportedly paid in a previous financial year, alternative guarantee an amount of R 4 519 000 from its cash reserves as well as a connection fee of R 98 715.67 will resolve the issue. The guarantee is an option with the least risk for the Municipality.

8. **Comments by Directorates:**

8.1 **Chief Financial Officer:**

Recommendations supported.

The option of the bank guarantee ensures that no funding is paid over to Eskom. The deposit amount will be transferred into a separate investment account that will remain in the name of the Municipality. The interest incurred on the guaranteed amount will be for the benefit of the Municipality.

This approach must be followed where an increased demand is required from Eskom in any other areas.

8.2 **Director: Planning & Development**

Supported

8.3 **Director: Civil & Water Services**

Item noted. In all foreeable future, the electricity demand in the specific area (St Francis) must be seriously addressed with developers through the Development Charges and applicable Augmentation Policy.

8.4 **Director: Electro-Mechanical Services**

St. Francis Bay is currently exceeding its notified maximum demand, resulting in penalties for Kouga whenever these exceedances occur. Rapid growth in the area has driven demand to increase exponentially. The proposed approval will mitigate these penalties in the short term. However, a significant pipeline of new developments is seeking similar approvals, which will require strategic planning.

8.5 **Director: Community Services**

Item noted.

8.6 **Deputy Municipal Manager**

Noted.

8.7 **Municipal Manager**

Supported

9. **Delegated Authority**

Council

10. **Recommendations**

10.1 That the Municipal Council, in term of the provisions of Section 48 of the Local Government: Municipal Finance Management Act, 56 of 2003 approve the provision of security in favour of ESKOM in respect of the ESKOM Budget Quote, and in respect of the Security/Electricity Accounts Guarantee in the amount of R4 519 000.

10.2 That the Municipal Council approve that an investment account held at ABSA, shall be ceded to ABSA to service the Bank Guarantee, to the maximum amount of R4 519 000.

10.3 That the Accounting Officer be authorized to apply for a Guarantee facility from the current Bank Services Provider – ABSA, and to conclude any agreements and documentation incidental to such application and further required post approval of such application.

10.4 That the Municipal Council confirms that the provisions of Section 48(3) is not applicable as no asset or right, required for the provision of the minimum level of basic municipals services is being offered as a form of security.

Item prepared by the: Manager Electrical Services 

Item approved by the: Director Electro & Mechanical Services 

Item endorsed by the Municipal Manager: 

Item noted by Portfolio Chairperson: Cllr EJ Alexander 

Annexure A

2. SUMMARY OF CONNECTION CHARGE ESTIMATE; SECURITY AND GUARANTEES

CONNECTION CHARGE ESTIMATE			Selection
	Excl VAT	Incl VAT	
Cost Estimate Fee/Pre-Project Investigation Charge	R0,00	R0,00	
Estimated Distribution Standard Connection Charge	R 0.00	R 0.00	
Conversion Fee	R 98 715.67	R 113 523.02	
Estimated Transmission Standard Connection Charge	R 0,00	R 0,00	
Estimated Transmission Premium Connection Charge	R 0,00	R 0,00	
SUBTOTAL: CONNECTION CHARGE ESTIMATE	R 98 715.67	R 113 523.02	
Less Cost Estimate Fee	R 0,00	R 0,00	Received on [date]
Less Distribution Quotation Fee	R 0,00	R 0,00	Received on [date]
Less Transmission Quotation Fee	R 0,00	R 0,00	Received on [date]
BALANCE: CONNECTION CHARGE ESTIMATE	R 98 715.67	R 113 523.02	
Estimated Monopoly Works Charge		R0,00	R0,00
SECURITY & GUARANTEES			
Connection Charge Guarantee Amount			R 0,00
Early Termination Guarantee Amount			R 0,00
Security / Electricity Accounts Guarantee Amount			R 4 519 000.00

3. PAYMENT OPTIONS AND GUARANTEE REQUIREMENTS

3.1 Connection Charge and Connection Charge Guarantee

We confirm that we have elected to pay the balance of the Connection Charge Estimate as an upfront payment.

3.2 Early Termination Guarantee

We confirm that we shall provide the Early Termination Guarantee, if applicable, in accordance with the Budget Quote within the Budget Quote Acceptance Period.

3.3 Security – Electricity Accounts

We shall provide the Security for electricity accounts in accordance with the ESA and within the Budget Quote Acceptance Period.

Eskom

Mr C. Du Plessis
Municipal Manager
Kouga Local Municipality
33 Da Gama Road
Jeffreys Bay
6330

Date: 07 October 2025

Enquiries: Dees Moodaley

Tel: 041 – 502 4066

Quote Ref No: 931736674

Dear Mr Du Plessis

BUDGET QUOTE FOR THE PROPOSED INCREASE IN SUPPLY FROM 5MVA TO 7MVA FOR CBS3 – ST. FRANCIS – KOUGA LOCAL MUNICIPALITY

We have pleasure in providing you with this Budget Quote for **an increase in the supply of electricity from [5] MVA to [7] MVA** to the MUNICIPALITY as contained in your application and request for a Budget Quote. This Budget Quote contains the terms and conditions for, *inter alia*, the scope of works, price and timelines for the Eskom Connection Works to be constructed to connect the MUNICIPALITY's Distribution System to ESKOM's Distribution System and/or the Transmission System, as applicable. The Electricity Supply Agreement, the form of which is attached hereto as Annexure "J" contains the terms and conditions of the Connection, access to and use of ESKOM's Distribution System, or the Transmission System, and supply of electricity to the MUNICIPALITY.

This Budget Quote together with the Electricity Supply Agreement, and if applicable the Self-Build Agreement, contains the terms and conditions of, *inter alia*, the construction, Connection, costs and supply of electricity to the MUNICIPALITY from ESKOM's Distribution System and/or the Transmission System.

TERMS AND CONDITIONS OF THIS BUDGET QUOTE

1 DEFINITIONS AND INTERPRETATION

1.1 Where applicable and unless inconsistent with the context, the capitalised words and expressions used in this Budget Quote shall have the meanings ascribed to them in Clause 1 of Annexure "A" (*Definitions and Interpretation*) and cognate expressions shall have corresponding meanings.

1.2 The interpretation clauses are set out in Clause 2 of Annexure "A" (*Definitions and Interpretation*).

1.3 Any capitalised words and expressions used but not defined in this Budget Quote shall have the meanings assigned to them in the Schedule of Standard Prices, in Annexure “J” (*Form of Electricity Supply Agreement*) and, following its execution by the Parties, the Electricity Supply Agreement, and where applicable Annexure “K” (*Form of Self-Build Agreement*) and following its execution by the Parties, the Self-Build Agreement.

2 BUDGET QUOTE

2.1 This Budget Quote supersedes any previous cost estimates, quotations, negotiations, arrangements or agreements pertaining to the Connection Works and related costs, whether made orally or in writing.
2.2 The commencement and continuation of the construction of the Eskom Connection Works is subject to the terms and conditions set out in this Budget Quote read together with the Electricity Supply Agreement, and if applicable the Self-Build Agreement.
2.3 This Budget Quote is valid for acceptance by the MUNICIPALITY within the Budget Quote Acceptance Period, and in accordance with the Budget Quote Acceptance Procedures.
2.4 This Budget Quote only becomes effective on the Budget Quote Effective Date.
2.5 If the Budget Quote Conditions for whatever reason have not been fulfilled within the Budget Quote Acceptance Period and in accordance with the Budget Quote Acceptance Procedures, then:
2.5.1 this Budget Quote shall lapse and be of no further force or effect from the day following the expiry of the Budget Quote Acceptance Period; and
2.5.2 any actual costs incurred by ESKOM shall be set-off against any amounts paid in advance by the MUNICIPALITY and the balance refunded to the MUNICIPALITY.

3 TECHNICAL

3.1 GENERAL

3.1.1 The Notified Maximum Demand to be made available by ESKOM at the MUNICIPALITY’s Point of Delivery shall be as set out in Annexure "C" (*Technical Specifications*).
3.1.2 The location of the MUNICIPALITY’s Point(s) of Delivery and Point(s) of Supply is described in Annexure “C” (*Technical Specifications).*
3.1.3 The MUNICIPALITY shall provide the relevant protection, synchronising and control equipment at the MUNICIPALITY’s Point(s) of Delivery which is compatible with the protection standard required by ESKOM and in accordance with the terms and conditions of the Electricity Supply Agreement and the Code(s).
3.1.4 The technical details of the Connection shall be discussed and agreed between the Parties within 30 (thirty) days (or such extended period as agreed by the Parties in writing) of the Budget Quote Effective Date. The written technical Connection details will form an integral part of this Budget Quote, the Electricity Supply Agreement and if applicable the Self-Build Agreement.

3.2 MUNICIPALITY TO PROVIDE INFORMATION

3.2.1 The MUNICIPALITY shall provide to ESKOM such information and/or documentation as ESKOM may reasonably require on written notice to the MUNICIPALITY within 10 (ten) Business Days of such request, or such shorter period designated by ESKOM (acting reasonably), in such request, in order to undertake the Eskom Connection Works in accordance with this Budget Quote, the Electricity Supply Agreement and, if applicable, the Self-Build Agreement.

3.3 CONNECTION WORKS

3.3.1 The Parties shall undertake the Connection Works, in accordance with the terms and

conditions of this Budget Quote, the Electricity Supply Agreement, all Approvals and Connection Rights-of-Way, the Codes, the standards of a Reasonable and Prudent Operator and if applicable, the Self-Build Agreement.

3.3.2 The Parties shall complete the Municipal Milestone Schedule and the Eskom Milestone Schedule, within 30 (thirty) days (or such extended period as agreed by the Parties in writing) of the Budget Quote Effective Date, the form of which is set out in Annexure "F" (*Municipal Milestone Schedule*) and Annexure "G" (*Eskom Milestone Schedule*) respectively. The duly completed and executed Municipal Milestone Schedule and Eskom Milestone Schedule shall form part of the terms and conditions of this Budget Quote as Annexure “F” (*Municipal Milestone Schedule*) and Annexure “G” (*Eskom Milestone Schedule*) respectively.

3.4 RESPONSIBILITY FOR THE MUNICIPAL CONNECTION WORKS

3.4.1 The MUNICIPALITY shall be responsible for the portion of the Connection Works comprising the Municipal Connection Works.

3.4.2 The three-phase and single-phase operating fault levels based on the current maximum generation and ESKOM’s existing Transmission System and Distribution System are specified in Part C of Annexure “E” (*Municipal Connection Works).* The connection of additional generation to ESKOM’s Transmission System or the Distribution System or strengthening of ESKOM’s Transmission System or Distribution System may result in an increase of the maximum fault levels. The MUNICIPALITY is responsible for the design, construction, maintenance and operation of the Municipal Connection Equipment and the Municipal Connection Equipment must be suitably rated to ensure the safe operation of the MUNICIPALITY’s Distribution System.

3.4.3 The MUNICIPALITY shall be responsible for the due and proper application for and reasonable endeavours to obtain and maintain all Approvals required for the construction of the Connection Works and all Connection Rights-of-Way, falling under the responsibility of the MUNICIPALITY in terms of this Budget Quote and the Electricity Supply Agreement and, if applicable, the Self-Build Agreement.

3.4.4 The MUNICIPALITY shall achieve the milestones as provided in Annexure "F" (*Municipal Milestone Schedule*) by the corresponding dates so as to enable ESKOM to complete the Eskom Connection Works in accordance with Annexure "G" (*Eskom Milestone Schedule*).

3.4.5 Any delay by the MUNICIPALITY in achieving the milestones set out in the Municipal Milestone Schedule which is not as a result of any material breach by ESKOM of any material provision of this Budget Quote, or the Electricity Supply Agreement, shall entitle ESKOM to a reasonable extension of the Eskom Milestone Schedule having regard to the period that ESKOM is actually delayed by the MUNICIPALITY's delay and to an adjustment of the Connection Charge Estimate in accordance with sub-clause 4.5 (*Adjustment to the Connection Charge Estimate*). Without limiting the aforegoing, the MUNICIPALITY shall promptly notify ESKOM in writing of any deviations from any of its milestones as provided in the Municipal Milestone Schedule.

3.5 RESPONSIBILITY FOR THE ESKOM WORKS

3.5.1 ESKOM shall be responsible for the portion of the Connection Works comprising the Eskom Works.

3.5.2 ESKOM shall, with effect from the Budget Quote Effective Date, be responsible for the due and proper application for and reasonable endeavours to obtain and maintain all Approvals required for the construction of the Eskom Works, and all Connection Rights-of-Way, falling under the responsibility of ESKOM in terms of this Budget Quote and the Electricity Supply Agreement and if applicable the Self-Build Agreement.

3.5.3 ESKOM shall only commence with the construction of the Eskom Works after the Budget Quote Effective Date and as soon as reasonably possible after the following

conditions have been satisfied in accordance with the terms of this Budget Quote and the Electricity Supply Agreement:

3.5.3.1 all Approvals and Connection Rights-of-Way required for the construction of the Municipal Connection Works, and if applicable, the Contract Works have been acquired by the MUNICIPALITY; and

3.5.3.2 all Approvals and Connection Rights-of-Way required for the construction of the Eskom Works have been acquired by ESKOM.

3.5.4 Where the MUNICIPALITY has to undertake Municipal Connection Works, and provided that the conditions referred to in sub-clause 3.5.3 have been fulfilled and the MUNICIPALITY has achieved all the milestones in Annexure "F" (*Municipal Milestone Schedule*) by the corresponding dates, and subject to any delay in the whole or any part of the Eskom Works, resulting from any Force Majeure Event affecting ESKOM, provided further that ESKOM has complied with the provisions of Clause 27 (*Force Majeure*) of the Electricity Supply Agreement in relation to such Force Majeure Event and if applicable Clause 10 of the Self-Build Agreement, ESKOM shall achieve the milestones in Annexure "G" (*Eskom Milestone Schedules*) by the corresponding dates. Without limiting the aforegoing, ESKOM shall promptly notify the MUNICIPALITY in writing of any deviations from any of its milestones as provided in Annexure "G" (*Eskom Milestone Schedule*).

3.6 RESPONSIBILITY FOR THE CONTRACT WORKS

3.6.1 The MUNICIPALITY shall be responsible for the portion of the Connection Works comprising the Contract Works in accordance with the terms and conditions of the Self-Build Agreement.

3.7 SCOPE OF WORKS

3.7.1 At the MUNICIPALITY's option, to be exercised on acceptance of this Budget Quote, the Eskom Works may comprise:

3.7.1.1 a Standard Connection, comprising the Eskom Equipment described in Part A of Annexure "D" (*Eskom Works*); or

3.7.1.2 a Standard Connection and a Premium Connection, comprising the Eskom Equipment described in Part A and Part B of Annexure "D" (*Eskom Works*).

3.8 ESTIMATED CONNECTION TIMELINES

3.8.1 Subject to any permitted extension under the Electricity Supply Agreement and, if applicable, the Self-Build Agreement and any time extension as contemplated in this Budget Quote, the estimated period for the completion of the Eskom Works, calculated from the commencement date of the Eskom Works, shall be as set out in Part A of Annexure "C" (*Technical Specifications*).

3.8.2 Subject to any permitted extension under the Electricity Supply Agreement and the Self-Build Agreement and any time extension as contemplated in this Budget Quote, the estimated period for completion of the Contract Works if applicable, calculated from the Budget Quote Effective Date shall be as set out in Part A of Annexure "C" (*Technical Specifications*).

3.8.3 Subject to any permitted extension under the Self-Build Agreement and any time extension as contemplated in this Budget Quote, the estimated period for the completion of the remaining Monopoly Works if applicable, calculated from the date of receipt of the Contract Works Completion Certificate (by the MUNICIPALITY to ESKOM); shall be as set out in Annexure “C” (*Technical Specifications*).

3.8.4 Subject to the provisions of sub-clause 3.8.1; 3.8.2 and 3.8.3 the estimated period for the completion of the Eskom Connection Works, calculated from the commencement date of the Eskom Works, shall be as set out in Annexure "C" (*Technical Specifications*).

4 FINANCIAL

4.1 TOTAL ESTIMATED CAPITAL COSTS

4.1.1 The total Estimated Capital Costs is set out in Part E of Annexure "H" (*Financial Specifications*).

4.2 CONNECTION CHARGE ESTIMATE

4.2.1 The Connection Charge Estimate payable by the MUNICIPALITY shall be as set out in Part B of Annexure "H" (*Financial Specifications*).

4.3 ESKOM WORKS

4.3.1 The MUNICIPALITY shall pay all of the costs associated with the Eskom Works in compliance with this Budget Quote.

4.4 MONOPOLY WORKS COST DUE TO SELF-BUILD AGREEMENT

4.4.1 The estimated Monopoly Works Cost as provided in this Budget Quote shall be reconciled after completion of construction, handover and energisation by ESKOM of the Contracts Works Equipment in accordance with the Self-Build Agreement.

4.4.2 The MUNICIPALITY shall pay all actual costs associated with the Monopoly Works as part of the Connection Charge in accordance with this Budget Quote and the Self-Build Agreement.

4.5 ADJUSTMENT TO THE CONNECTION CHARGE ESTIMATE

The Estimated Capital Costs used in the calculation of the Connection Charge Estimate, the Connection Charge, and the Early Termination Guarantee Amount, shall be subject to adjustment based on the following conditions, events or circumstances:

4.5.1 Scope Changes

4.5.1.1 In the event of any change in the scope of the Eskom Connection Works made by ESKOM:

4.5.1.1.1 to comply with any conditions imposed by any Governmental Authority under the Approvals, including for the sake of clarity, any environmental approval(s);

4.5.1.1.2 if ESKOM is unable to obtain any Connection Rights-of-Way on which this Budget Quote is based and has to select an alternative Connection Rights-of-Way to provide the Connection;

4.5.1.1.3 as a result of any changes requested by the MUNICIPALITY;

4.5.1.1.4 as a result of any error, inaccuracy, omission or incompleteness in the application for this Budget Quote by the MUNICIPALITY;

4.5.1.1.5 as a result of any delay in the whole or any part of the Municipal Connection Works, or the Contract Works, if applicable, which is not the result of any material breach by ESKOM of any material provision of this Budget Quote or the Electricity Supply Agreement, including any delay in the whole or any part of the Municipal Connection Works or the Contract Works, if applicable, resulting from any Force Majeure Event affecting the MUNICIPALITY; or

4.5.1.1.6 as a result of any material breach by the MUNICIPALITY of any material provision of this Budget Quote or the Electricity Supply Agreement,

ESKOM shall notify the MUNICIPALITY in writing of any such change in the scope of the Eskom Connection Works, including any resultant change in the

Estimated Capital Costs and the Connection Charge Estimate, which shall be for the MUNICIPALITY's account, and any resultant change in the Eskom Milestone Schedule.

4.5.1.2 In the case of any change in the scope of the Eskom Connection Works required as a result of any changes requested by the MUNICIPALITY as set out in sub-clause 4.5.1.1.3 above:

4.5.1.2.1 the MUNICIPALITY shall submit any and all changes to ESKOM in writing, citing the reference number above for this Budget Quote;

4.5.1.2.2 ESKOM shall be entitled to suspend and/or postpone any part of the Eskom Connection Works which may be directly affected by the MUNICIPALITY's change request pending ESKOM's determination of the changes in the scope of the Eskom Connection Works that may be necessitated by the MUNICIPALITY's change request;

4.5.1.2.3 ESKOM shall be entitled to issue a revised budget quote to the MUNICIPALITY;

4.5.1.2.4 the MUNICIPALITY shall be entitled to withdraw its request on written notice to ESKOM given no later than 15 (fifteen) Business Days following the date of ESKOM's notice of the change in costs attributable to such change in scope of the Eskom Works and/or revised budget quote;

4.5.1.2.5 in the event of such withdrawal by the MUNICIPALITY and/or a rejection by the MUNICIPALITY of the revised Budget Quote, ESKOM shall be entitled to proceed with the Eskom Works as detailed in this Budget Quote without effecting such change in scope of the Eskom Connection Works; and/or

4.5.1.2.6 in the event of the MUNICIPALITY accepting the revised budget quote, as evidenced by the MUNICIPALITY's delivery of an Acceptance Letter, this Budget Quote shall lapse and be of no further force or effect.

4.5.2 **Inflation**

4.5.2.1 In the event that the cost of materials, equipment, supplies and labour included in the Eskom Works increases at a rate greater than PPI in the period from the date of this Budget Quote to completion of the Eskom Connection Works, provided that the completion of the Eskom Works is not delayed as a result of a material breach by ESKOM of any material provision of this Budget Quote, unless caused by Force Majeure affecting ESKOM or an act of omission by the MUNICIPALITY, ESKOM shall notify the MUNICIPALITY in writing of any change in the applicable Connection Charge Estimate resultant from any such PPI increases.

4.5.3 **Force Majeure**

4.5.3.1 In the event of a delay in the whole or any part of the Eskom Connection Works resulting from any Force Majeure affecting ESKOM, provided that ESKOM has complied with the provisions of the Electricity Supply Agreement in relation to such Force Majeure and if applicable the provisions of the Self-Build Agreement, ESKOM shall notify the MUNICIPALITY in writing, promptly following the cessation of the Force Majeure, of any change in the applicable Connection Charge Estimate resulting from such Force Majeure.

4.5.4 **Foreign Exchange and Commodity Prices**

4.5.4.1 ESKOM shall adjust the Connection Charge Estimate in the event of any currency change or commodity price change greater than 2,5% (two comma five per centum), up or down, from the rates applied by ESKOM in calculating the applicable Connection Charge Estimate (the **'Base Rates'**) to the rates applicable at the date of actual expenditure.

4.5.4.2 The Base Rates and the amount of the Estimated Capital Costs provided for in a

currency other than Rand and/or subject to fluctuations in the commodity prices are as set out in Annexure "H" (*Financial Specifications*).

4.5.4.3 ESKOM shall notify the MUNICIPALITY in writing of any change in the applicable Connection Charge Estimate resultant from such increase in the Base Rates and/or Estimated Capital Costs.

4.6 CONNECTION CHARGE

4.6.1 Within 6 (six) months after the Completion Date (as defined in the Electricity Supply Agreement), ESKOM shall prepare a detailed statement of the Capital Costs incurred by ESKOM in carrying out the Eskom Works and the actual Monopoly Works Cost, and all amounts received by ESKOM from or on behalf of the MUNICIPALITY in terms of this Budget Quote.

4.6.2 The following shall be taken into account in the calculation of the Connection Charge payable by the MUNICIPALITY:

4.6.2.1 the Capital Costs

4.6.2.1.1 if the Capital Costs are equal to or less than the Estimated Capital Costs multiplied by 1,15 (one comma one five), then the Capital Costs shall be used, or

4.6.2.1.2 if the Capital Costs are in excess of the Estimated Capital Costs multiplied by 1,15 (one comma one five); then the Capital Costs shall be deemed to be equal to the Estimated Capital Costs multiplied by 1,15 (one comma one five), plus the additional actual costs incurred in respect of any adjustments pursuant to sub-clause 4.5 (*Adjustment to the Connection Charge Estimate*) to the extent that the Dedicated Capital Costs exceed the Estimated Dedicated Capital Costs multiplied by 1,15 (one comma one five),

4.6.2.2 plus the actual cost of the Monopoly Works.

4.6.2.3 less the Capital Allowance, if applicable.

4.6.3 In the event that the MUNICIPALITY has paid a Connection Charge Estimate in excess of the Connection Charge calculated in terms of sub-clause 4.6.2, ESKOM shall refund the MUNICIPALITY such overpayment within 30 (thirty) calendar days of finalising the detailed statement of the Capital Costs in accordance with sub-clause 4.6.1 failing which ESKOM shall pay interest on the refund amount at a rate per annum equal to the prevailing prime overdraft rate charged by First National Bank of Southern Africa Limited minus 4% (four percent).

4.6.4 In the event that the Connection Charge Estimate paid by the MUNICIPALITY is less than the Connection Charge calculated in terms of sub-clause 4.6.2, ESKOM shall provide to the CUSTOMER the detailed statement of the Capital Costs finalised in terms of sub-clause 4.6.1 and the CUSTOMER shall pay the difference to ESKOM within 30 (thirty) calendar days of such written notice by ESKOM; failing which the CUSTOMER shall pay interest on the outstanding Connection Charge at a rate per annum equal to the prevailing prime overdraft rate charged by First National Bank of Southern Africa Limited plus 5% (five percent) as specified in the Electricity Supply Agreement. In the event that the written notice is provided by ESKOM after the 6-month period specified in sub-clause 4.5.1, no interest will be charged by ESKOM for the delay in providing the written notice.

4.7 PAYMENT AND GUARANTEES

4.7.1 Connection Charge Estimate Payment

4.7.1.1 The MUNICIPALITY shall select the applicable payment option of the Connection Charge Estimate in its Acceptance Letter and either:

4.7.1.1.1 pay an amount equal to the balance of the Connection Charge Estimate due on or before the last day of the Budget Quote Acceptance Period; or

4.7.1.1.2 pay the Connection Charge Estimate in instalments in terms of the

Connection Charge Payment Schedule attached to its Acceptance Letter;

4.7.1.2 ESKOM may at its discretion amend the Connection Charge Payment Schedule to:

4.7.1.2.1 defer the corresponding date for any instalment specified therein, to a later date; and

4.7.1.2.2 subject to sub-clause 4.5 (Adjustment to the Connection Charge Estimate), adjust the amount of any instalment specified therein; provided that ESKOM gives the MUNICIPALITY no less than 10 (ten) Business Days' notice of any increased instalment, by delivering an amended Connection Charge Payment Schedule to the MUNICIPALITY.

4.7.1.3 The MUNICIPALITY shall pay the full Connection Charge Estimate, or any instalment thereof, as applicable, to ESKOM by direct bank deposit or transfer or inter-bank transfer of freely available funds to ESKOM’s bank account specified in the invoice issued by ESKOM in respect of the full Connection Charge Estimate or any instalment thereof. The MUNICIPALITY shall use the account number on the invoice as the reference number for the deposit or transfer. The balance of the Connection Charge Estimate or any instalment thereof, as applicable, must be reflected as having been received into ESKOM's bank account by no later than the last day of the Budget Quote Acceptance Period, or the due date for the instalment as provided in the Connection Charge Payment Schedule, attached hereto as Annexure "I" (*Connection Charge Payment Schedule).*

4.7.1.4 If the MUNICIPALITY is a registered vendor for VAT purposes under the VAT Act, then the Parties shall comply with the following Budget Quote Acceptance Procedures:

4.7.1.4.1 the MUNICIPALITY shall deliver the Acceptance Letter to ESKOM, together with full details of its VAT vendor registration, not less than 15 (fifteen) Business Days prior to the expiry of the Budget Quote Acceptance Period;

4.7.1.4.2 ESKOM shall issue a tax invoice meeting the requirements of the VAT Act in respect of the full Connection Charge Estimate or such instalment (as applicable) to the MUNICIPALITY within 5 (five) Business Days of its receipt of the MUNICIPALITY's Acceptance Letter; and

4.7.1.4.3 the MUNICIPALITY shall pay the full invoiced amount to ESKOM in accordance with sub-clause 4.7.1.3 and promptly provide ESKOM with the MUNICIPALITY's bank confirmation of the electronic funds transfer or deposit of the invoiced amount.

4.7.2 **Connection Charge Guarantee**

4.7.2.1 If the MUNICIPALITY elects in its Acceptance Letter to pay the Connection Charge Estimate in instalments, the MUNICIPALITY shall deliver a Connection Charge Guarantee, the form of which is attached hereto as Annexure "L*″* (*Form of Connection Charge Guarantee*), to ESKOM no later than the last day of the Budget Quote Acceptance Period.

4.7.2.2 The MUNICIPALITY shall maintain the Connection Charge Guarantee in full force and effect for the period commencing on the date of its Acceptance Letter, attached hereto as Annexure "B" (*Acceptance Letter*) and ending on the Completion Date (as defined in the Electricity Supply Agreement).

4.7.2.3 In the event that the MUNICIPALITY fails to make payment in terms of its Connection Charge Payment Schedule, ESKOM shall have the right to draw on the Connection Charge Guarantee forthwith and without notice to the MUNICIPALITY.

4.7.3 **Early Termination Guarantee**

4.7.3.1 The MUNICIPALITY acknowledges that ESKOM will, in connecting the MUNICIPALITY’s Distribution System to ESKOM’s Distribution System or

Transmission System, incur certain expenditures and costs, which are not directly recovered through the Connection Charge. In the event that the Electricity Supply Agreement is terminated before the expiry of the 13th (thirteenth) year following the Completion Date (as defined in the Electricity Supply Agreement), such costs shall be recovered from the Early Termination Guarantee.

4.7.3.2 The MUNICIPALITY shall deliver the Early Termination Guarantee, the form of which is attached to Annexure "J" (*Form of Electricity Supply Agreement*) to ESKOM together with its Acceptance Letter, no later than the last day of the Budget Quote Acceptance Period unless the initial Early Termination Guarantee Amount is stated in this Budget Quote as R0,00 (nil Rand) in which case, no Early Termination Guarantee is required.

4.7.3.3 If the initial Early Termination Guarantee Amount is stated in this Budget Quote as R 0,00 (nil Rand) and ESKOM subsequently amends the initial Early Termination Guarantee Amount on written notice to the MUNICIPALITY, then the MUNICIPALITY shall deliver the Early Termination Guarantee to ESKOM for the amended Early Termination Guarantee Amount within the period specified in ESKOM's amendment notice (which shall not be less than 7 (seven) Business Days from the date of such amendment notice), failing which ESKOM shall be entitled to suspend the Eskom Works, amendment of the Eskom Milestone Schedule and to a reasonable extension of the estimated period as set out in Part A of Annexure "C" (*Technical Specifications)* at least corresponding to the suspension period.

4.7.3.4 The MUNICIPALITY shall maintain the Early Termination Guarantee in full force and effect for the period commencing:

4.7.3.4.1 where the initial Early Termination Guarantee Amount is stated in this Budget Quote as R 0,00 (nil Rand) and ESKOM subsequently amends the initial Early Termination Guarantee Amount on written notice to the MUNICIPALITY (as per sub-clause 4.7.3.2 above), on the date specified in ESKOM's amendment notice; or

4.7.3.4.2 otherwise on the date of its Acceptance Letter,

4.7.3.4.3 and in either case ending 90 (ninety) days after the expiry of the 13th (thirteenth) Year following the Completion Date (as defined in the Electricity Supply Agreement).

4.7.3.5 In the event that:

4.7.3.5.1 this Budget Quote is terminated prior to the Connection arising from an Event of Default by the MUNICIPALITY in terms of sub-clause 5.1 (*Events of Default*), or terminated by the MUNICIPALITY for convenience in accordance with sub-clause 5.2 (*Termination for Convenience*); and/or

4.7.3.5.2 the Electricity Supply Agreement is terminated prior to the lapse of the thirteen (13) year validity period of the Early Termination Guarantee; and/or

4.7.3.5.3 the MUNICIPALITY commits an act or omission of such a nature as to warrant or has the potential to cause the intervention of the relevant provincial authority as contemplated in section 139 of the Constitution read together with section 27 of the MFMA or commits any act or omission that may invoke the provisions of Chapter 13 of the MFMA relating to the resolution of a financial problem, (which, for purposes of this Budget Quote, shall be deemed an Act of Insolvency on the part of the MUNICIPALITY),

ESKOM shall have the right to draw on the Early Termination Guarantee forthwith and without notice to the MUNICIPALITY.

4.7.4 **Standard tariff details**

4.7.4.1 Subject to the provisions of the Electricity Regulation Act, the current prices of the tariff as specified in Annexure H (*Financial Specifications*) to be charged monthly are set out in the Schedule of Standard Prices attached to the Electricity Supply

Agreement as Annexure “B”. These prices will be valid until ESKOM’s next price increase or tariff restructuring becomes operative.

4.7.4.2 The prices to be charged monthly are subject to the terms and conditions of the Electricity Supply Agreement.

4.7.5 **Electricity Accounts Guarantee**

The MUNICIPALITY shall provide an Electricity Accounts Guarantee, the form of which is attached to Annexure “I” (*Form of the Electricity Supply Agreement)* for the due payment of monthly electricity accounts in accordance with the terms of and conditions of the Electricity Supply Agreement. The Electricity Accounts Guarantee Amount is set out in Annexure "H" (*Financial Specifications)*.

5 TERMINATION

5.1 EVENTS OF DEFAULT

Each of the following events shall constitute an **'Event of Default'** which shall give either Party the right to terminate this Budget Quote:

5.1.1 Non-payment

Either Party fails to make any payment due and payable under this Budget Quote to the other Party by the due date for such payment, and such failure remains un-remedied for a period of 30 (thirty) days following the date of the written notice given by the non-defaulting Party to the defaulting Party requesting the remedy of such failure. For the avoidance of doubt, this clause does not apply to those payments due within the Budget Quote Acceptance Period.

5.1.2 Early Termination Guarantee; Connection Charge Guarantee; Security or Contract Works Security Failure

The MUNICIPALITY fails to deliver, replace or maintain the Early Termination Guarantee; Connection Charge Guarantee; Security or Contract Works Security in accordance with this Budget Quote, the Electricity Supply Agreement or if applicable, the Self-Build Agreement the Early Termination Guarantee; Connection Charge Guarantee; Security or Contract Works Security otherwise becomes invalid or unenforceable.

5.1.3 Act of Insolvency

Either Party commits an Act of Insolvency.

5.1.4 Material Breach

Either Party commits a material breach of any provision of this Budget Quote (other than as contemplated in sub-clause 5.1.1 (*Non-payment*)), unless caused by a Force Majeure Event affecting such Party, or an act or omission of the other Party to this Budget Quote, and such breach remains un-remedied for a period of 30 (thirty) days following the date of a written notice from the non-defaulting Party to the defaulting Party requesting the remedy of such breach.

5.1.5 Termination of the Electricity Supply Agreement

The Electricity Supply Agreement is terminated by either Party in accordance with the terms and conditions of such Electricity Supply Agreement.

5.1.6 **Termination of the Self-Build Agreement**

The Self-Build Agreement is terminated by either Party in accordance with the terms and conditions of such Self-Build Agreement.

5.2 **TERMINATION FOR CONVENIENCE**

The MUNICIPALITY shall be entitled to terminate this Budget Quote for convenience at any time prior to the Completion Date (as defined in the Electricity Supply Agreement), on written notice to ESKOM of not less than 30 (thirty) days.

5.3 **CONSEQUENCES OF TERMINATION**

5.3.1 If this Budget Quote is terminated by either Party before the Connection has been made available, then ESKOM shall have the option either to complete the Eskom Works or not to complete but remove the Eskom Works. If ESKOM opts to:

5.3.1.1 complete the Eskom Works, then the MUNICIPALITY shall be liable to pay the full outstanding balance of the Connection Charge; or

5.3.1.2 not complete but remove the Eskom Works, the MUNICIPALITY shall be liable to pay to ESKOM, on written demand by ESKOM, the following:

5.3.1.2.1 the full actual costs incurred by ESKOM; plus

5.3.1.2.2 if this Budget Quote is terminated in terms of sub-clause 5.1 (*Events of Default)* for an Event of Default on the part of the MUNICIPALITY or in terms of sub-clause 5.2 (*Termination for Convenience*), all costs incurred by ESKOM in connection with the removal of the Eskom Works.

5.3.2 ESKOM may call up the Early Termination Guarantee; Connection Charge Guarantee and or the Contract Works Security provided by the MUNICIPALITY pursuant to this Budget Quote, the Electricity Supply Agreement, and if applicable, the Self-Build Agreement and, if so, shall apply the proceeds thereof in reduction of any liability of the MUNICIPALITY incurred as a result of the operation of this sub-clause 5.3 (*Consequences of Termination*).

5.3.3 If this Budget Quote is terminated in terms of sub-clause 5.1 (*Events of Default*) for an Event of Default on the part of ESKOM, then ESKOM's liability to the MUNICIPALITY shall be limited to direct damages which, for the purposes of clarity, excludes consequential damages (including but not limited to special loss, loss of production and loss of profit), provided that:

5.3.3.1 the maximum liability of ESKOM to the MUNICIPALITY shall be an amount equivalent to the Connection Charge.

5.4 **SURVIVAL OF RIGHTS**

5.4.1 Termination of this Budget Quote shall not affect any rights or obligations of a Party, which may have accrued prior to the date of termination, which arise as a consequence of termination or which are expressed to survive termination in this Budget Quote and/or the Electricity Supply Agreement, and/or the Self-Build Agreement (if applicable).

6 GOVERNING LAW

6.1 This Budget Quote shall be governed by and construed in accordance with the laws of South Africa.

7 DISPUTE RESOLUTION

7.1 Any claim, dispute or difference of whatsoever nature arising under, out of or in connection with this Budget Quote, including any claim, dispute or difference regarding the existence, validity, legality or expiry of this Budget Quote, shall be referred for resolution in accordance with the provisions of the Disputes and Dispute Resolution clause of Annexure "J" (*Form of Electricity Supply Agreement)* and following its execution by the Parties, of the Electricity Supply Agreement.

For any information, enquiries or confirmation, please contact **Dees Moodaley** at telephone number **041 – 502 4066** at any time within the Budget Quote Acceptance Period.

I thank you for the opportunity of allowing ESKOM to provide this service and trust that your favourable reply will reach this office shortly.

Yours sincerely

Xmbili
……
Xolisa Mbili
MIDDLE MANAGER – KEY ACCOUNTS MANAGEMENT
CAPE COASTAL CLUSTER - EASTERN CAPE

13 October 2025
……
Date

ANNEXURE "A"

1 DEFINITIONS

1.1 **'Acceptance Letter'** means the acceptance letter as completed by the MUNICIPALITY and delivered to ESKOM in the form attached hereto as Annexure "B" (*Acceptance Letter*);

1.2 **'Approvals'** means any permission, permit, approval, consent, licence, authorisation, registration, grant, acknowledgement, exemption or agreement required to be obtained from any Government Authority;

1.3 **'Approved Credit Rating'** means a long-term unsecured foreign currency debt rating no worse than BBB- (as determined by Standard and Poor's Rating Group or Fitch Ratings) or Baa3 (as determined by Moody's Investor Services, Inc.); South African long-term national scale Rating no worse than 'zaA-' (as determined by Standard & Poor's) or 'A-(zaf)' (as determined by FitchRatings) or 'A3.za' (as determined by Moody's Investor Services, Inc.) or equivalent rating (as determined by ESKOM or a rating agency approved by ESKOM).

1.4 **'Budget Quote'** means this budget quote, with its annexures, issued by ESKOM to the MUNICIPALITY and all references to 'Accepted Budget Quote' in the Self-Build Agreement shall be construed accordingly;

1.5 **'Budget Quote Acceptance Period'** means a date ending 120 (one hundred and twenty) Business Days from the date of this Budget Quote or such extended period as ESKOM may determine on written notice to the MUNICIPALITY;

1.6 **'Budget Quote Acceptance Procedures'** means the acceptance procedures set out in sub-clause 4.7.1.4;

1.7 **'Budget Quote Conditions'** means the following conditions, all of which the Parties have to fulfil in accordance with the Budget Quote Acceptance Procedures and within the Budget Quote Acceptance Period:

1.7.1 receipt by ESKOM of an unaltered Acceptance Letter duly executed by or on behalf of the MUNICIPALITY in the form attached hereto as Annexure "B" (*Acceptance Letter*);

1.7.2 receipt by ESKOM of (i) upfront payment of the Connection Charge Estimate, or (ii) if the MUNICIPALITY has opted in its Acceptance Letter to pay the Connection Charge Estimate in instalments, delivery to ESKOM of the Connection Charge Guarantee issued in accordance with the terms and conditions of this Budget Quote, and payment of any instalment of the Connection Charge Estimate which is due and payable by the MUNICIPALITY within the Budget Quote Acceptance Period in accordance with the Connection Charge Payment Schedule;

1.7.3 subject to sub-clause 4.7.3.2, receipt by ESKOM of the Early Termination Guarantee, issued in accordance with the terms and conditions of this Budget Quote;

1.7.4 receipt by ESKOM of the (i) Electricity Supply Agreement duly executed by or on behalf of the MUNICIPALITY in the form as set out in Annexure "J" (*Form of Electricity Supply Agreement*) attached hereto and (ii) the Security

1.7.5 delivery to the MUNICIPALITY of the counterpart of the Electricity Supply Agreement, duly executed by or on behalf of ESKOM;

1.7.6 where the MUNICIPALITY has exercised an option of Self-Build, receipt by ESKOM of (i) the Self-Build Agreement duly executed by or on behalf of the MUNICIPALITY in the form as set out in Annexure "K" *(Form of Self-Build Agreement*) attached hereto, and (ii) the Contract Works Security; and

1.7.7 delivery to the MUNICIPALITY of the counterpart of the Self-Build Agreement in sub-clause 1.3.4.6, duly executed by or on behalf of ESKOM;

1.8 **'Budget Quote Effective Date'** means the date falling within the Budget Quote Acceptance Period upon which the last of the Budget Quote Conditions have been fulfilled;

1.9 **'Capital Allowance'** means Eskom's upfront contribution towards thededicated connection assets and/or upstream assets recoverable over time from the MUNICIPALITY through standard network charges. The Capital Allowance is based on the NMD for electricity to be consumed in future;

1.10 **'Capital Costs'** means the total actual capital costs of the Eskom Works but excluding the Monopoly Works Cost;

1.11 **'Code(s)'** means the Distribution Code, the South African Grid Code, the Grid Connection code for Renewable Power Plants or any other code, published by the NERSA, as applicable to ESKOM and or the MUNICIPALITY;

1.12 **'Connection'** means the physical connection of the MUNICIPALITY's Distribution System to ESKOM's Distribution System and/or the Transmission System;

1.13 **'Connection Charge'** means, subject to adjustment, the total Standard Connection Charge and the Premium Connection Charge recouped or to be recouped by ESKOM from the MUNICIPALITY for the cost of the Eskom Works comprising the Capital Costs, a contribution to shared costs and if applicable, the cost of the Monopoly Works, less the Capital Allowance, calculated in compliance with the Code(s);

1.14 **'Connection Charge Estimate'** means the total estimated Connection Charge as set out in Part B of Annexure "H" (*Financial Specifications)* before adjustments for scope changes, inflation, force majeure and foreign exchange and commodity prices;

1.15 **'Connection Charge Guarantee'** means a Guarantee issued for an amount equal to the Connection Charge Guarantee Amount;

1.16 **'Connection Charge Guarantee Amount'** means (a) initially, an amount equal to balance of the Connection Charge Estimate as set out in Part B of Annexure "H" (*Financial Specifications)*, and (b) thereafter, the amount in paragraph (a) adjusted by reference to (i) deductions for any instalments received by ESKOM in the preceding year pursuant to this Budget Quote and (ii) deductions or additions resulting from any adjustments made by ESKOM in accordance with this Budget Quote in the preceding year;

1.17 **'Connection Charge Payment Schedule'** means the schedule of Connection Charge Estimate instalments and corresponding instalment payment dates as set out in Annexure "I" (*Connection Charge Payment Schedule*), as may be amended by ESKOM from time to time in accordance with this Budget Quote;

1.18 **'Connection Rights-of-Way'** means all rights-of-way and rights of access over, across, into or from any land that will be required to lay any distribution facilities, plant, equipment, lines, cables or wires included in the Connection Works, including any alternative rights-of-way and rights of access if ESKOM's preferred rights-of-way and rights of access are not available on terms and conditions that ESKOM considers commercially reasonable and technically feasible;

1.19 **'Connection Works'** means the planning, financing, insuring, land rights acquisition, design, engineering, procurement, supply, fabrication, construction, erecting, installation, inspection of the electricity network infrastructure comprised in the Connection and all activities and requirements ancillary to these, and includes the Municipal Connection Works and the Eskom Connection Works.

1.20 **'Contract Works'** means the portion of the Eskom Connection Works to be undertaken by the MUNICIPALITY in accordance with the conditions of the Self-Build Agreement;

1.21 **'Contract Works Equipment'** has the meaning ascribed to it in the Self-Build Agreement;

1.22 **'Contract Works Security'** has the meaning ascribed to it in the Self-Build Agreement;

1.23 **'Cost Estimate Fee'** means the portion of the Connection Charge paid by the MUNICIPALITY to ESKOM for the issue of the Cost Estimate Letter, the value of which is set out in Annexure "H" (*Financial Specifications);*

1.24 **'Cost Estimate Letter'** means the letter issued by ESKOM to the MUNICIPALITY with a non-binding estimation of the costs of the Eskom Connection Works to Connect the MUNICIPALITY's Distribution System to ESKOM's Distribution System and/or Transmission System, as referred to in Annexure "C" (*Technical Specifications*)*;*

1.25 **'Distribution'** means the regulated business unit through which ESKOM constructs, owns, operates and maintains ESKOM's Distribution System in accordance with its Licence and the Code(s);

1.26 **'Distribution Connection Charge'** means that portion of the Connection Charge associated with ESKOM's Distribution System, which may comprise of a Distribution Standard Connection Charge and a Distribution Premium Connection Charge;

1.27 **'Distribution Premium Connection Charge'** means that portion of the Connection Charge associated with a Premium Connection and ESKOM's Distribution System;
1.28 **'Distribution Quotation Fee'** means the portion of the Distribution Connection Charge paid by the MUNICIPALITY and received by ESKOM for the issue of this Budget Quote, the amount of which is set out in Annexure "H" (*Financial Specifications*);
1.29 **'Distribution Standard Connection Charge'** means that portion of the Connection Charge associated with a Standard Connection and ESKOM's Distribution System;
1.30 **'Distribution System'** means a distribution network of any Distributor which operates at a nominal voltage of 132 kV or less, as described in the Codes, as that system may be refurbished, modified, extended or developed from time to time;
1.31 **'Early Termination Guarantee'** means a Guarantee issued for an amount equal to the Early Termination Guarantee Amount;
1.32 **'Early Termination Guarantee Amount'** means a) initially an amount as set out in Annexure "H" (*Financial Specifications*) b) thereafter an amount as adjusted by ESKOM on written notice to the MUNICIPALITY in accordance with the terms and conditions of sub-clause 4.7.3 (*Early Termination Guarantee*); and c) thereafter such adjusted amount reduced annually by one tenth (1/10th) with effect from the fourth (4th) year following the Completion Date (as defined in the Electricity Supply Agreement);
1.33 **'Electricity Accounts Guarantee'** has the meaning as ascribed to it in the Electricity Supply Agreement;
1.34 **'Electricity Accounts Guarantee Amount'** has the meaning as ascribed to it in the Electricity Supply Agreement;
1.35 **'Electricity Regulation Act'** means the Electricity Regulation Act, No. 4 of 2006, as amended from time to time;
1.36 **'Electricity Supply Agreement'** or **'ESA'** means the agreement, including all appendices, entered into between ESKOM and the MUNICIPALITY, in respect of the supply of electricity by ESKOM to the MUNICIPALITY and the Connection to the MUNICIPALITY's Distribution System to ESKOM's Distribution System and/or the Transmission System;
1.37 **'ESKOM'** means Eskom Holdings SOC Ltd (Registration Number 2002/015527/30);
1.38 **'Eskom Connection Equipment'** means the equipment and assets to Connect the MUNICIPALITY's Distribution System to ESKOM's Distribution System and/or the Transmission System as described in Annexure "F" of the Electricity Supply Agreement, which shall be owned, operated and maintained by ESKOM;
1.39 **'Eskom Connection Works'** means the works required to be constructed, changed or enabled on the Distribution System and/or the Transmission System on ESKOM's side of the Point of Delivery, save as may be otherwise provided herein, and all related activities by which the Eskom Connection Equipment shall establish a Connection between the Point(s) of Delivery and ESKOM's Distribution System and/or the Transmission System, including if applicable the Monopoly Works and the Contract Works;
1.40 **'Eskom Equipment'** means the plant, facilities, equipment and assets set forth in Part A and B of Annexure "D" (*Eskom Works)* which shall be constructed by ESKOM in accordance with this Budget Quote and owned, operated and maintained by ESKOM;
1.41 **'Eskom Milestone Schedule'** means the schedule of milestones to be achieved by ESKOM by the corresponding dates, attached hereto as Annexure "G" (*Eskom Milestone Schedule*);
1.42 **'Eskom Works'** means the works as described in Annexure "D" (*Eskom Works)* comprising of the Eskom Connection Works but excluding the Contract Works;
1.43 **'Estimated Capital Costs'** means the Capital Costs as set out in Annexure "H" (*Financial Specifications*);
1.44 **'Estimated Monopoly Works Charge'** means the estimated Monopoly Works Charge as set out in Part B of Annexure "H" (*Financial Specifications)*;
1.45 **'Guarantee'** means a guarantee initially for the amount stated therein, which (i) is issued by a financial institution which (a) holds an Approved Credit Rating and (b) is registered under applicable Law to carry on the business of a bank in South Africa and (ii) constitutes an on demand, unconditional and irrevocable commitment by the issuer to pay;
1.46 **'Law'** means (a) any constitution, statute, ordinance, proclamation, primary or

subordinated legislation or other legislative measure, as well as the common law and customary law and any judgment, decision, interdict, order or rule of any court or tribunal with relevant jurisdiction, in each case having the force of law in South Africa and (b) any directive, requirement, instruction, request, order, regulation, condition of or limitation in any necessary Governmental authorisation, registration, grant, acknowledgement, exemption or agreement to be obtained from, or code, guideline, policy, direction or rule of a Governmental Instrumentality which is legally binding, including the Code(s).

1.47 **'Licences'** means the licence(s) issued by the NERSA to ESKOM and the MUNICIPALITY in terms of the Electricity Regulation Act;

1.48 **'Maximum Demand'** has the meaning as ascribed to it in the Schedule of Standard Prices;

1.49 **'MFMA'** means the Municipal Finance Management Act No. 56 of 2003;

1.50 **'Monopoly Works'** means those non-contestable works forming part of the Eskom Connection Works which remain ESKOM's responsibility under the Self-Build Agreement to ensure a standard of work that meets ESKOM's quality of supply, reliability and safety standards;

1.51 **Monopoly Works Charge'** means the charge recouped or to be recouped by ESKOM from the CUSTOMER for the Monopoly Works Cost;

1.52 **'Monopoly Works Cost'** means the cost of the Monopoly Works;

1.53 **'MUNICIPALITY'** means a municipality constituted in terms of the Local Government Municipal Structures Act 117 of 1998 as amended, read with the Local Government Municipal Systems Act 32 of 2000 as amended, as set out in Annexure "C" (*Technical Specifications)*;

1.54 **'Municipal Connection Equipment'** means the MUNICIPALITY's equipment, as described in Part A of Annexure "E" (*Municipal Connection Works*), as agreed between ESKOM and the MUNICIPALITY, which shall be constructed, owned, operated and maintained by the MUNICIPALITY;

1.55 **'Municipal Connection Works'** means the works as described in Annexure "E" (*Municipal Connection Works*), to be carried out on the MUNICIPALITY side of the Point(s) of Delivery, save as may otherwise be provided herein, and all related activities by which the Municipality Connection Equipment shall establish a Connection between the MUNICIPALITY's Distribution System and ESKOM's Distribution System and/or Transmission System;

1.56 **'Municipal Milestone Schedule'** means the schedule of milestones to be achieved by the MUNICIPALITY by the corresponding dates, attached hereto as Annexure "F" (*Municipal Milestone Schedule*);

1.57 **'NERSA'** means the National Energy Regulator of South Africa or its successor-in-title established in terms of the National Energy Regulator Act, No. 40 of 2004;

1.58 **'Notified Maximum Demand'** means the Maximum Demand notified in writing by the MUNICIPALITY and accepted by ESKOM, as more fully described in Annexure "C" (*Technical Specifications*);

1.59 **'Parties'** means ESKOM and the MUNICIPALITY, and the word **'Party'** shall be construed accordingly;

1.60 **'Point(s) of Delivery** or '**POD'** has the meaning as ascribed to it in the Electricity Supply Agreement ;

1.61 **'Point(s) of Supply (POS)'** has the meaning as ascribed to it in the Electricity Supply Agreement;

1.62 **'PPI'** means the index published from time to time by Statistics South Africa, which is referred to as the "Production Price Index for final manufactured goods" in statistical release P0142.1 or such other index as may be determined by Statistics South Africa to replace or supersede that index;

1.63 **'Premium Connection'** has the meaning as ascribed to it in the Electricity Supply Agreement;

1.64 **'Premium Connection Charge'** has the meaning as ascribed to it in the Electricity Supply Agreement;

1.65 **'Premium Equipment'** has the meaning as ascribed to it in the Electricity Supply Agreement;

1.66 **‘Pre-project investigation charge’** means the charge recouped by ESKOM from the MUNICIPALITY for the Pre-project Investigation Cost;

1.67 **‘Pre-project investigation costs’** means the costs charged to cover the investigation work prior to and including the issuing of the cost estimate letter or the budget quotation in case of applications that follow the major short process where the Cost Estimate Letter is not issued to the MUNICIPALITY. This is a standard charge based on the Cost Estimate Fee amount for the applicable supply size category;

1.68 **'Reasonable and Prudent Operator'** means a person seeking in good faith to perform its contractual obligations and, in so doing and in the general conduct of its undertaking, exercising that degree of skill, diligence, prudence, responsibility and foresight which would reasonably and ordinarily be expected from a skilled and appropriately experienced person, developer, contractor, owner or operator internationally, who is complying with all applicable Laws, engaged in the same or a similar type of undertaking, in the same or similar circumstances and conditions, and any references herein to the ‘Standards of a Reasonable and Prudent Operator’ shall be construed accordingly;

1.69 **‘Security’** has the meaning ascribed to it in the Electricity Supply Agreement;

1.70 **‘Security Amount’** has the meaning ascribed to it in the Electricity Supply Agreement;

1.71 **'Self-Build'** means the planning, financing, insuring, land rights acquisition, design, engineering, procurement, supply, fabrication, construction, erection, installation, inspection, pre-commissioning, testing, completion and commissioning of the Contract Works by the MUNICIPALITY, and on completion of the Contract Works the handover of the plant, facilities, equipment, assets and related designs, material guarantees/warranties, deeds and other documentation by the MUNICIPALITY to ESKOM;

1.72 **'Self-Build Agreement'** means the agreement between ESKOM and the MUNICIPALITY pertaining to the Contract Works undertaken by the MUNICIPALITY, and the Monopoly Works failing under the responsibility of ESKOM, in the form as set out in Annexure “K” (*Form of Self-Build Agreement*);

1.73 **'Schedule of Standard Prices'** means ESKOM’s published tariffs, charges and the NMD Rules, applicable to local authority supplies as approved by NERSA and as amended from time to time;

1.74 **'Standard Connection'** has the meaning as ascribed to it in the Electricity Supply Agreement;

1.75 **'Standard Connection Charge'** has the meaning as ascribed to it in the Electricity Supply Agreement;

1.76 **'Standard Equipment'** means the Eskom Connection Equipment to be constructed or to be installed if the MUNICIPALITY elects a Standard Connection. The Standard Equipment shall comprise the equipment listed in the Electricity Supply Agreement;

1.77 **‘Transformation Capacity Charge’** means the charge included in the Transmission Connection Charge for the use of transmission transformation assets that are dedicated to a customer or to a group of customers. The transmission transformation assets may be new or existing and would have been paid for fully or partially by customers either through Transmission Connection Charges or through Transmission Use of System charge;

1.78 **'Transmission Connection Charge'** means that portion of the Connection Charge associated with the Transmission System, which may comprise of the Transmission Standard Connection Charge and the Transmission Premium Connection Charge;

1.79 **'Transmission Premium Connection Charge'** means that portion of the Connection Charge associated with a Premium Connection and the Transmission System;

1.80 **‘Transmission Quotation Fee’** means, if applicable the portion of the Transmission Connection Charge paid by the MUNICIPALITY and received by ESKOM for the issue of this Budget Quote, the value of which is set out in Annexure “H” (*Financial Specifications)*;

1.81 **'Transmission Standard Connection Charge'** means that portion of the Connection Charge associated with a Standard Connection and the Transmission System;

1.82 **'Transmission System'** means all ESKOM’s lines and substation equipment where the nominal voltage is above 132 kV. All other equipment operating at lower voltages are either part of ESKOM’s Distribution System or classified as transmission transformation

equipment;

1.83 **'VAT'** means the value added tax levied in terms of the VAT Act; and

1.84 **'VAT Act'** means the Value Added Tax Act, No. 89 of 1991.

2 INTERPRETATION

2.1 Notwithstanding that this Annexure A deals with interpretation where any Clauses contain operative provisions, effect shall be given thereto as set out herein.

2.2 The headings to the clauses and sub-clauses in this Budget Quote are for the purpose of convenience and reference only, and shall not be used in the interpretation, modification, amplification of any clause thereof.

2.3 In this Budget Quote, unless stated otherwise expressions which indicate:

2.3.1 a gender includes the other gender and neuter;

2.3.2 the singular includes the plural and vice versa;

2.3.3 any reference to 'persons' shall include natural or juristic persons, firms, joint ventures, trusts, unincorporated associations and organisations, partnerships and any other entities, irrespective of whether such entity has a separate legal personality;

2.3.4 any reference to any law, rules, regulations, schedules, standards, licences or codes, shall include any amendments, modifications or extensions and shall mean any replacements or re-enactments thereof in force at the applicable time;

2.3.5 any reference to **'this Budget Quote'** shall mean this Budget Quote together with its Annexures as amended, modified or supplemented;

2.3.6 any reference to **'writing'** or **'written'** shall include all methods of reproducing words in a legible and non-transitory form;

2.3.7 any reference to either **'Party'** or **'any person'** shall include its legal successors and permitted assignees;

2.3.8 in the computation of periods of time from a specified day to a later specified day, '**from**' means from and including and 'until' or 'to' means to and including;

2.3.9 any reference in this Budget Quote to a **'Clause'** or **'sub-clause'** is a reference to a clause or sub-clause contained in this Budget Quote;

2.3.10 any reference to **'Annexure'**, **'Clause'** and **'Part'** are references to the relevant annexure, clause, and part, respectively, of this Budget Quote, references to **'Paragraph'** are to the relevant paragraph in an Annexure to this Budget Quote;

2.3.11 where figures are referred to in numerals and in words, if there is any conflict between them the words shall prevail; and

2.3.12 reference to number of days shall be a reference to calendar days unless Business Days are specified.

2.4 The rule of construction that this Budget Quote shall be interpreted against the Party responsible for the drafting or preparation hereof, shall not apply.

Eskom

ANNEXURE "B"

ACCEPTANCE LETTER

Mr C. Du Plessis
Municipal Manager
Kouga Local Municipality
33 Da Gama Road
Jeffreys Bay
6330

Date: ……

Eskom Holdings SOC Ltd (Reg No: 2002/015527/30)
Mr Deeshalin Moodaley
Key Customer Relations Officer
Tel : 041 502 4066
12 Schonland Street
Cape Road Industrial
UITENHAGE
6229

Dear Mr Moodaley

ACCEPTANCE LETTER FOR THE PROPOSED INCREASE IN SUPPLY FROM 5MVA TO 7MVA FOR KOUGA LOCAL MUNICIPALITY – CBS3 – ST. FRANCIS

Cost Estimate Ref No. [N/A]
Budget Quote Ref No. [931736674]

I/We herewith unconditionally and irrevocably accept the terms and conditions as set out in the above-referenced Budget Quote and elect the following options:

1. **TYPE OF CONNECTION**

CONNECTION	SELECTION (YES/NO)
Standard Connection only	**Yes**

2. SUMMARY OF CONNECTION CHARGE ESTIMATE; SECURITY AND GUARANTEES

CONNECTION CHARGE ESTIMATE			Selection
	Excl VAT	Incl VAT	
Cost Estimate Fee/Pre-Project Investigation Charge	R0,00	R0,00	
Estimated Distribution Standard Connection Charge	R 0.00	R 0.00	
Conversion Fee	R 98 715.67	R 113 523.02	
Estimated Transmission Standard Connection Charge	R 0,00	R 0,00	
Estimated Transmission Premium Connection Charge	R 0,00	R 0,00	
SUBTOTAL: CONNECTION CHARGE ESTIMATE	R 98 715.67	R 113 523.02	
Less Cost Estimate Fee	R 0,00	R 0,00	Received on [date]
Less Distribution Quotation Fee	R 0,00	R 0,00	Received on [date]
Less Transmission Quotation Fee	R 0,00	R 0,00	Received on [date]
BALANCE: CONNECTION CHARGE ESTIMATE	R 98 715.67	R 113 523.02	
Estimated Monopoly Works Charge		R0,00	R0,00
SECURITY & GUARANTEES			
Connection Charge Guarantee Amount			R 0,00
Early Termination Guarantee Amount			R 0,00
Security / Electricity Accounts Guarantee Amount			R 4 519 000.00

3. PAYMENT OPTIONS AND GUARANTEE REQUIREMENTS

3.1 Connection Charge and Connection Charge Guarantee

We confirm that we have elected to pay the balance of the Connection Charge Estimate as an upfront payment.

3.2 Early Termination Guarantee

We confirm that we shall provide the Early Termination Guarantee, if applicable, in accordance with the Budget Quote within the Budget Quote Acceptance Period.

3.3 Security – Electricity Accounts

We shall provide the Security for electricity accounts in accordance with the ESA and within the Budget Quote Acceptance Period.

4. MUNICIPAL MILESTONE SCHEDULE AND ESKOM MILESTONE SCHEDULE

4.1 We confirm that we accept the completed Municipal Milestone Schedule (Annexure F) and the Eskom Milestone Schedule (Annexure G) as part of the terms and conditions of this Budget Quote.

5. ELECTRICITY SUPPLY AGREEMENT

We unconditionally and irrevocably accept the Electricity Supply Agreement in the form attached to this Budget Quote and shall deliver the duly executed Electricity Supply Agreement within the Budget Quote Acceptance Period.

6. SELF-BUILD OPTION

We unconditionally and irrevocably accept the Self-Build Agreement in the form attached to this Budget Quote and shall deliver the duly executed Self-Build Agreement and Contract Works Security within the Budget Quote Acceptance Period.

7. DOMICILIUM CITANDI ET EXECUTANDI

We hereby nominate the addresses (including any email address) and facsimile number(s) corresponding to the MUNICIPALITY in the Notices/Addresses Clause of Appendix J (*Form of the Electricity Supply Agreement*) and following its execution by the Parties the Electricity Supply Agreement as the addresses and facsimile number(s) for all notices and any other communications to be delivered or served on us in terms of the Budget Quote.

SIGNED for and on behalf of the **MUNICIPALITY** on …….…….. **2025**

……. in my capacity as ……..…….. (who warrants that s/he is duly authorised to sign for and on behalf of the MUNICIPALITY).

……

As Witnesses:

1. ……
2. ……

ANNEXURE "C"

TECHNICAL SPECIFICATIONS

Table 1		
1.1	MUNICIPALITY	**KOUGA LOCAL MUNICIPALITY**
1.2	Description of Property	**CBS3 – ST. FRANCIS**
1.3	Description of Electrical Installation	**Redistributor**
1.4	Nature of MUNICIPALITY's plant	**Redistributor**

Table 2		
1.1	Notified Maximum Demand	7MVA
1.2	Declared Voltage at POD	22kV
1.3	Nominal Voltage at POD	22kV
1.4	MUNICIPALITY's Point of Delivery	ST. FRANCIS/CAPE ST. FRANCIS 22KV LINE
1.5	MUNICIPALITY's Point of Supply	CBS3
1.6	Estimated Period for the Completion of the Eskom Works	To be negotiated
1.7	Estimated Period for the Completion of the Contract Works (if applicable)	N/A
1.8	Estimated Period for the Completion of the remaining Monopoly Works (if applicable)	N/A
1.9	Estimated Period for the Completion of the Eskom Connection Works	To be negotiated

ANNEXURE "D"

ESKOM WORKS

PART A: STANDARD EQUIPMENT

A.1 Standard Equipment on the Transmission System

A.2 Standard Equipment on the ESKOM's Distribution System

Scope of Work

- **Meter changes to be done**

PART B: PREMIUM EQUIPMENT – (not applicable)

B.1 Premium Equipment on the Transmission System

B.2 Premium Equipment on the ESKOM's Distribution System

PART C: OTHER WORKS – (not applicable)

C.1 Monopoly Works

C.2 Other

ANNEXURE "E"

MUNICIPAL CONNECTION WORKS

PART A: MUNICIPAL CONNECTION EQUIPMENT
[●] [Information to be obtained from the MUNICIPALITY and inserted here]

PART B: OTHER WORKS
[●] [Information to be obtained from the MUNICIPALITY and inserted here]

PART C: MAXIMUM FAULT LEVEL

The three-phase and single-phase operating fault levels based on the current maximum generation and ESKOM's existing Transmission System and Distribution System are :
1phase fault level= 1.69kA and 3phase fault level=1.71kA.

The connection of additional generation to ESKOM's Transmission System or the Distribution System or strengthening of ESKOM's Transmission System or Distribution System may result in an increase of the maximum fault level. The MUNICIPALITY is responsible for the design, construction, maintenance and operation of the Municipal Connection Equipment and the Municipal Connection Equipment must be suitably rated to ensure the safe operation of the Distribution System of the MUNICIPALITY.

PART D: PROTECTION CONSIDERATIONS

The upstream protection devices shall be co-ordinated with the fuse curve or circuit-breaker protection relay curve that is chosen for the ring main unit tee-off. The fuse or circuit-breaker curve shall be made available to the MUNICIPALITY for co-ordination purposes. The MUNICIPALITY will provide overcurrent and earth fault protection that is capable of isolating the MUNICIPALITY's Distribution System from the ESKOM supply in the event of a fault on the MUNICIPALITY's Distribution System.

Earthing:
The substation earth grid has not been designed yet, however, the ground potential rise under fault conditions might exceed 5kV. ESKOM's Project Engineer can be contacted for more information at the detail design stage. The MUNICIPALITY is responsible to take the necessary precautions to ensure the safe operation of the MUNICIPALITY's Distribution System and also to protect the MUNICIPALITY's Distribution System against damage as a result of the ground potential rise under fault conditions.

ANNEXURE "F"

FORM OF MUNICIPAL MILESTONE SCHEDULE

[Information to be obtained from the MUNICIPALITY and inserted here]

The MUNICIPALITY shall achieve the following milestones (the **'MUNICIPAL Milestones Schedule'**).

	Milestone	**Scheduled Date**
1.	**[●]**	**[●]**

ANNEXURE "G"

FORM OF ESKOM MILESTONE SCHEDULE

ESKOM shall achieve the following milestones (the '**ESKOM Milestone Schedule**').

	Milestone	**Scheduled Date**
1.	**[●]**	**[●]**

ANNEXURE "H"

FINANCIAL SPECIFICATIONS

A. TARIFF

Table 1		
1.1	Tariff applicable	**[Municflex]**

B. SUMMARY OF CONNECTION CHARGE ESTIMATES; SECURITYAND GUARANTEES

CONNECTION CHARGE ESTIMATE			
	Excl VAT	**Incl VAT**	
Cost Estimate Fee/Pre-Project Investigation Charge	R0,00	R0,00	
Estimated Distribution Standard Connection Charge	R 0.00	R0.00	
Conversion Fee	R 98 715.67	R 113 523.02	
Estimated Transmission Standard Connection Charge	R 0,00	R 0,00	
Estimated Transmission Premium Connection Charge	R 0,00	R 0,00	
SUBTOTAL: CONNECTION CHARGE ESTIMATE	R 98 715.67	R 113 523.02	
Less Cost Estimate Fee	R 0,00	R 0,00	
Less Distribution Quotation Fee	R 0,00	R 0,00	
Less Transmission Quotation Fee	R 0,00	R 0,00	
BALANCE: CONNECTION CHARGE ESTIMATE*	R 98 715.67	R 113 523.02	
Estimated Monopoly Works Charge			R0,00
SECURITY & GUARANTEES			
Connection Charge Guarantee Amount			R 0,00
Early Termination Guarantee Amount			R 0,00
Security / Electricity Accounts Guarantee Amount			R 4 519 000.00

Subject to sub-clause **4.5 of this Budget Quote factors used in the final calculation of the Connection Charges are:**

1. Overheads 10 %
2. Escalation 3.2% (Production Price Index)
3. Escalation duration 0

Escalation in the cost of obtaining Connection Rights-of-Way (costs to be based on the most recent value of the land)

D. BASE RATES

The Base Rates as at …… are as follows:

Currencies:		**Amount of Estimated Dedicated Capital Costs linked to each foreign currency**
US Dollars / ZAR	**N/A**	**N/A**
Euro / ZAR	**N/A**	**N/A**
Canadian Dollar / ZAR	**N/A**	**N/A**
Swiss Frank / ZAR	**N/A**	**N/A**
Swedish Krone / ZAR	**N/A**	**N/A**
Japanese Yen	**N/A**	**N/A**
Commodities:		**Estimated total amount of commodity**
Construction Steel	**N/A**	**N/A**
Aluminum	**N/A**	**N/A**
Copper	**N/A**	**N/A**
Transformer Oil	**N/A**	**N/A**
Core steel	**N/A**	**N/A**

E. ESTIMATED COSTS

E.1 Estimated Capital Costs

The estimated costs associated with the Eskom Works, including escalation and overheads are as follows:

Table 1 (a) Summary of allocated Estimated Capital Costs

Cost Item	Excl VAT	Incl VAT
Pre-Project Investigation Cost	R	R
Estimated Capital Cost for a Standard Connection *(Sum of tables 1b and 1d)*	R	R
Metering	R	R
Estimated Capital Cost for a Premium Connection *(Sum of tables 1c and 1e)*	R	R
Total Estimated Capital Costs	R	R

Table 1 (b) Estimated Capital Cost of Standard Equipment on the Distribution System

Cost item e.g.	Total Cost	Pro-rated %	Cost Excl VAT	Cost Incl VAT
1 Transformer			R	R
10 km 132 kV line			R	R

Protection			R	R
Metering			R	R
Total				

Table 1 (c) Estimated Capital cost of Premium Equipment on the Distribution System

Cost item e.g.	Total Cost	Pro-rated %	Cost Excl VAT	Cost Incl VAT
1 Transformer			R	R
10 km 132 kV line			R	R
Protection			R	R
Total				

Table 1 (d) Estimated Capital Cost of Standard Equipment on the Transmission System

Cost item e.g.	Total Cost	Pro-rated %	Excl VAT	Incl VAT
1 Transformer			R	R
10 km 400 kV line			R	R
Protection				
Transformation Capacity Charge			R	R
Total				

Table 1 (e) Estimated Capital Cost of Premium Equipment on the Transmission System

Cost item e.g.	Total	Pro-rated %	Excl VAT	Incl VAT
1 Transformer			R	R
10 km 400 kV line			R	R
Protection			R	R
Total			R	R

E.2 Estimated Monopoly Works Cost

Table 2 (a) Summary of Estimated Monopoly Works Cost

Cost Item	Excl VAT	Incl VAT
Estimated Monopoly Works Cost associated with Standard Equipment	R	R
Estimated Monopoly Works Cost associated with Premium Equipment	R	R
Total	R	R

Table 2 (b) Estimated Monopoly Works Cost associated with Standard Equipment

Cost item e.g.	Excl VAT	Incl VAT
Route/Site Selection Checking & Acceptance	R	R
Verification of Design	R	R
Project Management Fees • Project Manager/Coordinator • Clerk Of Works (Quality Assurance and Monitoring)	R	R
Commissioning	R	R
Total		

Table 2 (c) Estimated Monopoly Works Cost associated with Premium Equipment

Cost item e.g.	Excl VAT	Incl VAT
Route/Site Selection Checking & Acceptance	R	R
Verification of Design	R	R
Project Management Fees • Project Manager/Coordinator • Clerk Of Works (Quality Assurance and Monitoring)	R	R
Commissioning	R	R
Total	R	R

ANNEXURE "I"

CONNECTION CHARGE PAYMENT SCHEDULE

Eskom Works Milestone	Instalment (including VAT)	Remarks
Not Applicable	Not Applicable	Not Applicable

ANNEXURE "J"

FORM OF ELECTRICITY SUPPLY AGREEMENT

[SEPARATE ATTACHMENT]

ANNEXURE “K”

FORM OF SELF-BUILD AGREEMENT

[NOT APPLICABLE]

ANNEXURE "L"

FORM OF CONNECTION CHARGE GUARANTEE
[ESKOM to insert]

To: **ESKOM HOLDINGS SOC LTD**

LETTER OF GUARANTEE NUMBER _____ FOR THE SUM OF _____ (THE 'GUARANTEED AMOUNT') ISSUED ON BEHALF OF _____ [*INSERT FULL NAME AND REGISTRATION NUMBER OF MUNICIPALITY*] (HEREIN REFERRED TO AS THE 'CUSTOMER')

Eskom Reference / Account Number _____

1. We, the undersigned _____ **[*INSERT FULL NAME AND IDENTITY NUMBER*]** and _____ **[*INSERT FULL NAME AND IDENTITY NUMBER*]** in our respective capacities as _____ **[*INSERT CAPACITY*]** and _____ **[*INSERT CAPACITY*]** of _____, registration number _____ **[*INSERT FULL NAME AND REGISTRATION NUMBER OF BANK*]** ("the Bank"), duly authorised thereto, herewith provide the Bank's undertaking to pay Eskom Holdings SOC Ltd, registration number 2002/015527/30 ("Eskom") an amount not exceeding the Guaranteed Amount on receipt of a written demand/s for payment from Eskom stating that the amount of the demand is due and payable by the Customer to Eskom in terms of the Electricity Supply Agreement concluded or to be concluded between Eskom and the Customer (the 'Agreement') in respect of the Connection Charges to be incurred by Eskom in providing the Customer with a supply of electricity for the Customer's proposed new ……[insert plant] at the Customer's premises at ……[insert Customer's address] herein referred to as the Connection Charges.

2. The Bank's liability under this guarantee is principal in nature and is not accessory or subject to any other agreement or the Agreement.

3. The Bank's liability will not be reduced, limited or affected by any alteration of the terms of the Agreement, or any other agreement made between the Customer and Eskom, or the Customer going into business rescue, or adopting or implementing any business rescue plan as contemplated in chapter 6 of the Companies Act 71 of 2008.

4. The Bank will pay on written demand from time to time, made by Eskom, which demand must be signed by an Eskom official who is authorised and delegated to sign it. The demand must state the amount due and payable and the Bank will not determine the validity of the demand, the correctness of the amount demanded, or become party to any claim or dispute of any nature which any party may allege. The Bank will not be entitled or obliged to verify the authority and/or delegation of the Eskom official.

5. The guarantee is neither negotiable nor transferable, is restricted to the payment of a sum of money only and is limited to payment in aggregate of the Guaranteed Amount. This guarantee will remain valid until the last amounts due to Eskom have been paid by the Customer in respect of the above-mentioned Connection Charges.

6. The Bank reserves the right to withdraw from this guarantee on giving 3 (three) calendar months' written notice ("the Notice Period") to Eskom of its intention to do so.

7. This guarantee will thus expire upon expiry of the Notice Period and will then be of no further effect, whether returned to the Bank or not. Any claim which arises after the expiry of the Notice Period will be invalid, unenforceable and will not be entertained by the Bank. However, any claims which arose or amounts which became due under this guarantee while valid, including during the Notice Period, may still be submitted for a period of 3 (three) calendar months after expiry of the Notice Period.

8. The cancellation, or any change to the terms and/or conditions, of this guarantee, must first be agreed to in writing by Eskom, the Customer and the Bank.

9. If the Bank should exercise its option to withdraw from the guarantee per paragraph 6 above, this will not be viewed as a cancellation or change of the guarantee for the purposes of paragraph 8.

10. The Guaranteed Amount will be paid free of exchange, set-off, deduction or counterclaim or any withholding, in immediately available funds, into a bank account nominated by Eskom in writing. This guarantee will be of no further effect once the aggregate payments made under this guarantee are equal to the Guaranteed Amount or on the Customer's full and final payment of the required Connection Charges as set out in the Budget Quotation Payment Schedule.

11. The original guarantee, if still available, must be returned to the Bank once it is of no further effect.

12. Eskom will be able to submit claims on a copy of this guarantee if the original cannot be found, if it provides to the Bank, to the Bank's satisfaction:

12.1. an indemnity, validly issued in terms of Eskom's corporate governance procedures prevailing at the time, the Public Finance Management Act 1 of 1999 (if applicable), or any other applicable legislation prevailing at the time, signed by an Eskom official who is authorised and delegated to sign it, limited specifically and only as to any payment made on the lost original guarantee, and not exceeding an amount equal to the Guaranteed Amount; and

12.2. an affidavit, signed by an Eskom official who is authorised and delegated to depose to such an affidavit, that the original guarantee cannot be found. The Bank will not be entitled or obliged to verify the authority and/or delegation of the Eskom official.

13. Eskom chooses the following addresses for communication in connection with this guarantee:

13.1. Physical Address: Megawatt Park
Maxwell Drive
Sunninghill Ext. 3
2199
Sandton

13.2. Postal Address: _____
_____
_____

13.3. e-Mail address: _____

13.4. To be marked for the attention of: _____ **[*Insert only POST DESCRIPTION of Recipient*]**.

14. The Bank chooses the following addresses for all purposes in connection with this guarantee:

14.1. Physical Address: _____
_____
_____

14.2. Postal Address: _____
_____
_____

14.3. e-Mail address: _____

14.4. To be marked for the attention of: _____ **[*Insert only POST DESCRIPTION of Recipient*]**.

15. This guarantee will be governed by South African Law and is subject to the jurisdiction of South African Courts.

16. Where written and/or signed notification is required in terms of this guarantee, the terms “writing” and “signed” or their analogous forms, will be construed as excluding sections 12 and 13 of the Electronic Communication and Transaction Act 25 of 2002 or any replacement of amendment thereof, save that such notification, whatever its title, may be scanned after manual signature and then sent electronically.

Signed at _____ on _____

FOR AND ON BEHALF OF _____ [*INSERT FULL NAME AND REGISTRATION NUMBER OF BANK*]

_____ _____

As witnesses:

1. _____ 2. _____