2024/25

ANNUAL REPORT

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

PART A: GENERAL INFORMATION 5

PART B: PERFORMANCE INFORMATION 29

PART C: CORPORATE GOVERNANCE 69

A

GENERAL INFORMATION



1. GENERAL INFORMATION

REGISTERED NAME:	NATIONAL ENERGY REGULATOR OF SOUTH AFRICA (NERSA)
REGISTRATION NUMBER (if applicable):	NOT APPLICABLE
PHYSICAL ADDRESS:	Kulawula House 526 Madiba Street Arcadia, Pretoria, 0083
POSTAL ADDRESS:	PO Box 40343 Arcadia, 0007 South Africa
TELEPHONE NUMBER/S:	+27 12 401 4600
FAX NUMBER:	+27 12 401 4700
EMAIL ADDRESS:	info@nersa.org.za
WEBSITE ADDRESS:	www.nersa.org.za
EXTERNAL AUDITORS:	AUDITOR-GENERAL OF SOUTH AFRICA
BANKERS:	THE STANDARD BANK OF SOUTH AFRICA
REGULATOR SECRETARY:	SANDILE NTANZI

2. ABBREVIATIONS & ACRONYMS

AFS	ANNUAL FINANCIAL STATEMENTS
AFUDC	ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION
AFUR	AFRICAN FORUM FOR UTILITY REGULATORS
AGM	ANNUAL GENERAL MEETING
AGSA	AUDITOR-GENERAL OF SOUTH AFRICA
AMEU	ASSOCIATION OF MUNICIPAL ELECTRICITY UTILITIES
ARC	AUDIT AND RISK COMMITTEE
BBBEE	BROAD-BASED BLACK ECONOMIC EMPOWERMENT
CAM	COST ALLOCATION MANUAL
CAPEX	CAPITAL EXPENDITURE
CCGT	COMBINED-CYCLE GAS TURBINE
CEO	CHIEF EXECUTIVE OFFICER
CNG	COMPRESSED NATURAL GAS
COS	COST OF SUPPLY
COSO	COMMITTEE OF SPONSORING ORGANISATIONS OF THE TREADWAY COMMISSION
COUE	COST OF UNSERVED ENERGY
CPI	CONSUMER PRICE INDEX
CSIR	COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH
CWIP	CONSTRUCTION WORK IN PROGRESS
DEA	DANISH ENERGY AGENCY
D-FORMS	DISTRIBUTION FORMS
DMRE	DEPARTMENT OF MINERAL RESOURCES AND ENERGY
EAP	ECONOMICALLY ACTIVE POPULATION
EE	EMPLOYMENT EQUITY
EE	ENERGY EFFICIENCY
ELS	ELECTRICITY SUBCOMMITTEE
EPDR	ELECTRICITY PRICE DETERMINATION RULES
EPP	ELECTRICITY PRICING POLICY
ER	ENERGY REGULATOR (THE ACCOUNTING AUTHORITY)
ERA	ELECTRICITY REGULATION ACT, 2006 (ACT NO. 4 OF 2006)
ERSTA	ESKOM RETAIL TARIFF STRUCTURAL ADJUSTMENTS
ESD	ENTERPRISE SUPPLIER DEVELOPMENT
ETI	ENERGY TRANSITION INDEX
EU	EUROPEAN UNION
EWSETA	ENERGY AND WATER SECTOR EDUCATION AND TRAINING AUTHORITY
EXCO	EXECUTIVE COMMITTEE
FAQ	FREQUENTLY ASKED QUESTIONS
FEED	FRONT END ENGINEERING DESIGN

FIC	FINANCE COMMITTEE
FTRM	FULL-TIME REGULATOR MEMBER
GAB	GAS AMENDMENT BILL
G-FORMS	GENERATION FORMS
GIS	GEOGRAPHIC INFORMATION SYSTEM
GIZ	DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT
GJ/a	GIGAJOULE PER ANNUM
GRAP	GENERALLY RECOGNISED ACCOUNTING PRACTICE
GW	GIGAWATT
HIW	HIGH-IMPACT WELL
HR	HUMAN RESOURCES
HRRC	HUMAN RESOURCES AND REMUNERATION COMMITTEE
IAU	INTERNAL AUDIT UNIT
IEA	INTERNATIONAL ENERGY AGENCY
INEP	INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME
IPP	INDEPENDENT POWER PRODUCER
IRP	INTEGRATED RESOURCE PLAN
JET IP	JUST ENERGY TRANSITION INVESTMENT PLAN
LEWA	LESOTHO ENERGY AND WATER REGULATORY AUTHORITY
LNG	LIQUEFIED NATURAL GAS
LPG	LIQUEFIED PETROLEUM GAS
MIRTA	MINIMUM INFORMATION REQUIREMENTS FOR TARIFF APPLICATIONS
MoU	MEMORANDUM OF UNDERSTANDING
MSCOA	MUNICIPAL STANDARD CHART OF ACCOUNTS
MW	MEGAWATT
MYPD	MULTI-YEAR PRICE DETERMINATION
NARUC	NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS
NDP	NATIONAL DEVELOPMENT PLAN
Nehawu	NATIONAL EDUCATION, HEALTH AND ALLIED WORKERS' UNION
NERSA	NATIONAL ENERGY REGULATOR OF SOUTH AFRICA (THE ORGANISATION)
NFI	NON-FINANCIAL INFORMATION
NMPP	NEW MULTI-PRODUCT PIPELINE
NOC	NATIONAL OIL COMPANIES
NTSA	NATIONAL TRANSMISSION COMPANY SOUTH AFRICA
OECD	ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT
OHSA	OCCUPATIONAL HEALTH AND SAFETY ACT
PAIA	PROMOTION OF ACCESS TO INFORMATION ACT
PAJA	PROMOTION OF ADMINISTRATIVE JUSTICE ACT
PFMA	PUBLIC FINANCE MANAGEMENT ACT
PGS	PIPED-GAS SUBCOMMITTEE
PPA	POWER PURCHASE AGREEMENT
PPC	PARLIAMENTARY PORTFOLIO COMMITTEE

PPI	PRODUCER PRICE INDEX
PPS	PETROLEUM PIPELINES SUBCOMMITTEE
PV	PHOTOVOLTAIC
RCA	REGULATORY CLEARING ACCOUNT
RE	RENEWABLE ENERGY
REC	REGULATOR EXECUTIVE COMMITTEE
REIPP	RENEWABLE ENERGY INDEPENDENT POWER PRODUCER
REIPPPP	RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME
RERA	REGIONAL ENERGY REGULATORS ASSOCIATION OF SOUTHERN AFRICA
RFR	REGULATORY FINANCIAL REPORT
RIA	REGULATORY IMPACT ANALYSIS
ROMPCO	REPUBLIC OF MOZAMBIQUE PIPELINE INVESTMENT COMPANY (PTY) LIMITED
RPP	RENEWABLE ENERGY POWER PLANT
RRM	REGULATORY REPORTING MANUALS
SA	SOUTH AFRICA
SADC	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SAHRC	SOUTH AFRICAN HUMAN RIGHTS COMMISSION
SALGA	SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION
SAQA	SOUTH AFRICAN QUALIFICATIONS AUTHORITY
SCOA	STANDARD CHART OF ACCOUNTS
SMART	SPECIFIC, MEASURABLE, ACHIEVABLE, REALISTIC AND TIME-BOUND
SOP	STANDARD OFFER PROGRAMME
SSEGs	SMALL-SCALE EMBEDDED GENERATORS
SSLNG	SMALL-SCALE LIQUEFIED NATURAL GAS
TNPA	TRANSNET NATIONAL PORTS AUTHORITY
USA	UNITED STATES OF AMERICA
USAI	UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
USD	UNITED STATES DOLLAR
WEF	WORLD ECONOMIC FORUM
WEO	WORLD ENERGY OUTLOOK
WSP	WORKPLACE SKILLS PLAN
ZERA	ZIMBABWE ENERGY REGULATORY AUTHORITY

MR. THEMBANI BUKULA
CHAIRPERSON

3. FOREWORD BY CHAIRPERSON

This Annual Report not only serves as a review of the National Energy Regulator of South Africa's (NERSA's) operations for the 2024/25 financial period – it is also the final one for the five-year strategic period that commenced on 1 April 2020.

During the strategic period, load-shedding and several other local, regional and international challenges placed a tremendous amount of pressure on the country. This, in turn, required NERSA to adapt to consistently changing scenarios, but as an organisation, we have weathered the storm and worked hard to achieve numerous governance and organisational performance successes.

It is within this context that I am proud to present our 2024/25 Annual Report.

While our mission is to regulate the energy industry in accordance with government laws and policies, standards and international best practices in support of sustainable and orderly development, we embrace the role we are required to play in furthering other key priorities for the country.

The national and provincial elections that took place in May 2024 ushered in the country's 7th Administration, which brought with it some key changes to national government portfolios. During his address to the nation on 30 June 2024, Honourable President Cyril Ramaphosa announced the merger of the Ministries of Electricity and Energy under the guidance of the Minister of Electricity and Energy, Honourable Kgosientsho Ramokgopa, with the Honourable Samantha Graham as the Deputy Minister of Electricity and Energy.

He added that there will be a separate Ministry of Mineral and Petroleum Resources, led by the Honourable Gwede Mantashe as the Minister of Mineral and Petroleum Resources and Honourable Phumzile Mgcina as the Deputy Minister.

The 7th Administration's Medium-Term Development Plan (MTDP) replaces the Medium-Term Strategic Framework of the 6th Administration and identifies three strategic priorities for the country. They are inclusive growth and job creation; reducing poverty and tackling the high cost of living; and a capable, ethical, and developmental state.

Furthermore, five strategic priorities for the energy sector were identified. These include universal access, availability, affordability and quality; sovereign and regional energy security; innovation and industrialisation; energy demographic transformation and South Africa's continental and global leadership.

In the execution of our mandate, we will work to achieve not just the five priorities of the energy sector, but also to contribute in a meaningful way to the three key priorities of the 7th Administration.

Our values, namely: passion, spirit of partnership, excellence, innovation, integrity, responsibility, professionalism and pride, have, and will continue, to serve as the bedrock of our operations.

The regulation of the electricity, piped-gas and petroleum industries requires NERSA to adhere to sound principles and approaches to be able to deliver on its mandate and achieve its objectives. Underpinned by NERSA's legal mandate, NERSA has adopted several internationally accepted regulatory principles to underpin its regulatory approach.

Transparency ensures independence from political influence and is desirable to ensure the long-term stability of regulatory practices. Avoidance of regulatory capture by some customer groups is also necessary for successful regulation. **Neutrality** to all market players without favouring any one group (non-discriminatory). **Accountability** allows the Regulator to be accountable for its actions and decisions. Independence must not be confused with a lack of accountability.

Consistency and Predictability is crucial when the Regulator makes decisions and should have a reasonable degree of predictability based on previous rulings in similar cases. Even more important is the **Independence** of the Energy Regulator from the regulated companies and from political influence is also desirable to ensure the long-term stability of regulatory practices. The principle of **Integrity** requires us to exercise honesty, fairness and sincerity in the management of the Energy Regulator's affairs and in all its dealings with stakeholders. **Efficiency** is key and we are required make the best use of resources to further the regulatory objectives by exercising objectivity and commitment to evidence-based strategies for improvement. **Public interest** underscores all our activities, and we should endeavour to take decisions in the interest of the public as far as possible.

During the period under review, NERSA achieved several regulatory goals in each of the industries it serves.

ELECTRICITY REGULATION

It is important to indicate that during the reporting period, the Electricity Regulation Act, 2006 (Act No. 4 of 2006), was amended and the Electricity Regulation Act, 2024 (Act No. 38 of 2024) ('the ERA') was proclaimed on 1 January 2025. The amendment of the Electricity Regulation Act has optimally responded to the dynamism of the electricity supply industry by enabling more entries to the industry by different role players in different activities of the industry. Noticeable, the amendment has enhanced the tariff approval framework, enhancing regulatory approval for licensable activities which previously were unlicensed activities such as the System Operation, introduction of Market Operation which has been entrusted with providing non-discriminatory platform and trading mechanism for power markets and must be licensed. Enhancement of the power of the Energy Regulator in dealing with contraventions and violation of the law and licence conditions and the introduction of a penal code which practically enables addressing some of the infrastructure vandalism that the industry has experienced.

Concerning electricity regulation, the Energy Regulator has four core areas of responsibility, namely licensing (including registration), tariffs, making rules and adopting codes, and compliance enforcement. These areas were further reinforced by the ERA amendment.

In the licensing area, the Energy Regulator approved five trading licences and one import-export licence, as well as separate distribution and trading licences for several municipalities that had recently been demarcated. On the registration front, a total of 556 registrations were approved, which will contribute 5 577MW capacity once commissioned, allowing private sector participation and key intervention for accessing clean energy (advancing decarbonisation efforts). The Energy Regulator has consistently been able to reduce the turnaround time for registrations, reaching a new threshold of 8 to 12 days for approval of fully compliant applications on first submission.

In the pricing space, the Energy Regulator embarked on its first physical public hearings since the COVID-19 lockdown, and a complex and rigorous sixth Multi-Year Price Determination (MYPD6) process was concluded, followed by the approval of the Retail-Tariff Plan (RTP) and the subsequent Retail Tariff and Structural Adjustment (ERTSA) to enable Eskom to present the bulk electricity price for distributors, including municipalities, to Parliament by 15 March 2025. The MYPD6 decision resulted in a 12.7% revenue increase for the 2025/26 financial year (reduced from the 36% applied for), which translates into a R61 billion saving to South African consumers. The year ended with the municipal tariff cycle in full swing for completion by 30 June 2025. The Energy Regulator approved an NPA for TransAlloys, as another enabler to support the smelting industry in surviving the rapidly increasing electricity prices.

Regarding the development of rules and adoption of codes, the Energy Regulator consulted on the revised NRS 048-9 to refine the framework for managing emergency events within the integrated power system. NERSA also published the Wheeling Rules and the Net-Billing Rules, aimed at facilitating entry and promoting competition in the electricity industry and will be essential to establishing the competitive electricity market enabled by the amendments to the ERA.

The Energy Regulator's prompt engagement in reviewing and providing input to the draft section 34 determination on independent transmission projects (ITPs) demonstrates a commitment to addressing the challenges within South Africa's (SA) electricity transmission grid. The determination aims to introduce competition in the transmission infrastructure development space, which will attract significant investments into SA's electricity market. This initiative to implement the first ITP programme is a significant step forward, fostering a more reliable and sustainable energy future for the country. Furthermore, NERSA is part of the Electricity and Energy Ministry-led multi-disciplinary team, which has been established to expedite the ITP programme.

PIPED-GAS REGULATION

The imminent decline of gas sources from Mozambique emerged as the foremost threat to the gas market in the year under review. As a result, a concerted effort is underway to swiftly explore and find alternative sources, including potential liquefied natural gas (LNG) imports, to plug the gap to be presented by the imminent decline of gas sources from Mozambique, effective from 2028 onwards. In this regard, Sasol Gas has managed to secure additional gas from the Production Sharing Agreement (PSA) to push the effective date for the gas cliff from 2026 to 2028, while continued efforts are underway to find additional sources for the permanent sustainability of the market.

As the industry continued to seek a growth path amid challenges of declining gas supply, the gas industry still showed resilience, with significant positive developments happening in the year under review. Amongst these were the registration of additional gas imports by PetroSA (Pty) Ltd and Vutomi Energy (Pty) Ltd from Mozambique to South Africa via the Republic of Mozambique Pipeline Investments Company's (ROMPCO) transmission pipeline.

In a significant development that will add value to the market, NERSA developed and published a strategy for the co-development of gas along with renewables and hydrogen as part of the programme on regulatory advocacy and engagement efforts seeking to diversify the energy mix. NERSA also hosted a successful dialogue with industry stakeholders to discuss challenges pertaining to the regulation of gas for transport in the South African gas market.

The Energy Regulator also considered and approved applications for maximum prices under the new Maximum Price Methodology introduced in the market in 2023. This is important in ensuring continuous compliance of all licensees with the requirements of the Methodology and the discharge of NERSA's mandate regarding the regulation of maximum gas prices.

As part of the continuous assessment of the state of competition in the gas market, a report was finalised on the determination of the adequacy of competition in the piped-gas industry in terms of section 21(1)(p) of the Gas Act, 2001 (Act No. 48 of 2001). This finding confirmed that competition remains inadequate in the industry, with the result that NERSA's mandate to regulate maximum gas prices remains essential to ensure gas prices that mimic competitive outcomes.

These achievements were attained amid challenges that emerged in the year, including the reported decline of gas sources from Pande and Temane in Mozambique and delays in the promulgation of the Gas Amendment Bill to improve the Energy Regulator's regulatory powers.

As the energy landscape continues to evolve, ongoing regulatory vigilance will be essential to address future challenges and ensure the sustainability of natural gas as a vital energy source in South Africa.

PETROLEUM PIPELINES REGULATION

As one of its key functions, NERSA processed applications to construct or operate petroleum infrastructure within the prescribed statutory timelines. This included decisions in line with published government policy and furthering the objectives outlined in the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003). This had to be done within the changing petroleum landscape of reduced local refining and net importation of petroleum and the high barriers to entry to the industry, including high capital costs and the many regulatory approvals required.

The monitoring and enforcement of compliance with licence conditions is of utmost importance. This included processing tariff applications for petroleum pipelines and storage and loading facilities within the required time frame.

Despite some positive developments, in general, access by third parties and new entrant players to licensed facilities and capacity remains low, also noting specific operation limitations contributing to this.

Verification of information provided by licensees in regulatory reporting was done by conducting site visits according to the Annual Site Visit Plan. For new applications or potential unlicensed activities, NERSA conducted ad-hoc visits to verify the facility details and inform NERSA's decisions.

Furthermore, NERSA held stakeholder engagement workshops with the public, third parties and licensees during the 2024/25 financial year. The stakeholder engagement workshops are part of NERSA's annual performance targets and are intended to empower all licensees, the public and third parties on various aspects applicable to the Petroleum Pipelines Regulation's (PPR) function and the services it provides. NERSA had its last stakeholder workshop with PPR licensees in Pretoria, Gauteng Province, on 25 October 2024.

CROSS-CUTTING REGULATION

NERSA gazetted the Regulatory Reporting Manuals (RRMs) effective 10 September 2008. The primary purpose of the RRMs is to prescribe standardised reporting procedures and requirements. These aim to ensure uniformity and consistency in the reporting of key elements necessary for tariff setting, monitoring, and/or approval. Such elements include operating and maintenance expenses, capital expenditure (capex) and asset values, depreciation, taxes, return on investment, compliance, and profit levels aligned with associated risk.

During the 2024/25 financial year, 100% of major licensees complied with the requirements of the RRMs.

A GLOBAL PERSPECTIVE

According to the International Energy Agency's (IEA's) Global Energy Review 2025, global energy demand grew by 2.2% in 2024, a notably faster rate than the annual average of 1.3% seen between 2013 and 2023. This uptick was partly due to the effect of extreme weather, which contributed an estimated 0.3 percentage points to the 2.2% growth. Despite this, energy demand grew more slowly than the global economy, which expanded by 3.2% in 2024.

The report cites the increased demand for cooling, the rising consumption by industry, the electrification of transport and the growth of data centres and artificial intelligence as key contributors to the increased demand.

Most of the rise in electricity demand was met by low-emissions sources, led by the record-breaking expansion of solar PV capacity, with further growth in other renewables and nuclear power. Gas demand also picked up substantially, while oil and coal consumption increased more slowly than in 2023.

CO2 emissions from the energy sector continued to increase in 2024, but at a slower rate than in 2023. A key driver was record-high temperatures. Had the global weather patterns in 2023 been repeated in 2024, around half of the increase in global emissions would have been avoided. At the same time, the continued rapid adoption of clean energy technologies is limiting emissions growth, according to a new analysis – avoiding 2.6 billion tonnes of additional CO2 emissions per year.

The IEA's 2024 World Energy Outlook places the spotlight on the fragility of today's energy markets, which serves as a reminder of the abiding importance of energy security.

The proliferation of energy policies and climate targets, while influential, are not the only forces behind the continued rise of clean energy. There are strong cost drivers, as well as intense competition for leadership in clean energy sectors, that are major sources of innovation, economic growth and employment. More than ever, the energy outlook is complex, multifaceted and defies a single view on how the future might unfold.

The rapid shift of geopolitical landscape of energy and environmental concerns continue to pose a serious challenge. Furthermore, the evolving economics of competing energy sources and the impact of emerging technologies have enabled new business models.

While geopolitical risks abound, underlying market balances are easing, setting the stage for intense competition between different fuels and technologies.

The transition to clean energy has accelerated sharply in recent years, shaped by government policies and industrial strategies, but there is more near-term uncertainty than usual over how these policies and strategies will evolve. Clean energy is entering the energy system at an unprecedented rate, including more than 560 gigawatts (GW) of new renewables capacity added in 2023, but deployment is far from uniform across technologies and countries.

China stands out, accounting for 60% of the new renewable capacity added worldwide in 2023. China's solar PV generation alone is on course to exceed the total electricity demand of the United States today by the early 2030s.

Demand for energy services is rising rapidly, led by emerging and developing economies. However, the continued progress of transitions means that, by the end of the decade, the global economy can continue to grow without using additional amounts of oil, natural gas or coal.

Ample clean energy manufacturing capacity creates scope for faster transitions that move towards alignment with national and global net zero goals, but this means addressing imbalances in today's investment flows and clean energy supply chains.

The IEA's report goes on to highlight the rising data centre electricity use, linked in part to the growing use of Artificial Intelligence (AI), is already having some strong effects, but the potential implications of AI for energy are broader and include improved systems coordination in the power sector and shorter innovation cycles.

An increase of nearly 50% in global liquefied natural gas (LNG) export capacity is on the horizon, led by the United States and Qatar, but the prices that many suppliers need to recover their investments may not entice developing economies to switch to natural gas at scale.

Lower fuel prices ease concerns about affordability and industrial competitiveness in fuel-importing economies. The new market context may provide some breathing space for fuel-importing countries and regions such as Europe, as well as South and Southeast Asia, that have been hit hard by higher prices for fossil fuels and electricity in recent years.

Despite the gathering momentum behind transitions, the world is still a long way from a trajectory aligned with its climate goals. Decisions by governments, investors and consumers too often entrench the flaws in today's energy system, rather than pushing it towards a cleaner and safer path. Dividing lines are emerging on energy and climate, which can only be bridged if more help is provided to poorer countries, communities and households to manage the upfront costs of change, including much greater international support.

The IEA's 2024 report contends that a new energy system must be built to last. This means prioritising security, resilience and flexibility, and ensuring that the benefits of the new energy economy are shared.

THE AFRICAN CONTEXT

More than 600 million people in Africa still lack access to electricity, with rapid urbanisation and population growth serving as key drivers on increased demand. The resultant energy poverty remains a key barrier to growth.

In a crucial step towards securing a sustainable and energy-efficient future for the African continent, the African Union (AU) launched the African Energy Efficiency Programme and the African Energy Efficiency Alliance at COP 29 in Baku, Azerbaijan in November 2024. The high-level meeting, organised by the African Energy Commission (AFREC), underscored the role of energy efficiency in closing the energy access gap and driving the transformation of Africa's energy systems.

Energy efficiency is central to Africa's efforts to enhance energy access, reduce greenhouse gas emissions (GHGs), lower energy costs, and foster a clean energy transition.

Fossil fuels continue to dominate the continent's energy mix, particularly gas in west Africa and coal in southern Africa. Hydropower plays a key role in east and central Africa, with renewables, in particular solar and wind, gaining traction across the continent. Biomass has emerged as a major off-grid source, especially in rural areas.

With 60% of the world's best solar resources, Africa is experiencing a solar power surge. The continent is also embracing the opportunities presented by green hydrogen. Egypt, Kenya, Mauritania, Morocco, Namibia and South Africa formed the Africa Green Hydrogen Alliance to intensify collaboration and supercharge development of green hydrogen projects on the African continent. They were recently joined by Algeria, Angola, Djibouti, Ethiopia and Nigeria.

The 2025 Africa Solar Industry Association (AFSIA) report details the growth in the battery storage market from 31MWh in 2017 to 1 600MWh in 2024. The report highlights that energy storage has become a critical complement to variable renewable energy (VRE) generation and the increasing role of co-locating battery energy storage systems (BESS) with renewable energy power plants.

Oil and gas continue to play a crucial, multifaceted role in Africa, serving as a major source of revenue, driving economic growth, and influencing infrastructure development across the continent.

In a media statement dated 23 January 2025, NJ Ayuk, the Executive Chairman of the Africa Energy Chamber said: 'Oil and gas development is the cornerstone of Africa's socioeconomic progress, and we must be firm in our commitment to developing policies that will encourage more investment in our continent'.

'Africa needs more drilling, licensing rounds, fast track permitting and approval, reduced taxes for oil and gas projects and a united front against external efforts undermining the continent's growth. The Chamber stands firm in its support of initiatives that harness Africa's resources to benefit local economies and transform lives across the continent and Make Energy Poverty History,' he added.

SOUTH AFRICAN ENERGY OVERVIEW

NERSA's operations take place within the context of a rapidly changing South African energy sector.

According to the Department of Mineral Resources and Energy's (DMRE's) South African Energy Sector Report 2023, as the largest economy on the African continent, South Africa's energy landscape is crucial not only for its own development, but also for shaping the broader regional and continental energy dynamics. The sector is undergoing a profound shift driven by a combination of factors, including the imperative to diversify the energy mix, enhance energy security and mitigate environmental impacts.

Historically, South Africa has been heavily reliant on coal for its energy needs, a legacy of its abundant coal reserves. The country has taken policy initiatives aimed at incorporating renewable energy sources, such as wind, solar and hydroelectric power, into its energy mix. The transition aligns with global trends that emphasise clean and sustainable energy solutions to address climate change concerns.

The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) was introduced in 2011 as a tender process designed to facilitate private-sector investment into grid-connected renewable energy generation. Analysis shows that as of 2023, over 9 000MW from 123 projects had been awarded preferred bidder status, and 6 280MW has already come online under the REIPPPP.

During his remarks at the 'Investing in African Energy Conference' in October 2024, the Minister of Mineral and Petroleum Resources, Mr Gwede Mantashe, said: 'Notwithstanding the contending political ideologies in the government, we are clear that energy is a flywheel that will propel South Africa to realise these priorities. As we continue to pursue security of energy supply and address energy poverty, a diversified energy mix remains a requisite for our nation to meet its growing energy demands'.

CONCLUSION

This review of energy markets locally, regionally and internationally, albeit brief, highlights the complex environment in which NERSA undertakes its mandate. Despite this, NERSA continues to grow from strength-to-strength and consistently demonstrates its commitment to South Africa's energy sector.

During the review period, the team at NERSA has once again worked consistently to advance the professionalism and reputation of energy regulation in the country. This has been undertaken with determination to maintain our performance as a high-achieving entity.

What has been achieved, however, has been a collaborative team effort.

I wish to extend my sincerest gratitude to the Minister of Mineral and Petroleum Resources, Mr Gwede Mantashe, as well as the Minister of Electricity and Energy, Dr Kgosientsho Ramokgopa, and their respective teams for the guidance and sage advice on pertinent matters.

I would like to thank the Deputy Chairperson of NERSA, Ms Zandile Mpungose, and the Full-Time and Part-Time Regulator Members for their dedication and commitment to the many tasks placed before them.

The Chief Executive Officer (CEO), Advocate Nomalanga Sithole, continues to lead her team with poise and authority. On behalf of all the Members, I applaud her and the NERSA team on their sterling work and dedication to the organisation.

The many successes achieved during the review period can be attributed to the skills, expertise and knowledge of the Full-Time and Part-Time Regulator Members, the organisation's excellent leadership and the dedicated staff, who share a common purpose and seek to achieve the organisation's mandate with distinction.

Mr THEMBANI BUKULA
CHAIRPERSON
Date: 30 July 2025

ADV NOMALANGA SITHOLE
CHIEF EXECUTIVE OFFICER

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

INTRODUCTION

I am honoured to present the 2024/25 Annual Report for NERSA, which details the successful execution of our strategic initiatives and our progress in fulfilling our mandate.

Guided by our vision to be a recognised world-class leader in energy regulation, NERSA proactively navigated the evolving energy landscape. Our focus remained on balancing the economic interests of all stakeholders while fostering the growth and sustainability of the petroleum pipelines, electricity, and piped-gas industries. We firmly believe our regulatory services are instrumental in supporting the government's key economic and social objectives within these vital sectors.

We at NERSA are proud to play a vital role in regulating industries that possess the power to profoundly impact the lives of ordinary citizens, catalyse new business ventures, generate employment opportunities, and significantly contribute to the socio-economic advancement and prosperity of South Africa. Our overarching impact statement – 'Secure, reliable, affordable, sustainable, competitive, and transformed energy industry, which contributes to the economic growth of South Africa' – is strategically driven by specific industry and organisational impact statements and their corresponding outcomes.

A key highlight of the past year is the demonstrable progress NERSA has made in its journey towards becoming a world-class regulator, a standard we aspire to for the entire African continent. This achievement is underpinned by our unwavering adherence to the fundamental regulatory principles of transparency, neutrality, consistency, predictability, independence, accountability, and integrity in our oversight of the electricity, piped-gas, and petroleum pipelines industries. Moreover, we maintained a strong focus on aligning our regulatory frameworks with the evolving energy landscape, actively promoting the development of a sustainable energy mix.

I want to assure you that NERSA remains steadfast in its commitment to working towards the national priorities that are essential for placing South Africa on a path of sustained growth and development.

SUMMARY OF ORGANISATIONAL PERFORMANCE

I am pleased to report that NERSA has maintained an unqualified audit report for the nineteenth year since its inception. This consistent performance is further reinforced by the achievement of our six consecutive clean audit opinions from the Auditor-General South Africa – a clear indicator of the robustness and ethical foundation of our corporate governance practices.

To understand NERSA's achievements, it is important to be mindful of its annual performance targets in relation to the three energy sectors it regulates: electricity, piped-gas and petroleum pipelines. Moreover, these targets extend to cross-cutting regulatory and organisational functions. They are all measured against five programmes, namely Regulatory Service Delivery; Advocacy and Engagement; Innovation; Operational Efficiency and Quality Management; and People and Organisational Culture.

NERSA achieved 91% of its annual performance targets. Across the five programmes mentioned above, the electricity industry achieved 79% of its targets, with four targets not met due to internal factors and one to an external factor. Piped-gas and petroleum pipelines both met 100% of their targets. Support services achieved 92% due to one unmet target caused by an internal factor, while the people and organizational culture environment achieved 83% because one target was missed due to an external factor.

CORPORATE MATTERS

FINANCIAL MANAGEMENT

The financial outcomes of NERSA's activities for the year under review are reported in its annual financial statements (AFS) in this Annual Report.

NERSA's main source of funding is the levies and licence fees from licensees in the three regulated industries. The Electricity Industry's levies and licence fees are proposed by the Energy Regulator and approved by the Minister of Mineral Resources and Energy annually. In the case of the Piped-Gas and Petroleum Pipelines industries, the levies and licence fees are proposed and approved in consultation with the Minister of Finance.

NERSA collected sufficient revenue to perform its regulatory functions for the year under review. Expenditure was also contained in light of the economic circumstances, as cost savings against the budget for the year were realised due to limited travel and continued remote working arrangements.

NERSA reported a deficit of R 62.33 million against a budgeted deficit of R 70.07 million for the year. The improvement is due to under-expenditure on operating expenditure.

NERSA was in a stable financial position at 31 March 2025, with a positive net asset value of R 144.55 million. This is mainly due to cash reserves of R 71.07 million, mostly from deposits placed with the Corporation for Public Deposits at the South African Reserve Bank.

CASH FLOW RISK MITIGATION RESERVE

NERSA maintained a cash flow risk mitigation reserve to bridge the gap between the start of the financial year and the start of levy payments by the industries. The reserve target is three months' employment cost for all staff members and 4.5% of the annual operating expenditure budget. This reserve also covers a shortfall in levies in cases where the levies collected are below the total expenditure. NERSA collected amounts owed by its debtors in an average of 27 days.

EXTERNALLY FOCUSED RESPONSIBILITIES AND INITIATIVES

In keeping with its vision to position and establish the organisation as a recognised world-class leader in energy regulation, NERSA continuously engages with its stakeholders. Besides communicating through the NERSA website, using social media for announcements and updates, as well as publishing NERSA's quarterly newsletter, *NERSA News,* NERSA also participates in stakeholder meetings, public hearings, exhibitions and conferences. In addition, it is required to meet with legislative bodies such as the Parliamentary Portfolio Committee on Energy.

PUBLIC AWARENESS

NERSA News is published quarterly to inform stakeholders of the latest developments and decisions. In addition, engagement with stakeholders at several forums is another integral part of the NERSA strategy. The publication is a crucial part of creating public awareness of the roles and responsibilities of the organisation.

During the year under review, NERSA used social media platforms to empower stakeholders with relevant industry, economic and regulatory knowledge and information.

Regarding stakeholder engagement activities, NERSA conducted 41 customer education workshops, hosted 25 roadshows and undertook 10 radio interviews as part of the customer education programme. The programme aims to create awareness about NERSA's role and mandate. Furthermore, NERSA participated in nine exhibitions.

MEDIA COVERAGE

Print and electronic media are monitored daily for the mention of electricity, piped-gas, petroleum pipelines and other energy-related matters. During the period under review, electricity coverage dominated with 7 923 mentions (97% share of voice), followed by petroleum pipelines with 189 mentions (2% share), while piped-gas had 70 mentions (1% share).

Also, some publicity was self-generated, with NERSA having issued media statements and facilitated media interviews with print and electronic media representatives. Virtual media briefings were also held to engage with the media and keep them informed about the latest developments within the organisation.

INTERNATIONAL COORDINATION AND PARTNERSHIPS

During the review year, NERSA participated in continental and regional events, where meetings were held in-person.

At regional and continental levels, as part of its continued contribution towards regional harmonisation, cooperation and exchange of information, NERSA participated in the activities and programmes of the Regional Energy Regulators Association of Southern Africa (RERA) and the African Forum for Utility Regulators (AFUR) and contributed immensely to the strategic objectives and projects of the two structures through its international coordination department.

NERSA participated in the RERA Subcommittee and Portfolio Committee meetings held in Zanzibar, Tanzania during September and October 2024. The RERA Special Executive Committee Meeting, Annual Conference and related Side Events and the Annual General Meeting were held from 7 to 11 April 2025 in Swakopmund, Namibia. The AFUR EXCO Committee meetings, Annual Conference and Annual General Meeting were held from 4 to 7 March 2025, in Douala, Cameroon, under the theme “The Use of Intelligent Technologies in Utilities – How Does the Regulator Promote Innovation While Protecting Consumers?”, hosted by Autorité Portuaire Nationale (APN), Cameroon.

In a bid to contribute towards the upskilling of NERSA staff and the positioning of the organisation as a credible and reliable regulator, NERSA has established partnerships with identified organisations for capacity building purposes. These are summarised below.

THE NERSA–DANISH ENERGY AGENCY PARTNERSHIP

On 10 December 2023, NERSA and the Danish Energy Agency (DEA) signed a Memorandum of Understanding which serves as the basis for developing the work program for the collaboration between NERSA and DEA. The primary objective of the partnership is to upskill and capacitate the Electricity Regulation Division in market reform and areas pertaining to regulation.

The scope of the cooperation includes, at a minimum, the following five thematic areas:

- Advocacy & Monitoring of Industry Transformation;
- Compliance/Enforcement Tools;
- Systems & Tools;
- Information Management and Data Collection; and
- The Electricity Regulation Amendment Act (ERAA) Implementation.

A number of engagements have been held with the DEA and the Danish Utility Regulator during the period under review towards the implementation of the MoU, including a working visit by DEA and the DUR to NERSA in November 2024. The DEA further facilitated seminars for NERSA on revenue cap regulation from 3 to 5 February 2025.

NERSA–GIZ PARTNERSHIP

The South African - German Energy Programme - Capacities for the Energy Transition (SAGEN-CET) is funded by the German government and implemented by the GIZ GmbH. It aims at improving methodological, personal, and technological capacities of national and local actors in the electricity sector to implement the energy transition in South Africa. On 10 April 2024, NERSA signed an MOU with the Deutsche Gesellschaft Für Internationale Zusammenarbeit.

The number of activities were undertaken during the period under review, including a skill assessment exercise which provided recommendations for NERSA’s capacity building program; as well as other engagements focusing on the exchange of information market reform related issues.

EUROPEAN UNION PARTNERSHIP

On 28 March 2024, the Energy Regulator approved a partnership proposal between NERSA and the European Union (EU). The NERSA–EU Partnership offers NERSA the opportunity to engage the EU Energy Regulators Associations and Agencies through an existing bilateral umbrella of the EU–SA Trade Development and Cooperation Agreement, the Economic, Partnership Agreement (EPA) and the Strategic Partnership between the European Union and South Africa. This partnership primarily focused on electricity regulation with an aim of enhancing NERSA's knowledge base and experience in terms of international trends and effective regulatory approaches to challenges such as energy transitions. The partnership was facilitated by the Council for Scientific and Industrial Research (CSIR) in partnership with the EU, through workshops facilitated by the CSIR covering the following topics:

- Electricity markets in the European Union, held on 27 May 2024;
- The role of a regulator in an energy system with new, diverse sources of energy, held on 28 June 2024; and
- EU Energy Dialogue, held on 18 July 2024.

The EU webinars have been instrumental in organisational capacity building and information sharing as they are highly attended by all staff.

CORE REGULATORY FUNCTIONS

Detailed information on NERSA's performance in terms of the different core regulatory functions can be found in the overview of the key outputs/achievements for the 2023/24 financial year in Part B (Performance Information) of the Annual Report.

ELECTRICITY INDUSTRY REGULATION

(a) Licences issued, amended, renewed or revoked

In terms of its mandate, NERSA issues, amends, renews or revokes the licences of regulated entities in the electricity supply industry. Significantly, some of these licences relate to renewable energy. During the review period, the following licensing activities were conducted:

DISTRIBUTION

- The applications of all 178 licenced electricity distributors' tariffs applications (municipal and private distributors) were approved. Of these 76 were based on full Cost of Supply studies while 102 were based on Cost Based Structure system which takes into account actual costs from licensees. Some licensees applied for less than CoS study results to protect their customers from unexpected price spikes.
- The Energy Regulator approved that Lion Thorn Solar (Pty) Ltd ('Lion Thorn Solar') be issued a registration certificate to operate a distribution facility located in Maquassi Hill Local Municipality, Northwest Province.
- The Energy Regulator approved the issuance of a licence to operate a distribution facility to the newly established Inkosi Langalibalele Local Municipality and revoked the electricity distribution licence of the disestablished Umtshezi Local Municipality.

TRADING

- The Energy Regulator approved four electricity trading licence applications for Discovery Green (Pty) Ltd, Green Electron Market (Pty) Ltd (GEM), CBI Electric Apollo (Pty) Ltd and GreenCo Power Services (Pty) Ltd.
- The Energy Regulator approved that GreenCo Power Services (Pty) Ltd be issued an import and export licence, subject to licence conditions imposed.

ADDITION OF NEW GENERATION CAPACITY (REGISTRANTS)

NERSA operates under the Licensing Exemption and Registration Notice, which removed the 100 MW registration cap and exempted facilities above 100 kW from licensing requirements. Since the inception of the registration regime, NERSA has registered 1,971 generation facilities, totalling 12,737 MW of new generation capacity and attracting over R200 billion in investments. During the reporting period, NERSA processed applications within an average of 14 working days, exceeding the legislated 30-day requirement.

(b) Tariffs or tariff structures set or approved

NERSA's mandate includes the approval of tariffs for all municipalities and other electricity distributors in South Africa. During the review period, NERSA approved 166 municipal tariff applications and 12 tariff applications for private distributors for the 2024/25 tariff cycle.

Furthermore, the Energy Regulator approved the following:

- A National Free Basic Electricity (NFBE) rate of 194.40c/kWh for the 2024/25 municipal financial year.
- Eskom's Regulatory Clearing Account (RCA) balance of R8 095m for the 2021/22 financial year. The approved RCA balance will be recoverable from the standard tariff customers, local Special Pricing Arrangement (SPA) customers and international customers.
- Eskom's sixth Multi-Year Price Determination (MYPD6) revenue application for the 2025/26 (12.74%), 2026/27 (5.36%) and 2027/28 (6.19%) financial years.

(c) Setting of rules, guidelines and codes

In terms of section 35 of the Electricity Regulation Act of 2006 as amended, NERSA's mandate includes the development of guidelines and publishing codes of conduct and practice or making rules by notice in the Gazette.

NERSA approved the Net-Billing Rules and Wheeling Rules for third party transportation of energy. Net-Billing Rules provide a standardised framework to be applied by Distributors to prosumers—consumers who also generate power to contribute to the national grid, particularly from renewable sources such as solar PV. Through these rules, we not only encourage the adoption of clean energy technologies but also recognize and reward consumers' participation in energy production, thereby promoting energy choice.

The Electricity Wheeling Rules will enable the transparent and fair use of transmission and distribution networks by third parties. This reform paves the way for greater participation by independent power producers, promotes decentralized energy generation, and opens new pathways for bilateral power trade. By unlocking access to the grid, we are empowering both producers and consumers to engage in a more efficient and cost-reflective electricity market.

(d) Other

- The Energy Regulator approved the registration of 556 generation facilities that contribute to a total capacity of 55 77MW, this is the equivalent of 5 stage of load shedding and shows the Regulator's role in mitigating the energy crisis and is, accordingly to energy commentators, expected to enhance energy security. Among these new registrations, one facility has been registered for commercial purposes, featuring a capacity of 60MW.
- The Energy Regulator approved the Service Quality Incentive (SQI) Framework for the Eskom Generation Division.
- The Energy Regulator approved the issuance of a licence to AGV Projects (Pty) Ltd for the operation of a 177.50MWac/710MWh battery energy storage (BESS) facility.
- The Energy Regulator approved the issuance of two licences to Eskom Holdings SOC Ltd to operate solar PV generation facilities, namely the Sere Solar PV Power Plant and Lethabo Solar PV Power Plant.
- The following important decisions were made by the Energy Regulator:
  - Approval of the Eskom Retail Tariff Structural Adjustments (ERSTA) for 2025/26.
  - The Energy Regulator did not approve Eskom's application in terms of section 21(2) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) to preserve and/or reserve grid connection capacity in favour of public IPPs emanating from ministerial section 34 determinations, in anticipation of the upcoming Bid Window 7 procurement process at the expense of private IPP projects.

PIPED-GAS INDUSTRY REGULATION

(a) Licences issued, amended, renewed or revoked

NERSA is responsible for the licensing of the construction and operation of gas facilities, which include transmission, storage, distribution, liquefaction and regasification facilities, and the licensing of trading in gas. Its licensing activities during the period under review that were considered within 60 working days from date of close of public comment period or period of applicant's response to objections received, are listed below.

- Application by Sasol Gas (Pty) Ltd to amend conditions related to its licence to operate gas distribution facilities in the Alrode area of the Ekurhuleni Metropolitan Municipality in the Gauteng Province
- Application by SLG (Pty) Ltd to amend conditions related to its licence to trade in gas in the Alrode area of the Ekurhuleni Metropolitan Municipality in the Gauteng Province.

(b) Registration activities approved

The Energy Regulator approved the following gas registration activities within 60 working days from the date of close of public comment period or period of applicant's response to objections received:

- PetroSA (Pty) Ltd's importation of natural gas from the Central Processing Facility in Mozambique to the Pressure Protection Station in Secunda, South Africa via the Maputo to Secunda transmission pipeline.
- Woodlands Dairy (Pty) Ltd's production of biogas in the Humansdorp area of Kouga Local Municipality in the Eastern Cape Province.
- Vutomi (Pty) Ltd's importation of natural gas from the Ressano Garcia in Mozambique to the Komatipoort area of Nkomazi Local Municipality in the Mpumalanga Province via the Maputo to Secunda Pipeline owned by ROMPCO.
- Cape Town Biogas Pty Ltd's production of biogas in the Sand Industria area of City of Cape Town Municipality in the Western Cape Province

(c) Maximum prices considered approved

- The Energy Regulator approved ten applications for the maximum price of gas.
- The Energy Regulator approved the aggregate results (i.e. average gas prices for 2023) for Gauteng, Free State, Mpumalanga and KwaZulu-Natal.
- NERSA calculated and published the Maximum Gas Energy (GE) price on a monthly basis. This minimises discrepancies between NERSA and licensees' calculation of the Maximum GE price.
- NERSA calculated the Market Risk Premium and Risk-Free Rate on a quarterly basis.

(d) Tariffs

NERSA did not receive any application for transmission tariffs in 2024/25.

(e) Reports on monitoring of maximum prices

NERSA's Piped-Gas Subcommittee (PGS) considered ten reports on the monitoring of the compliance with the maximum prices approved by NERSA.

(f) Reports on monitoring of compliance with approved tariffs

The PGS considered five reports on the monitoring of the implementation of transmission tariffs [one for the Republic of Mozambique Pipeline Investment Company (Pty) Limited (ROMPCO), one for Transnet Pipelines (Piped-Gas), one for Sasol Gas (Pty) Ltd, one for Phambili Gas (Pty) Ltd, and one for Zemvelo Gas (Pty) Ltd].

(g) Compliance monitoring and enforcement

The Piped Gas Subcommittee considered the following compliance and enforcement activities:

- 112 compliance inspections conducted on gas construction, transmission, distribution, storage facilities, registration of gas importation and operation of production activities.
- Four compliance monitoring and enforcement reports.
- Four compliance monitoring reports on progress of construction licences issued by NERSA during the reporting period.
- Two compliance audits reports on the ROMPCO pipeline in South Africa and Mozambique.
- Twelve volume balance reports monitoring natural gas imports from Mozambique to South Africa.
- One progress report on Sasol Gas' decommissioning and removal/abandonment of some of its unused assets, and approval of future decommissioning plans.
- One compliance monitoring report on the Rules and Regulations on Third-Party Access – assessment of uncommitted capacity, and allocation mechanism conducive to fair access.
- One progress report on Licensees' Compliance with regulation 3(2) and 3(3) of the Piped-Gas Regulations read with sections 1, and 21(1)(s) of the Gas Act, pertaining to Eligible Customers.
- One progress report on Sasol Gas' integrity status of the Secunda-Witbank-Middleburg transmission pipeline.
- One enhancement report on the Piped-Gas' licence application process description to assist the applicants to easily understand the licensing process.
- One frequently asked questions (FAQ) report on the licensing and registration process.
- One technical standards and codes report applicable for safe and efficient construction, operation and maintenance of CNG and LNG facilities.

(h) Investigation of complaints/dispute resolution/Initiated investigations and price monitoring

The following investigations were initiated, processed and considered by the PGS within 60 working days from date of closure of the public comment period or period of applicant's response to objections received:

- Close-out report on the investigation in terms of section 4(d) of the Gas Act into a fire incident that occurred at Komatipoort Compressor Station in the Mpumalanga Province.
- Close-out report on the investigation in terms of section 4(d) of the Gas Act into a gas leak that occurred at Sasol Gas' Corobrick–Lenasia (CRB) pipeline in the Lawley area of the Johannesburg Metropolitan Municipality in the Gauteng Province.
- Close-out report on the investigation in terms of section 4(d) of the Gas Act into a gas leak incident that occurred on the Metalbox (MET) Transmission Pipeline (Springs to Sasolburg) in the Germiston Area of the Ekurhuleni Metropolitan Municipality in the Gauteng Province.

(i) Reports on developments in the gas industry

- Three status reports on developments of new gas sources in South Africa and neighbouring countries were considered by the Piped-Gas Subcommittee.

(j) Regulatory advocacy

- Three reports on regulatory advocacy were considered by the Energy Regulator. These included:
  - NERSA's comments on the Department of Trade, Industry and Competition's (DTIC's) draft Vertical Restraints Regulations in terms of the Competition Act of 1998.
  - A regulatory advocacy report on the comments by the Competition Commission on the draft Gas Amendment Bill.
  - NERSA's comments to the Competition Commission regarding a request by the energy users in respect of the DTIC's Energy Users Block Exemption Regulations.

(k) Other activities

- One report on the determination inadequacy of competition in the piped-gas industry in terms of section 21(1)(p) of the Gas Act, as well as Frequently Asked Questions pertaining to the determination, was considered by the Energy Regulator.
- One report on the progress made in the implementation of measures to improve competition and investment in the gas industry was considered by the Energy Regulator.
- Five Audited Regulatory Financial Reports (RFRs) submitted in compliance with the Regulatory Reporting Manual (RRM) were considered.
- NERSA conducted workshops on the implementation of the maximum price of gas, and Sasol Gas (Pty) Ltd's price adjustment.
- One report on NERSA's Geographic Information System (GIS) Road Map.
- One Geographic Information System's progress report on the status of the licensed gas network.

PETROLEUM PIPELINES INDUSTRY REGULATION

(a) Licences issued, amended, renewed or revoked

NERSA's licensing activities during the period under review are listed below:

- The processing of 21 applications relating to licences, comprising of six new licences issued, six amendments of licence conditions and nine revocations post the public consultation period, were finalised within an average of 37 working days. This duration is similar to the average of 35 working days reported in the 2023/24 financial year and all the applications were processed within the stipulated 60 working days.
- Two licences were issued to new entrant players, being SA Bulk Commodities Trading and Storage Services as well as FFS Tank Terminals (Pty) Ltd to operate storage facilities in Germiston and the Port of Durban, respectively. The revocations were mainly because of the trend of disinvestment by bpSA Marketing (Pty) Ltd and Engen Petroleum Ltd from aviation facilities, with the Airports Company SA acquiring four of these facilities and being granted the licences by the Energy Regulator. The amendments were for extending construction timelines and change facility details/capacity.

Monitoring and enforcement of compliance with licence conditions:

- Seventy-one site visits were conducted to licensed petroleum facilities (52), petroleum facilities under consideration for licensing (3) and unlicensed activities (16) in accordance with the Annual Site Visit Plan.

(b) Tariffs set or approved

- The Energy Regulator has set the Petroleum Pipelines System tariffs that will allow Transnet SOC Limited ('Transnet') to realise an increase of 8.73% in the 2025/26 financial year (FY) Allowable Revenue (AR), compared to that of the 2024/25 FY (from R7 212.32 million in 2024/25 FY to R7 842.01 million in 2025/26 FY), and an increase of 5.71% in the 2026/27 FY AR (from R7 842.01 million in the 2025/26 FY to R8 290.04 million in 2026/27 FY).
- The Energy Regulator approved tariffs for 23 petroleum storage and loading facilities.
- The Energy Regulator set tariffs for three petroleum pipelines.
- The Energy Regulator did not approve tariffs for the following facilities:
  - Sasol Oil (Pty) Ltd's petroleum storage facility in Secunda, Mpumalanga Province
  - Sasol Oil (Pty) Ltd and TotalEnergies Marketing South Africa (Pty) Ltd's (operating as NATCOS) petroleum crude oil storage facility in Durban, KwaZulu-Natal Province
  - NATCOS' white products storage facility in Durban, KwaZulu-Natal Province
  - NATCOS' petroleum loading facility in Durban, KwaZulu-Natal Province.

(c) Dispute resolution

During this reporting period, NERSA received two *informal* complaints (i.e. the party did not follow the process prescribed in the Petroleum Pipelines Rules). Both these matters related to the Petroleum Products Act and were thus referred to the Department of Mineral Resources and Energy for resolution. No *formal* complaints were lodged, nor were any requests for mediation and arbitration submitted that is linked to NERSA mandate in terms of the Petroleum Pipelines Act, 2003.

(d) Other activities

- During this reporting period, NERSA received an average of four written enquiries per month, typically relating to the licensing process, NERSA-licensed facilities, tariffs or third-party access. Some did not relate to NERSA's mandate and were referred to other authorities/entities for resolution. Furthermore, no requests in terms of the Promotion of Access to Information Act were lodged.
- NERSA processed twenty-four applications for verification of below bulk storage facilities in terms of the Bulk Storage Determination made by the Energy Regulator on 26 May 2016 to lessen the regulatory and administrative burden on small firms.
- The Energy Regulator approved the lessening of compliance requirements for existing non-bulk storage licensees in respect of the submission of actual storage facility utilisation/volume reports; determination of uncommitted capacity; uncommitted capacity allocation mechanisms; tariff approvals; submission of the number of incidents of damage to licensed facilities caused by third parties and the resulting assessed damage costs; provision of financial security for the rehabilitation of land that is acceptable to NERSA; and compliance with Regulatory Reporting Manuals (RRM).
- The Energy Regulator approved the Guidelines on Volume Risk Sharing Mechanisms between Petroleum Pipelines, Storage and Loading Operators, and Third Parties.
- NERSA collaborated with the South African Revenue Service's Illicit Trade Unit to share information on potential unlicensed activities, including unlawful blending of paraffin into diesel.

(e) Regulatory advocacy

- Participated in the Draft Petroleum Products Bill, 2024 process providing input and attending workshops held by the DMRE.
- Engagements in terms of Memoranda of Understanding (MoUs) with Transnet National Ports Authority, the Competition Commission South Africa (CCSA), as well as the Ports Regulator of South Africa on matters of concurrent and overlapping mandates continued. The Joint Working Group with CCSA was established together with the other two regulatory divisions and met on a quarterly basis.

- NERSA participated as observers in the weekly Logistics Planning Team Forum (lead by the DMRE), as well as Emergency Jet Fuel Forum (lead by ACSA) to gather/share information to feed into analysis of applications processed to handle and store petroleum.

TRANSVERSAL REGULATORY MATTERS

(a) Regulatory Reporting Manuals (RRM)

Eskom Generation, Transmission, and Distribution facilities have been consistently reporting on the Regulatory Financial Reports (RFR) since its inception. Eskom submitted its 2023/24 RFRs for Generation, Transmission, and Distribution on 20 March 2025.

All Independent Power Producers (IPPs) submitted their Annual Generation Forms (GForms) for 2021/2022 and 2022/23. Since most IPPs have a December year-end, GForms for 2023/24 are not yet due. Ten out of eleven Private Distributor Licensees submitted the 2023/24 D-forms. The one licensee is not yet due.

The Municipal Standard Chart of Accounts (mSCOA) project incorporated the RRM requirements for the reporting of municipalities. The National Treasury stated that municipalities submitting their 2023/24 information on the Local Government database were estimated at 100% of the total municipalities. However, the information did not meet the required quality level.

All five piped-gas licensees that participated in the implementation of the financial RRMs submitted their 2023/24 RFRs. Only two licensees submitted within the four-month time frame, hence the other three licensees requested an extension. However, one licensee did not meet the deadline. Since each of those four licensees started reporting on the RFRs, there has been consistency with regard to reporting on the annual RFRs.

NERSA considered five Audited Regulatory Financial Reports (RFRs) under piped-gas activities. The five audited reports were for Sasol Gas (Pty) Ltd, Transnet Pipelines (for the piped-gas activities), SLG (Pty) Ltd, SL-CNG and ROMPCO (Pty) Ltd. The audit reports confirmed that the five regulatory financial reports from the four licensees for the 2023/24 financial year were prepared in compliance with the prescribed Regulatory Reporting Manual (RRM).

Out of the eight Petroleum Pipelines licensees who are implementing the RRMs, only two have been fully compliant with the RRMs over the last three years. However, since those two licensees started reporting on the RFRs, there has been consistency in their annual reporting. Six licensees have a December year-end, therefore, their RFRs for 2023/24 are not yet due.

Eskom Generation, Transmission, and Distribution facilities have been consistently reporting on the non-financial information (NFI) templates since its inception. Eskom submitted its NFI report for Generation, Transmission, and Distribution on 31 January 2025.

Regarding municipalities and metros, 24 of them participated in the pilot NFI templates' implementation. Out of these, 11 submitted D-forms, and 12 submitted NFI templates for the 2023/24 financial year. Only one metro is non-compliant. 30 IPPs took part in the pilot NFI template implementation. All 30 licensees were fully compliant and submitted their NFI for the 2022/23 financial year. Six licensees submitted the NFI templates for the 2023/24 financial year and are compliant, while the remaining licensees are not yet due.

In the case of Piped-Gas licensees, the NFI templates were implemented for 13 licensees. All 13 licensees were fully compliant and submitted their NFI for the 2023/24 financial year.

NERSA's Petroleum Pipelines Division groups the compliance of its licensees on each section of the RRM, rather than per licensee. The level of compliance with Petroleum Pipelines NFI templates remains at above 80% for this reporting period.

(b) Research

The following research reports were produced during the 2023/24 financial year:

- NERSA research agenda
  - The NERSA research agenda is a living document designed to support current and emerging priorities and identify areas that require new research knowledge in the short, medium and long term. As a living document, the research agenda is reviewed every three financial years or whenever the need arises.
  - The REC approved the revised NERSA research agenda for implementation in the upcoming three financial years, i.e. from 2024/25 to 2026/27. This agenda includes at least 14 new projects that will be executed within the next three years.
- During the 2024/25 financial year, the following projects were finalised:
  - Standard Operating Procedure (SOP) for Research Studies and Projects undertaken by the Regulatory Analysis and Research (RAR) department – This SOP will be adopted as the guiding tool for the execution of research studies and projects by RAR for the regulatory divisions.

ACKNOWLEDGEMENTS

The activities of the past 12 months at NERSA fill us with immense pride, a testament to the collaborative spirit that defines our work. We extend our sincere gratitude to the Energy Regulator members, whose support and insightful perspectives have been a guiding force throughout the year.

The leadership of the Minister of Electricity and Energy, Dr Kgosientsho Ramokgopa, and the Minister of Mineral and Petroleum Resources, Mr Gwede Mantashe, alongside the support from the Department and all our stakeholders, is also deeply valued and has been crucial to our success.

Finally, I want to acknowledge the dedicated and valuable work of NERSA's staff. Their commitment to our vision and mission is essential, and I encourage a continued spirit of innovation and collaboration as we implement our legislative mandate and future strategic programmes.

With this formidable team and the continued support of our partners in the energy industry, we are well-positioned to further solidify NERSA's reputation as a leading energy regulator on the continent and a respected voice within the global regulatory landscape.

ADV NOMALANGA SITHOLE
CHIEF EXECUTIVE OFFICER
Date: 30 July 2025

5. STATEMENT OF RESPONSIBILITY & CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa (AGSA).

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on annual reports as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP).

The Energy Regulator is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Energy Regulator is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of NERSA for the financial year ended 31 March 2025.

ADV NOMALANGA SITHOLE
CHIEF EXECUTIVE OFFICER
Date: 30 July 2025

6. STRATEGIC OVERVIEW

6.1 VISION

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

6.2 MISSION

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

6.3 VALUES

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

- **Passion:** We conduct our business with a sense of urgency and commitment and are proud to be part of NERSA.
- **Spirit of partnership:** In working with all our stakeholders, we deliver on our promises for the purpose of sustainable development.
- **Excellence:** In striving for the best results, we promote the growth/development of our staff, and benchmark ourselves against the 'best-in-class' energy regulators across the globe.
- **Innovation:** As a learning organisation, we strive to set trends and promote creativity by challenging the norm in order to continuously improve.
- **Integrity:** Being honest, fair and sincere with all stakeholders and among ourselves.
- **Responsibility:** We practice responsibility and take ownership of our actions and decisions.
- **Professionalism:** We encourage maintaining high standards of professional competence and interdependence among our teams by means of effective communication channels so that everybody is treated as a stakeholder.
- **Pride:** We take pride in what we do.

6.4 REGULATORY PRINCIPLES

In regulating the electricity, piped-gas and petroleum pipelines industries, NERSA must adhere to sound principles and approaches to deliver on its mandate and achieve its objectives. NERSA has considered the international best practice and key principles stated in the African Forum for Utility Regulators (AFUR) framework for utility regulation in Africa. Following the completion of the report, Benchmarking the National Energy Regulator of South Africa against international good practice, NERSA reviewed the literature on good regulatory principles and identified those principles that emerge strongly and consistently as international good practice.

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

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

7. LEGISLATIVE AND OTHER MANDATES

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

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

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

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

Apart from the abovementioned legislation that gives effect to NERSA's mandate and the imposition of levies, the following facilitating and other legislation is also applicable to NERSA's business conduct:

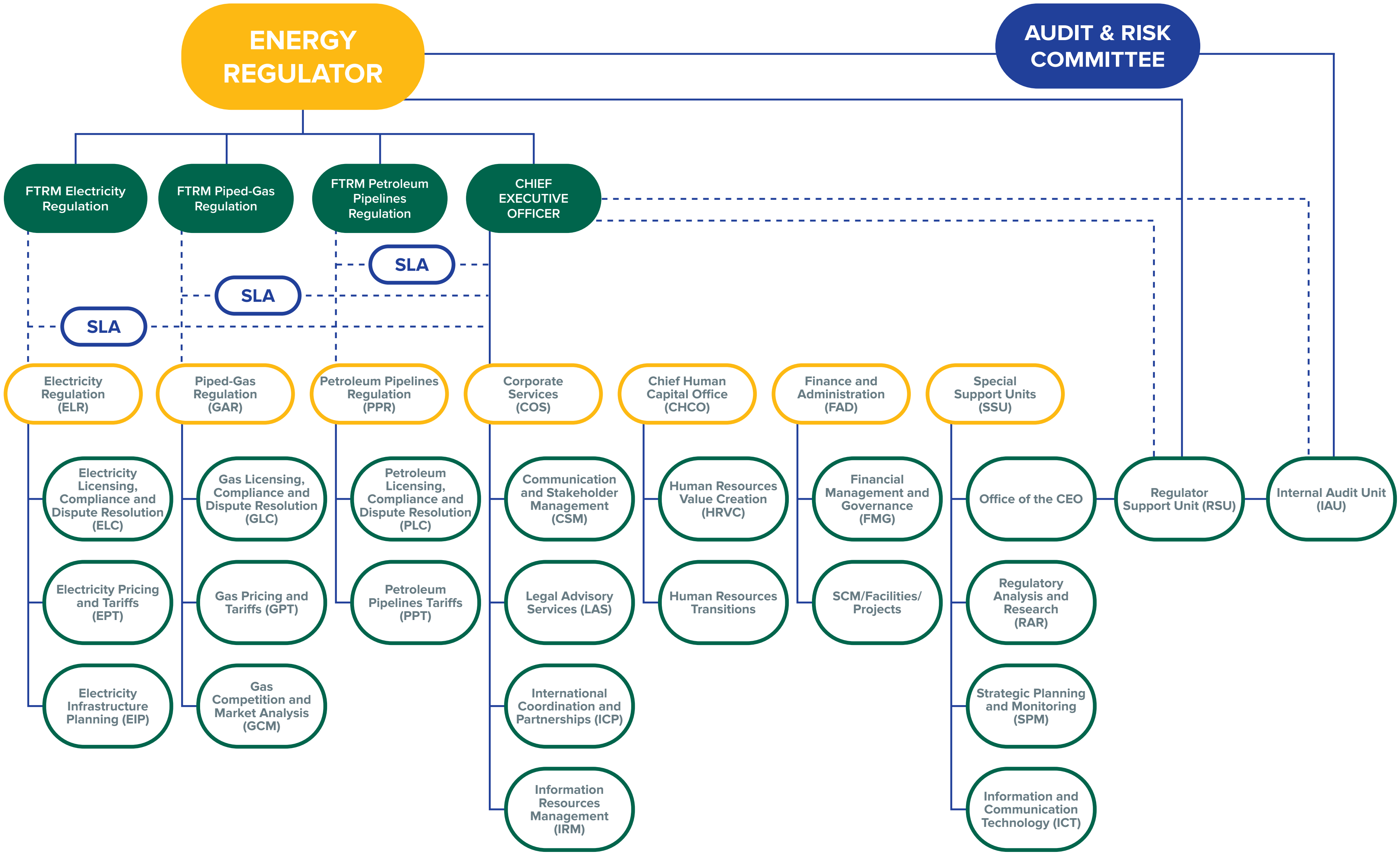
- The Constitution of the Republic of South Africa
- The Public Finance Management Act, 1999 (Act No. 1 of 1999) ('PFMA'), which specifies the accounting of NERSA as a Public Entity in terms of Schedule 3A
- The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) ('PAIA'), which determines the way NERSA must treat access to information
- The Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) ('PAJA'), which determines the just administrative action of NERSA.

Additionally, NERSA's mandate is further derived from published government policies and regulations developed by the Minister of Mineral Resources and Energy in terms of the Electricity Regulation Act, Gas Act and Petroleum Pipelines Act. Therefore, as outlined in these legislative prescripts, NERSA must make decisions that are not at variance with published government policy.

The relevant applicable policies are:

- the White Paper on Energy Policy for South Africa of 1998;
- the Electricity Pricing Policy (EPP) of the South African Electricity Supply Industry;
- the Free Basic Electricity Policy;
- the White Paper on Renewable Energy Policy for South Africa of 2003;
- the Energy Security Master Plan: Liquid Fuels published by the then Department of Energy in 1998 and 2007; and
- the Integrated Resource Plan (IRP) 2019.

8. ORGANISATIONAL STRUCTURE



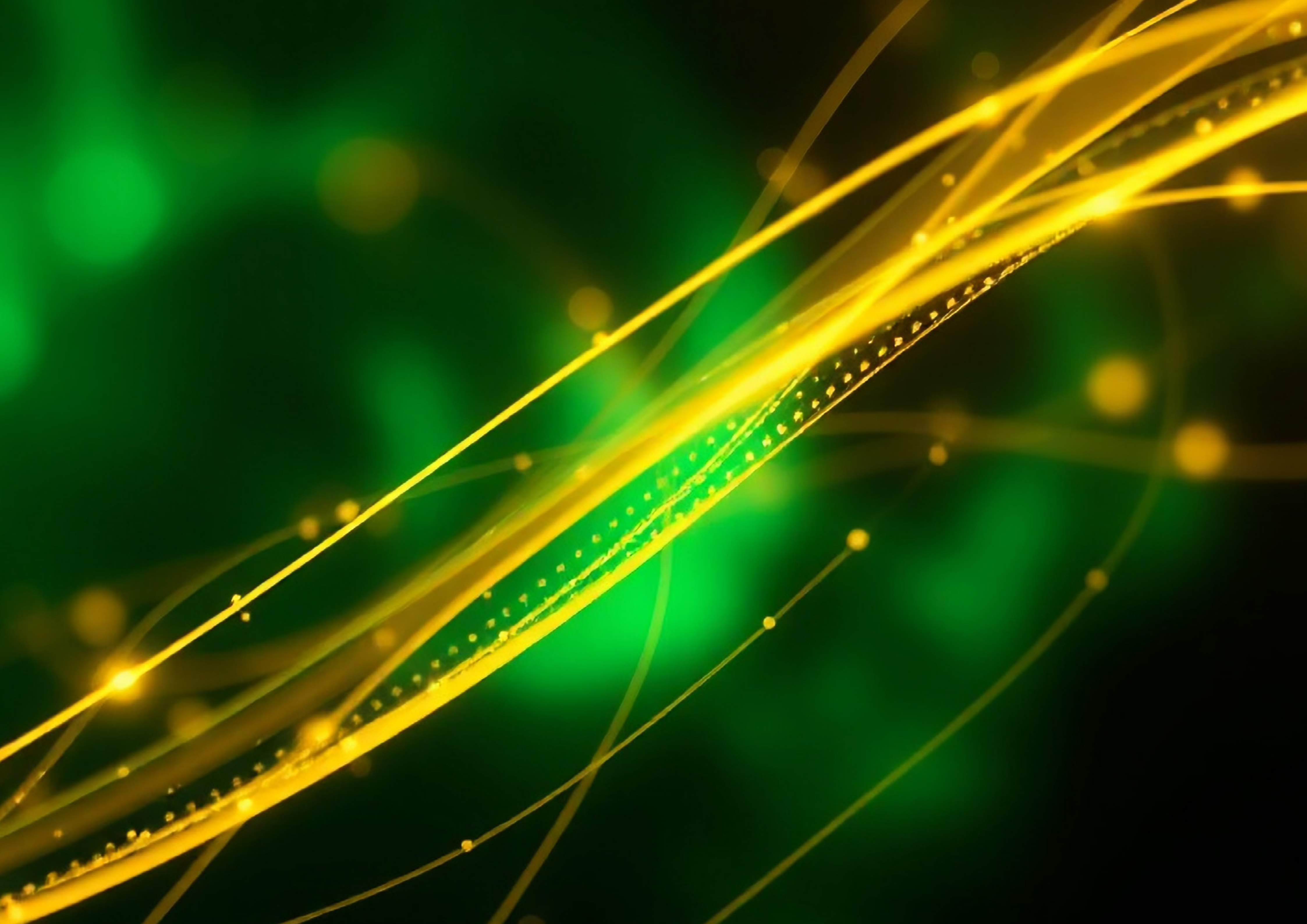
NERSA's organisational structure is as outlined on page 49. The table below provides high-level details on the composition of the structure and depicts the Full-Time Regulator Members (FTRMs), Part-Time Regulator Members (PTRMs), the Chief Executive Officer (CEO), as well as the Executive Managers and Senior Managers reporting to the CEO, with their links to the programmes implemented by NERSA. It also reflects the dual reporting of the Regulatory Executive Managers to the FTRMs and the CEO. Another dual reporting indicated in the structure is by the Internal Audit Unit (IAU) to the CEO and to the Audit and Risk Committee (ARC), as well as the ARC reporting to the Energy Regulator. In addition, the Regulatory Support Unit (RSU) reports administratively to the CEO and directly to the Energy Regulator.

NAME	POSITION	PROGRAMME INVOLVEMENT
Mr T Bukula	Chairperson (Part-Time Regulator Member)	Programme 1: Regulatory Service Delivery Programme 2: Advocacy and Engagement Programme 3: Innovation Programme 4: Operational Efficiency and Quality Management Programme 5: People and Organisational Culture
Ms Z Mpungose	Deputy Chairperson (Part-Time Regulator Member)	
Adv. NP Sithole	Full-Time Regulator Member & Chief Executive Officer	
Ms T Semane	Part-Time Regulator Member	
Ms P Sibiya	Part-Time Regulator Member	
Mr F Sibanda	Part-Time Regulator Member	
Mr N Gumede	Full-Time Regulator Member responsible for Electricity Regulation	Programme 1: Regulatory Service Delivery Programme 2: Advocacy and Engagement Programme 3: Innovation Programme 4: Operational Efficiency and Quality Management Programme 5: People and Organisational Culture
Ms N Maseti	Full-Time Regulator Member responsible for Piped-Gas Regulation	Programme 1: Regulatory Service Delivery Programme 2: Advocacy and Engagement Programme 3: Innovation Programme 4: Operational Efficiency and Quality Management Programme 5: People and Organisational Culture
Mr M Mkhize	Full-Time Regulator Member responsible for Petroleum Pipelines Regulation	Programme 1: Regulatory Service Delivery Programme 2: Advocacy and Engagement Programme 3: Innovation Programme 4: Operational Efficiency and Quality Management Programme 5: People and Organisational Culture
Mr W Mkhize	Acting Executive Manager: Electricity	Programme 1: Regulatory Service Delivery Programme 2: Advocacy and Engagement Programme 3: Innovation Programme 4: Operational Efficiency and Quality Management Programme 5: People and Organisational Culture
Mr T Nxumalo	Executive Manager: Piped-Gas Regulation	Programme 1: Regulatory Service Delivery Programme 2: Advocacy and Engagement Programme 3: Innovation Programme 4: Operational Efficiency and Quality Management Programme 5: People and Organisational Culture
Ms X Mtwa	Executive Manager: Petroleum Pipelines Regulation	Programme 1: Regulatory Service Delivery Programme 2: Advocacy and Engagement Programme 3: Innovation Programme 4: Operational Efficiency and Quality Management Programme 5: People and Organisational Culture
Mr N Hlangwane[1]	Acting Chief Human Capital Officer	Programme 5: People and Organisational Culture
Ms B Pono	Chief Financial Officer	Programme 5: People and Organisational Culture

1 Appointed as Acting Chief Human Capital Officer on 5 April 2024

NAME	POSITION	PROGRAMME INVOLVEMENT
Ms F Harrison[1]	Executive Manager: Corporate Services	Programme 2: Advocacy and Engagement Programme 5: People and Organisational Culture
Mr M Murathi[2]	Acting Executive Manager: Corporate Services	Programme 2: Advocacy and Engagement Programme 5: People and Organisational Culture
Mr S Ntanzi	Senior Manager: Regulator Support	Programme 5: People and Organisational Culture
Ms M Malope	Chief Audit Executive	Programme 5: People and Organisational Culture
Ms I Martin[3]	Senior Manager: Office of the CEO	Programme 5: People and Organisational Culture
Ms Zukiswa Potye	Senior Manager: Strategic Planning and Monitoring	Programme 5: People and Organisational Culture
Dr M Maphosa	Senior Manager: Regulatory Analysis and Research	Programme 4: Operational Efficiency and Quality Management

1 Appointed Executive Manager; Corporate Services on 13 January 2025
2 Appointed Acting Executive Manager: Corporate Services until 12 January 2025
3 Appointed Senior Manager: Office of the CEO on 1 November 2024



B

PERFORMANCE INFORMATION



STATEMENT OF RESPONSIBILITY

The Energy Regulator is responsible for the maintenance of adequate records as well as the preparation and integrity of the financial statements and related information as required by the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) (section 55).

The Annual Financial Statements present the state of affairs of the National Energy Regulator of South Africa (NERSA), its financial results and its financial position at the end of the financial year. The financial statements are prepared in accordance with South African Standards of Generally Recognised Accounting Practices (GRAP). The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Energy Regulator has set standards and implemented systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses.

NERSA maintains internal financial controls to provide assurance regarding:
- The maintenance of proper accounting records; and
- The reliability of financial information used within the business or for publication.

These standards and control systems are contained in the various policies and procedures of NERSA, which are reviewed and amended periodically.

The Energy Regulator has reviewed the projected cash flow requirements for future periods. On the basis of this review, the Energy Regulator has every reason to believe that NERSA will continue as a going concern for at least the next twelve months. For this reason, the Energy Regulator adopted the going concern basis in preparing the annual financial statements.

The Energy Regulator has reviewed NERSA's systems of internal control and risk management for the period from 01 April 2024 to 31 March 2025. The Energy Regulator believes that NERSA's systems of internal control and risk management were effective for the period under review.

The annual financial statements were approved by the Energy Regulator in terms of section 51(1)(f) of the PFMA on 29 May 2025 and are signed on its behalf by:

MR. THEMBANI BUKULA
CHAIRPERSON DATE:
Date: 30 July 2025

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA or 'the auditor') currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page pages 109 to 116 of the report on the Auditor's Report, published as Part F: Financial Information.

1. OVERVIEW OF NERSA'S PERFORMANCE

1.1 SERVICE DELIVERY ENVIRONMENT

1.1.1 Context

1.1.1.1 The National Energy Regulator of South Africa (NERSA) is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). The role of NERSA is to ensure the development and sustainability of the electricity, piped gas, and petroleum pipelines industries while facilitating the affordability of and accessibility to these industries to balance the economic interests of all stakeholders to ensure the sustainable socio-economic development of South Africa and a better life for all.

1.1.1.2 NERSA's regulatory functions, as contained in the relevant legislation, are summarised as follows:

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

1.1.1.3 As a public entity, NERSA has to comply with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) ('PFMA'). In terms of Treasury Regulation 29.3.1, NERSA is responsible for establishing procedures for quarterly reporting to facilitate effective performance monitoring, evaluation and corrective action.

1.1.1.4 In November 2019 National Treasury issued Instruction Note No. 05 of 2019/2020 to give legal effect for the implementation of the Revised Framework for Strategic Plans and Annual Performance Plans (2019) detailing the requirements for the development of Strategic Plans and Annual Performance Plans. According to this Instruction Note, Schedule 3A public entities must comply with the requirements of the Revised Framework as from 15 November 2019. In line with this requirement including the Ministerial Circular 1 of 2024 on the revision of 2024/25 APPs to align with the 2024-2029 Government Priorities, NERSA's Amended 2024/25 APP was approved by the Minister of Electricity and Energy in January 2025 and tabled in Parliament in March 2025, following approval by the Energy Regulator in January 2025.

1.1.2 Overall performance

1.1.2.1 Some of NERSA's key outputs that could impact the public are summarised below and are grouped under each of the three industries that are regulated by NERSA:

1.1.2.1.1 Electricity Industry Regulation (ELR)

a. **During the 2024/25 reporting period, the Energy Regulator facilitated a stable and accessible Electricity Industry that supports an improved quality of life and economic activity through the achievement of the following key outputs:**
   i. The Energy Regulator took a decision on Eskom prices (RCA, ERTSA, and RTP);
   ii. Regulator decision on the approving electricity pricing of 178 municipalities.
   iii. 100% (57/57) license applications were processed within 110 working days;
   iv. 100% (531/531) applications for Registration Generation facilities were processed within 45 working days;
   v. 65/59 (110%) distribution compliance audits executed with reports in place (Target overachieved);
   vi. 11 Compliance audit reports produced (Transmission, Generation and Distribution) produced;
   vii. One audit report on the review of the annual performance of IDM produced;
   viii. 584/585(99%) complaints and dispute resolution processed within 120 working days;
   ix. 32/32 (100%) of complete applications from the ESI requiring exemption from the South African Grid Code processed.

1.1.2.1.2 Piped-Gas Industry Regulation (GAR)

a. **NERSA delivered the following outputs in the 2024/25 reporting period, with the aim of providing an efficient, safe, effective, sustainable, accessible, competitive, and transformed piped-gas industry:**
   - i. 100% (10/10) of complete maximum price applications processed within 120 working days after date of publication of the preliminary assessment of the maximum price applications;
   - ii. Four quarterly calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoules achieved;
   - iii. 100% (2/2) of complete applications for licence amendments/ revocations/ conversions concluded;
   - iv. 100% (4/4) of complete applications for the registration of gas activities were processed;
   - v. 12 monthly volume balance reports assessed;
   - vi. Completed two audit reports on the compliance of ROMPCO pipeline;
   - vii. Produced two reports on compliance with licence conditions;
   - viii. Completed 100% (5/5) monitoring reports on the implementation of transmission tariffs after one year following the approval of the transmission tariff;
   - ix. Produced five reports - one for each licensee – SASOL, ROMPCO, Transnet, SL and SL SLG on implementation of the RRM for the preceding financial year;
   - x. Produced three reports on developments in new gas sources in South Africa and neighbouring countries;
   - xi. Produced two stakeholder workshop reports;
   - xii. Produced two reports on regulatory advocacy.

1.1.2.1.3 Petroleum Pipelines Industry Regulation (PPR)

a. **The following are key deliverables on the following outputs in the 2024/25 financial year reporting period:**
   - i. The Energy Regulator considered the following:
     1) Thirty complete pipeline, storage, and loading facility tariff applications were approved;
     2) Processed 100% (6/6) of complete licence applications;
     3) 100% (15/15) applications for licence amendments / revocations.
   - ii. The following reports were developed and considered by the Energy Regulator:
     1) One report on investigations done into suspected unlicensed activities;
     2) One report done on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants;
     3) Two reports produced on the inland security of supply;
     4) One report produced on prudency reviews of identified licensees;
     5) Two reports produced on trends regarding the utilisation of storage facilities and third-party access;
     6) One report done on the implementation of the methodology to determine uncommitted capacity;
     7) Two reports done on the construction of new facilities;
     8) Two reports on licensees' compliance with statutory reporting requirements; and
     9) Two reports produced on the monitoring of the implementation of the revised methodology.

1.1.2.2 The 2024/25 Annual Performance Plan and Budget structured as follows:

a. **Programme 1: Regulatory Service Delivery. The key functions are:**
   - i. Tariff and Price Setting
   - ii. Licensing and Registration
   - iii. Compliance Monitoring and Enforcement
   - iv. Dispute and complaints resolution
   - v. Regulatory Rules, Guidelines and Codes

b. **Programme 2: Advocacy and Engagement. The key functions are:**
   - i. Regulatory and policy advocacy
   - ii. Customer and stakeholder engagement

c. **Programme 3: Innovation. The key functions are:**
   - i. ICT strategy implementation

d. **Programme 4: Operational Efficiency and Quality Management. The key functions are:**
   - i. Corporate Services
   - ii. Finance
   - iii. Regulatory Analysis and Research

e. **Programme 5: People and Organisational Culture. The key function is:**
   - i. Human Resources Management

1.1.2.3 The following table provides an analysis of NERSA's performance with regard to the implementation of its planned annual targets linked to the key performance indicators in the approved amended NERSA Annual Performance Plan for 2024/25.

TABLE 1: ANALYSIS OF NERSA'S PERFORMANCE -2024/25 FINANCIAL YEAR

	PLANNED ANNUAL TARGETS		ANNUAL TARGETS MET		REASONS FOR ANNUAL TARGETS NOT MET			
					EXTERNAL DEPENDENCIES		INTERNAL FACTORS	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Programme 1: Regulatory Service Delivery								
Electricity Industry Regulation	9	21	8/9 (89%)	16/21 (76%)	1/9 (11%)	1/21 (5%)	0 (0%)	4/21 (%)
Piped-Gas Industry Regulation	17	18	17/17 (100%)	18/18 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Petroleum Pipelines Industry Regulation	14	13	14/14 (100%)	13/13 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Programme 2: Advocacy And Engagement								
Electricity Industry Regulation	4	3	4/4 (100%)	3/3 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Piped-Gas and Petroleum Industry Regulation	2	2	2/2 (100%)	2/2 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Support Functions	2	4	2/2 (100%)	3/4 (75%)	0 (0%)	0 (0%)	0 (0%)	1/4 (25%)
Programme 3: Innovation								
Support Functions	1	1	1/1 (100%)	1/1 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Programme 4: Operational Efficiency and Quality Management								
Support Functions	6	7	6/6 (100%)	7/7 (100%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Programme 5: People and Organisational Culture								
People and Organisational Culture	8	6	7/8 (88%)	5/6 (83%)	1/8 (13%)	1/6 (17%)	0 (0%)	0 (0%)
Total	**65**	**75**	**63/65 (97%)**	**68/75 (91%)**	**2/65 (3%)**	**2/75 (2%)**	**0 (0%)**	**5/75 (7%)**

a. From the above table, NERSA is reporting that a total of 19 (79%) of the 24 planned annual targets relating to the regulation of the Electricity Industry (programme 1&2), were met. One target was not met due an external factor and 4 due to internal factors.

b. The Regulator is also reporting that 19 (100%) of the 19 planned annual targets, linked to the key performance indicators relating to the regulation of the Piped-Gas Industry (programme 1&2), were met.

c. It can also be seen that 14 (100%) of the 14 planned annual targets, linked to the key performance indicators relating to the regulation of the Petroleum Pipelines Industry(programme 1&2), were met.

d. Furthermore, from the table above NERSA is reporting that programme 2,3 and 4 had a total of 11 (92%) 12 planned annual targets, linked to the key performance indicators relating to Support Functions, which were met.

e. Last, from the table above the Regulator is reporting that 5(83%) of the 6 planned annual targets, linked to the key performance indicators relating to the People and Organisational Culture Environment, were met. One target was not met due to external factors.

f. In summary, in total 68 (91%) of the 75 planned annual targets, linked to the key performance indicators, were met.

1.1.2.4 The following table provides a comparison between NERSA's performance on its planned activities for 2010/11, 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20, 2020/21, 2021/22, 2022/23, 2023/24 and 2024/25.

TABLE 2: COMPARISON OF NERSA'S PERFORMANCE FROM 2010/11 TO 2024/25

FINANCIAL YEARS	ANNUAL TARGETS MET	ANNUAL TARGETS NOT MET	
		EXTERNAL DEPENDENCIES	INTERNAL CONSTRAINTS
2010/11	68%	14%	18%
2011/12	66%	9%	25%
2012/13	87%	8%	5%
2013/14	90%	2%	7%
2014/15	96%	1%	3%
2015/16	92%	5%	3%
2016/17	98%	0%	2%
2017/18	97%	0%	3%
2018/19	94%	4.28%	1.43%
2019/20	79%	15%	6%
2020/21	88%	9%	3%
2021/22	90%	6%	4%
2022/23	89%	0%	11%
2023/24	97%	3%	0%
2024/25	91%	2%	7%

NERSA remains committed to continued improvement in our performance.

1.1.3 Main Challenges for the 2024/25 Financial Year and Corrective Steps Taken if any.

1.1.3.1 Electricity Industry Regulation

a. The lack of security of supply and high prices of electricity remained a big challenge for the electricity industry during the reporting period. The Bill assented to by the President in August 2024 amends the Electricity Regulation Act of 2006 to respond to current realities in the electricity sector and open up pathways to greater competition and reduced energy costs; increase investment in new generation capacity to achieve energy security; establish an independent transmission company as the custodian of the national grid; and Section 35B(e) of the ERAA imposes severe penalties for damage to and sabotage of infrastructure.
b. The Electricity Regulation Amendment Act (ERAA) No. 38 of 2024 brings about a lot of new obligations and expectations of the Energy Regulator. It further brings more flexibility to the Energy Regulator to execute its mandate and shorten the legislated timelines for licensing. Most significantly, the Act provides for market operation as a new activity that may be licensed by the Regulator. In addition, it requires the development of a Market Code that will establish rules to govern the competitive future market and outline the process through which the code will be approved.

1.1.3.2 Piped-Gas Industry Regulation

a. A key emerging risk is that the current main (Mozambique) gas supplier has indicated that there will be a gas cliff in July 2027 that may possibly be extended to 2028 to serve as a bridge to a potential future LNG value chain. If LNG imports are not enabled before the gas cliff occurs, gas shortages will immediately be felt by the market, with catastrophic economic effects on Sasol Gas customers and the South African economy as a result. The need to develop LNG import and regasification infrastructure to enable LNG imports into South Africa, as a matter of urgency, can therefore not be overstated.
b. Current gas supplies are not sufficient to satisfy demand from industry. There is also an imminent decline of gas from the Pande & Temane gas fields from the 2030 financial year, onwards . NERSA is working with the industry to explore and enable the importation of LNG to augment the current gas supplies and is engaging with ROMPCO, Sasol, and other key stakeholders on the opportunities for supply from alternative sources in Mozambique and other neighboring countries within SADC.
c. Lack of adequate competition within the industry dominated by a monopoly supplier, has led to NERSA initiating an inquiry on measures to facilitate competition, investment and achieve security of supply in the South African piped-gas industry.

1.1.3.3 Petroleum Pipelines Industry Regulation

a. Security of petroleum supply risks due to the closure of local refineries. The licensing of the infrastructure to ensure sufficient storage capacity is available.
b. The fragmented regulation of a petroleum sector is addressed through regulatory advocacy on amendments to legislation of the petroleum pipeline industry and implementing MoUs with other regulatory authorities.

1.1.3.4 Organisational

The recruitment of people with disabilities remained a challenge during the reporting period. Efforts have been made and measures put in place to increase the number of people with disabilities, for example, targeted organisations and associations for disabled people were sent job advertisements as part of the recruitment process. There was one resignation of a Full-time Regulator Member for Electricity in the reporting period.

1.2 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The assertion of the Electricity Regulation Amendment Act (ERAA) into law in August 2004 by the President of the Republic of South Africa requires NERSA to implement it in full except for the Definition of Reticulation. The ERAA brings about a lot of new obligations and expectations of the Energy Regulator. It further brings more flexibility to the Regulator to execute its mandate and shortens the legislated timelines for licensing.

2. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS & OUTCOMES

2.1 The achievement of the outcomes and targets as stated in the Strategic Plan (2020 - 2025), were, where applicable, achieved through the implementation of the Annual Performance Plans for the duration of the Medium-Term Strategic Framework period.

2.2 The table below indicates the link between NERSA's programmes, the impact statements and outcomes stated in the Strategic Plan (2020 – 2025), as well as the Government's and Energy Sector Priorities for the 7th Administration:

IMPACT STATEMENTS	OUTCOMES	PROGRAMME	LINK TO MTDP PRIORITY	LINK TO ENERGY SECTOR PRIORITIES
A stable, accessible, efficient, effective, sustainable and competitive Electricity Industry that supports an improved quality of life and economic activity Efficient, safe, effective, sustainable, accessible, competitive and transformed piped-gas industry Efficient, safe, effective, sustainable, competitive and transformed petroleum pipelines industry	Efficiency in facilitating entry, setting prices and resolving disputes A stable and diverse energy sector system and pricing regime that supports access through regulatory services that are delivered on time and to quality standards Innovation drives NERSA's response to the transition of the industry	Programme 1: Regulatory Service Delivery	MTDP Priority 1: Drive inclusive growth and job creation MTDP Priority 2: Reduce Poverty and tackle the high cost of living	Achieve Universal Access, Availability, Affordability and Quality. South Africa's Continental and Global Energy Leadership. Energy demographic transformation
NERSA established and perceived as an efficient, effective and credible regulator	Energy industry regulatory framework is relevant for effective regulation, for the benefit of the customers and stakeholders. Integrated and value-added services to customers	Programme 2: Advocacy and Engagement	MTDP Priority 2: Reduce Poverty and tackle the high cost of living MTDP Priority 3: Build a Capable, Ethical and Developmental State	Achieve Universal Access, Availability, Affordability and Quality. South Africa's Continental and Global Energy Leadership. Energy demographic transformation.
NERSA established and perceived as an efficient, effective and credible regulator	Innovation drives NERSA's response to the transition of the industry	Programme 3: Innovation	MTDP Priority 3: Build a Capable, Ethical and Developmental State Retained	
NERSA established and perceived as an efficient, effective and credible regulator	Integrated and value-added services to customers	Programme 4: Operational Efficiency and Quality Management	MTDP Priority 3: Build a Capable, Ethical and Developmental State Retained	
NERSA established and perceived as an efficient, effective and credible regulator	Integrated and value-added services to customers	Programme 5: People and Organisational Culture	MTDP Priority 3: Build a Capable, Ethical and Developmental State MTDP Priority 2: Reduce Poverty and tackle the high cost of living MTDP Priority 1: Drive Inclusive growth and job creation	Achieve Universal Access, Availability, Affordability and Quality. South Africa's Continental and Global Energy Leadership. Energy demographic transformation.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 DESCRIPTION OF EACH PROGRAMME

3.1.1 Programme 1: Regulatory Service Delivery

3.1.1.1 The programme purpose is to –

a. set and/or approve tariffs and prices in order to ensure a fair balance between the needs of the customer and the regulated entity;
b. ensure the orderly development of the energy industry and to ensure that all activities related to all operations are licensed and registered as required by the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003);
c. ensure that all licensees in the three regulated industries fully comply with their licence conditions, including those relating to health, safety, security and environmental standards and requirements, as well as any other standards and requirements prescribed by the relevant industry-specific legislation;
d. ensure compliance with directives to govern relations between a licensee and its end users;
e. ensure that disputes and complaints between licensees or between licensees and customers or end-users are managed effectively and settled in a manner that is appropriate; and that when needed, any mediation or arbitration required will be done within prescribed procedures.
f. ensure the setting of appropriate rules, guidelines and codes of best practices in the quest to promote uniformity and standardise practices in the regulation of the three energy industries.

3.1.1.2 This Programme is divided into three sub-programmes, one for each of the regulated industries, namely Electricity, Piped-Gas, and Petroleum Pipelines. The planned performance in the three subprogrammes is grouped into the following categories, which are based on NERSA's key regulatory functions:

a. Setting and/or approval of tariffs and prices
b. Licensing and registration
c. Compliance monitoring and enforcement
d. Dispute resolution, including mediation, arbitration, and handling of complaints
e. Setting of rules, guidelines, and codes for regulation

3.1.1.3 This programme contributes towards the following strategic outcomes:

a. Efficiency in facilitating entry, setting prices, and resolving disputes
b. A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards
c. Innovation drives our response to the transition of the Industry.

3.1.2 Programme 2: Advocacy And Engagement

3.1.2.1 The programme purpose is to contribute towards relevant legislation and policies; government's transformation as well as to inform customers and stakeholders.

3.1.2.2 This programme contributes towards the following strategic outcomes:

a. Energy industry regulatory framework is relevant for the effective regulation for the benefit of the customers and stakeholders.
b. Integrated and value-added services to customers.

3.1.3 Programme 3: Innovation

3.1.3.1 The programme purpose is to ensure a technology solution that supports the business in delivering integrated and value-added services to customers internally and externally.

3.1.3.2 This programme contributes towards the following strategic outcome:

a. Integrated and value-added services to customers.

3.1.4 Programme 4: Operational Efficiency And Quality Management

3.1.4.1 The programme purpose is to ensure that NERSA's integrated operational processes, improved planning, and project management remain relevant in supporting core business.

3.1.4.2 This programme contributes towards the following strategic outcome:

a. Integrated and value-added services to customers.

3.1.5 Programme 5: People And Organisational Culture

3.1.5.1 The programme purpose is to ensure a conducive work culture and human capacity that is balanced between specialised skills and generic skill requirements, as well as system development to deliver the value to customer and stakeholder expectations.

3.1.5.2 This programme contributes towards the following strategic outcome:

a. Integrated and value-added services to customers.

3.2 OUTCOMES, OUTPUTS, OUTPUT INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

3.2.1 The tables in this section provide information on the various programmes' outcomes, outputs, and indicators, with the actual outputs achieved in the prior year, the planned targets as per the Annual Performance Plan and the actual achievements for the 2024/25 financial year. This information is grouped into the following programmes and subprogrammes:

TABLE 3: NERSA'S PROGRAMMES AND SUBPROGRAMMES

PROGRAMME	SUBPROGRAMMES
Programme 1: Regulatory Service Delivery	Electricity Industry Regulation Piped-Gas Industry Regulation Petroleum Pipelines Industry Regulation
Programme 2: Advocacy And Engagement	Regulatory and Policy Advocacy Customer and Stakeholder Engagement
Programme 3: Innovation	Integrated and Value-Added Services
Programme 4: Operational Efficiency and Quality Management	Integrated Operations and Research and Analysis
Programme 5: People and Organisational Culture	Human Resources and Capacity

3.2.2 Programme 1: Regulatory Service Delivery

The performance information for each of the subprogrammes is structured in line with the following categories:

a. Setting and/or approval of tariffs and prices;
b. Licensing and registration;
c. Compliance monitoring and enforcement;
d. Dispute resolution, including mediation, arbitration and handling of complaints;
e. Setting of rules, guidelines and codes for the regulation of the three energy industries.

3.2.2.1 Subprogramme: Electricity Industry Regulation (ELR)

TABLE 4: PLANNED TARGETS AND ACTUAL ACHIEVEMENTS PER ELR STRATEGIC OUTCOMES

STRATEGIC OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
a. Setting and/or approval of tariffs and prices								
Efficiency in Facilitating entry, setting prices, and resolving disputes	1. Electricity pricing for Eskom	Energy Regulator decision on Eskom electricity prices within the stated time frame	Energy Regulator decision on Eskom and municipal electricity prices (The Electricity Price Determination rules (EPDR) on 14 December 2023	Regulator decision by **31 March 2025**	Energy Regulator Decision on Eskom MYPD6 application taken on 30 January 2025 18 February 2025 ER approved Eskom's RTP application. Eskom ERTSA application was approved on 11 March 2024. 27 March 2025 ER approved 2022/23 Eskom's RCA application	None	N/A	Timeframe adjusted from 28 February to 31 March because of the target's dependency on ESKOM submission
	2. Electricity pricing for municipalities	Energy Regulator decision on municipal electricity prices within the stated time frame	Energy Regulator decision on Eskom and municipal electricity prices (The Electricity Price Determination rules (EPDR) on 14 December 2023	Regulator decision by **30 June 2024**	Regulator decision on electricity pricing for 178 municipalities taken by REC of the 24, 25,26 and 27 June 2024	None	N/A	Due date was aligned with the submission of municipal applications
	3. Improved pricing system for the electricity industry	Energy Regulator decision on the improved pricing system for the electricity industry within the stated time frame	New Target	Regulator decision by 31 March 2025	Energy Regulator made a decision to rescind the pricing system on 27 June 2024	None	N/A	N/A
	4. One progress report on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for municipalities	Number of reports on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for municipalities considered by the relevant committee or the Energy Regulator within the stated time frame	One report on the implementation of the Regulatory Reporting Manuals was considered by the REC on 18 March 2024	1 considered annually by the REC by **31 March**	Two progress reports on the implementation of the Regulatory Reporting Manuals regarding the Standard Chart of Accounts (SCOA) for municipalities considered annually by the REC16 September 2024 and 24 February 2025	+1	The first report was a preliminary report. The final and detailed report was submitted in the fourth quarter	N/A

STRATEGIC OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
b. Licensing and Registration								
Efficiency in Facilitating entry, setting prices and resolving disputes	1. One report on Improved licensing processes to facilitate entry for generation, transmission, distribution, trading, import and export applications	Energy Regulator decision on improved licensing processes within stated time frame	New target	Regulator decision by 31 March	No decision on improved licensing processes to facilitate entry for generation, transmission, distribution, trading, import and export applications was taken	No Regulator Decision	The ERA 2006 (amended) was approved late in the financial year; the time was not sufficient to review processes. The procedures/ rules are still in the process of development	The output was split for clarity as it was combined with target below
	2. Improved licensing processes to facilitate entry for generation, transmission, distribution , trading, import and export applications	Percentage of complete licence applications considered by the relevant subcommittee or the Energy Regulator within the stated time frame	48/48(100%) license applications were considered within 120 working days	90% within 110 working days	(57/57)100% licence applications processed within 110 working days.	+10%	The delegated responsibility to the FTRM improved and fast-tracked the approval process for licence applications	For completeness of output the following words were added: for generation, transmission, distribution, trading, import and export applications

STRATEGIC OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	3. Improved registration processes to facilitate entry	Percentage of complete applications for the registration of electricity generation facilities considered by the relevant subcommittee or the Energy Regulator within the stated time frame	415/415(100%) applications for Registration Generation facilities were considered by FTRM (as per the REC standing delegation) within 45 working days	90% within 45 working days	(531/531) 100% applications for the Registration of Generation facilities processed within 45 working days	+10%	The delegated responsibility to the FTRM improved and fast-tracked the approval process for registration of electricity generation facilities	N/A
c. Compliance monitoring and enforcement								
Efficiency in Facilitating entry, setting prices and resolving disputes	1. Improved compliance audit processes and standards	Energy Regulator decision on improved compliance audit processes within the stated time frame	New target	Regulator decision by 31 March 2025	Regulator decision on improved compliance audit processes and standards taken not to approve the compliance enforcement procedure by ELS 5 November 2025	None	N/A	N/A
	2. Compliance audit plans executed with quarterly reports in place	Percentage of actual versus planned compliance audit plans executed	109% (62/57) compliance audits executed with reports in place 3 Audit plans for the 2024/25 financial year	80%	65/59 (110%)compliance audit plans executed. Compliance Audit Plan for 2025/26 Distribution plan approved on 03 March 2025. Transmission and Generation plans approved on 08 April 2025	+30%	Licensees responded positively to NERSA's request to conduct audits	Reworded the output indicator to improve measurability as recommended by the AGSA's 2023/24 audit report
		Number of analysis reports on audits conducted (for transmission, generation and distribution) within the stated time frame	Four (4) reports each on the analysis of distribution, transmission, and generation audits considered by ELS	12 reports considered by ELS	11 Compliance audit reports in place (Transmission, Generation and Distribution).	-1	Distribution Compliance audit report for quarter 4 was not considered as it was agreed not to place it in the last quarter to ensure compliance with the approved framework	The reports were specified per industry per quarter to improve measurability For completeness of output the following words were added: for generation, transmission, distribution

STRATEGIC OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	3. Enforcement plan in place and executed and/or non-compliance compiled quarterly for transmission, generation and distribution with a tribunal sitting when necessary	Percentage of actual versus planned enforcement plan executed	97% (34/35) distribution, transmission and generation Enforcement plan executed in the local municipalities:	80%	9/29 (31%) Enforcement plan audits executed quarter 1 and 2	- 49%	The Enforcement plan was in place but could not be implemented as it was not aligned to the distribution compliance framework. The execution enforcement plan was withdrawn by the ELS in the second quarter of 2024/25	As per the AGSA recommendation reworded the output and output indicator to improve measurability and reflect tribunal sitting should it become necessary
		Number of reports on findings and/ or non-compliance findings compiled for transmission, generation and distribution within the stated time frame	Four (4) reports each on distribution, transmission and generation on the non-compliance findings considered by ELS	10Tx and Gx reports considered by ELS Develop procedure Dx compliance enforcement	3 Noncompliance findings report compiled (Q1 and 2). Developed procedure for Dx compliance enforcement considered by ELS	-7 report	The Compliance Enforcement plan was in place but could not be implemented as it was not aligned to the distribution compliance framework. The execution of the enforcement plan was withdrawn by the ELS in the second quarter of 2024/25	The reports were specified per industry per quarter to improve measurability and completeness of output adding the words: for generation, transmission, distribution
	4. One audit report on the review of the annual performance of IDM	Number of reports on audit findings on the review of the annual performance of IDM to be considered by the relevant subcommittee or the Energy Regulator subject to all information being available	New Targets	1 report by 31 March	One audit report on the review of the annual performance of IDM considered by ELS on 3 March 2025	None	N/A	Removed the committee names from the output and, standardised for similar targets

STRATEGIC OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	5. One audit report on the Transmission Network Development projects for compliance with the South African Grid Code	One report on audit findings on the Transmission Network Development projects for compliance with the South African Grid Code considered annually by the relevant subcommittee or the Energy Regulator subject to all information being available	New Targets	1 considered by ELS/REC/ER by 31 March	One audit report on the Transmission Network Development projects for compliance with the South African Grid Code considered by ELS on 3 March 2025	None	N/A	Removed the committee names from the output and, standardised for similar targets
	6. One audit report on the Distribution Network Development projects for compliance with the South African Grid	Number of reports on the Distribution Network Development projects for compliance with the South African Grid considered annually by the relevant subcommittee or the Energy Regulator subject to all information being available within the stated time frame	New Targets	1 considered by ELS/REC/ER by 31 March	One audit report on the Distribution Network Development projects for compliance with the South African Grid considered by ELS of 14 January 2025	None	N/A	Removed the committee names from the output, and standardised for similar targets
	7. Two monitoring reports on the performance and progress of Renewable Energy projects	Number of reports on the performance and progress of Renewable Energy projects considered bi-annually by the relevant subcommittee or the Energy Regulator	New Targets	2 considered by the ELS/REC/ER 30 September and 31 March respectively	Two monitoring reports on the performance and progress of Renewable Energy projects considered and approved for publication by ELS of 3 March 2025 and 3 September 2024	None	N/A	Removed the committee names from the output and, standardised for similar targets

STRATEGIC OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
d. Dispute resolution, including mediation, arbitration and handling of complaints								
Efficiency in Facilitating entry, setting prices and resolving disputes	1. Dispute Resolution Procedures for complaints and dispute resolution in place executed	% of categorized disputes/complaints closed within the prevailing Dispute Resolution Procedures	99% (292/296) of Complaints/Disputes received including initiated investigations closed within 120 working days upon receipt	90% within 120 working days	584/585 (99%) disputes/ complaints, including initiated investigations, closed within 120 working days	+9%	Experience and industry knowledge of licensee by Team members increased efficiency and reduced the turnaround times for complaints to be resolved	As per the AGSA recommendation reworded the output, output indicator and target to improve measurability
e. Setting of rules, guidelines and codes for the regulation of the electricity industry								
Innovation drives our response to the transition of the Industry	1. Review or develop targeted tool(s) for a changing electricity industry	Percentage of actual activities versus planned activities as per the project plan for the review and /or development of targeted tool(s)	70% - targeted tools and systems for a changing electricity industry reviewed and developed	80%	75% of Reviewed or developed targeted tools and systems for a changing electricity industry (Average of the two project plans) 70% of activities of the Project Plan completed for the RPP Code 80% of activities of the Project Plan completed for the Wheeling Rules	- 5%	The actual achievement reported is the average achievement of the two project plans. For the year under review the activities related to this target had external dependencies which affected implementation	As per the AGSA recommendation reworded the output and output indicator to improve measurability
	2. Process Draft Section 34 Determinations from the Minister of Electricity (MOE)	100% of draft Section 34 Determinations received, with complete information, considered by the relevant subcommittee or the Energy Regulator within imeframe stated in the of the approved procedure	No target planed	100% as per approved procedure	100% of draft Section 34 Determinations from the Minister of Electricity (MOE) processed and considered by ER of 20 March within 4 months	None	N/A	Aligned target to approved procedure as requirements for approval differs

STRATEGIC OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	3. Complete applications from the ESI requiring exemption from the South African Grid Code	Percentage of complete applications requiring exemption from the South African Grid Code considered by the relevant subcommittee or the Energy Regulator within the stated time frame	No target planed	100% considered by ELS/REC within 3 months	32/32 (100%) of complete applications from the ESI requiring exemption from the South African Grid Code, considered by ELS/REC within 3 months	None	N/A	Removed the committee names from the output as they part of the annual target and, standardised for similar targets
	4. Complete applications from the ESI requiring amendment to the South African Grid Code	Percentage of complete applications requiring amendment to the South African Grid Code considered by the relevant subcommittee or the Energy Regulator within the stated time frame	No target planed	100% considered by ELS/REC within 3 months	1/1 (100%) of complete applications from the ESI requiring amendment to the South African Grid Code, considered by the ELS within 3 months	None	N/A	Removed the committee names from the output as they are part of the annual target and standardised for similar targets

3.2.2.2 Subprogramme: Piped-Gas Industry Regulation (GAR)

TABLE 5: PLANNED TARGETS AND ACTUAL ACHIEVEMENTS PER GAR STRATEGIC OUTCOMES

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
a. Setting and/or approval of tariffs and prices								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 100% of complete maximum price applications considered by the ER within 120 working days after date of publication of the preliminary assessment of the maximum price applications	% of complete maximum price applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100%(12/12) of complete maximum price applications considered by the ER within 120 working days after date of publication of the preliminary assessment of the maximum price applications	100%	100% (10/10) of complete maximum price applications considered by the ER within 120 working days after date of publication of the preliminary assessment of the maximum price applications	None	N/A	N/A
	2. 100% of complete applications on distinguishing features considered by the ER within 120 working days after the date of the publication of preliminary assessment of the applications	% of complete applications on distinguishing features considered by the relevant committee or the Energy Regulator within the stated timeframe	0% (0/0) of applications on distinguishing features considered by the ER within 120 days after the date of the publication of preliminary assessment	100%	0% (0/0) of applications on distinguishing features considered by the ER within 120 days after the date of the publication of preliminary assessment	-100%	No applications needed to be considered by the Energy Regulator	N/A
	3. 100% of complete transmission tariff applications considered by ER within 120 working days after date of publication of preliminary assessment of tariff applications	% of complete transmission tariff applications considered by the relevant committee or the Energy Regulator within the stated timeframe	100%(7/7) of applications on transmission tariffs considered by the ER within 120 days after the date of the publication of preliminary assessment	100%	0% (0/0)) of complete transmission tariff applications considered by the ER within 120 working days after date of publication of preliminary assessment of tariff applications	-100%	No applications needed to be considered by the Energy Regulator	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	4. Four calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule	Number of calculations of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Four (4) quarterly calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by PGS	4 considered quarterly by the PGS	Four quarterly calculation of the ROMPCO tariff for gas volumes below 120 million Gigajoule considered by PGS of 06 February 2025, 07 November 2024, 05 September 2024 and 25 April 2024	None	N/A	N/A
	5. One report on the assessment of the adequacy of competition	Number reports on the assessment of the adequacy of competition considered by the Energy Regulator within the stated time frame	new target	1 considered by the PGS by 31 March 2025	One report on the assessment of the adequacy of competition considered by the PGS of 6 February 2025 and ER of 27 February 2025.	None	N/A	Refined the annual target to read differently from the output for consistency across the APP document
b. Licensing and Registration								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 100% of complete licence applications considered by the PGS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete licence applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100% (5/5 licence application considered by the REC of 3 April 2023, 19 February and 18 March 2024 within 60 days from date of close of public comment period or period of applicant's response to objections received	100%	0% (0/0) of complete licence applications considered by the PGS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	-100%	No applications needed to be considered by the Energy Regulator	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	2. 100% of complete applications for licence amendments/ revocations/ conversions considered by the PGS/REC within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete applications for licence amendments considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100% (3/3) amendment licence application considered by the REC of 4 September 2023 within 60 days from date of close of public comment period or period of applicant's response to objections received	100%	100% (2/2) of complete applications for licence amendments/ revocations/ conversions considered by the PGS/REC within 60 working days from date of close of public comment period or period of applicant's response to objections received	None	N/A	N/A
	3. 100% of complete applications for the registration of gas activities are processed and considered by the PGS within 60 working days from date of close of public comment period	% of complete applications for the registration of gas activities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	0% (0/0) of complete applications for the registration of gas activities are processed and considered by the PGS within 60 working days from date of close of public comment period	100%	100% (4/4) of complete applications for the registration of gas activities processed and considered by the PGS within 60 working days from date of close of public comment period	None	N/A	N/A
c. Compliance monitoring and enforcement								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. Twelve monthly volume balance reports assessed and analysis reports	Number of monthly volume balance reports assessed, and analysis reports considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	12 monthly volume balance reports assessed and considered by the PGS	12 considered annually by the PGS	Twelve monthly volume balance reports assessed and considered by the PGS	None	N/A	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	2. One audit report on the compliance of ROMPCO pipeline	Number of audit reports on compliance of the ROMPCO pipeline considered by the relevant subcommittee within the stated timeframe	One audit report on the compliance of ROMPCO pipeline considered by the PGS	1 considered annually by the PGS by 31 March	Two audit reports on the compliance of ROMPCO pipeline considered by the PGS of 7 February and 7 March 2025	+1	The second report was based on audits that were supposed to be done in Mozambique, since the team could not travel to Mozambique due to the safety concerns when the initial inspections were performed	Refined the annual target to read differently from the output for consistency across the APP document
	3. One report on compliance with licence conditions	Number of reports on licensees' compliance with licence conditions considered by the relevant Subcommittee within the stated timeframe	Three reports on compliance with licence conditions considered by PGS	1 considered annually by the PGS by 31 March	Two reports on compliance with licence conditions considered annually by the PGS 6 July 2024 and 7 March 2025	+1 report	The team decided to monitor the process frequently to ensure that noncompliance was managed before the end of the financial year	Refined the annual target to read differently from the output for consistency across the APP document
	4. 100% of monitoring reports on the implementation of transmission tariffs, after one year following the approval of the transmission tariff	% of monitoring reports on the implementation of transmission tariffs considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100%(3/3) monitoring report on the implementation of transmission tariffs considered annually by the PGS after one-year following he approval of the transmission tariff	100% considered annually by the PGS by 31 March	100% (5/5) monitoring reports on the implementation of transmission tariffs after one year following the approval of the transmission tariff	None	N/A	N/A
	5. Four reports (one for each licensee – SASOL, ROMPCO, Transnet and SLG) on the implementa-tion of the RRM for the preceding financial year	Number of reports on the implementation of the RRM for the preceding financial year considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Four reports one for each licensee – SASOL, ROMPCO, Transnet and SLG on implementation of the RRM for the preceding financial year considered annually by the REC	4 considered annually by the PGS/REC by 31 March	Five reports (one for each licensee – SL SLG SASOL, ROMPCO, SLG (Pty) Ltd and Transnet SOC) on the implementation of the RRM for the preceding financial year were considered by the REC of 11 December 2024, January 2025, 10 February 2025, 24 February 2025 and 10 March 2025	+1	The department took a decision to add SL SLG to ensure a proper separation with SLG	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	6. 100% of monitoring reports on the implementation of Maximum Prices, after one year following the approval of the maximum price	% of monitoring reports per licensee on the implementation of Maximum Prices considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100% (10/10) monitoring reports on the implementation of Maximum Prices, after one-year following the approval of the maximum price were considered by PGS	100% considered annually by the PGS by 31 March	100% (11/11) of monitoring reports per licensee on the implementation of Maximum Prices, after one year following the approval of the maximum price considered annually by the PGS	None	N/A	N/A
d. Dispute resolutio, including mediation, arbitration and handling of complaints								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 60% of complaint investigations completed within 12 months and a report on findings considered by the PGS	% of complaint investigations completed and a report on findings considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	0% (0/0) of complaint investigations completed within 12 months and a report on findings considered by the PGS	60%	0% (0/0) of complaint investigations completed within 12 months and a report on findings considered by the PGS	-60%	No complaint investigations needed to be completed and no reports on findings needed to be considered	N/A
	2. 60% of initiated investigations and enquiries completed within 12 months and a report on findings considered by the PGS	% of initiated investigations completed and a report on findings considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100% (2/2) of initiated investigations and inquiries completed within 7 months and a report on findings considered by the ER of 30 August 2023	60%	100% (3/3) of initiated investigations completed within 12 months and a report on findings considered by the PGS	+40%	The information required to conclude this investigation was provided timeously	N/A
e. Setting of rules, guidelines and codes for the regulation of the piped-gas industry								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. Two reports on new developments in the gas industry	Number of reports on new developments in the gas industry considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Three report on Developments in New Gas Sources in South Africa and Neighbouring Countries considered by the PGS	2 considered biannually by the PGS by 31 March	Three reports on new developments in the gas industry considered by the PGS	+1	A third report was done to complete the issues that were reported in the other two reports. This was to ensure that there was no gap between the information and all developments were adequately captured	Refined the annual target to read differently from the output for consistency across the APP document

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	2. One report on progress made with the implementation of measures to improve competition and investment in the gas industry	Number of reports on progress made with the implementation of measures to improve competition and investment in the gas industry considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	One report on the impact of developments on competition in the gas industry considered by PGS of 12 March 2024	1 considered annually by the PGS by 31 March	One report on progress made with the implementation of measures to improve competition and investment in the gas industry considered by the PGS and ER	None	N/A	Refined the annual target to read differently from the output for consistency across the APP document

3.2.2.3 Subprogramme: Petroleum Pipelines Industry Regulation (PPR)

TABLE 6: PLANNED TARGETS AND ACTUAL ACHIEVEMENTS PER PPR STRATEGIC OUTCOMES

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
a. Setting and/or approval of tariffs and prices								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 85% of complete pipeline, storage and loading facility tariff applications considered by the REC/PPS/ER within 6 months from receipt of application	% of complete pipeline, storage and loading facility tariff applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100% (39/39) of complete pipeline, storage and loading facility tariff applications considered by the REC/PPS/ER within 6 months from receipt of complete/ adequate application	85%	100% (30/30) of complete pipeline, storage and loading facility tariff applications considered by the PPS/REC/ER within 6 months from receipt of complete application.	+15%	There were no objections received on the applications considered	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
b. Licensing and Registration								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	2. 100% of complete licence applications considered by the PPS/REC/ER within 60 working days under the conditions as prescribed in Section 19(1) of the Petroleum Pipelines Act	% of complete licence applications considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100% (4/4) of complete licence applications considered by the PPS within 60 working days under the conditions as prescribed in Section 19(1) of the Petroleum Pipelines Act	100%	100% (6/6) of complete licence applications considered by the PPS/REC/ER within 60 working days under the conditions as prescribed in Section 19(1) of the Petroleum Pipelines Act	None	N/A	N/A
	3. 100% of complete applications for licence amendments / revocations considered by the PPS/REC/ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	% of complete applications for licence amendments / revocations considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	100% (13/13) applications for licence amendments / revocations considered by the PPS, REC and ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	100%	100% (15/15) of complete applications for licence amendments /revocations considered by the PPS,REC and ER within 60 working days from date of close of public comment period or period of applicant's response to objections received	None	N/A	N/A
	4. One report on investigations done into suspected unlicensed activities	Number of reports on investigations done into suspected unlicensed activities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	One report on investigations done into suspected unlicensed activities considered by the REC by 18 March 2024	1 considered annually by the REC by 31 March	One report on investigations done into suspected unlicensed activities considered by the PPS by 11 March 2025	None	N/A	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	5. One report on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants	Number of reports on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered annually by the relevant subcommittee or the Energy Regulator	One report on the geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered by the PPS by 18 March 2024	1 considered annually by the PPS by 31 March	One report on geographic spread of licences issued for petroleum pipelines infrastructure and new entrants considered by the PPS by 11 March 2025	None	N/A	N/A
	6. Two reports on the inland security of supply	Number of reports on the inland security of supply considered by relevant subcommittee or the Energy Regulator within the stated timeframe	Two reports on the inland security of supply by the PPS 6 September 2023 and of 7 February 2024.	2 considered bi-annually by the PPS by 31 March	Two reports on the inland security of supply considered by the PPS on 4 September 2024 and 11 March 2025	None	N/A	N/A
	7. Report on prudency review of identified licensees	Number of reports on prudency reviews of identified licences considered by relevant subcommittee or the Energy Regulator within the stated timeframe	One report on prudency reviews of identified licensees considered annually by the PPS by 18 March 2024	1 considered by ER by 31 March 2025	1 Report on prudency reviews of identified licensees considered by ER	None	N/A	
c. Compliance monitoring and enforcement								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. Two reports on trends regarding utilisation of storage facilities and third-party access	Number of reports on trends regarding utilisation of storage facilities and third-party access, considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Two reports on trends regarding utilisation of storage facilities and third-party access considered PPS of 6 September 2023 and 18 March 2024	2 considered bi-annually by the PPS by 31 March	Two reports on trends regarding utilisation of storage facilities and third-party access considered PPS 11 March 2025 and 4 September 2024	None	N/A	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	2. One report on the implementation of the methodology to determine uncommitted capacity	Number of reports on the implementation of the methodology to determine uncommitted capacity considered by the relevant committee or the Energy Regulator within the stated timeframe	One report on the implementation of the methodology to determine uncommitted capacity considered by the PPS of 7 February 2024	1 considered annually by the PPS by 31 March	1 report on the implementation of the methodology to determine uncommitted capacity considered by the PPS 11 March 2025	None	N/A	N/A
	3. Two reports on the construction of new facilities	Number of reports on the construction of new facilities considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Two reports on the construction of new facilities considered bi-annually by the PPS of 6 September 2023 and 18 March 2024	2 considered bi-annually by the PPS by 31 March	Two reports on the construction of new facilities considered by the PPS 11 March 2025 and 7 August 2024	None	N/A	N/A
	4. Two reports on licensees' compliance with statutory reporting requirements	Number of reports on licensees' compliance with statutory reporting requirements considered considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Two reports on licensees' compliance with statutory reporting requirements considered bi-annually by the PPS of 6 September 2023 and 18 March 2024	2 considered bi-annually by the PPS by 31 March	Two reports on licensees' compliance with statutory reporting requirements considered by PPS 11 March 2025 and 4 September 2024	None	N/A	N/A
d. Dispute resolution, including mediation, arbitration and handling of complaints								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. 100% of complaints investigated and report considered by the PPS within 12 months of receipt of complete information form relevant parties	% of complaints investigated and report considered by the relevant subcommittee or the Energy Regulator within the stated timeframe of receipt of complete information from relevant parties	100% (1/1) of complaints investigated and report considered by the PPS within 12 months of receipt of adequate information from relevant parties	100%	0% of complaints investigated and report considered by the PPS within 12 months of receipt of adequate information from relevant parties	-100%	N/A	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
e. Setting of rules, guidelines and codes for the regulation of the petroleum pipelines industry								
A stable and diverse energy sector system and pricing regime which supports access through regulatory services that are delivered on time and to quality standards	1. One report on the monitoring of the implementation of the revised methodology	Number of reports on the monitoring of the implementation of the tariff methodology considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Two reports on the monitoring of the implementation of the revised methodology considered by PPS 18 March 2024	1 considered annually by the PPS by 31 March	Four reports on the monitoring of the implementation of the revised methodology	+ 3 reports	Given the unforeseen challenges observed during the implementation of the storage and loading tariff methodology, there was a need to keep the Energy Regulator abreast of such challenges, particularly with regards to the licensees' performance against the implementation of the newly introduced efficiency adjustment factor component of both methodologies.	N/A

3.2.3 Programme 2: Advocacy and Engagement

3.2.3.1 Regulatory and Policy Advocacy

TABLE 7: PLANNED TARGETS AND ACTUAL ACHIEVEMENTS PER REGULATORY AND POLICY ADVOCACY STRATEGIC OUTCOMES

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Energy industry regulatory framework is relevant for the effective regulation for the benefit of the customers and stakeholders	Two reports on regulatory advocacy, one each for the piped-gas and petroleum pipelines regulated industries, aimed at improvement of the regulatory framework provided through legislation, regulation and government policies	Number of reports on regulatory advocacy considered by the relevant subcommittee or the Energy Regulator within stated timeframe	Three reports, (two for piped Gas and one for petroleum pipelines on regulatory advocacy, aimed at improvement of the regulatory framework provided through legislation, regulation and government policies considered ER of 30 August 2023, PPS by 18 March 2024 and PGS 12 March 2024	2 considered annually by the PGS (1) and PPS (1) by 31 March	Four reports considered (1 by PPS and 3 by PGS) on regulatory advocacy, for the piped-gas and petroleum pipelines regulated industries, aimed at improvement of the regulatory framework provided through legislation, regulation and government policies	+2 reports	2 reports were considered and reported in the first and second quarter for Piped Gas regulated industries. The annual target was exceeded	N/A
	ESI Stakeholder engagement in line with the approved annual ESI Advocacy and Stakeholder Engagement Plan	Percentage of actual versus planned annual ESI Advocacy and Stakeholder Engagement activities	78% of Regulatory Advocacy in line with the approved annual ESI Advocacy and Stakeholder Engagement Plan	65%	20/28 (71%) Annual ESI Advocacy and Stakeholder Engagement Plan executed	+6%	Other initiatives were done in prior quarters of 2024.25, earlier than planned to ensure that the annual target was achieved	In line with the AGSA's recommendation reworded the output indicator to improve measurability

3.2.3.2 Customer and Stakeholder Engagement

TABLE 8: PLANNED TARGETS AND ACTUAL ACHIEVEMENTS PER CUSTOMER AND STAKEHOLDER ENGAGEMENT STRATEGIC OUTCOMES

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Integrated and value-added services to customers	1. Two reports on regulatory advocacy, one each for the piped-gas and petroleum pipelines regulated industries, aimed at improvement of the regulatory framework provided through legislation, regulation and government policies	Number of reports on stakeholder workshops / meetings for the piped-gas and petroleum pipelines regulated industries considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Two reports on stakeholder engagements for the piped-gas and petroleum pipelines regulated industries considered by PGS of and PPR	2 considered annually by the PGS (1) and PPR (1) by 31 March	Two reports on stakeholder engagements for the piped-gas and petroleum pipelines regulated industries considered annually by the PGS(1) February 2025 and PPS(1) by 11 March 2025	N/A	N/A	N/A
	2. ESI Stakeholder engagement in line with the approved annual ESI Advocacy and Stakeholder Engagement Plan	Percentage of actual versus planned annual ESI Advocacy and Stakeholder Engagement activities	78% of Regulatory Advocacy in line with the approved annual ESI Advocacy and Stakeholder Engagement Plan	65%	20/28(71%) Annual ESI Advocacy and Stakeholder Engagement Plan executed	+6%	Other initiatives were done in prior quarters of 2024/25, earlier than planned ensuring that the annual target was achieved	In line with the AGSA's recommendation reworded the output indicator to improve measurability
	3. Seventy-five customer education programmes undertaken annually by 31 March	Number of customer education programmes undertaken within the stated timeframe	85 Customer education programmes undertaken	75 undertaken annually by 31 March	85 Annual ESI customer education programmes undertaken	+10	Target exceeded due to invitations received from stakeholders who were not part of the plan	N/A
	4. Two reports on partnership creation to position NERSA as a recognised regulator nationally, regionally and internationally	Number of reports on partnership creation considered by the relevant subcommittee or the Energy Regulator within the stated timeframe	Two reports on partnership creation to position NERSA as a recognised regulator nationally, regionally and internationally considered by the REC of 18 March 2024	2 considered biannually by the REC by 31 March	Two reports on partnership creation to position NERSA as a recognised regulator nationally, regionally and internationally considered by REC 10 March 2025 and 6 September 2024	None	N/A	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	5. One report on the implementation of the stakeholder perception plan	Number of reports on the implementation of the stakeholder perception plan considered by the relevant subcommittee or the Energy Regulator within the stated time frame	One report on the implementation of the stakeholder management plan for the REC 12 March 2024	1 considered annually by the ELS/REC by 31 March	One Report on the implementation of Stakeholder Engagement Plan was considered by REC via Round Robin on 24 March 2025	None	N/A	N/A
	6. One report on the analysis of the Stakeholder Management/ Reputational Risk survey	Number of reports on the analysis of the Stakeholder Management/ Reputational Risk survey considered by the ER by 31 March	New target	1 considered by the ER by 31 March 2025	One report on the analysis of the Stakeholder Management/ Reputational Risk survey NOT considered by the ER by 31 March	-1 Report	Appointment of Service Provider was concluded at the beginning of March 2025. The survey is in progress and targeting to complete the survey end of April 2025	N/A
	7. One report on communication and reputation management	Number of reports on communication and reputation management considered by the relevant subcommittee	New target	1 considered annually by the REC by 31 March	1 report on communication and reputation management considered by REC via Round Robin on 30 March 2025	None	NA	N/A

3.2.4 Programme 3: Innovation

3.2.4.1 Integrated and Value-Added Services

TABLE 9: PLANNED TARGETS AND ACTUAL ACHIEVEMENTS PER INTEGRATED AND VALUE-ADDED SERVICES STRATEGIC OUTCOMES

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Innovation drives our response to the transition of the Industry	Two reports on the implementation of the approved ICT Strategy	Number of reports on the implementation of the approved ICT Strategy considered by the relevant committee or the Energy Regulator within the stated timeframe	Four reports on the implementation of the approved ICT Strategy considered by the ITGC quarterly on 12 January 2024, 12 April 2023, 11 July 2023, 2 October 2023	2 considered bi-annually by the ITGC by 31 March	Four reports on the implementation of the approved ICT Strategy considered by the ITGC 15 April 2024, 9 July 2024, 8 October 2024 and 20 January 2025	+2 reports	The department implemented continuous reporting in order to track progress	N/A

3.2.5 Programme 4: Operational Efficiency and Quality Management

3.2.5.1 Integrated Operations and Research and Analysis

TABLE 10: PLANNED TARGETS AND ACTUAL ACHIEVEMENTS PER OPERATIONAL EFFICIENCY AND QUALITY MANAGEMENT STRATEGIC OUTCOMES

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
Integrated and value added services to customers	One report on the environmental scanning	Number of reports on environmental scanning considered by the relevant subcommittee or the Energy Regulator within the stated time frame	One report on the impact of global, regional and local energy trends on NERSA's business considered annually by the REC of 28 June 2023	1 considered annually by the REC by 30 June	One report on the environmental scan was considered by the REC on 22 April 2024	None	N/A	N/A
	8. Reviewed Regulatory Reporting Manuals for Non-Financial and Financial Information	Energy Regulator decision on the Reviewed Regulatory Reporting Manuals for Non-Financial and Financial Information	Two reports on the implementation of the Regulatory Reporting Manuals for Non-Financial and Financial information were considered by the REC of 18 March 2024 and 18 September 2023	Energy Regulator's decision on Reviewed Regulatory Reporting Manuals for Non-Financial and Financial Information (Vol 1) by 31 March 2025	Energy Regulator's decision on Reviewed Regulatory Reporting Manuals for Non-Financial and Financial Information (Vol 1) on 27 March 2025	None	N/A	N/A
	9. Audit Report that is not qualified	Unqualified audit	Unqualified audit	Unqualified Audit	Unqualified audit opinion	None	N/A	N/A
	10. One report on the implementation of the measures to improve NERSA's B-BBEE rating per financial year	Number of reports on the implementation of the measures to improve NERSA's B-BBEE rating per financial year considered by the relevant subcommittee or the Energy Regulator within the stated time frame	None	1 considered annually by the ER by 31 March	One report on the implementation of measures to improve NERSA's B-BBEE rating per financial year, considered by the REC of 10 February 2025	None	N/A	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	REASONS FOR REVISIONS TO THE OUTPUTS / OUTPUT INDICATORS / ANNUAL TARGETS
	11. One report on the implementation of gender mainstreaming initiatives	Number of reports on the implementation of the gender mainstreaming plan considered by the relevant subcommittee within the stated time frame	One report on the implementation of gender mainstreaming initiatives considered by the REC on 18 March 2024	1 considered annually by the HRRC by 31 March	Four reports on the implementation of gender mainstreaming initiatives considered HRRC of 15 April 2025. 22 January 2025, 09 October 2024, 10 July 2024	+3	The department implemented continuous reporting to continuously track progress	N/A
	12. One report on benchmarking of NERSA's operational processes controls against international standards	Number of reports on benchmarking of NERSA's operational processes controls against international standards considered by the relevant subcommittee within the stated time frame	New target	1 considered by the REC by 31 March 2025	Two reports on benchmarking of NERSA's operational processes controls against international standards (ISO 9001 QMS) considered of REC and Energy Regulator on 27 March 2025	+1	International benchmarking with EPRA and the ZERA was undertaken as per the target. The study was later broadened to include a South African perspective, which included Eskom and the Bureau of Standards	N/A
	13. One report on the implementation of the Hybrid Working Strategy	Number of reports on the implementation of the Hybrid Working Strategy considered by the relevant subcommittee within the stated time frame	New target	1 considered by the REC by 31 March 2025	One report on the implementation of the Hybrid Working Strategy considered by the ER June 2024	None	N/A	N/A

3.2.6 Programme 5: People and Organisational Culture

3.2.6.1 Human Resources and Capacity

TABLE 11: PLANNED TARGETS AND ACTUAL ACHIEVEMENTS PER PEOPLE AND ORGANISATIONAL STRATEGIC OBJECTIVES

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	
Integrated and value-added services to customers	One report on Organisational Culture Assessment	Number of implementation reports on the Organisational Culture Assessment submitted and considered by the relevant committee or the Energy Regulator within the stated time frame	One report on the Organisational Culture Assessment was presented at the HRRC	1 considered annually by the HRRC by 31 March	1 progress and closeout report on the Organisational Culture Assessment considered by HRRC of January 2025	None	N/A	N/A
	Two reports on the implementation of the Employment Equity Plan	Number of reports on the implementation of the Employment Equity Plan considered by the relevant committee or the Energy Regulator within the stated timeframe	Three reports on the implementation of the Employment Equity Plan was considered by HRRC	2 considered bi-annually by the HRRC by 31 March	Two reports on the implementation of the Employment Equity Plan considered by HRRC of July 2024 and January 2025	None	N/A	N/A
	50% of women in management positions	% of women in management positions	50% of women in management positions	50%	51% of management positions are filled by women	+1%	Nersa attracted more women as part of the recruitment process during 2024/25	N/A

OUTCOMES	OUTPUT	OUTPUT INDICATORS	AUDITED ACHIEVEMENT 2023/24	PLANNED TARGET 2024/25	ACTUAL ACHIEVEMENT 2024/25	VARIANCE	COMMENT ON DEVIATIONS	
	2% of people with disabilities employed	% of people with disabilities employed	1% of people with disabilities employed	2%	1.25% of people with disabilities employed	- 0.75%	Two employees disclosed their disabilities during HR disability disclosure exercise in September 2024. Although the last advert was sent to eleven (11) disabled people organisations and associations, NERSA struggled to attract disabled with the right skills	N/A
	Four reports on the implementation of the Youth Employment Accord	Number of reports on the implementation of the Youth Employment Accord considered by the relevant committee or the Energy Regulator within the stated timeframe	4 reports on the implementation of the Youth Employment Accord was considered by the HRRC on 10 January 2024, 10 October 2024, 12 July 2023, 13 April 2023	4 considered quarterly by the HRRC	Four reports on the implementation of the Youth Employment Accord were considered by the HRRC in April, July and October 2024 and January 2025	None	N/A	N/A
	One report on the implementation of the bursary programme for qualifying external applicants	Number of reports on the implementation of the bursary programme for qualifying external applicants considered by the relevant committee or the Energy Regulator within the stated timeframe	Two reports on the implementation of the bursary programme for qualifying external applicants was considered by the HRRC on 10 October 2023 and 10 January 2024	1 considered annually by the HRRC by 31 March	Two reports on the implementation of the bursary programme for qualifying external applicants considered by HRRC in October 2024 and January 2025	None	The department implemented continuous dashboard reporting in order to track progress	N/A

3.2.7 Strategy to overcome areas of under performance

3.2.7.1 The targets that could not be achieved due to internal constraints will be analysed to be addressed in the next reporting period.

3.3 LINKING PERFORMANCE WITH BUDGETS

The following tables indicates the link between the planned targets and the financial resources.

ELECTRICITY INDUSTRY REGULATION (ELR)

TABLE 12: LINK BETWEEN PLANNED TARGETS PER PROGRAMME AND THE FINANCIAL RESOURCES FOR ELR

PROGRAMME	2024/25			2023/24			
	BUDGET (R)	ACTUAL EXPENDITURE (R)	(OVER)/UNDER EXPENDITURE (R)	PROGRAMME	BUDGET (R)	ACTUAL EXPENDITURE (R)	(OVER)/UNDER EXPENDITURE (R)
Programme 1: Regulatory Service Delivery	97 606 078	95 286 119	2 319 959	Programme 1: Regulatory Service Delivery	92 801 907	84 416 045	8 385 862
Programme 2: Advocacy And Engagement	24 401 519	23 821 530	579 990	Programme 2: Advocacy And Engagement	23 200 477	21 104 001	2 096 466
Programme 3: Innovation	-	-	-	Programme 3: Innovation	-	-	-
Programme 4: Operational Efficiency and Quality Management	-	-	-	Programme 4: Operational Efficiency and Quality Management	-	-	-
Programme 5: People and Organisational Culture	-	-	-	Programme 5: People and Organisational Culture	-	-	-
Total Electricity	**122 007 597**	**119 107 649**	**2 899 948**	**Total Electricity**	**116 002 384**	**105 520 056**	**10 482 328**

PIPED-GAS INDUSTRY REGULATION (GAR)

TABLE 13: LINK BETWEEN PLANNED TARGETS PER PROGRAMME AND THE FINANCIAL RESOURCES FOR GAR

	2024/25			2023/24			
PROGRAMME	BUDGET (R)	ACTUAL EXPENDITURE (R)	(OVER)/UNDER EXPENDITURE (R)	PROGRAMME	BUDGET (R)	ACTUAL EXPENDITURE (R)	(OVER)/UNDER EXPENDITURE (R)
Programme 1: Regulatory Service Delivery	43 968 104	42 664 104	1 303 279	Programme 1: Regulatory Service Delivery	42 712 264	40 378 271	2 333 993
Programme 2: Advocacy And Engagement	2 634 431	2 612 178	22 253	Programme 2: Advocacy And Engagement	2 540 125	2 547 097	(6 972)
Programme 3: Innovation	-	-	-	Programme 3: Innovation	-	-	-
Programme 4: Operational Efficiency and Quality Management	-	-	-	Programme 4: Operational Efficiency and Quality Management	-	-	-
Programme 5: People and Organisational Culture	-	-	-	Programme 5: People and Organisational Culture	-	-	-
Total Piped Gas	**46 602 535**	**45 277 004**	**1 325 531**	**Total Piped-Gas**	**45 242 389**	**42 925 368**	**2 327 021**

PETROLEUM PIPELINES INDUSTRY REGULATION (PPR)

TABLE 14: LINK BETWEEN PLANNED TARGETS PER PROGRAMME AND THE FINANCIAL RESOURCES FOR PPR

PROGRAMME	2024/25			2023/24			
	BUDGET (R)	ACTUAL EXPENDITURE (R)	(OVER)/UNDER EXPENDITURE (R)	PROGRAMME	BUDGET (R)	ACTUAL EXPENDITURE (R)	(OVER)/UNDER EXPENDITURE (R)
Programme 1: Regulatory Service Delivery	35 150 210	32 849 251	2 300 959	Programme 1: Regulatory Service Delivery	35 318 814	33 181 114	2 137 699
Programme 2: Advocacy And Engagement	2 540 971	2 383 902	157 068	Programme 2: Advocacy And Engagement	2 643 212	2 388 984	254 228
Programme 3: Innovation	-	-	-	Programme 3: Innovation	-	-	-
Programme 4: Operational Efficiency and Quality Management	-	-	-	Programme 4: Operational Efficiency and Quality Management	-	-	-
Programme 5: People and Organisational Culture	-	-		Programme 5: People and Organisational Culture	-	-	
Total Petroleum Pipelines	**37 691 181**	**35 233 153**	**2 458 028**	**Total Petroleum Pipelines**	**37 962 026**	**35 570 099**	**2 391 927**

TOTAL NERSA

TABLE 15: LINK BETWEEN PLANNED TARGETS PER PROGRAMME AND THE FINANCIAL RESOURCES FOR NERSA

PROGRAMME	2024/25			2023/24			
	BUDGET (R)	ACTUAL EXPENDITURE (R)	(OVER)/UNDER EXPENDITURE (R)	PROGRAMME	BUDGET (R)	ACTUAL EXPENDITURE (R)	(OVER)/UNDER EXPENDITURE (R)
Programme 1: Regulatory Service Delivery	176 724 392	170 800 196	5 924 197	Programme 1: Regulatory Service Delivery	170 832 985	157 975 431	12 856 555
Programme 2: Advocacy And Engagement	50 863 482	48 266 017	2 597 464	Programme 2: Advocacy And Engagement	47 725 484	46 145 757	1 579 727
Programme 3: Innovation	7 815 222	7 592 695	222 527	Programme 3: Innovation	6 125 987	5 642 731	483 256
Programme 4: Operational Efficiency and Quality Management	200 227 782	197 513 804	2 713 978	Programme 4: Operational Efficiency and Quality Management	180 583 916	174 587 809	5 996 106
Programme 5: People and Organisational Culture	32 523 580	24 188 615	8 334 965	Programme 5: People and Organisational Culture	31 065 554	22 005 621	9 059 933
Total NERSA	**468 154 458**	**448 361 327**	**19 793 131**	**Total NERSA**	**436 333 927**	**406 357 350**	**29 976 577**

SUMMARY OF FINANCIAL INFORMATION

1. REVENUE COLLECTION

TABLE 16: 2023/24 REVENUE COLLECTION

SOURCES OF REVENUE	2024/25			2023/24		
	BUDGET (R)	ACTUAL AMOUNT COLLECTED (R)	(OVER)/UNDER COLLECTION (R)	BUDGET (R)	ACTUAL AMOUNT COLLECTED (R)	(OVER)/UNDER COLLECTION (R)
Licence fees from Electricity	230 760 934	239 336 142	8 575 208	219 911 150	210 366 680	9 544 470
Levies from Piped-Gas	87 778 092	87 225 230	(661 862)	76 849 794	85 520 864	(8 671 970)
Levies from Petroleum Pipelines	68 214 207	58 058 889	(10 155 318)	67 344 007	62 507 034	4 836 973
Total	**386 862 233**	**384 620 261**	**(2 241 972)**	**364 104 951**	**358 394 578**	**5 710 373**

LICENCE FEES FROM THE ELECTRICITY INDUSTRY

The licence fees for the electricity industry were invoiced based on actual volumes of 207 677 GWh against total budgeted volumes of 200 236GWh. The difference in volumes is 7 441 GWh, which translates to over-recovery of levies by R 8 575 208 (3.7%).

LEVIES FROM THE PIPED-GAS INDUSTRY

The volumes for the piped-gas industry were invoiced based on actual volumes of 180 561 107 against budgeted volumes of 181 931 199 GJ. The variation in volumes is 1 370 092 GJ, which translates to an under-recovery of levies by R 661 862 (0.8%).

LEVIES FROM THE PETROLEUM PIPELINES INDUSTRY

The volumes for the petroleum pipelines industry were invoiced based on actual volumes of 13 317 570 Kl against budgeted volumes of 15 647 000 Kl. The variation in volumes is 2 329 431 Kl, which translates to an under-recovery of levies by R 10 155 318 (14.9%).

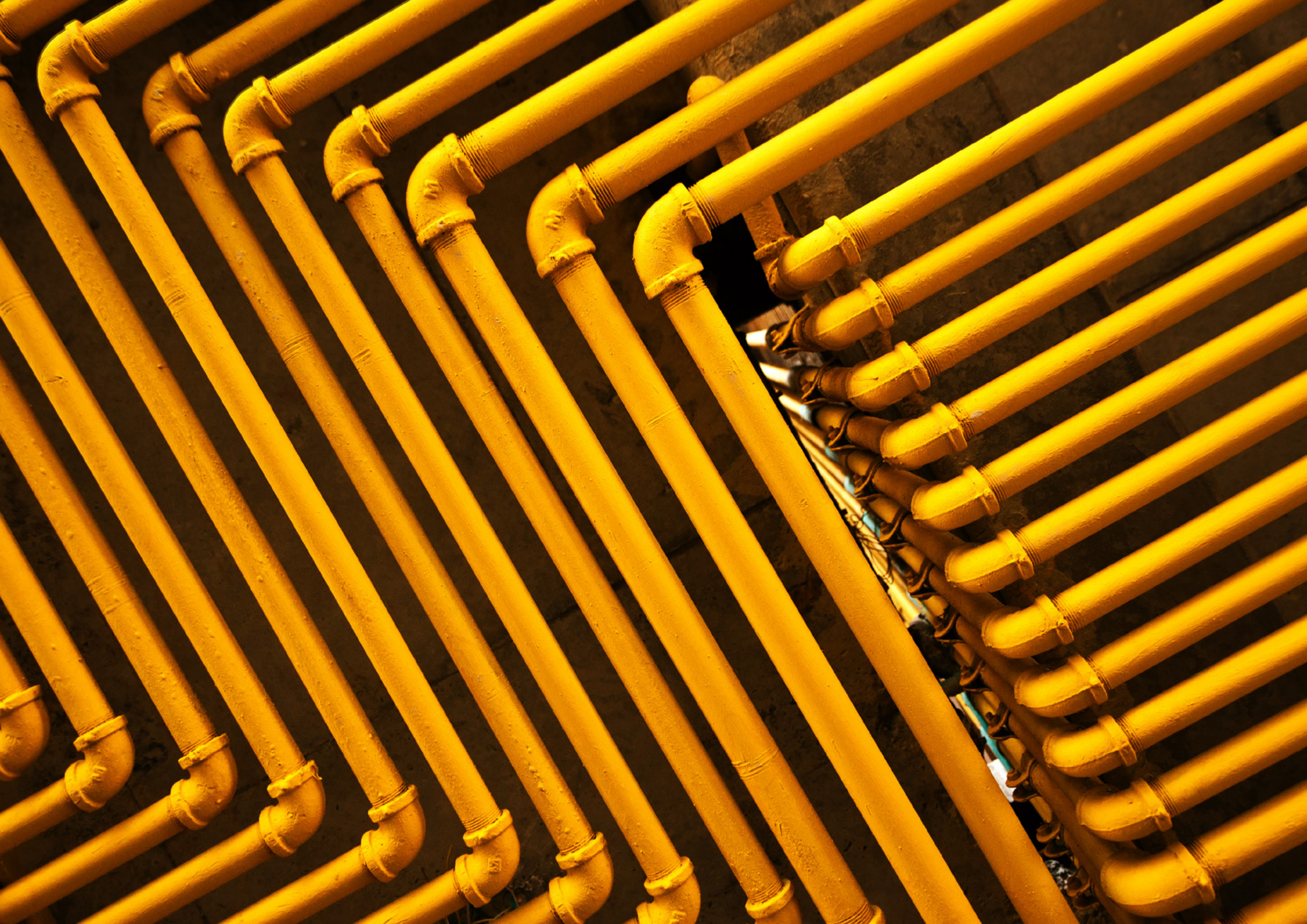
2. PROGRAMME EXPENDITURE

The details of the programme expenditure can be found in the tables provided under the heading linking performance with budgets above.

3. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

TABLE 17: CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

INFRASTRUCTURE PROJECTS	2024/25			2023/24		
	2024/25	2023/24	INFRASTRUCTURE PROJECTS	2024/25	2023/24	INFRASTRUCTURE PROJECTS
Land	-	-	-	-	-	-
Building improvements	1 500	158	1 342	-	-	-
Office furniture and Equipment	600	102	498	2 112 00	2 504 678	(382 678)
Computer Hardware	5 000	5 386	(386)	7 500 000	7 476 196	23 804
Motor Vehicle	-	-	-	80 000	78 936	1 064
Computer Software	10 000	10 123	124	-	-	-
Total	**17 100**	**15 770**	**1 330**	**9 702 000**	**10 059 810**	**(357 810)**



CORPORATE GOVERNANCE

1. INTRODUCTION

As a public entity in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) ('PFMA'), the National Energy Regulator of South Africa (NERSA) is committed to good corporate governance. To this end, it adopted the Corporate Governance Handbook containing corporate governance rules and prescripts.

More specifically, the provisions of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), the Public Finance Management Act, 1999 (Act No. 1 of 1999) ('PFMA') and the principles contained in the King IV Report on Corporate Governance are included in the Corporate Governance Handbook to which NERSA adheres.

In complying with the National Energy Regulator Act, read with the PFMA, all Regulator Members are required to declare their interests, if any, before the start of each Energy Regulator meeting. In addition, on their appointment, Regulator Members are required to declare to the Minister of Electricity and Energy any interest they might have in the three regulated industries. They are also required to declare gifts, shares and hospitality that they may receive from the regulated energy industries.

In adhering to best practice and sound governance principles, the Energy Regulator subjects itself to an annual assessment on the effectiveness of the Energy Regulator and its committees.

2. PORTFOLIO COMMITTEES

The Parliamentary Portfolio Committee on Electricity and Energy (PCEE) and Parliamentary Portfolio Committee on Mineral and Petroleum Resources (PCMP) have oversight of NERSA. During the review period, NERSA presented its Annual Report for 2023/24 on 16 October 2024.

On 18 September 2024, the Auditor-General of South Africa (AGSA) presented the audit outcomes over the past four years of the Department of Mineral Resources and Energy (DMRE) and the following respective entities (now reporting to the Department of Electricity and Energy): Eskom, SA Nuclear Energy Corporation (NECSA), National Energy Regulator of South Africa (NERSA), National Nuclear Regulator (NNR), National Radio-active Waste Disposal Institute (NRWDI) and the South African National Energy Development Institute (SANEDI).

NRSA fulfilled its fiduciary duties and continued to discharge its mandate in accordance with governance best practices while complying with regulatory and legislative requirements.

3. EXECUTIVE AUTHORITY

The Executive Authority of the National Energy Regulator of South Africa is the Minister of Electricity and Energy. The Energy Regulator submitted several documents to the Executive Authority, as follows:

- First Quarter Performance Report for the period 1 April to 30 June 2024 was submitted on 31 July 2024.
- The electronic version of the NERSA Annual Report for 2023/24 was submitted to the Department of Mineral Resources and Energy on 30 August 2024 and tabled in Parliament on 3 October 2024.
- Second Quarter Performance Report for the period 1 July to 30 September 2024 was submitted on 31 October 2024.
- Third Quarter Performance Report for the period 1 October to 31 December 2024 was submitted on 31 January 2025.
- The NERSA Strategic Plan (2025/26 – 2029/2030) and Annual Performance Plan (2025/26 – 2027/28), in line with the Reviewed Framework for Strategic Plans and Annual Performance Plans as published by the Department of Planning, Monitoring and Evaluation, was submitted on 31 January 2025. It was approved by the Minister of Electricity and Energy. However, the Minister of Finance is expected to re-introduce the National Budget on 21 May 2025. The budget speech will necessitate realigning the current APP. As such, the APP's initial version may require amendments and resubmission by 11 June 2025 for re-tabling in Parliament.
- Fourth Quarter Performance Report for the period 1 January 2025 to 31 March 2025 was submitted on 31 March 2025.

4. THE ACCOUNTING AUTHORITY/ ENERGY REGULATOR

INTRODUCTION

The Energy Regulator, as the accounting authority, in line with the National Energy Regulator Act, retains full and effective control over NERSA. The Energy Regulator provides leadership and is responsible for monitoring the implementation of its decisions and strategies by management. The Energy Regulator ensures that NERSA adheres to good governance practices and that it complies with all relevant laws, regulations and codes of practice.

THE ROLE OF THE ENERGY REGULATOR

The role, functions and powers of the Energy Regulator are determined by law, corporate governance, best practice, and decisions and policies approved by the Energy Regulator. The functions of the Energy Regulator include:

- defining and ensuring compliance with the values and objectives of NERSA;
- establishing policies and plans to achieve the objectives;
- approving the strategic plan, budget and accounts;
- conferring on the CEO and executive managers sufficient authority to carry out their responsibilities;
- establishing and overseeing a framework of delegation and systems of control;
- making decisions on all matters that might pose significant financial or other risks to NERSA; and
- monitoring NERSA's performance in relation to its plans, budgets, control and decisions.

CORPORATE GOVERNANCE HANDBOOK

The Energy Regulator adopted the Corporate Governance Handbook as part of its commitment to implementing internationally accepted standards and best practices for corporate governance to ensure proper levels of accountability, transparency and responsibility. It sets out policies to guide the Energy Regulator Members and staff in effectively discharging their functions and provides a comprehensive framework to protect the interests of NERSA.

The Corporate Governance Handbook contains:

- the demarcation of roles, responsibilities and powers of the Energy Regulator, the Chairperson, the Regulator Members, the CEO, the Regulator Secretary and other officials of NERSA;
- the powers delegated to the various committees of the Energy Regulator;
- matters reserved for final decision-making by the Energy Regulator;
- rules and procedures of the meetings of the Energy Regulator and its committees; and
- corporate governance policies and practices of the Energy Regulator, including a code of ethics and rules pertaining to declarations of interests and conflict of interest.

5. THE ENERGY REGULATOR AND ITS MEMBERS

The Minister of Electricity and Energy appoints the Members of the Energy Regulator, comprising part-time (non-executive) and full-time (executive) Regulator Members, including the CEO. The Energy Regulator is supported by staff under the direction of the CEO. The Energy Regulator consisted of the following Regulator Members for the period 1 April 2024 to 31 March 2025:

Thembani Bukula
Chairperson

Zandile Mpungose
Deputy Chairperson

Adv Nomalanga Sithole
Chief Executive Officer and
Full-Time Regulator Member

Nhlanhla Gumede
Full-Time Regulator Member:
Electricity

Nomfundo Maseti
Full-Time Regulator Member:
Piped-Gas

Muzi Mkhize
Full-Time Regulator Member:
Petroleum Pipelines

Thembeka Semane
Part-Time Regulator Member

Fungai Sibanda
Part-Time Regulator Member

Precious Sibiya
Part-Time Regulator Member

COMPOSITION OF ENERGY REGULATOR							
NAME	**DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)**	**DATE APPOINTED**	**DATE RESIGNED/ END OF TERM**	**QUALIFICATIONS**	**AREA OF EXPERTISE**	**MAJOR BOARD DIRECTORSHIPS (LIST THE ENTITIES)**	**OTHER COMMITTEES (E.G.: AUDIT COMMITTEE)**
Mr T Bukula	Chairperson (Part-Time Regulator Member)	30 August 2022	n/a	BSc Engineering (Electrical) degree Post Graduate Diploma in Engineering Business MSc Mathematics, Science and Technology Education degree Professional Engineer (Pr Eng)	Engineering	PowerX (Pty) Ltd	• Electricity Subcommittee • Piped-Gas Subcommittee
Ms Z Mpungose	Deputy Chairperson (Part-Time Regulator Member)	14 September 2020	n/a	Masters in Commercial Law LLB and BA Law Diploma in Corporate Law Certificate in Development Management	Law, Regulation & Governance		• Petroleum Pipelines Subcommittee • Human Resources and Remuneration Committee • Finance Committee
Adv. N Sithole	Chief Executive Officer (Full-time Regulator Member)	25 August 2021	n/a	LLB B.Proc Diploma in Company Direction Executive Development Programme	Law and Governance		• Electricity Subcommittee • Piped-Gas Subcommittee • Petroleum Pipelines Subcommittee • Finance Committee • Human Resources and Remuneration Committee • Information Technology and Governance Committee • Regulator Executive Committee
Mr N Gumede	Full-Time Regulator Member: Electricity Regulation	1 April 2020	31 March 2025	BSc Eng (Extractive Metallurgy) (Wits, 1990); Management Development Programme (UCT GSB, 1996); Master of Business Administration, Wits Business School, 2009	Engineering Business Leadership	None	• Electricity Subcommittee • Petroleum Pipelines Subcommittee • Piped Gas Subcommittee • Regulator Executive Committee • Information Technology and Governance Committee

COMPOSITION OF ENERGY REGULATOR							
NAME	**DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)**	**DATE APPOINTED**	**DATE RESIGNED/ END OF TERM**	**QUALIFICATIONS**	**AREA OF EXPERTISE**	**MAJOR BOARD DIRECTORSHIPS (LIST THE ENTITIES)**	**OTHER COMMITTEES (E.G.: AUDIT COMMITTEE)**
Ms N Maseti	Full-Time Regulator Member: Piped-Gas Regulation Full-time Regulator Member: Electricity Regulation	Reappointed February 2024 19 November 2024		MCom (Competition & Economic Regulation) Hon BA (Economics) Post Graduate Diploma in Economics for Competition Law BA Ed (Economics)	Economics Competition law and Policy Policy Formulation and Economic Regulation	Part-Time Member of the National Consumer Tribunal Chairperson of Regulatory Committee for Meteorological Services	• Piped-Gas Subcommittee • Petroleum Pipelines Subcommittee • Electricity Subcommittee • Finance Committee • Regulator Executive Committee
Mr M Mkhize	Full-Time Regulator Member: Petroleum Pipelines Regulation	Reappointed 16 January 2023	n/a	MBL (Master of Business Leadership) BCom BSc (Chemical Engineering)	Executive Management Strategy and Policy Formulation Economic Development	Magalies Water Board	• Petroleum Pipelines Subcommittee • Piped-Gas Subcommittee • Electricity Subcommittee • Human Resources and Remuneration Committee • Regulator Executive Committee
Ms T Semane	Part-Time Regulator Member	30 August 2022	n/a	MBA Duke Executive Development programme Post Graduate Diploma in Business Administration (PDBA) Bachelor of Commerce Financial Accounting Qualified Banker [CAIB(SA)] Customer Service Diploma	Economic Regulation Corporate governance Infrastructure/Capital Project financing Financial Accounting Industrial Policy Development Business Administration	Vodacom Tanzania PLC (VTPLC) Mining, Oil & Gas Services (MOGS)	• Electricity Subcommittee • Finance Committee
Mr F Sibanda	Part-Time Regulator Member	Reappointed 30 August 2022	n/a	MSc (Economics), B Comm, B Comm Hons, Certificate in Competition Law	Economic regulation Competition policy Consumer protection		• Petroleum Pipelines Subcommittee • Audit and Risk Committee • Information Technology and Governance Committee
Ms PN Sibiya	Part-Time Regulator Member	30 August 2022	n/a	Bachelor of Accountancy Postgraduate Diploma in Accountancy Chartered Accountant (SA) Business Rescue Practitioner	Accounting/Finance Risk management Auditing Compliance Business turnaround Corporate Governance	Trans Caledon Tunnel Authority (TCTA) The Independent Regulatory Board for Auditors Trans African Concessions (Pty) Ltd	• Audit and Risk Committee • Piped-Gas Subcommittee • Information Technology and Governance Committee

ENERGY REGULATOR (ER) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Mr T Bukula	Chairperson	24	23
Ms Z Mpungose	Regulator Member – Deputy Chairperson	24	20
Adv. N Sithole	Regulator Member – CEO	24	21
Mr N Gumede	Regulator Member	24	14
Ms T Semane	Regulator Member	24	22
Mr F Sibanda	Regulator Member	24	22
Ms P Sibiya	Regulator Member	24	23
Ms N Maseti	Regulator Member	24	24
Mr M Mkhize	Regulator Member	24	24

ELECTRICITY SUBCOMMITTEE (ELS) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Mr N Gumede	Chairperson[1]	22	11
Adv. N Sithole	Member & CEO	22	21
Mr T Bukula	Member	22	21
Ms N Maseti	Member	22	22
Mr M Mkhize	Member	22	21
Ms T Semane	Member[2]	22	15
Ms P Sibiya	Member[3]	22	6
Ms Z Mpungose	Invitee[4]	22	4
Mr F Sibanda	Invitee[5]	22	3

PIPED-GAS SUBCOMMITTEE (PGS) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Ms N Maseti	Chairperson	12	11
Adv. N Sithole	Member & CEO	12	11
Mr T Bukula	Member	12	12
Mr N Gumede[6]	Member	12	7
Mr M Mkhize	Member	12	12
Ms Z Mpungose	Invitee[7]	12	1
Ms P Sibiya	Member[8]	12	10

1 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025
2 The Constitution of committees was changed on 30 May 2024
3 The Constitution of committees was changed on 30 May 2024
4 Invitees attended Extended Meetings of the ELS
5 Invitees attended Extended Meetings of the ELS
6 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025
7 The Constitution of committees was changed on 30 May 2024
8 The Constitution of committees was changed on 30 May 2024

PETROLEUM PIPELINES SUBCOMMITTEE (PPS) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Mr M Mkhize	Chairperson	10	10
Adv. N Sithole	Member & CEO	10	9
Ms N Maseti	Member	10	9
Mr N Gumede	Member[9]	10	6
Ms T Semane	Member[10]	10	1
Mr F Sibanda	Member	10	10
Ms Z Mpungose	Member[11]	10	5

REGULATOR EXECUTIVE COMMITTEE (REC) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Adv. N Sithole	Chairperson	27	27
Mr M Mkhize	Member	27	27
Ms N Maseti	Member	27	25
Mr N Gumede	Member[12]	27	18

HUMAN RESOURCES AND REMUNERATION COMMITTEE (HRRC) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Ms Z Mpungose	Chairperson	5	3
Adv. N Sithole	Member & CEO	5	5
Mr M Mkhize	Member	5	5
Mr F Sibanda	Member[13]	5	4
Ms P Kekana	External Member	5	5
Ms T Semane	Member[14]	5	1

FINANCE COMMITTEE (FIC) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Ms T Semane	Chairperson	8	8
Adv. N Sithole	Member	8	8
Ms N Maseti	Member	8	8
Ms Z Mpungose	Member	8	5
Mr P Slack	External Member	8	5
Mr F Sibanda[15]	Member (Invitee)	8	1
Dr M Zakwe[16]	External Member (Invitee)	8	1

9 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025
10 The Constitution of committees was changed on 30 May 2024
11 The Constitution of committees was changed on 30 May 2024
12 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025
13 The Constitution of committees was changed on 30 May 2024
14 The Constitution of committees was changed on 30 May 2024
15 ITGC Chairperson attended the Extended Finance meeting on the budget
16 ITGC Member attended the Extended Finance meeting on the budget

INFORMATION TECHNOLOGY AND GOVERNANCE COMMITTEE (ITGC) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Mr F Sibanda	Chairperson	4	4
Adv. Sithole	Member & CEO	4	4
Mr N Gumede[1]	Member	4	2
Ms P Sibiya[2]	Member	4	3
Dr V Mello	External Member	4	4
Dr M Zakwe	External Member	4	4

AUDIT AND RISK COMMITTEE (ARC) MEETINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Ms P Sibiya	Chairperson	6	6
Mr F Sibanda	Member	6	6
Mr M Nkhabu	External Member	6	6
Ms Z Tshabalala	External Member	6	3
Adv. N Sithole	Invitee (CEO)	6	4
Mr T Bukula	Invitee (Chairperson of Energy Regulator)	6	6

ENERGY REGULATOR (ER) WORKSHOPS[3]

MEMBER	STATUS	WORKSHOPS HELD	WORKSHOPS ATTENDED
Mr T Bukula	Chairperson	4	2
Ms Z Mpungose	Deputy Chairperson	4	4
Adv. N Sithole	Chief Executive Officer	4	3
Mr N Gumede[4]	Regulator Member	4	2
Ms N Maseti	Regulator Member	4	3
Mr M Mkhize	Regulator Member	4	4
Ms T Semane	Regulator Member	4	4
Mr F Sibanda	Regulator Member	4	2
Ms P Sibiya	Regulator Member	4	2
Ms P Kekana	External Member – HRRC	4	-
Dr V Mello	External Member – ITGC	4	2
Mr M Nkhabu	External Member – ARC	4	2
Mr P Slack	External Member – FIC	4	-
Ms Z Tshabalala	External Member – ARC	4	2
Dr M Zakwe	External Member – ITGC	4	2

1 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025
2 The Constitution of committees was changed on 30 May 2024
3 External Members were invited to the two strategic planning sessions
4 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025

ELECTRICITY SUBCOMMITTEE (ELS) WORKSHOPS[5]

MEMBER	STATUS	WORKSHOPS HELD	WORKSHOPS ATTENDED
Mr N Gumede[6]	Chairperson	7	2
Adv. N Sithole	Member & CEO	7	6
Mr T Bukula	Member	7	7
Ms N Maseti	Member	7	6
Mr M Mkhize	Member	7	7
Ms P Sibiya	Member	7	4
Ms Z Mpungose	Invitee	7	3
Ms T Semane	Invitee	7	7
Mr F Sibanda	Invitee	7	4

PETROLEUM PIPELINES SUBCOMMITTEE (PPS) WORKSHOPS[7]

MEMBER	STATUS	WORKSHOPS HELD	WORKSHOPS ATTENDED
Mr M Mkhize	Chairperson	2	2
Mr N Gumede	Member	2	1
Ms N Maseti	Member	2	2
Mr F Sibanda	Member	2	2
Adv. N Sithole	Member & CEO	2	2
Mr T Bukula	Member	2	1
Ms T Semane	Invitee	2	1
Ms P Sibiya	Invitee	2	-
Ms Z Mpungose	Invitee	2	-

REGULATOR EXECUTIVE COMMITTEE (REC) WORKSHOPS[8]

MEMBER	STATUS	WORKSHOPS HELD	WORKSHOPS ATTENDED
Adv. N Sithole	Chairperson	6	6
Mr N Gumede[9]	Member	6	1
Ms N Maseti	Member	6	5
Mr M Mkhize	Member	6	5
Mr T Bukula	Invitee	6	1
Ms Z Mpungose	Invitee	6	1
Ms T Semane	Invitee	6	1
Ms P Sibiya	Invitee	6	-
Mr F Sibanda	Invitee	6	1

5 Includes Extended workshops
6 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025
7 Includes Extended workshops
8 Includes one extended workshop
9 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025

ELECTRICITY SUBCOMMITTEE (ELS) PUBLIC HEARINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Mr N Gumede[1]	Chairperson	23	5
Adv. N Sithole	Member & CEO	23	19
Mr T Bukula	Member	23	23
Ms N Maseti	Member	23	20
Mr M Mkhize	Member	23	18
Ms T Semane	Member	23	19
Ms P Sibiya[2]	Member	23	1

PIPED-GAS SUBCOMMITTEE (PGS) PUBLIC HEARINGS

MEMBER	STATUS	MEETINGS HELD	MEETINGS ATTENDED
Ms N Maseti	Chairperson	1	1
Adv. N Sithole	Member & CEO	1	-
Mr T Bukula	Member	1	1
Mr N Gumede	Member	1	1
Mr M Mkhize	Member	1	1
Ms Z Mpungose	Member	1	1

PETROLEUM PIPELINES SUBCOMMITTEE (PPS) PUBLIC HEARINGS

MEMBER	STATUS	WORKSHOPS HELD	WORKSHOPS ATTENDED
Mr M Mkhize	Chairperson	1	1
Adv. N Sithole	Member & CEO	1	1
Ms N Maseti	Member	1	1
Mr N Gumede	Member	1	-
Mr F Sibanda	Member	1	1
Ms Z Mpungose	Invitee	1	1

1 Mr Gumede was on special leave from 13 November 2024 until the end of his term on 31 March 2025
2 The Constitution of committees was changed 30 May 2024

REMUNERATION OF ENERGY REGULATOR MEMBERS

The remuneration of Energy Regulator Members is determined by the Minister of Mineral Resources and Energy, in concurrence with the Minister of Finance. The Full-Time Regulator Members receive an annual remuneration package in accordance with their contracts of employment, while Part-Time Regulator Members are remunerated at a daily rate in accordance with the annual directive of the Minister of Mineral Resources and Energy.

External Members of governance committees of the Energy Regulator are also remunerated at a daily rate, in accordance with the directive from the Minister of Mineral Resources and Energy.

Regulator Members and External Members are reimbursed for expenses incurred on NERSA business, including travel expenses, subsistence allowance, special assignments and other out-of-pocket expenses.

ENERGY REGULATOR MEMBERS' REMUNERATION

REMUNERATION FOR THE YEAR ENDED 31 MARCH 2025

2025	SALARY	CAR ALLOWANCES	REIMBURSE AND OTHER ALLOWANCES	MEDICAL AID	PENSION CONTRIBUTIONS AND UIF	PERFORMANCE BONUS[1]	LEAVE PROVISION	LEAVE PAY OUT	TOTAL
	R	R	R	R	R	R	R	R	R
Adv. N Sithole	2 380 746	42 000	50 237	97 053	295 841	322 648	171 790		3 360 315
Ms N Maseti[2]	2 127 214	60 000	40 507	148 155	281 049	304 720	430 133		3 391 778
Mr M Mkhize	2 280 369	-	31 036	-	281 049	325 035	279 005		3 196 494
Mr N Gumede[3]	2 196 630	-	3 288	83 739	276 442			383 632	2 943 731
	8 984 959	**102 000**	**125 068**	**328 947**	**1 134 381**	**952 403**	**880 928**	**383 632**	**12 892 318**

2024	SALARY	CAR ALLOWANCE	REIMBURSIVE AND OTHER ALLOWANCES	MEDICAL AID	PENSION CONTRIBUTION AND UIF	PERFORMANCE BONUS[4]	LEAVE PROVISION	TOTAL
	R	R	R	R	R	R	R	R
Adv N Sithole	2 426 349	42 000	71 294	92 709	304 539	277 502	55 808	3 270 201
Ms N Maseti[5]	2 111 151	60 000	36 017	134 781	287 694	292 025	410 825	3 332 493
Mr M Mkhize	2 260 932	-	42 459	-	283 618	285 014	317 556	3 189 579
Mr N Gumede	2 179 662	-	75 191	81 270	278 737	167 352	266 480	3 048 692
Total	**8 978 094**	**102 000**	**224 961**	**308 760**	**1 154 588**	**1 021 893**	**1 050 669**	**12 840 965**

2025 NERSA PART-TIME REGULATOR MEMBERS	SCHEDULED MEETINGS	SPECIAL ASSIGNMENTS	REIMBURSIVE AND OTHER ALLOWANCES	TOTAL
	R	R	R	R
T Bukula (Chairperson)	704 808	41 412	27 535	773 755
Z Mpungose (Deputy Chairperson)	427 918	15 162	13 564	456 644
T Semane	581 020	7 784	29 952	618 756

1 Performance bonus was paid in 2024/25 financial year with regard to the performance of the 2023/24.
2 Term-ended 28 February 2024. Temporarily appointed for six-month ending 31 August 2024 or until the position is filled.
3 Resigned on 31 March 2025
4 Performance bonus was paid in 2023/24 financial year with regard to the performance of the 2023/24 financial year
5 Term ended 28 February 2024, Temporary appointment for six months ending 31 August 2024 or until such time the position is permanently filled

2025 NERSA PART-TIME REGULATOR MEMBERS	SCHEDULED MEETINGS R	SPECIAL ASSIGNMENTS R	REIMBURSIVE AND OTHER ALLOWANCES R	TOTAL R
F Sibanda	446 424	14 456	12 150	473 030
P Sibiya	399 760	3 336	13 167	416 263
Total	**2 559 930**	**82 150**	**96 368**	**2 738 448**

2024 NERSA PART-TIME REGULATOR MEMBERS	SCHEDULED MEETINGS R	SPECIAL ASSIGNMENTS R	REIMBURSIVE AND OTHER ALLOWANCES R	TOTAL R
T Bukula (Chairperson)	438 444	72 213	57 816	568 473
Z Mpungose (Deputy Chairperson)	388 326	85 154	12 150	485 630
T Semane	359 352	56 112	71 115	486 579
F Sibanda	348 789	42 982	12 331	404 102
P Sibiya	333 891	14 251	52 929	401 071
Total	**1 868 802**	**270 712**	**206 341**	**2 345 855**

2025 EXTERNAL MEMBERS	SCHEDULED MEETINGS R	SPECIAL ASSIGNMENTS R	REIMBURSIVE AND OTHER ALLOWANCES R	TOTAL R
Ms P Kekana	55 556	4 448	4 050	64 054
Mr M Nkhabu	60 952	-	4 050	65 002
Ms Z Tshabalala	55 556	-	4 050	59 606
Mr M Zakwe	21 584	17 784	4 050	43 418
Dr V Mello	33 972	-	4 050	38 022
Mr P Slack	26 980	-	4 050	31 030
Total	**254 600**	**22 232**	**24 300**	**301 132**

2024 EXTERNAL MEMBERS	SCHEDULED MEETINGS R	SPECIAL ASSIGNMENTS R	REIMBURSIVE AND OTHER ALLOWANCES R	TOTAL R
P Kekana	59 052	39 924	4 050	103 026
M Nkhabu	59 050	9 448	4 050	72 548
Z Tshabalala	44 764	9 448	4 050	58 262
M Zakwe	50 160	-	4 050	54 210
V Mello	44 764	556	4 050	49 370
P Slack	16 188	556	4 050	20 794
Total	**273 978**	**59 932**	**24 300**	**358 210**

6. RISK MANAGEMENT

As a public entity, NERSA is obliged to comply with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) ('PFMA') by establishing and maintaining effective, efficient and transparent risk management systems.

The Audit and Risk Committee (ARC) has been given the responsibility to oversee NERSA's overall risk management and to ensure the effectiveness thereof.

In compliance with the requirements of the PFMA, the Energy Regulator approved the Integrated Risk Management Framework and Risk Management Policy for the organisation. The Integrated Risk Management Framework incorporates the Risk Assessment Methodology, which provides the risk identification approach, as well as the Risk Matrix. As part of the requirements of the approved Risk Management Policy, the strategic risk register for NERSA is reviewed and updated annually in conjunction with the organisational strategic planning process, for consideration by the Audit and Risk Committee and approval by the Energy Regulator.

To ensure a comprehensive and systematic identification of strategic and operational risks, a risk universe, which illustrates NERSA's overall business environment, is used. This allows the risk identification process to cover all areas of NERSA's business strategies, namely:

- electricity industry risks;
- piped-gas industry risks;
- petroleum pipelines industry risks;
- transversal regulatory risks;
- information, communication and technology risks;
- governance risks;
- human capital risks;
- financial risks;
- fraud and corruption risks
- information management risks; and
- economical risks.

As identified and ranked in the approved Strategic Risk Register, the organisation faces the following strategic risks:

1. Exposure to cyber-attacks (phishing, ransomware, data breaches) that could, for example, disrupt operations and cause financial losses;
2. Perceived regulatory irrelevance;
3. Rising energy costs – high energy prices and tariffs;
4. Energy supply instability;
5. Damage to NERSA's reputation as perceived by its stakeholders;
6. Lack of growth, sustainability and transformation of the energy industry;
7. Limitation in implementing NERSA's governing legislation;
8. Declining revenue and revenue sources/streams;
9. Inadequate maturity level of the culture, structure, human resources, skills, capacity and system to match new, technically inclined developments;
10. Possible disruption of the NERSA operations due to unforeseen events (force majeure such as attacks and/or ICT system failure, pandemic, etc.).

Risk response strategies have been developed to prevent these risks from materialising. The exercise endeavours to optimally control and limit risk exposure to an acceptable level and ensure that such exposures are not realised. The implementation of the risk response strategies is monitored quarterly, and progress is reported to the Audit and Risk Committee and the Energy Regulator.

To ensure that all risks are adequately managed and mitigated to an acceptable level, the Energy Regulator approved the Risk Appetite and Tolerance Thresholds for the organisation. These thresholds define the amount and extent of risk exposure that NERSA is willing and/or able to undertake in pursuit of its mandate and business strategies. The levels also indicate those risks that NERSA is prepared to terminate or transfer to a third party.

NERSA reviewed the Business Continuity Management Policy and the Business Continuity Management Implementation Plan. The strategy and implementation plan outlines the strategy to achieve an integrated business continuity and major incident management process for NERSA. The overall objective of the strategy is to ensure that organisational resilience is effective and becomes embedded as part of good management practice.

The strategy identifies the measures that should be taken to ensure that NERSA develops resilience in terms of preventing or minimising the effects of a major incident, whatever the cause, and ensuring swift recovery from it as part of managing business continuity risks.

NERSA has also embarked on the implementation of the Combined Assurance Framework and Model. The process follows the King IV Report's five lines of assurance providers that incorporate all assurance services and functions to optimise and enable an effective internal control environment for NERSA to respond and manage strategic risks, as approved by the ER.

7. INTERNAL CONTROLS

During the review period, the Committee of Sponsoring Organisations of the Treadway Commission's Internal Control – Integrated Framework ('COSO Framework') was used to provide assurance on the adequacy and effectiveness of internal control, risk management and governance processes. Detailed internal audit reviews and testing were undertaken to assess the adequacy and effectiveness of controls relating to the specific audit activities. The objective was to ensure that management's control strategies were consistent with the organisation's activities and objectives. Recommendations relating to the adequacy and effectiveness of controls were made, where required. All significant findings were reported to the ARC for monitoring.

There is constant communication between the risk management and internal audit functions to ensure that the risks identified are utilised by internal audit during audit planning and execution to ensure that mitigation strategies and controls are being implemented by management.

8. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

8.1 INTERNAL AUDIT UNIT

KEY ACTIVITIES AND OBJECTIVES OF INTERNAL AUDIT UNIT

In accordance with the definition of internal auditing, and the authority to establish and maintain an internal audit function as contained in the PFMA and the Treasury Regulations, the objectives of the NERSA Internal Audit function are to:

- provide professional, independent and objective assurance and consulting activities designed to add value and improve the operations of NERSA; and
- assist NERSA in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The key activities of the Internal Audit Unit are to:

- develop and implement a rolling three-year annual audit plan based on NERSA's key areas of risk, including any risks or control concerns identified by management, and submit the plan to the Audit and Risk Committee for review and approval, as well as periodic updates;
- build a professional audit team with sufficient knowledge, skill, experience and professional certifications to meet the requirements of the Internal Audit Charter;
- consider the scope of work of the external auditors and other assurance providers, as appropriate, for the purpose of providing optimal audit coverage;
- provide independent assurance over governance, risk management and systems of internal control, as well as over a combined assurance framework;
- provide a written assessment of the effectiveness of the company's system of internal control, performance and risk management to the Energy Regulator; and
- perform an objective assessment of the adequacy and effectiveness of risk management and all other elements of the internal control framework.

The Internal Audit Unit has completed all audits planned for the period under review. Furthermore, an external five-year quality assessment of the Internal Audit Activity was conducted in 2024 and a 'generally conform' rating – the highest rating available – was obtained.

8.2 AUDIT AND RISK COMMITTEE

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

The objectives of the Audit and Risk Committee are to provide oversight and assistance to the Energy Regulator on control, governance and risk management processes.

The key activities of the Audit and Risk Committee are to:

- obtain and review the annual financial statements;
- ensure that the annual financial statements are prepared in accordance with the reporting requirements as set out in the PFMA and related Treasury Regulations or applicable accounting framework;
- review the Risk Management Policy and ensure it complies with best practice;
- review the risk management process to ensure that it is effective and efficient and identifies priority risks;
- review NERSA's compliance with all relevant legislation, as well as the performance management and reporting systems;
- review and approve the Internal Audit Plan, its scope and any major changes to it, ensuring that it covers the key risks and that there is appropriate coordination with the External Auditor (the Auditor-General of South Africa); and
- review and approve the External Auditor's proposed audit scope, approach and fees for the year.

9. COMPLIANCE WITH LAWS AND REGULATIONS

NERSA reports on compliance with the PFMA and Treasury Regulations in its quarterly reports submitted to the Department of Mineral Resources and Energy. All policies and procedures approved by the Energy Regulator are maintained in the Corporate Governance Handbook and are complied with.

The Audit and Risk Committee approved a comprehensive compliance framework, which defines the compliance universe and provides for compliance monitoring and reporting. Quarterly compliance monitoring reports were tabled to the Audit and Risk Committee, and the Committee maintained oversight over the status of compliance with legislation and regulations.

COMPLIANCE WITH THE PROMOTION OF ACCESS TO INFORMATION ACT

A total of 17 requests for information were received in terms of the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA). The report on the requests was compiled and submitted to the Information Regulator, as required in terms of section 32 of PAIA.

The PAIA Manual was reviewed and approved by EXCO on 6 September 2024 and translated into three official languages, namely IsiZulu, Sesotho and Afrikaans. All versions of the manual were published on the NERSA website and hard copies made available at the reception area.

COMPLIANCE WITH THE PROTECTION OF PERSONAL INFORMATION ACT

NERSA complies with the Protection of Personal Information Act, 2013 (Act No. 4 of 2013) (POPIA) and its Regulations.

NERSA's compliance with the provisions of POPIA is reported in the NERSA Compliance Universe Framework and monitored quarterly by the Audit and Risk Committee.

10. FRAUD AND CORRUPTION

NERSA has an anti-fraud and anti-corruption policy, which was approved by the Energy Regulator.

A fraud hotline, which is operated by an external service provider, is in place. It guarantees the anonymity of any person calling to report suspected fraud, corruption or misuse of public resources. No cases of fraud were reported during the period under review.

11. MINIMISING CONFLICT OF INTEREST

All Regulator Members and Executive Managers declare financial interests annually, and the register of financial interests is submitted to the Department of Mineral Resources and Energy. Further, any interests are declared at each meeting of the Energy Regulator or its committees, and the declaration of interest is implemented in line with the PFMA requirements.

NERSA implemented the supply chain management framework as required by the PFMA. The Energy Regulator also approved the Supply Chain Management Policy. Bid Adjudication Committees have been duly appointed in line with the delegation of authority matrix approved by the Energy Regulator as the Accounting Authority. All individuals involved in the bidding processes (evaluation and adjudication of bids) must declare their interests prior to proceeding with the process, as required by the PFMA. Any individual who is a member of the Bid Evaluation Committee is not allowed to adjudicate on the same bid if they happen to be a member of the Bid Adjudication Committee.

The Human Resources Division also keeps a record of interests declared by staff members on an annual basis. Should a staff member be found to have an interest that has not been declared, it is considered a contravention of NERSA's policies, and disciplinary measures are taken against the individual. There were no disciplinary matters related to conflict of interest for the reporting period.

12. CODE OF CONDUCT

The code of ethics, as contained in the Corporate Governance Handbook, provides a summary of the key obligations of Regulator Members and employees. These include upholding NERSA's core values of transparency and integrity in executing its mandate.

The Code of Conduct requires Regulator Members and employees to act in the best interest of NERSA. Further, it provides them with standards of conduct in exercising their respective functions and duties. It requires the disclosure of financial interests and requires Regulator Members to withdraw from proceedings of the Energy Regulator when a matter in which a member may have an interest is considered.

Any breach of the code of ethics is dealt with as misconduct in terms of NERSA's disciplinary code. There were no disciplinary matters under which the Code of Conduct was violated for the reporting period.

13. HEALTH AND SAFETY ISSUES

Health and safety, as well as compliance with the relevant legislation and regulations, remains a strategic imperative for ensuring a safe environment for employees and the stakeholders we interact with daily.

The NERSA Occupational Health and Safety (OHS) committee ensures that monthly inspections are conducted in conjunction with the Facilities Management team, with the allocation of health and safety representatives on a rotational basis to the building in case of emergency. In compliance with the City of Tshwane bylaws, the NERSA emergency evacuation plan and procedure is in place and has been signed by the Chief Fire Officer.

14. REGULATOR SECRETARY

The Regulator Secretary is responsible for administering all meetings of the Energy Regulator and its committees, including the preparation of agenda packs, attendance of meetings and preparation of the minutes of meeting proceedings. The Secretary must ensure that meeting rules are followed.

The Secretary must also ensure that the levels of remuneration and expenses of Regulator Members are in accordance with those approved by the Minister of Electricity and Energy.

15. SOCIAL RESPONSIBILITY

NERSA has a Sponsorship, Donation and Partnership Policy, which aims to support programmes or initiatives that benefit a wide range of stakeholders – in particular women, the youth, people with disabilities, children from previously disadvantaged communities, as well as the energy sector.

During the reporting period, NERSA supported five female farmers to attend Food for Mzansi's Farm Management Winter School, which was held in Pretoria from 26 to 27 August 2024, as part of NERSA's Mandela Day initiative. Their strong interest in cutting-edge farming methods like hydroponics, which call for specialised knowledge and comprehension, led to the selection of the attendees. For added sustainability, they also attended a master class on renewable energy. Through Food for Mzansi's wide network and platforms, NERSA received extensive media coverage, reaching a large audience throughout South Africa. Significant appearances in a Food for Mzansi article and special coverage highlighted NERSA's contribution to the empowerment of black women farmers and agripreneurs. Additionally, NERSA gave corporate gifts to every Winter School participant.

16. ENVIRONMENTAL ISSUES

INTERNAL

NERSA continues its journey towards becoming a green organisation by reducing its paper usage and carbon footprint. The NERSA building has a 4 Green Star Status, which was awarded by the Green Building Council in the 2020/21 financial year.

EXTERNAL

NERSA is committed to the protection of the environment and the growth of cleaner, more resource-efficient energy. The introduction of renewable energy into the electricity supply industry and the licensing of several independent power producers to facilitate the diversification of the country's energy sources is a notable advancement of NERSA's commitment to a greener and cleaner environment.

NERSA also registered operations related to the production or importation of gas, the transmission of gas for own use, as well as small biogas projects in rural areas. These operations will add impetus to the gas industry's growth, particularly in terms of new technologies that allow for sustained and affordable self-generation of alternative energy sources by rural communities. The growth of these operations also presents opportunities to alleviate the heavy demand currently placed on the national electricity grid.

17. ECONOMIC ISSUES

NERSA is a key enabler in advancing economic growth and social development within South Africa.

NERSA's performance and relevance are informed by the tangible impact on and benefits and meaningfulness of its work for the citizens of our country. Accordingly, it consistently fulfils its role of ensuring the development and sustainability of the electricity, piped-gas and petroleum pipelines industries while facilitating the affordability of, and accessibility to, the three regulated industries. NERSA balances the economic interests of all stakeholders to ensure the sustainable economic development of South Africa and a better life for all.

NERSA's responsibility is discharged mainly through licensing, setting and approving of prices and tariffs, compliance monitoring and enforcement and dispute resolution in the electricity, piped-gas and petroleum pipelines industries. NERSA, through regulation, facilitated the construction of power stations, pipelines and storage facilities to ensure continued access to energy and security of supply in the country.

18. REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2025.

AUDIT AND RISK COMMITTEE RESPONSIBILITIES

The Audit and Risk Committee (the Committee) reports that it has complied with its responsibilities arising from section 76(4)(d) of the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) and paragraph 27.1.7 of the Treasury Regulations.

The Committee also reports that it has adopted appropriate formal terms of reference as its Charter, has regulated its affairs in compliance with the Charter and has discharged all its responsibilities as contained therein.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE OF MEETINGS

The Committee consists of the members listed hereunder. During the financial year, six scheduled meetings were held. The meeting attendance is as reflected below:

MEMBER	MEETINGS HELD	MEETINGS ATTENDED
Ms P Sibiya (Chairman)	6	6
Mr F Sibanda	6	6
Mr M Nkhabu	6	6
Ms Z Tshabalala	6	3

CORPORATE GOVERNANCE

The Committee is of the opinion that NERSA continues to strive towards complying with sound principles of corporate governance. The Committee is not aware of any issues of non-compliance with good corporate governance practices.

COMPLIANCE

During the current financial year, the Committee approved the compliance framework and monitored its implementation and NERSA's adherence to applicable legislation. During the external audit, there were instances identified of non-compliance with some sections of legislation. Management undertook to address the identified deficiencies through formal action plans and follow-up reviews by the auditors. The Committee will continue to review assurance reports from all assurance providers as part of monitoring and oversight.

EFFECTIVENESS OF INTERNAL CONTROLS

The systems of controls are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are effectively managed. In line with the PFMA and the King Report on Corporate Governance requirements, Internal Audit provides the Committee with assurance that the internal controls are appropriate and effective. This is achieved by means of reviews and testing of the design, implementation and effectiveness of internal controls as well as the identification of corrective actions and suggested enhancement to the internal controls and processes.

From the various reports of the Internal Auditors, the Report on the Audit of financial statements, and the Management report of the Auditor-General South Africa (the AGSA), we can report that the systems of internal control provides a reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements and that the system of control is efficient and effective. The adequacy and efficiency of controls in performance against predetermined objectives requires improvement and the Committee will monitor the corrective actions to be implemented by management in addressing the control deficiencies as identified during both the external and internal audit.

THE EFFECTIVENESS OF INTERNAL AUDIT

The Energy Regulator has established an internal audit function which is an independent function from management, as required in terms of section 76(4)(d) of the PFMA.

During the year, the internal audit unit operated in terms of the approved Internal Audit Charter, developed a risk-based internal audit plan, and reported quarterly to the Committee against the plan. The Internal Audit Unit has reviewed the system of internal controls, performance information and risk management throughout the year. The Internal Audit function operated efficiently and address some of the pertinent risk areas in its internal audits. The Committee is satisfied that the internal audit function was independent and objective.

RISK MANAGEMENT

Although the Committee provided oversight on the implementation of risk assessments and management processes, Management is ultimately responsible for maintaining an effective risk management environment.

In fulfilling its risk management oversight responsibilities, the Committee reviewed the risk management governance framework, policy, risk appetite and tolerance model, monitored the implementation of risk mitigation strategies and reviewed the adequacy of the insurance cover. The Committee has seen an improvement in risk management during the year under review. The Committee will continue to monitor the risk management processes and notes the measures that management has instituted to address the capacity constraints within Nersa.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Committee has performed the following activities:

- reviewed and discussed the unaudited financial statements to be included in the annual report, with the AGSA and the Energy Regulator;
- reviewed changes in accounting policies and practices;
- reviewed the information on pre-determined objectives to be included in the 2024/25 annual report; and
- assessed the Energy Regulator's compliance with legal and regulatory provisions.

AUDITOR-GENERAL OF SOUTH AFRICA

The Committee liaised with the AGSA during the year and reviewed NERSA's implementation plan to address the audit findings raised in previous years. During the audit of predetermined objectives, material findings were identified on one of the programmes. Management undertook to address the identified deficiencies through formal action plans and follow-up reviews by the auditors. These material findings on predetermined objectives do not affect the overall audit opinion.

CONCLUSION

The Committee is satisfied that through the guidance it provides, and the cooperation by management, internal controls and good governance practices have been enhanced. We would like to thank the Energy Regulator, the Executive Management Team and Staff for their support throughout the year.

Special appreciation also goes to the Internal Audit team and the AGSA for their support and professionalism in the performance of their mandates.

MS PRECIOUS SIBIYA
CHAIRPERSON OF THE AUDIT AND RISK COMMITTEE
30 July 2025

19. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

NERSA supports the broad impetus of the Broad-Based Black Economic Empowerment (BBBEE) to structure and transform the economy within the prescripts of the Broad-Based Black Economic Empowerment Act, 2013 (Act No. 46 of 2013) (B-BBEE Act) and any other related legislation, and to further create capacity within the broader economic landscape. The following table has been completed in compliance with the requirements of the B-BBEE Act.

HAS THE PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) REGARDING THE FOLLOWING:		
CRITERIA	**RESPONSE YES / NO**	**DISCUSSION (INCLUDE A DISCUSSION ON YOUR RESPONSE AND INDICATE WHAT MEASURES HAVE BEEN TAKEN TO COMPLY)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	Issued the application procedure and form, which requires the applicant to perform a self-assessment and enables the Energy Regulator to make decisions.
Developing and implementing a preferential procurement policy?	Yes	In order to achieve the required target spend on Enterprise Supplier Development (ESD), the following strategic interventions are proposed: B-BBEE certificates are requested for all Request for Quotations (RFQs) and Request for Proposals (RFPs) and bids issued to the market with specific goals that are aligned to the B-BBEE requirements, such as Black Ownership.
Determining qualification criteria for the sale of state-owned enterprises?	Not applicable	
Developing criteria for entering into partnerships with the private sector?	Not applicable	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Not applicable	

- Management control – measures the directorship, executive management, other executive management, senior management, middle management, junior management and staff with disabilities in the business.
- Skills development – measures the amount of money spent on training of black employees and black people.
- Enterprise and supplier development – measures spending on helping other black-owned enterprises (both suppliers and non-suppliers) grow.
- Socio-economic development – measures spending on assisting charitable organisations.

NERSA conducted a B-BBEE assessment based on the audited annual financial statements for the period ended 31 March 2024 to determine its level of compliance. The table below depicts the assessment results.

B-BBEE ELEMENT WEIGHTING POINTS ACHIEVED SCORE	B-BBEE ELEMENT WEIGHTING POINTS ACHIEVED SCORE	B-BBEE ELEMENT WEIGHTING POINTS ACHIEVED SCORE
Ownership	N/A	N/A
Management Control	17.40	20
Skills Development	10.59	25
Enterprise and Supplier Development	53.00	50
Socio-Economic Development	4.26	5
OVERALL SCORE	**85.25**	**100**

NERSA achieved an overall assessment score of 85,25 points, and was classified as a compliant entity under the B-BBEE Act. During the review period, the organisation was a certified Level 4 BEE contributor.

LEVEL 4

In terms of the Amended DTIC Specialised Sector Codes – Generic Scorecard (Gazette No: 38766)

SCORECARD ELEMENT	ENTITY SCORE	WEIGHING POINTS
MANAGEMENT CONTROL	17.40	20.00
SKILLS DEVELOPMENT	10.59	25.00
ENTERPRISE AND SUPPLIER DEVELOPMENT	53.00	50.00
SOCIO-ECONOMIC DEVELOPMENT	4.26	5.00
TOTAL	85.25	100.00
EMPOWERING SUPPLIER	YES	
DISCOUNTING PRINCIPLE APPLIED	NO	
PARTICIPATED IN Y.E.S	NO	
ACHIEVED YES TARGET + 2.5% ABSORPTION	NO	
ACHIEVED YES TARGET + 5% ABSORPTION	NO	
ACHIEVED 2 X YES TARGET + 5% ABSORPTION	NO	

VALIDATIONS	
Principle Applied	FTP
Black Owned percentage	N/A
Black Women Owned Percentage	N/A
Designated Group Supplier	NO
Black Designated Group percentage	N/A
Black Youth percentage	N/A
Black Disabled percentage	N/A
Black Unemployed percentage	N/A
Black People in Rural areas percentage	N/A
Black Military Veterans percentage	N/A
Exclusion Principle	NO
Financial Year End	MAR 2024

And a BEE Procurement Recognition Level of 100%

D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources Division attracts, develops, maintains and retains an effective workforce through effective recruitment and selection processes. Its mandate is to coordinate services and provide immediate support for key organisational activities related to the execution of the human capital management strategy and the implementation of mid-term to annual human resource (HR) plans, policies, guidelines and systems.

The Human Resources Division assists NERSA in meeting its mandate by:
- facilitating training and development;
- ensuring transparent performance management processes;
- ensuring attractive remuneration and competitive reward systems;
- implementing employment equity and diversity management;
- creating a healthy and safe work environment; and
- promoting skills development through learnerships, internships and bursaries, as well as job shadowing for grade 9 to 11 learners.

In establishing NERSA as an employer of choice, the organisational priorities are to keep the organisational structure always filled at a minimum of 95% capacity and further upskill employees through training and development interventions at a rate of 85% and above. Training interventions include the upskilling of managers through management and leadership development interventions. The foundation for the NERSA leadership and development programme was laid by the finalisation of the Heads of Department's (HODs) leadership and competency assessments. This was done to ascertain the leadership potential at the HOD level.

NERSA forecasts its future demands in the context of the business planning process in accordance with its strategic objectives and programmes to attract the right people with the right skills in the right place at the right time. In addition to the NERSA Learnership and Internship Programme, NERSA continued to support the beneficiaries of its Bursary Programme, which boasts a beneficiary base of 75% women. The Bursary Programme aims to fund deserving students who intend to pursue postgraduate studies in areas of value to NERSA. Four students at a postgraduate level were awarded bursaries during 2023/24, with two students studying towards their PhD degrees and two studying towards their Master's degrees.

The Learnership and Internship Programme and the Bursary Programme form part of the NERSA flagship Youth Employment Strategy. The NERSA Youth Employment Strategy aims to facilitate the integration of young people into the energy sector's mainstream economic activities through the creation of decent work opportunities and unlocking learning development opportunities to ensure sustainable livelihoods and reduce income inequalities.

NERSA continues to ensure the adaptability of its Chief Human Capital Office and to ensure more agile people management strategies. The Division continued to implement these agile strategies and achieved notable success. To this end, NERSA saw a vacancy rate of 5.1% by the end of the 2024/25 financial year, compared to a 5.5% vacancy rate in the same period for 2023/24.

NERSA's staff complement consisted of 239 employees, with 13 vacancies, by the end of the review period. The average staff complement for the financial year was 239 employees, which is calculated based on the average number of employees per month for the period, with an average employee turnover of 3.8%.

The period under review also saw the finalisation of the Operating Model Review project. The project aims to optimise business processes, resource allocation and the organisational structure to enhance efficiency, effectiveness and alignment with strategic goals. The next phase of the project will be the implementation of the recommendations of the Operating Model Review.

During the period under review, NERSA also conducted an organisational culture assessment, which will provide management with valuable insights into the current state of the organisational culture, enabling them to make informed decisions and take actions that foster a positive and productive work environment.

The NERSA talent management initiatives included the continuation of the implementation of the technical regulatory training programme, which is aimed at deploying a learning and development strategy geared at building and cultivating a high-performance and highly engaged workforce. The technical regulatory training programme aims to ensure the capacitation of roles in the Regulatory Divisions, which is expected to result in excellence, professionalism and innovation within NERSA.

All the above interventions form part of the NERSA Integrated Human Resourcing Strategy, whose implementation seeks to ensure that NERSA remains competitive in the energy sector nationally, regionally and internationally.

NERSA's performance management system provides standards by which the performance of individual employees is monitored and measured. This allows for performance management, employee reward and the improvement of poor performance, with the aim of enhancing the organisation's efficiency and effectiveness and achieving improved service delivery. NERSA management and staff members are continually trained and attend workshops on matters relating to the performance management policy to ensure compliance at all times. The next period will see the automation of the performance management system and the improvement of the current Human Resource Information System.

NERSA continues to be a caring organisation, focusing constantly on the health and well-being of its employees. It further recognises that various problems (personal, family, social and work-related) can disrupt employees' personal and work lives, which can have a negative impact on job performance and, subsequently, organisational performance. NERSA provides a comprehensive, integrated employee wellness programme through NBC Holdings, which focuses on promoting healthy living and provides psychological assistance.

The NERSA HR team, in partnership with the wellness company, continued to provide wellness services and response strategies to various employee wellness issues. The appointed service provider produced quarterly reports and a confidential report on the utilisation of the services without divulging individual information.

NERSA prides itself on the establishment of the NERSA Men's Forum, which was launched during the commemoration of World Aids Day on 1 December 2023. The purpose of the Men's Forum is to create a supportive and inclusive community where male employees can connect, learn, grow and contribute to positive change within the organisation and in the society at large. NERSA employees also participated in other wellness programmes, including the Human Rights Day, Heritage Day and Women's Day.

NERSA's remuneration policy aims to:
- attract and retain highly qualified staff;
- ensure equitable pay and rewards;
- motivate and reward performance excellence; and
- support and reinforce a culture of belonging, performance and affinity.

The shortage of skills, especially scarce and critical skills, is a major challenge that is being addressed through the NERSA Internship and Learnership Programme, as well as the recently implemented NERSA Bursary Programme, among other programmes. In line with the Skills Development Act, 1998 (Act No. 97 of 1998), NERSA views the Learnership and Internship and the Bursary programmes as ideal opportunities to develop and mould NERSA-specific skills, with a view to prepare future regulators. Furthermore, NERSA offers a Job-Shadowing Programme to expose grade 9 to 11 learners to the work environment and generate interest in careers in the energy sector.

HR PLANS/GOALS

To support organisational efficiency and regulatory effectiveness, the Integrated Human Resources Strategy includes key aspects such as continuing to refine the operating model by aligning structures, roles and competencies with evolving business needs. This includes workforce planning initiatives as informed by the Electricity Regulation Act. Other key strategic imperatives include human resource information system review and optimisation, implementation of organisational culture assessment recommendations, gender equity and empowerment, and disability inclusion.

SKILLS DEVELOPMENT PROGRAMME

In the period under review, nine learners were appointed to embark on NERSA's Learnership Programme to attain a National Certificate: Energy Regulation NQF Level 5 – SAQA ID 63209. The period also saw the appointment of 14 interns who were part of the NERSA Internship Programme.

Out of the 23 appointed learners and interns, 11 of the learners and interns are female, which accounts for 49% of the cohort. This is true to the NERSA ethos and Employment Equity Strategy of ensuring the increased representation of women within the energy sector. NERSA takes pride in this success as it continues to show the impact of skills programmes for the youth who are able to secure employment after receiving valuable training and experience through the Internship and Learnership Programme.

The Learnership and Internship Programme empowers young graduates from further education and training institutions and universities through the development of skills within the regulatory environment. Theoretical and on-the-job training is provided to create a pool of potential candidates for employment by NERSA.

NERSA's Job-Shadowing Programme exposes female learners from grades 9 to 11 to different energy industry careers. During the reporting period, the programme had an intake of 10 learners from previously disadvantaged communities. NERSA presents this programme in partnership with Uweso Consulting and the Department of Women, Youth and Persons with Disabilities.

EMPLOYEE REPRESENTATIVE BODY

The National Education, Health and Allied Workers Union (NEHAWU) is the only union recognised by NERSA, with 70% of staff being members.

YOUTH EMPLOYMENT ACCORD

Youth unemployment is a major national challenge that demands urgent and coordinated responses. To avoid youth employment schemes that displace older workers, additional jobs must be created to increase the number of South Africans employed so that the benefits reach more young people through sustainable, decent work opportunities. At the same time, it is recognised that the absorption of young people into employment is a major challenge that must be successfully addressed.

The NERSA Youth Employment Strategy also sees NERSA placing the focus on a NERSA graduate programme, career awareness at institutions of higher learning and exchange programmes within the energy sector.

EMPLOYMENT EQUITY

NERSA continues to ensure the meeting of Employment Equity targets in line with the NERSA Employment Equity Plan. To ensure alignment and legislative compliance, NERSA will continue to monitor the developments with regard to the Employment Equity Amendment Act of 2022 (EEAA), which introduces significant amendments to the Employment Equity Act of 1998.

NERSA continues to ensure a concerted effort to appoint people representative of the Economically Active Population (EAP) and ensure the increase of the number of women in management positions.

True to this commitment, NERSA achieved 50% women representation at the top management level. The total female representation within NERSA was 58%. NERSA is also proud to report that the Senior Management level (HODs and EMs) boasts a total of 50% women. The NERSA EE Plan aligns with B-BBEE compliance in terms of human resource-related initiatives.

The new EE Plan for the coming periods will be drafted in line with the recently passed Employment Equity Amendment Bill.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

TABLE 1: PERSONNEL COST BY PROGRAMME 2024/25

PROGRAMME	TOTAL EXPENDITURE FOR THE ENTITY	PERSONNEL EXPENDITURE	PERSONNEL EXP. AS A % OF TOTAL EXP.	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	R	R			R
Programme 1: Regulatory service delivery	170 800 196	151 996 138	89,99	126	1 206 319
Programme 2: Advocacy and engagement	48 266 017	38 428 157	79,62	33	1 182 405
Programme 3: Innovation	7 591 676	3 067 183	40,40	2	1 305 184
Programme 4: Operational efficiency and quality management	197 375 572	113 645 593	57,58	79	1 447 715
Programme 5: People and organisational culture	24 185 652	17 858 475	73,84	13	1 373 729
TOTAL	**448 219 113**	**324 995 545**	**72,51**	**252**	**1 287 876**

*The number of employees includes permanent employees and Full-Time Regulator Members (FTRMs). It excludes fixed-term employees, Part-Time Regulator Members (PTRMs), learners and interns.

TABLE 2: PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE
	R			R
Top Management – Full-Time Regulator Members	11 502 689	3,58%	4	2 875 672
Part-Time Regulator Members	2 918 912	0,91%	5	583 782
Senior Management	9 146 891	2,85%	3	3 048 964
Professional Qualified	172 177 739	53,63%	90	1 913 086
Skilled	108 473 944	33,79%	121	896 479
Semi-Skilled	14 326 389	4,46%	29	494 013
Unskilled	696 398	0,22%	2	348 199
Interns and Learners	1 787 464	0,56%	24	74 478
TOTAL[1]	**321 030 426**	**100%**	**278**	**1 154 786**

1 The number of employees includes interns, leaners and PTRMs and excludes fixed-term employees.

TABLE 3: PERFORMANCE REWARDS

LEVEL	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST (R'000)
	R	R	
Top management	952 404	11 502 689	8,28%
Senior management	1 079 624	9 146 891	11,80%
Professional qualified	22 961 037	172 177 739	13,34%
Skilled	15 475 813	108 473 944	14,27%
Semi-skilled	1 961 652	14 326 389	13,69%
Unskilled	65 168	696 398	13,67%
TOTAL[1]	**42 525 698**	**316 324 050**	**13,44%**

TABLE 4: TRAINING COSTS

DIRECTORATE/BUSINESS UNIT	PERSONNEL EXPENDITURE	TRAINING EXPENDITURE	TRAINING EXPENDITURE AS A % OF PERSONNEL COST	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE
	R	R			R
Specialised Support Unit	70 095 090	1 355 552	1,93	53	25 576
Chief Finance Office	25 962 574	443 523	1,71	19	23 343
Chief Human Capital Office	17 858 475	2 071 569	11,60	12	172 631
Corporate Services Division	33 913 632	603 694	1,78	23	26 248
Electricity Regulation Division	102 605 706	1 290 577	1,26	51	25 305
Petroleum Pipelines Division	32 660 483	572 120	1,75	29	19 728
Piped-Gas Regulation Division	41 899 586	720 738	1,72	20	36 037
TOTAL	**324 995 545**	**7 057 771**	**2,17**	**207**	**34 096**

1 The above is for qualifying employees.

TABLE 5 (A): EMPLOYMENT AND VACANCIES BY PROGRAMME

PROGRAMME	2022/23 APPROVED POSTS	2023/24 NO. OF EMPLOYEES	2024/25 NO. OF EMPLOYEES	2024/25 VACANCIES	% OF VACANCIES
Programme 1: Regulatory service delivery	**124**	116	118	6	2.38%
Programme 2: Advocacy and engagement	**33**	33	32	1	0.39%
Programme 3: Innovation	**2**	2	2	0	0.00%
Programme 4: Operational efficiency and quality management	**80**	74	77	3	1.19%
Programme 5: People and organisational culture	**133**	12	10	3	1.19%
TOTAL[1]	**252**	**237**	**239**	**13**	**5.1%**

TABLE 5 (B): EMPLOYMENT AND VACANCIES BY LEVEL

LEVEL	2022/23 APPROVED POSTS	2023/24 NO. OF EMPLOYEES	2024/25 NO. OF EMPLOYEES	2024/25 VACANCIES	% OF VACANCIES
Top management	4	4	4	0	0.00%
Senior management	6	4	4	2	0.79%
Professional qualified	93	90	91	2	0.79%
Skilled	118	109	109	9	3.57%
Semi-skilled	29	28	29	0	0.0%
Unskilled	2	2	2	0	0.00%
TOTAL	**252**	**237**	**239**	**13**	**5.1%**

1 The number of employees excludes fixed-term employees, interns and learners and is as at 31 March 2025

TABLE: 6: EMPLOYMENT CHANGES

LEVEL	EMPLOYMENT AT BEGINNING OF PERIOD	NEW APPOINTMENTS (PERMANENT)	TERMINATIONS (PERMANENT)	INTERNAL APPOINTMENTS (PROMOTIONS/ TRANSFERS)	FIXED-TERM CONTRACT APPOINTMENTS	FIXED-TERM CONTRACT TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top management	4	0	0	0	0	0	4
Senior management	4		1	1	0	0	4
Professional qualified	90	5	2	3	3	1	91
Skilled	109	5	6	1	2	2	109
Semi-skilled	28	1	0	0	0	0	29
Unskilled	2	0	0	0	0	0	2
Total	**237**	**11**	**9**	**5**	**5**	**3**	**239**

The calculation at the end of the period excludes internal appointments (promotions and transfers), fixed-term contract appointments and fixed term contract terminations.

TABLE 7: REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Resignations (permanent)	8	3.17%
Resignations (fixed-term contract)	1	
Dismissal (incapacity)	0	0.00%
Retirement	1	0.39%
Expiry of contract (fixed-term contract)	1	
Other (deceased – fixed-term contract)	1	
Other (settlement agreement)	0	0.00%
TOTAL	**12**	**3.56%**

*This includes employees appointed on fixed-term contracts.

TABLE 8: LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal Warning	0
Written Warning	0
Final Written Warning	1
Dismissal	0
Grievances	6
Disciplinary Hearing Cases	1
CCMA Cases	2
Labour Court Referral	3
Total	**13**

TABLE 9 (A): EMPLOYMENT EQUITY STATUS AND TARGET – MALE

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	2	2	0	0	0	0	0	0
Senior management	1	2	0	0	0	0	0	0
Professional qualified	43	35	1	1	0	2	2	4
Skilled technical	38	39	0	2	0	1	2	2
Semi-skilled and discretionary decision-making	5	6	0	1	0	0	0	0
Unskilled and defined decision-making	0	0	0	0	0	0	0	0
***TOTAL PERMANENT**	**89**	**84**	**1**	**4**	**0**	**3**	**4**	**6**

TABLE 9 (B): EMPLOYMENT EQUITY STATUS AND TARGET – FEMALE

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top management	2	2	0	0	0	0	0	0
Senior management	2	3	0	1	0	0	0	0
Professional qualified	34	28	1	3	0	2	4	5
Skilled	66	64	0	3	0	2	2	2
Semi-skilled	21	20	1	1	0	0	1	2
Unskilled	1	1	0	0	0	0	0	0
TOTAL[1]	**127**	**118**	**2**	**8**	**0**	**4**	**7**	**9**

TABLE 9 (C): EMPLOYMENT EQUITY STATUS AND TARGET – EMPLOYEES LIVING WITH DISABILITIES BY LEVEL

LEVELS	EMPLOYEES LIVING WITH DISABILITIES			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	2	3	1	0
Skilled technical	0	1	1	2
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**2**	**4**	**1**	**2**

1 The employment equity statistics excludes 10 foreign nationals for both males and females.

E

PFMA COMPLIANCE REPORT



1. INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 IRREGULAR EXPENDITURE

RECONCILIATION OF IRREGULAR EXPENDITURE

Description	2024/25	2023/25
	R'000	R'000
Opening balance	4 610 398,00	4 610 398,00
Prior period errors		
As restated	4 610 398,00	4 610 398,00
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	**4 610 398,00**	**4 610 398,00**

The irregular expenditure relates to FTRM salary. The Energy Regulator implemented the salary increases effective 1 April 2011 without the approval of the Minister of Mineral Resources and Energy in concurrence with the Minister of Finance. Condonation was requested from the Minister of Mineral Resources and Energy. A new request for condonation from National Treasury in the process.

1.2 FRUITLESS AND WASTEFUL EXPENDITURE

NERSA did not incur any fruitless and wasteful expenditure.

1.3 ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA, SECTION 55(2)(B)(I) AND (III)

NERSA did not incur material losses.

2. INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated value R 000
Valid invoices received	3 763	129,414
Invoices paid within 30 days or agreed period	3 729	129,815
Invoices paid after 30 days or agreed period	4	12
Invoices older than 30 days or agreed period (unpaid and without dispute)		
Invoices older than 30 days or agreed period (unpaid and in dispute)	30	8,586

The amounts in the invoices are disputed. Discussions are held with the suppliers.

3. INFORMATION ON SUPPLY CHAIN MANAGEMENT

3.1 PROCUREMENT BY OTHER MEANS

	PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT	CONTRACT	VALUE
1	Exhibition Space - Enlit Africa	Spintelligent (Pty) Ltd	Sole Source	N/A	R76 753,00
2	Exhibition Space - Green Youth Indaba	Green Youth Network	Sole Source	N/A	R50 000,00
3	Exhibition space - Solar Solar Power Africa 2025 taking place from 10 to 12 February 2025 in Cape Town	Messe Frankfurt South Africa	Sole Source	N/A	R42 654,50
4	Annual Subscription - Demand and Supply volume of Petroleum products	Afriforesight	Sole Source	N/A	R463 534,27
5	Annual Subscription - Macro-Economic Forecast	Bureau For Economic Research	Sole Source	N/A	R326 206,72
6	Annual Subscription - SABICAT and SACAT	Sabinet Online Limited	Sole Source	N/A	R167 244,21
7	Annual Subscription - Econometric Forecast PPI Coal & Gas	Bureau For Economic Research	Sole Source	N/A	R28 362,47
8	Annual Subscription - African Businesses and report across the continent	Whoownswhom PTY(LTD)	Sole Source	N/A	R241 592,00
9	Annual Subscription - IEEE Enterprise Online use by NERSA Engineers and Technicians	EBSCO International Inc	Sole Source	N/A	R366 028,69
10	Annual Subscription - Caseware Working Papers software for the period 01 November 2024 to 31 October 2025.	Adapt It	Sole Source	N/A	R105 095,12
11	Annual Subscription - Provision of Quarterly Forecast Model for the period October 2024 - November 2025	Econometrix	Sole Source	N/A	R38 526,49
12	Annual Subscription - Franking Machine for 2025	Early Worx	Sole Source	N/A	R4 015,00
13	Annual Subscription - SAGE VIP (Payroll)	Red Ember Technology (Pty) Ltd	Single Source	N/A	R128 610,25
14	Piped Gas and Petroleum Pipeline Levies for 2024/25 Financial year.	Government Printing Works	Sole Source	N/A	R6 052,63
15	Appointment of Pii Digital (Pty) Ltd. to maintain, support, host and enhance the NERSA's website for a period of six (6) months	Pii Digital	Emergency	N/A	R210 105,00
16	Registration Fees for 196 Participants for Two (2) NERSA Teams (6.7KM and 8KM) Food and Beverages 196 Participants for Two (2) NERSA Teams (6.7KM and 8KM) taking place on Sunday, 28 July 2024 at Union Building in Pretoria	Primedia - 702 Walk The Talk	Single Source	N/A	R308 938,30
17	Training and Development - Financial Modelling for Utility Tariff Setting 2024	UCT – GSB	Sole Source	N/A	R50 915,00
18	Training and Development -financial modelling for utility tariff setting course: 21-26 April 2024	UCT – GSB	Sole Source	N/A	R133 277,70
19	Training and Development - Financial Modelling Course	UCT – GSB	Sole Source	N/A	R25 457,50
20	Training and Development Financial Modelling for utility Tariff Setting course	UCT – GSB	Sole Source	N/A	R26 955,00
21	Provision of comprehensive maintenance services for the Rapiscan X-ray and walkthrough metal detector machines for a period of three years (2024/10/24 - 2027/10/23)	Hab Fire and Security Pty Ltd	Sole Source	N/A	R243 514,80
22	Publication of proposed Electricity Lincence fees and Levies on the Piped Gas and Petroleum Pipelines for the 2025/26 Financial Year	Government Printing Works	Sole Source	N/A	R2 017,56
23	Maintenance, support, host, and enhance the NERSA'S website for a period of two (2) years	Pii Digital (Pty) Ltd	Single Source	N/A	R811 957,50
24	Improvements within the Accpac module	Isitshixo Business Solutions (Pty) Ltd	Single Source	N/A	R23 012,12

3.2 CONTRACT VARIATIONS AND EXPANSIONS

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S (IF APPLICABLE) R	VALUE OF CURRENT CONTRACT EXPANSION OR VARIATION R
Insurance Brokerage Services	Silver Lakes Trading 305 Pty Ltd t/a Opulentia Financial Services Pty Ltd	Variation	CON010/2020/2021	R3 604 843,96	N/A	R962 180,00

FINANCIAL INFORMATION



STATEMENT OF RESPONSIBILITY

The Energy Regulator is responsible for the maintenance of adequate records as well as the preparation and integrity of the financial statements and related information as required by the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) (section 55).

The Annual Financial Statements present the state of affairs of the National Energy Regulator of South Africa (NERSA), its financial results and its financial position at the end of the financial year. The financial statements are prepared in accordance with South African Standards of Generally Recognised Accounting Practices (GRAP). The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Energy Regulator has set standards and implemented systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses.

NERSA maintains internal financial controls to provide assurance regarding:
- The maintenance of proper accounting records; and
- The reliability of financial information used within the business or for publication.

These standards and control systems are contained in the various policies and procedures of NERSA, which are reviewed and amended periodically.

The Energy Regulator has reviewed the projected cash flow requirements for future periods. On the basis of this review, the Energy Regulator has every reason to believe that NERSA will continue as a going concern for at least the next twelve months. For this reason, the Energy Regulator adopted the going concern basis in preparing the annual financial statements.

Following its review of NERSA's internal controls and risk management for the period 01 April 2024 to 31 March 2025, the Energy Regulator concluded that the systems were effective.

The audited annual financial statements were approved by the Energy Regulator in terms of section 51(1)(f) of the PFMA on 29 May 2025 and are signed on its behalf by:

MR. THEMBANI BUKULA
CHAIRPERSON
Date: 30 July 2025

Report of the auditor-general to Parliament on the National Energy Regulator of South Africa

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Energy Regulator of South Africa set out on pages 120 to 167, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Energy Regulator of South Africa (NERSA) as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the and the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 117, forms part of my auditor's report.

Report on the audit of the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	**Page numbers**	Purpose
Programme 1: Regulatory service delivery	37-54	Contribute to a fair balance between the needs of the customer and the regulated entity as well as the creation of investor confidence and lessening the regulatory burden on licensees
Programme 2: Advocacy and engagement	55-57	To contribute towards relevant legislation and policies; government's transformation as well as to informed customers and stakeholders

12. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for Programme 2: Regulatory advocacy.

16. The material findings on the reported performance information for the selected programmes are as follows:

Programme 1 – Regulatory service delivery

Missing indicators

17. The Electricity Regulation Act 4 of 2006 defines the legislative mandate of the public entity. However, various indicators to measure performance on the mandate were omitted from the approved planning documents. Consequently, achievement against the mandate was not planned or accounted for, which is likely to result in it not being delivered and undermines transparency and accountability for delivery on the mandated responsibilities.

Mandated responsibility	Reason provided by the accounting authority for non-inclusion
Core function from the legislative mandate as per the Electricity Regulation Act – Enforce performance and compliance, and take appropriate steps in the case of non-performance Revocation of licenses and charging of penalties for non-compliant licensees	The accounting authority indicated that this was because NERSA's compliance monitoring and enforcement processes do not immediately impose penalties or revoke licenses, even in cases of repeat non-compliance. The process begins with the establishment of a tribunal to issue a notice of non-compliance, allowing the licensee a reasonable period to remedy the non-compliance. Only if the non-compliance is not remedied within the specified timeframe does Nersa convene a tribunal again to adjudicate and consider imposing an administrative fine. The exclusion of indicators related to fines and license revocations is intentional, as these outcomes are contingent upon the completion of prior enforcement steps. Including such indicators would misrepresent the procedural flow and place undue emphasis on outcomes that are not guaranteed without adherence to the established compliance processes. Consequently, this function was not adequately planned or accounted for, which resulted in a lack of enforcement of compliance and undermines transparency and accountability.

Various indicators

18. Various indicators were not clearly defined during the planning process. Consequently, the indicators are not useful for measuring and reporting on progress against planned objectives.

Indicator	Target	Detail
Percentage of actual activities versus planned activities as per the project plan for the review and /or development of targeted tool(s)	**80%**	The method of calculation as per the technical indicator description (TID) was not followed when calculating the reported achievement for this indicator
100% of draft Section 34 Determinations received, with complete information, considered by the relevant subcommittee or the Energy Regulator within the timeframe stated in the approved procedure	**100% as per approved procedure**	The output of the indicator is expressed in a percentage; however there is no indication of the numerator and denominator. The indicator is therefore not measurable

Number of reports on findings and/or non-compliance findings compiled for transmission, generation and distribution within the stated time frame

19. The target to develop procedure Dx compliance enforcement does not relate directly to the indicator, which measures the number of reports on findings and/or non-compliance compiled. The development of procedures does not relate to the reports on compliance findings thus the development of procedures should have been planned and reported for separately. Consequently, the reported achievement does not provide useful information on the indicator’s achievement.

Percentage of actual versus planned enforcement plan executed

20. An achievement of 9/29 (31%) – Enforcement plan executed quarter 1 and 2 was reported against a target of 80%. However, some supporting evidence was not provided for auditing, the provided enforcement plans did not specify the planned number of plans to be executed. Furthermore, I identified material differences between the actual and reported achievements, some of the evidence submitted as enforcement plans executed did not meet the definition or relate to the indicator. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

23. The tables that follow provide information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 38 to 44.

Programme 1: Regulatory service delivery – Electricity industry regulation (ELR)

Key indicator not achieved	Planned target	Reported achievement
Energy Regulator decision on improved licensing processes within stated time frame	Regulator decision by 31 March	No decision on improved licensing processes to facilitate entry for generation, transmission, distribution, trading, import and export applications was taken
Number of analysis reports on audits conducted (for transmission, generation and distribution) within the stated time frame	12 reports considered by the electricity sub-committee (ELS)	11 compliance audit reports in place (transmission, generation and distribution)
Percentage of actual versus planned enforcement plan executed	80%	9/29 (31%) enforcement plan audits executed quarter 1 and 2.
Number of reports on findings and/or non-compliance findings compiled for transmission, generation and distribution within the stated time frame	10Tx and Gx reports considered by ELS Develop procedure Dx compliance enforcement	3 noncompliance findings report compiled (Q1 and 2) Developed procedure for Dx compliance enforcement considered by ELS
Percentage of actual activities versus planned activities as per the project plan for the review and /or development of targeted tool(s)	80%	75% of Reviewed or developed targeted tools and systems for a changing electricity industry (Average of the two project plans) • 70% of activities of the project plan completed for the renewable energy power plant (RPP) Code • 80% of activities of the project plan completed for the wheeling rules

Material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 1: Regulatory service delivery. Management did not correct all the misstatements and I reported material findings in this regard.

Report on compliance with legislation

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Asset management

29. A significant asset (a development of an online platform) was acquired without approval by the executive authority, in contravention of section 54(2)(d) of the PFMA.

Other information in the annual report

30. The accounting authority is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

31. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

32. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

34. I considered internal control relevant to my audit of the separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

35. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

36. The accounting authority and management did not exercise adequate oversight responsibility regarding performance planning and reporting, to ensure that all the core functions of the public entity are included in the Annual Performance plan and reported on in the annual performance report. Consequently, this resulted in material in material misstatement on the selected programme.

37. The accounting authority and management did not exercise adequate oversight responsibility regarding performance planning and reporting, to ensure that all the indicators and targets of the public entity are relevant, well defined and measurable. Consequently, this resulted in material findings on the annual performance report regarding the scoped in programmes.

38. Management did not prepare an annual performance report that is supported by reliable and accurate information. Consequently, this resulted in material findings on the validity, accuracy and completeness of reported achievement in the annual performance report.

39. Management did not exercise adequate oversight responsibility to ensure the effectiveness of the internal control environment including compliance with laws and regulations. There were instances identified of material non-compliance with the requirements of the PFMA.

Auditor-General

Pretoria

31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)

Legislation	Sections or regulations
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

ACCOUNTING AUTHORITY'S REPORT

1. INTRODUCTION

The Energy Regulator presents its annual financial statements that form part of the annual report for the year ended 31 March 2025.

It is the responsibility of the Energy Regulator as the Accounting Authority to prepare annual financial statements and related financial information that represents the Energy Regulator's state of affairs.

The annual financial statements have been prepared in accordance with the Generally Recognised Accounting Principles (GRAP) and the accounting policies as set out in note 1 and include appropriate disclosures based on accounting policies that have been consistently applied which are supported by reasonable and prudent judgements and estimates.

These annual financial statements were also prepared on a going concern basis, taking cognisance of certain unique aspects relating to NERSA's mandate to regulate the electricity, piped-gas and petroleum pipelines industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Gas Act, 2001 (Act No. 48 of 2001) and Petroleum Pipelines Act, 2003 (Act No. 60 of 2003) respectively. NERSA is also listed as a national public entity in terms of schedule 3A of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and as such the required disclosures in terms of the PFMA are also taken into account.

The financial statements were submitted for auditing to the Auditor General of South Africa (AGSA) who are given unrestricted access to all financial records and related data, including minutes of all the meetings of the Energy Regulator and its committees.

2. REGULATOR MEMBERS

The National Energy Regulator of South Africa (NERSA) is a regulatory authority established as a juristic person in terms of section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004).

The Minister of Electricity and Energy (The Minister) appoints both Part-Time and Full-Time Regulator members for a period of four and five years respectively. The Energy Regulator consists of nine Regulator Members, five of whom are part-time and four of whom are full- time. The Full-Time Regulator Members consist of the Chief Executive Officer, the member primarily responsible for Electricity Regulation, the member primarily responsible for Piped- Gas Regulation and the member primarily responsible for Petroleum Pipelines Regulation.

The Energy Regulator performs its functions in terms of the National Energy Regulator Act, 2004 (Act No.40 of 2004) and the Public Finance Management Act, 1999 (Act No. 1 of 1999) and acts independently, but reports administratively to the Minister.

The Energy Regulator Members that were active during the financial year ending 31 March 2025 are as follows:

NAME	DATE OF APPOINTMENT	MEMBER STATUS
Mr T Bukula	Appointed 30 August 2022	• Chairperson of the Energy Regulator and Part-Time Regulator Member • Member of the Electricity Subcommittee • Member of the Piped Gas Subcommittee
Ms Z Mpungose	Term-ended 13 September 2024 Temporarily reappointed for twelve months ending 13 September 2025	• Part-Time Regulator Member and Deputy Chairperson of the Energy Regulator • Member of the Finance Committee • Chairperson of the Human Resources & Remuneration Committee • Member of the Petroleum Pipelines Subcommittee
Adv. N Sithole	Appointed 25 August 2021	• Full-Time Regulator Member: Chief Executive Officer • Member of the Finance Committee • Member of the Human Resources & Remuneration Committee • Member of the Information Technology and Governance Committee • Chairperson of the Regulator Executive Committee • Member of the Electricity Subcommittee • Member of the Petroleum Pipelines Subcommittee • Member of the Piped Gas Subcommittee
Ms N Maseti	• Term-ended 28 February 2024 Re-appointed for six months ending 31 August 2024 or until such time a permanent appointment is made • Appointed Acting Full-time Regulator Member: Electricity on 19 November 2024	• Full-Time Regulator Member: Piped-Gas Regulation • Acting Full-time Regulator Member: Electricity Regulation • Member of the Finance Committee • Chairperson of Piped Gas Subcommittee • Acting Chairperson of Electricity Subcommittee • Member of the Petroleum Pipelines Subcommittee
Mr M Mkhize	Re-appointed 16 January 2023	• Full-Time Regulator Member: Petroleum Pipelines Regulation • Chairperson of the Petroleum Pipelines Subcommittee • Member of the Electricity Subcommittee • Member of the Piped Gas Subcommittee • Member of the Human Resources and Remuneration Committee
Mr N Gumede	Appointed 01 April 2020 (Term-ended 31 March 2025)	• Full-Time Regulator Member: Electricity Regulation • Chairperson of the Electricity Subcommittee • Member of the Information Technology and Governance Committee • Member of the Piped Gas Subcommittee • Member of the Petroleum Pipelines Subcommittee
Mr F Sibanda	Re-appointed 30 August 2022	• Part-Time Regulator Member • Chairperson of the Information Technology and Governance Committee • Member of the Audit and Risk Committee • Member of the Petroleum Pipelines Subcommittee
Ms T Semane	Appointed 30 August 2022	• Part-Time Regulator Member • Chairperson of the Finance Committee • Member of the Human Resources & Remuneration Committee • Member of the Electricity Subcommittee
Ms P Sibiya	Appointed 30 August 2022	• Part-Time Regulator Member • Chairperson of the Audit and Risk Committee • Member of the Information Technology and Governance Committee • Member of the Piped Gas Subcommittee

In addition to the Regulator Members the Energy Regulator appointed the following external members to its Governance committees:

NAME	DATE OF APPOINTMENT	COMMITTEE
Mr P Slack	Appointed on 1 February 2022	Finance Committee
Ms P Kekana	Appointed on 1 February 2022	Human Resources and Remuneration Committee
Dr V Mello	Appointed on 1 February 2022	Information Technology and Governance Committee
Dr M Zakwe	Appointed on 1 February 2022	Information Technology and Governance Committee
Mr M Nkhabu	Appointed on 1 September 2022	Audit and Risk Committee
Ms Z Tshabalala	Appointed on 1 September 2022	Audit and Risk Committee

3. PRINCIPAL REGULATORY ACTIVITIES

In terms of the functions of the Energy Regulator as set out in the National Energy Regulator Act 2004 (No.40 of 2004), the Energy Regulator must:

a. undertake the functions of the Gas Regulator as set out in section 4 of the Gas Act, 2001 (Act No. 48 of 2001);
b. undertake the functions of the Petroleum Pipelines Regulator as set out in section 4 of the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003); and
c. undertake the functions of the National Electricity Regulator as set out in section 4 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended.

4. ACHIEVEMENT OF PERFORMANCE OBJECTIVES

The annual report section on Performance Information covers NERSA's achievements towards its strategic objectives in the annual performance plan.

5. FINANCIAL PERFORMANCE

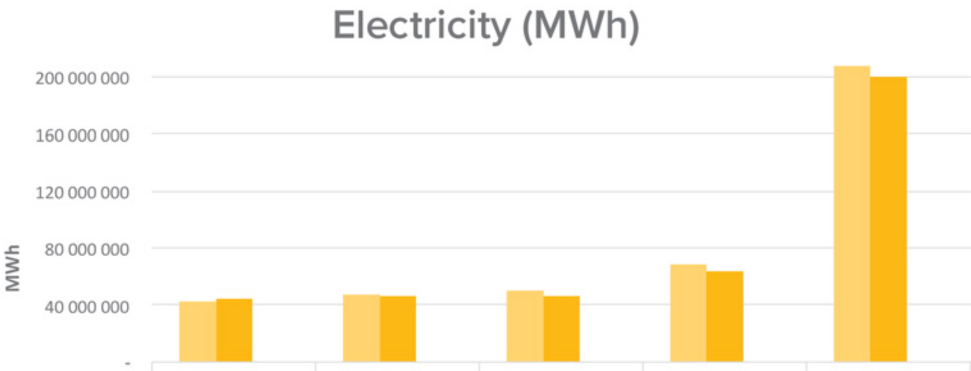
Revenue Performance

NERSA is funded through levies and licence fees charged to the industries it regulates as follows:

INDUSTRY REGULATED	SOURCE OF FUNDS	LEVY RATE/LICENCE FEE – 1 APRIL 2024 TO 31 MARCH 2025
Electricity	Licence fees are payable in respect of electricity generated for supply in terms of section 5B of the Electricity Act, 1987 (Act No. 41 of 1987). This licence fee is based on kilowatt hours of electricity generated for supply.	The licence fee rate for the year is 0.11524 c/KWh.
	Section 10(2) of the Electricity Regulation Act, 2006 (No. 4 of 2006) as amended mandates NERSA to charge registration fees.	A charge of R 200 is payable per registration. NERSA register projects of above 100kW, and there is no upper limit anymore.
Piped Gas	A levy is imposed on the holders of the title to gas as it enters the system licenced by NERSA in terms of section 2 of the Gas Regulator Levies Act, 2002 (Act No. 75 of 2002). The levy is based on Giga Joules of gas as it enters the inlet flanges of transmission or distribution pipelines.	The rate levied for the year is 48.308 c/Gj.
Petroleum Pipelines	A levy is imposed on the holders of the title to petroleum as it enters the system licenced by NERSA in terms of section 2 of the Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004). The levy is based on litres of petroleum as it enters the inlet flanges of petroleum pipelines.	The rate levied for the year is 0.43596 c/l.

Figure 1 to figure 4 below depicts quarterly and year to date volumes per industry for the financial year ending 31 March 2025. Volumes for electricity are over-recovered, the piped-gas volumes are slightly under-recovered and the petroleum pipelines volumes is significantly under-recovered.

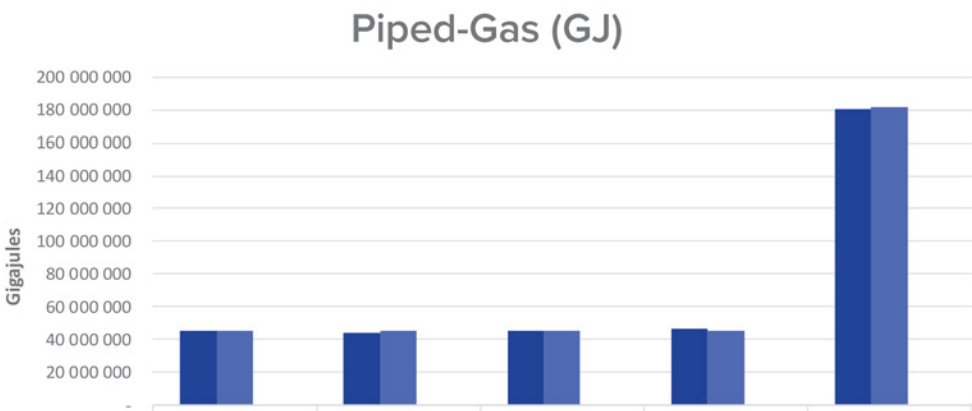
FIGURE 1: QUARTERLY AND ANNUAL VOLUMES FOR THE ELECTRICITY REGULATION



	Q1	Q2	Q3	Q4	Total
Actual	42 389 704	47 035 062	50 094 777	68 157 082	207 676 625
Budget	44 335 850	45 884 378	46 040 141	63 975 380	200 235 750
% Variance	(4.4%)	2.5%	8.8%	6.5%	3.7%

The electricity generated for supply volumes are 3.7% higher than the budgeted volumes. The variance is mainly due to the higher electricity generated for supply by ESKOM.

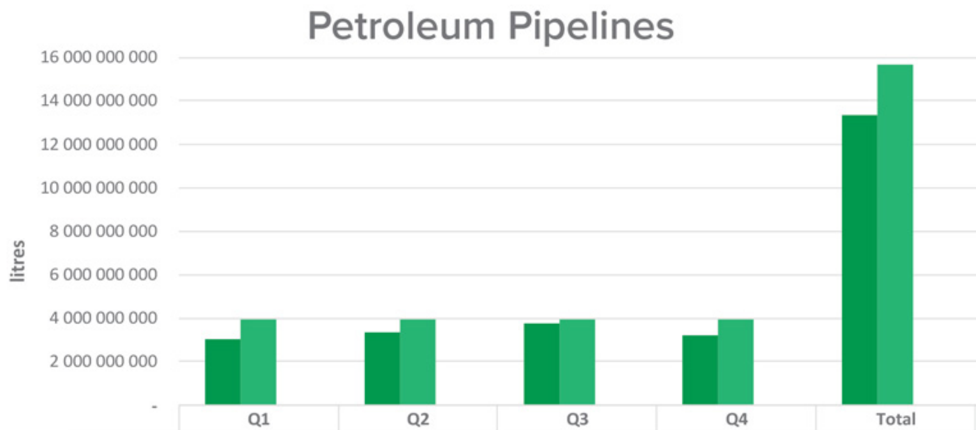
FIGURE 2: QUARTERLY AND ANNUAL VOLUMES FOR THE PIPED-GAS REGULATION



	Q1	Q2	Q3	Q4	Total
Actual	45 093 156	43 919 524	44 970 347	46 578 081	180 561 107
Budget	45 482 800	45 482 800	45 482 800	45 482 800	181 931 199
% Variance	(0.9%)	(3.4%)	(1.1%)	2.4%	(0.8%)

Piped-Gas volumes are slightly under-recovered by 0.8%.

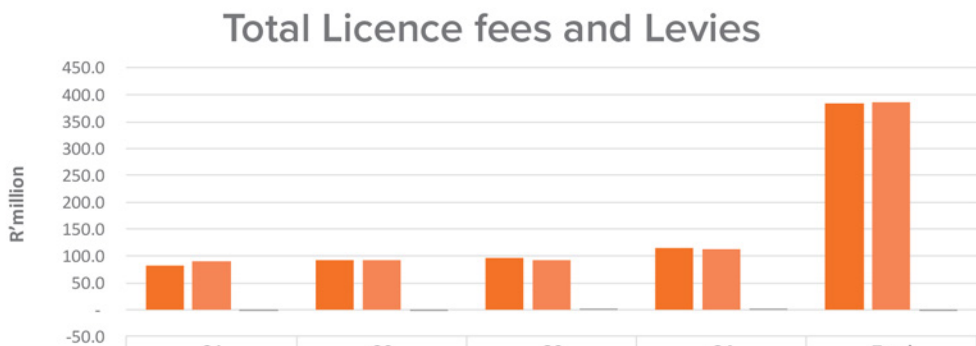
FIGURE 3: QUARTERLY AND ANNUAL VOLUMES FOR THE PETROLEUM PIPELINES



	Q1	Q2	Q3	Q4	Total
Actual	3 017 378 920	3 323 133 112	3 755 143 125	3 221 914 360	13 317 569 517
Budget	3 911 750 016	3 911 750 016	3 911 750 016	3 911 750 016	15 647 000 063
% Variance	(22.9%)	(15.0%)	(4.0%)	(17.6%)	(14.9%)

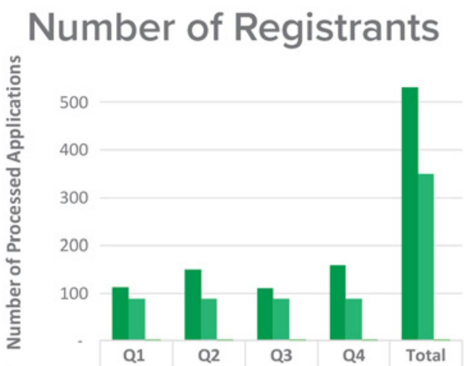
The petroleum pipeline volumes are predominantly due to lower refined volumes. South Africa's total fuel consumption has not returned to pre-Covid levels and the Transnet Pipelines refined volumes reflect a direct correlation with SA consumption. The recovery of the volumes is slow due to the challenging economic environment. Extended maintenance shut-downs and fire incidents at the refinery plant also contributed to lower volumes.

FIGURE 4: QUARTERLY AND ANNUAL LICENCE FEES AND LEVIES

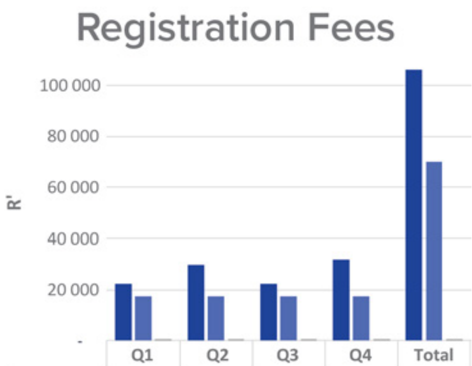


	Q1	Q2	Q3	Q4	Total
Actual	82.0	91.7	95.8	115.1	384.6
Budget	90.1	91.9	92.1	112.8	386.9
% Variance	(9.0%)	(0.2%)	4.1%	2.1%	(0.6%)

FIGURE 5: QUARTERLY AND ANNUAL NUMBER OF REGISTRATIONS AND QUARTERLY AND ANNUAL REGISTRATION FEES PAID



	Q1	Q2	Q3	Q4	Total
Actual	112	149	111	159	531
Budget	88	88	88	88	350
% Variance	28.0%	70.3%	26.9%	81.7%	51.7%

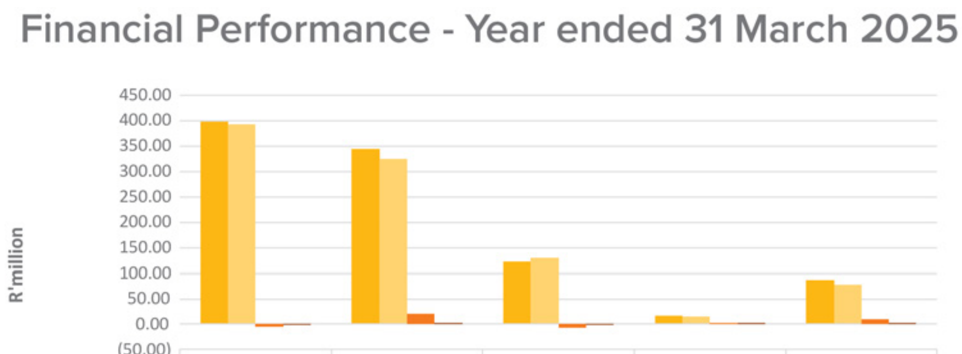


	Q1	Q2	Q3	Q4	Total
Actual	22 400	29 800	22 200	31 800	106 200
Budget	17 500	17 500	17 500	17 500	70 000
% Variance	28.0%	70.3%	26.9%	81.7%	51.7%

Financial Performance Analysis

Due to the use of previously accumulated surpluses to reduce the levies to be collected, NERSA budgeted for a deficit of R 70.07 million. The actual deficit (before capital expenditure) amounted to R 62.47 million. The variance is a result of the underspending on operating expenditure, which is offset by the under-recovery of revenue.

FIGURE 6: NERSA FINANCIAL PERFORMANCE 31 MARCH 2025



	REVENUE - LICENCE FEES & LEVIES	EMPLOYMENT COSTS	OTHER OPERATING COSTS	CAPITAL EXPENDITURE	NET DEFICT AFTER CAPEX
BUDGET 2024/25	398.09	344.98	123.18	17.10	87.17
ACTUAL 2024/25	392.83	325.00	130.30	15.77	78.24
VARIANCE 2024/25	(5.25)	19.98	(7.13)	1.33	8.93
% VARIANCE 2024/25	(1.3%)	5.8%	(5.8%)	7.8%	10.2%

Administration of levies and licence fees

The funds collected from licence fees and levies are administered in terms of section 13 (2) and (3) of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), which state that the Energy Regulator should keep separate accounts for the electricity, piped-gas and petroleum pipelines regulatory functions and that the costs of the Energy Regulator must be shared between the electricity, piped-gas and petroleum pipeline regulatory industries in proportion to the costs incurred by the Energy Regulator in respect of each of those regulatory functions.

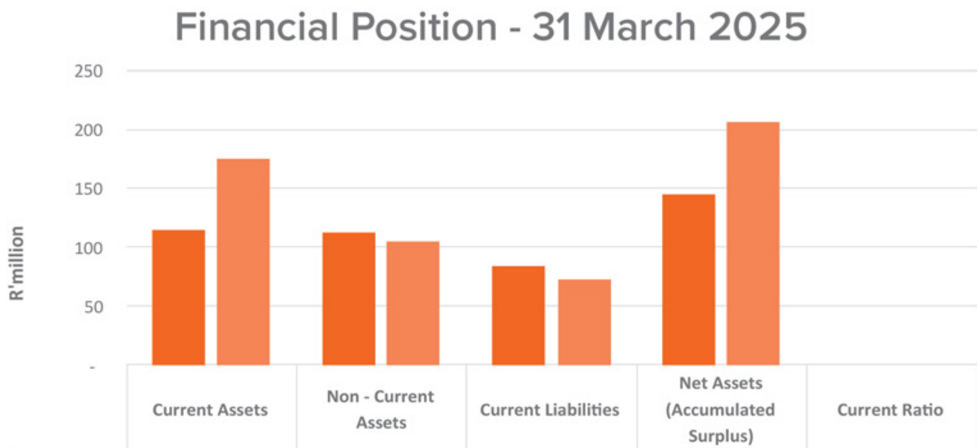
The primary accounting principles on which the ring-fencing methodology is based, are the following:

- Costs that can be directly attributable to the regulation of a specific industry will be charged directly to the regulation of that industry.
- Costs that are not directly attributable to the regulation of a specific industry, but are incurred as common costs in order to support the regulation of the industries, will be allocated between the three industries using a basis of allocation that fairly distributes the costs.

The distribution of common costs for the 2024/25 financial year was maintained at: Electricity (58%); Piped-Gas (21%); Petroleum Pipelines (21%). The allocation is based on the number of employees directly employed by NERSA to regulate each industry. The basis of allocation is reviewed annually during the budget process and adjusted if there are significant changes to the structure. No changes were effected to the ring fencing methodology during the year under review.

6. FINANCIAL POSITION

FIGURE 7: FINANCIAL POSITION AT 31 MARCH 2025



	Current Assets	Non - Current Assets	Current Liabilities	Net Assets (Accumulated Surplus)	Current Ratio
31-Mar-25	115	113	84	144	1.4
31-Mar-24	176	105	74	207	2.4

Figure 4 shows that NERSA is in a stable financial position at 31 March 2025, with a positive net asset value of R145 million. The decrease in the net asset value by R62 million from R207 million in the 2023/24 financial year to R144 million in the 2024/25 financial year, is due to the utilisation on previously accumulated surpluses by reducing the amount collected for levies and license fees in the 2024/25 financial year. This is further explained in section 7 below, where NERSA is required to refund levies and license fees to industries where there are surpluses.

Included in the net asset value of R144 million are cash reserves of R71 million in current assets and a significant portion of it is placed with the Corporation for Public Deposits at the South African Reserve Bank.

7. ANALYSIS OF ACCUMULATED SURPLUSES

Accumulated surplus at 31 March 2025 amounts to R144 million. The planned utilisation of this surplus is as follows:

	2025 R	2024 R
Accumulated Surplus	144 157 403	206 627 062
Less:Approved Commitments	-	785 398
Less: Cash Flow Mitigating Reserve	84 934 672	79 750 175
Funds Available for Refunds to Industries	**59 222 731**	**126 091 490**
Planned refunds as follows:		
Electricity Regulation	8 451 353	43 217 755
Piped-Gas Regulation	26 592 367	33 353 103
Petroleum Pipelines Regulation	24 179 012	49 520 631
	59 222 731	**126 091 490**

Cash Flow mitigation reserve includes the budget of gross salaries for four months and 4.5% of budgeted general expenses.

To comply with section 13(3)(c) of the National Energy Regulator Act, 2004, NERSA makes use of the previous year's accumulated surplus to reduce the future funding requirements per industry.

The amounts to be refunded to industries will be determined in the next budgeting cycle for the financial year 2026/27. The reconciliation for the available refunds is as follows:

REGULATED INDUSTRY	OPENING BALANCE	NET SURPLUS OR (DEFICIT) 2024/25 PER INDUSTRY	CHANGES IN COMMITMENT, CASH FLOW MITIGATION RESERVE	REFUNDS AVAILABLE
Electricity Regulation	R 43 217 756	(R 32 214 925)	(R 2 551 478)	R 8 451 353
Piped-Gas Regulation	R 33 353 103	(R 5 836 925)	(R 923 811)	R 26 592 367
Petroleum Pipelines Regulation	R 49 520 631	(R 24 417 809)	(R 923 811)	R 24 179 012
	R 126 091 490	**(R 62 469 659)**	**(R 4 399 100)**	**R 59 222 731**

In terms of section 53(3) of the Public Finance Management Act (PFMA), public entities listed in Section 3A and 3C of the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of the National Treasury.

In terms of the above instruction, National Treasury has a right to request NERSA to surrender the surplus if not approved per section 53 of the PFMA.

According to section 13 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), 'Accounting by the Energy Regulator', section 13 (2) provides that "The Energy Regulator must keep separate accounts for the electricity, piped-gas and petroleum pipelines regulatory functions".

Section 13(3)(c) provides that "Money received by the Energy Regulator other than money appropriated by Parliament must be paid into the account kept in terms of subsection (2) for the industry from which such money was received, and must be used for the sole benefit of that industry."

In the application of the abovementioned sections of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), NERSA makes use of previous year surpluses to reduce future funding requirements per industry. NERSA's application to National Treasury to retain surplus is on the same basis that those surpluses will be used as refunds to the industry in terms of NERSA Act to manage increases in the levy rates and license fees.

8. MATERIALITY AND SIGNIFICANCE FRAMEWORK

A materiality and significance framework has been developed and approved for reporting transactions or events and obtaining necessary approvals from the Minister in terms of sections 54(2)(b) and section 55(2) of the PFMA. There were no material transactions reported to the Minister in the current financial year. There are various legal matters where NERSA's decisions are being challenged. Refer to Disclosure note 30.

9. EVENTS AFTER BALANCE SHEET DATE

The Energy Regulator is not aware of any material event that occurred subsequent to the financial year end and the compilation of the annual financial statements that may significantly affect the position of the organisation or the results of its operations.

10. SECRETARY OF NERSA

Mr. Sandile Ntanzi

REGISTERED ADDRESS

NERSA's business and postal addresses are as follows:

BUSINESS ADDRESS:	POSTAL ADDRESS:
Kulawula House 526 Madiba Street Arcadia Pretoria 0007	P O Box 40343 Arcadia Pretoria 0001

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

FIGURES IN RAND	NOTE(S)	2025	2024
Assets			
Current Assets			
Inventories	3	286 399	258 308
Receivables from exchange transactions	4	176 163	490 185
Prepayments	5	6 927 304	5 711 922
Receivables from non-exchange transactions	6	36 260 615	47 000 008
Cash and cash equivalents	7	71 070 246	122 168 371
		114 720 727	**175 628 794**
Non-Current Assets			
Property, plant and equipment	8	101 612 420	103 284 681
Intangible assets	9	11 708 225	2 006 497
		113 320 645	**105 291 178**
Total Assets		**228 041 372**	**280 919 972**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	35 289 522	30 798 092
Payable (non-exchange)	11	294 359	-
Provisions	12	48 048 088	43 242 818
		83 631 969	**74 040 910**
Total Liabilities		**83 631 969**	**74 040 910**
Net Assets		**144 409 403**	**206 879 062**
Reserves			
Revaluation reserve	13	252 000	252 000
Accumulated surplus		144 157 403	206 627 062
Total Net Assets		**144 409 403**	**206 879 062**

STATEMENT OF FINANCIAL PERFORMANCE

FIGURES IN RAND	NOTE(S)	2025	2024
Revenue			
Revenue from exchange transactions			
Interest income	14	7 822 168	12 200 658
Rental income	15	34 818	33 160
Total revenue from exchange transactions		**7 856 986**	**12 233 818**
Revenue from non-exchange transactions			
Licence fees and levies	16	384 620 261	358 529 634
Registration fee: SSEG	17	106 200	83 600
Interest - non exchange revenue	18	42 205	-
Recoveries - non exchange revenue	19	-	8 026
Total revenue from non-exchange transactions		**384 768 666**	**358 621 260**
Total revenue		**392 625 652**	**370 855 078**
Expenditure			
Employee related costs	20	(324 998 509)	(302 062 472)
General expenses	21	(34 780 917)	(28 619 105)
Legal fees		(32 630 594)	(29 502 843)
Travel and accommodation		(14 379 747)	(14 003 507)
Software licenses		(11 969 554)	(8 249 448)
Information technology operations		(8 642 059)	(5 923 833)
Consulting and professional fees		(8 598 394)	(7 843 708)
Advertising		(5 473 876)	(5 981 667)
Knowledge centre		(4 647 310)	(4 638 201)
Depreciation and amortisation	22	(6 941 968)	(6 662 828)
Lease rentals on operating lease	24	(1 442 191)	(853 335)
Debt Impairment	25	-	(36 131)
Total expenditure		**(454 505 119)**	**(414 377 078)**
Loss on disposal of assets	26	(798 176)	(390 461)
Other income	27	207 984	574 595
		(590 192)	**184 134**
Deficit for the year		**(62 469 659)**	**(43 337 866)**

STATEMENT OF CHANGES IN NET ASSETS

FIGURES IN RAND	REVALUATION RESERVE	ACCUMULATED SURPLUS / DEFICIT	TOTAL NET ASSETS
Balance at 01 April 2023	**252 000**	**249 964 928**	**250 216 928**
Changes in net assets			
Deficit for the year	-	(43 337 866)	(43 337 866)
Total changes	**-**	**(43 337 866)**	**(43 337 866)**
Balance at 01 April 2024	**252 000**	**206 627 062**	**206 879 062**
Changes in net assets			
Deficit for the year	-	(62 469 659)	(62 469 659)
Total changes	**-**	**(62 469 659)**	**(62 469 659)**
Balance at 31 March 2025	**252 000**	**144 157 403**	**144 409 403**

CASH FLOW STATEMENT

FIGURES IN RAND	NOTE(S)	2025	2024
Cash flows from operating activities			
Receipts			
Licence fees, levies and other income		395 893 183	349 895 302
Interest income		7 880 822	12 156 483
		403 774 005	**362 051 785**
Payments			
Employee related costs		(317 704 361)	(299 067 946)
Payment for goods and services		(119 820 658)	(101 364 475)
		(437 525 019)	**(400 432 421)**
Net cash flows from operating activities	**29**	**(33 751 014)**	**(38 380 636)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7 336 169)	(8 160 465)
Proceeds from disposal of property, plant and equipment		113 046	179 139
Purchase of intangible assets		(10 123 988)	-
Net cash flows from investing activities		**(17 347 111)**	**(7 981 326)**
Net increase/(decrease) in cash and cash equivalents		**(51 098 125)**	**(46 361 962)**
Cash and cash equivalents at the beginning of the year		122 168 371	168 530 333
Cash and cash equivalents at the end of the year	**7**	**71 070 246**	**122 168 371**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

BUDGET ON CASH BASIS						
FIGURES IN RAND	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental income	34 818	-	**34 818**	28 707	**(6 111)**	39.1
Other income	-	-	**-**	398 621	**398 621**	39.2
Interest income	11 118 145	-	**11 118 145**	7 838 617	**(3 279 528)**	39.3
Total revenue from exchange transactions	**11 152 963**	**-**	**11 152 963**	**8 265 945**	**(2 887 018)**	
Revenue from non-exchange transactions						
Licence fees and levies	386 862 233	-	**386 862 233**	395 359 655	**8 497 422**	39.4
Registration fees: SSEG	70 000	-	**70 000**	106 200	**36 200**	39.5
Interest - non exchange revenue	-	-	**-**	42 205	**42 205**	39.6
Total revenue from non- exchange transactions	**386 932 233**	**-**	**386 932 233**	**395 508 060**	**8 575 827**	
Total revenue	**398 085 196**	**-**	**398 085 196**	**403 774 005**	**5 688 809**	
Expenditure						
Employee related costs	(344 979 061)	-	**(344 979 061)**	(317 704 361)	**27 274 700**	39.7
General expenses	(35 171 426)	(3 875 000)	**(39 046 426)**	(37 128 988)	**1 917 438**	39.8
Legal fees	(18 000 000)	(6 000 000)	**(24 000 000)**	(29 046 436)	**(5 046 436)**	39.9
Travel and accommodation	(12 316 069)	(1 400 000)	**(13 716 069)**	(14 078 773)	**(362 704)**	
Software licenses	(8 389 385)	(3 300 000)	**(11 689 385)**	(11 977 877)	**(288 492)**	
Information technology operations	(13 383 576)	3 650 000	**(9 733 576)**	(8 643 702)	**1 089 874**	39.10
Consulting and professional fees	(15 190 218)	4 675 000	**(10 515 218)**	(7 367 846)	**3 147 372**	39.11
Advertising	(7 965 000)	250 000	**(7 715 000)**	(5 547 871)	**2 167 129**	38.12
Knowledge centre	(11 000 000)	6 000 000	**(5 000 000)**	(4 610 208)	**389 792**	
Lease rentals on operating lease	(1 759 723)	-	**(1 759 723)**	(1 418 957)	**340 766**	
Total operating expenditure	**(468 154 458)**	**-**	**(468 154 458)**	**(437 525 019)**	**30 629 439**	
Operating deficit	**(70 069 262)**	**-**	**(70 069 262)**	**(33 751 014)**	**36 318 248**	
Purchase of intangibles	(13 000 000)	3 000 000	**(10 000 000)**	(10 123 988)	**(123 988)**	
Purchase of property, plant and equipment	(4 100 000)	(3 000 000)	**(7 100 000)**	(7 336 169)	**(236 169)**	
Proceeds from disposal of assets	-	-	**-**	113 046	**113 046**	
	(17 100 000)	**-**	**(17 100 000)**	**(17 347 111)**	**(247 111)**	

BUDGET ON CASH BASIS						
FIGURES IN RAND	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
Deficit after capital expenditure	**(87 169 262)**	**-**	**(87 169 262)**	**(51 098 125)**	**36 071 137**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(87 169 262)**	**-**	**(87 169 262)**	**(51 098 125)**	**36 071 137**	
Reconciliation						
Basis difference						
Capital expenditure				17 460 158		
Depreciation and amortisation				(6 941 968)		
Loss on disposal of assets				(798 176)		
Timing difference						
Changes in working capital				(16 286 277)		
Movement in provisions						
Actual Amount in the Statement of Financial Performance				**(62 469 659)**		

1. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. The amounts presented in the financial statements are rounded to the nearest South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that NERSA will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Conceptual Framework for General Purpose Financial Reporting states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

NERSA does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.4 Significant judgements and sources of estimation uncertainty

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as related disclosures. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Estimates are informed by historical experience, information currently available to management, assumptions and other factors that are believed to be reasonable under the circumstances. The estimates shall be reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of review and applied prospectively.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes. In applying the NERSA's accounting policies estimates shall be made on items such as the following:

Receivables

NERSA assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, NERSA makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

NERSA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows (undiscounted).

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, NERSA measures an impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised.

Materiality

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing the financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.

Applying materiality in the preparation of annual financial statements requires NERSA to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

- Identification of users and their information needs
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds
- Application of materiality in preparing the financial statements
- Developing accounting policies
- Deciding what information to disclose
- Deciding how to present information
- Assessing omissions, misstatements and errors

The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared

Review of residual values and useful life

Management reviews the residual values and useful lives on property plant and equipment and intangible assets at the end of each reporting date. The useful lives are determined based on NERSA's replacement practices for each of the various assets and factors such as technological innovations.

When the estimated residual value or useful life of an asset differs from the previous estimate, the change is accounted as a change in estimate.

Contingencies

Management uses it's best estimate of the value of the contingencies to be disclosed based on historical experiences and assumptions per case and if no reliable estimate can be made, the reason thereof will be disclosed.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Land and Buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Land is not depreciated. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Land is not depreciated.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	50 years
Office furniture and equipment	Straight-line	12 years
Computer hardware	Straight-line	7 years
Motor vehicles	Straight-line	7 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by NERSA. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

NERSA assesses at each reporting date whether there is any indication that NERSA expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, NERSA revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit.

The residual values of the categories of property, plant and equipment are determined as follows:

- Computer hardware 8.0%
- Office furniture and equipment 8.0%
- Motor vehicles 52.0%

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

NERSA assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially measured at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight-line	8 years

The amortisation period and the amortization method for intangible assets are reviewed at each reporting date and any changes is accounted for as a change in an accounting estimate.

NERSA discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

NERSA's receivables from non-exchange transactions includes statutory receivables which are specifically excluded from financial instruments.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Classification

NERSA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

CLASS	CATEGORY
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

NERSA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

CLASS	CATEGORY
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

NERSA recognises a financial asset or a financial liability in its statement of financial position when NERSA becomes a party to the contractual provisions of the instrument.

NERSA recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

NERSA measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

NERSA measures all financial assets and financial liabilities after initial recognition using the amortised cost model. All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The NERSA assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

FINANCIAL ASSETS

NERSA derecognises a financial assets only when the contractual rights to the cash flow from the financial assets expire, are settled or waived.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

FINANCIAL LIABILITIES

NERSA removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

PRESENTATION

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

1.8 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

NERSA recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The NERSA initially measures statutory receivables at their transaction amount.

Subsequent measurement

NERSA measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

NERSA levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. The interest rate is determined as per section (80)(1)(a) and section (80)(1)(b) of the Public Finance Management Act (Act No.1 of 1999).

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from non-exchange transactions.

Impairment losses

NERSA assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, NERSA considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, NERSA measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, NERSA considers the amount and not timing of the cash flows that it will receive in future (undiscounted). Consequently the time value of money is not adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised.

The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

NERSA derecognises a statutory receivable, or part thereof, when the rights to the cash flow from the receivables are settled, expired or are waived.

1.9 Tax

Tax expenses

NERSA is exempted from paying tax, in terms of section 10(1)(cA)(1) of the Income Tax Act, 1962 (Act No.58 of 1962).

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.11 Inventories

Inventories are initially measured at cost.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Current replacement cost is the cost the NERSA incurs to acquire the asset on the reporting date.

When inventory is written down to the current replacement costs, the losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any reversal or write-down of inventories, arising from an increase in the current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period i which the reversal occurs.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to NERSA.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise bank balances, cash on hand and deposits held at call with banks.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:
- the period of time over which an asset is expected to be used by NERSA; or
- the number of production or similar units expected to be obtained from the asset by the NERSA.

Designation

At initial recognition, NERSA designates an asset as non-cash-generating, or an asset or cash-generating unit as cash- generating. The designation is made on the basis of the NERSA's objective of using the asset.

NERSA designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

NERSA designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

Assets used for administration and in daily operations of NERSA are classified as non-cash generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

NERSA assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, NERSA estimates the recoverable service amount of the asset.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

NERSA assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, NERSA estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 Employee benefits

Identification

EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an NERSA in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

CLASSIFICATION OF PLANS

Defined contribution plans are post-employment benefit plans under which NERSA pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Short-term employee benefits

RECOGNITION AND MEASUREMENT

ALL SHORT-TERM EMPLOYEE BENEFITS

When an employee has rendered service to NERSA during a reporting period, NERSA recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
- As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

NERSA recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

- in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and
- in the case of non-accumulating paid absences, when the absences occur.

NERSA measures the expected cost of accumulating paid absences as the additional amount that NERSA expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The cost has been calculated at the undiscounted amounts based on the salary rates effective on the reporting date.

Bonus, incentive and performance related payments

NERSA recognises the expected cost of bonus, incentive and performance related payments when, and only when:

- NERSA has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made. A present obligation exists when, and only when, NERSA has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

RECOGNITION AND MEASUREMENT

When an employee has rendered service to NERSA during a reporting period, NERSA recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset. When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, they are be discounted using the discount rate as specified.

NERSA is part of an Umbrella Fund which is administered by SANLAM Umbrella Fund. The plan is funded by the payments of the employer and the employees. The Umbrella Fund is managed by the Board of Trustees consisting of a Principal Officer and Professional Trustees who are usually practitioners in the retirement fund industry.

Payments to the defined contribution retirement benefit plan's are charged as an expense in the period such contribution become payable.

1.15 Provisions and contingencies

Provisions are recognised when:

- NERSA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Contingent assets and contingent liabilities are not recognised. Contingencies are recorded in the notes to the financial statement 31.

1.16 Commitments

Items are classified as commitments when NERSA has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments that are required by other standards of GRAP ie. GRAP 17: Property Plant and Equipment, GRAP 31: Intangible Assets and GRAP 13: Leases.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which NERSA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rental Income

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to NERSA;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from the rental of office space is classified as operating lease and is recognised on straight-line basis over the term of the lease agreement where such lease span more than one financial year.

Interest income

Revenue arising from the use by others of entity assets yielding interest is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to NERSA, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by NERSA, which represents an increase in net assets, other than increases relating to contributions from owners.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, NERSA either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

Revenue is recognised on an accrual basis in accordance with the substance of the relevant agreements based on the provisions of the specific legislation.
- Section 5B of the Electricity Act, 1987 (Act No. 41 of 1987)
- Section 2 of the Gas Regulator Levies Act, 2002 (Act No 75 of 2002)
- Section 2 of the Petroleum Pipelines Levies, 2004 (Act No. 28 of 2004)
- Section 9 of the Electricity Regulation Act, 2006 (Act No.4 of 2006).

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by NERSA.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. NERSA applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.19 Interest income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Vain means expenditure incurred without value being derived from it.

National Treasury instruction note no. 4 of 2022/23 which was issued in terms of section 76(1)(b), (e) and (f), (2)(e) and (4)(a) and (c) of the PFMA (effective from 3 January 2023) guides as follows.

Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year, with one comparative analysis.

Fruitless and wasteful expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occur as follows:
a. fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
b. fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
c. fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigation, narratives and a process of dealing with the concerned fruitless and wasteful expenditure must be recorded in the annual report.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA) is expenditure other than unauthorised expenditure, incurred in contravention of or not in accordance with the requirement of any applicable act.

National Treasury instruction note no 4 of 2022/23 which was issued in terms of section 76(1)(b), (e) and (f) and (2)(e) and (4)(a) and (c) of the PFMA requires the following:

- Irregular expenditure when incurred and confirmed is recorded in the financial statement disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.
- Irregular expenditure for the previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:
  a. Irregular expenditure incurred and confirmed in the previous financial year.
  b. Irregular expenditure that was under assessment in the previous financial year and confirmed in the current financial year.
  c. Irregular expenditure that was not discovered in the previous in the previous financial year and identified and confirmed in the current financial year.
  d. Irregular expenditure payments relating to multi-year contracts that was not condoned or removed.

1.23 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management.

Information relating to segmental assets and liabilities have not been disclosed as it is not regularly provided to management for review.

NERSA segment information is disclosed on note 38.

1.24 Budget information

General purpose financial reporting NERSA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Material variances between actual and budgeted amounts are explained. Refer to note 39. Comparative information is not required.

1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of NERSA, including those charged with the governance of NERSA in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with NERSA.

NERSA is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect NERSA to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where NERSA is exempt from the disclosures in accordance with the above, NERSA discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

NERSA will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

NERSA will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations issued, but not yet effective

NERSA has not applied the following standards and interpretations (applicable and relevant to NERSA), which have been published for the accounting periods beginning on or after 01 April 2025 or later periods:

Only standards and interpretations applicable or relevant to NERSA are disclosed below:

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

APPLICABILITY OF GOING CONCERN IN THE PUBLIC SECTOR

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The “intention” to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

DISCLOSURE ON GOING CONCERN

The Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The entity expects to adopt the standard for the first time when it becomes effective.

It is unlikely that the standard will have material impact on the entity's financial statements. The impact is currently being assessed.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revision is 1 April 2025.

NERSA will adopt the revision for the first time on 1 April 2025.

The adoption of this standard is not expected to have material impact on the results of the entity as NERSA does not have material financial assets, but may result in more disclosure than is currently provided in the annual financial statements.

iGRAP 22 Foreign Currency Transactions and Advance Consideration

BACKGROUND

Paragraph .21 of the Standard of GRAP on The Effects of Changes in Foreign Exchange Rates (GRAP 4) requires an entity to record a foreign currency transaction, on initial recognition in its functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency (the exchange rate) at the date of the transaction. Paragraph .22 of GRAP 4 states that the date of the transaction is the date on which the transaction first qualifies for recognition in accordance with the Standards of GRAP.

When an entity pays or receives consideration in advance in a foreign currency, it generally recognises a non-monetary asset or non-monetary liability before the recognition of the related asset, expense or revenue. The related asset, expense or revenue (or part of it) is the amount recognised applying the relevant Standard of GRAP, which results in the derecognition of the non-monetary asset or non-monetary liability arising from the advance consideration.

A question arose asking how to determine “the date of the transaction” applying paragraphs .21 and .22 of GRAP 4 when recognising revenue. The question specifically addressed circumstances in which an entity recognises a non-monetary liability arising from the receipt of advance consideration before it recognises the related revenue. It was further noted that the receipt or payment of advance consideration in a foreign currency is not restricted to revenue transactions. Accordingly, it was decided to clarify the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue when an entity has received or paid advance consideration in a foreign currency.

ISSUE

This Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency.

Consensus

Applying paragraphs .21 and .22 of GRAP 4, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The effective date of this interpretation is for years beginning on or after 01 April 2025.

The entity expects to adopt the standard for the first time in the 2025/2026 annual financial statements. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

FIGURES IN RAND	2025	2024

3. INVENTORIES

Stationery consumables	286 399	258 308

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Sundry debtors	66 036	363 609
Accrued bank interest	110 127	126 576
	176 163	**490 185**

Sundry debtors include staff debtors (study bursary), deposits (for leasing of parking bays) and other debtors (for office rental).

Sundry debtors impaired

The Ageing of Sundry Debtors

As of 31 March 2025, trade and other receivables of R 0 (2024: R 36 131) were impaired and provided for.

The ageing of sundry debtors is as follows:

Ageing		
1 to 90 days	66 036	363 609

Reconciliation of provision for impairment of sundry debtors

Opening balance	36 131	50 564
Allowance for impairment	-	36 131
Amounts written off as uncollectable	(25 201)	(50 564)
Amounts collected	(10 930)	-
	-	**36 131**

5. PREPAYMENTS

Prepayments	6 927 304	5 711 922

Prepayments are mainly software licenses that are paid in advance.

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Licence fees: Electricity	12 371 094	15 980 357
Levies: Piped-Gas	14 697 717	18 150 157
Levies: Petroleum Pipelines	9 191 804	12 869 494
	36 260 615	**47 000 008**

FIGURES IN RAND	2025	2024

Statutory receivables are non-exchange receivables as they arise from legislation.

Statutory receivables general information

Transaction(s) arising from statute

NERSA's statutory receivables arises from billing with licence fees and levies as provided from the following legislation:

- Section 5B of the Electricity Act, 1987 (Act No 41 of 1987).
- Section 2 of the Gas Regulator Levies Act. 2002 (Act No. 75 of 2002).
- Section 2 of the Petroleum Pipelines Levies, 2004 (Act No. 28 of 2004).

Determination of transaction amount

Statutory receivables are carried at cost which normally approximates their value due to their short-term maturity.

Interest or other charges levied/charged

The calculation of interest due and payable on statutory receivable is based on the uniformed interest rate contemplated in Section 80(1)(b) of the Public Finance Management Act.

Basis used to assess and test whether a statutory receivable is impaired

Statutory receivables that are more than 120 days due are considered to be impaired.

Statutory receivables impaired

As of 31 March 2025 and 31 March 2024, there were no statutory receivables that were impaired and provided for.

The ageing of these receivables is as follows:

Licence fees: Electricity Regulation:1 to 30 days	12 371 094	15 980 357
Levies: Piped-Gas: 1 to 30 days	14 697 717	18 150 157
Levies: Petroleum Pipelines: 1 to 30 days	9 191 804	12 869 494
	36 260 615	**47 000 008**

FIGURES IN RAND	2025	2024

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	272	-
Current account	18 863 715	20 282 933
Corporation for public deposits	52 206 259	101 885 438
	71 070 246	**122 168 371**

FIGURES IN RAND

8. PROPERTY, PLANT AND EQUIPMENT

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	9 187 000	-	9 187 000	9 187 000	-	9 187 000
Buildings	63 470 553	(3 967 728)	59 502 825	63 313 001	(1 983 952)	61 329 049
Motor vehicles	1 961 609	(317 555)	1 644 054	1 961 609	(183 045)	1 778 564
Office furniture and equipment	22 679 883	(9 959 324)	12 720 559	22 605 833	(8 468 620)	14 137 213
Computer hardware	31 520 892	(12 962 910)	18 557 982	29 241 531	(12 388 676)	16 852 855
Total	**128 819 937**	**(27 207 517)**	**101 612 420**	**126 308 974**	**(23 024 293)**	**103 284 681**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Land	9 187 000	-	-	-	9 187 000
Buildings	61 329 049	157 553	-	(1 983 777)	59 502 825
Motor vehicles	1 778 564	-	-	(134 510)	1 644 054
Office furniture and equipment	14 137 213	102 275	(3 265)	(1 515 664)	12 720 559
Computer hardware	16 852 855	5 385 796	(794 911)	(2 885 758)	18 557 982
	103 284 681	**5 645 624**	**(798 176)**	**(6 519 709)**	**101 612 420**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Land	9 187 000	-	-	-	9 187 000
Buildings	63 313 000	-	-	(1 983 951)	61 329 049
Motor vehicles	1 838 123	78 936	-	(138 495)	1 778 564
Office furniture and equipment	13 028 937	2 504 678	(21 004)	(1 375 398)	14 137 213
Computer hardware	12 398 546	7 535 350	(347 969)	(2 733 072)	16 852 855
	99 765 606	**10 118 964**	**(368 973)**	**(6 230 916)**	**103 284 681**

FIGURES IN RAND	2025	2024
Compensation received for losses and sale on property, plant and equipment – included in other income.		
Buildings	34 541	-
Computer hardware	78 505	179 139
	113 046	**179 139**

Revaluations of land and buildings

Land and buildings are carried at revaluation. Revaluation is done every three years.

The latest revaluation was done on 31 March 2023. Revaluations was performed by independent valuer.

The valuation was performed using the income capitalization method. This method entails the identification, analysis and application of recent comparable sales involving physically and legally similar properties in the general proximity of the subject property, to enable the Valuer to arrive at a norm which will serve as a guide in estimating the Market Value of the subject property.

These assumptions were based on current market conditions.

Details of properties

ERF 1163 Arcadia, 526 Madiba, Kulawula House

	2025	2024
- Purchase price: 1 December 2008	7 000 000	7 000 000
- Additions and depreciation since purchase or valuation	61 689 825	63 516 049
	68 689 825	**70 516 049**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2025	2024
Contracted services	2 413 361	1 736 986

FIGURES IN RAND

9. INTANGIBLE ASSETS

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	5 142 230	(3 557 993)	1 584 237	5 142 230	(3 135 733)	2 006 497
Intangible assets under development	10 123 988	-	10 123 988	-	-	-
Total	**15 266 218**	**(3 557 993)**	**11 708 225**	**5 142 230**	**(3 135 733)**	**2 006 497**

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software	2 006 497	-	(422 260)	1 584 237
Intangible assets under development	-	10 123 988	-	10 123 988
	2 006 497	**10 123 988**	**(422 260)**	**11 708 225**

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software	2 459 896	(21 487)	(431 912)	2 006 497

FIGURES IN RAND	2025	2024
Intangible assets in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of Intangible assets		
Intangible assets under development	10 123 987	-

Development of the online portal.

FIGURES IN RAND	2025	2024

10. PAYABLES FROM EXCHANGE TRANSACTIONS

Accruals (Trade payables)	17 717 996	15 701 883
Accrued leave pay	15 607 226	13 294 887
Trade payables	915 429	911 122
Other payables - employees	949 419	772 881
Sundry creditors	99 452	117 319
	35 289 522	**30 798 092**

11. PAYABLE (NON-EXCHANGE)

Statutory debtors with a credit balance	294 359	-

12. PROVISIONS

Reconciliation of provisions - 2025

	Opening Balance	Additios	Utilised during the year	Total
Performance bonuses *	43 242 818	47 594 651	(42 789 381)	48 048 088

The performance bonus represents management best estimates of the bonus potentially payable to qualifying NERSA employees who signed the performance agreements with NERSA for the financial year ending 31 March.

* The performance bonus assessment for 2024/25 financial year are yet to be completed after year end to determine the actual bonus payable to employees.

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Performance bonuses *	39 907 573	43 242 818	(39 907 573)	43 242 818

* The performance bonus provision relates to the amount payable to qualifying NERSA employees for services rendered from 1 April 2023 to 31 March 2024.

13. REVALUATION RESERVE

Opening balance	252 000	252 000

The amount relates to the revaluation of land.

FIGURES IN RAND	2025	2024

14. INTEREST INCOME

Interest revenue

Bank	**7 822 168**	**12 200 658**

15. RENTAL INCOME

Premises

Premises	34 818	33 160

The above rentals are operating lease rentals. The lease agreements does not have a lease term.

16. LICENCE FEES AND LEVIES

Licence fees for Electricity	239 336 142	210 366 680
Levies for Piped Gas	87 225 230	85 520 870
Levies for Petroleum Pipelines	58 058 889	62 642 084
	384 620 261	358 529 634

17. REGISTRATION FEES (SSEG)

Small scale embedded generators of electricity (SSEG)	106 200	83 600

18. INTEREST NON-EXCHANGE REVENUE

Interest - Statutory receivables	42 205	-

19. RECOVERIES

Non exchange debt previous written off	-	8 026

The recovery relate to the debt that was previously written off.

FIGURES IN RAND	2025	2024

20. EMPLOYEE RELATED COSTS

Basic salaries	228 141 618	212 310 696
Performance bonus	47 331 516	43 394 719
Pension fund contribution	28 825 115	27 746 261
Medical aid contributions	11 981 848	11 682 581
Cellphone and data allowances	4 184 681	4 290 684
Leave pay provision charge	2 916 372	1 156 680
Overtime payments	650 771	408 258
Unemployment Insurance Fund	525 166	527 682
Long-service awards	441 422	544 911
	324 998 509	**302 062 472**

21. GENERAL EXPENSES

Public hearings	4 031 762	-
Training and development	3 765 352	3 846 890
External auditors fees	3 168 721	3 506 686
Part time and external board members fees	3 006 381	2 520 963
Study fees	2 710 419	1 289 657
Repairs and maintenance	2 413 361	1 736 986
Facility management operations	1 976 017	2 091 654
Publication and communication	1 910 019	3 257 065
Municipal rates and water consumption	1 711 112	1 557 662
Subscriptions and membership fees	1 612 243	1 604 839
Electricity consumption	1 543 325	1 431 743
Insurance	1 337 878	1 225 446
Health and safety and employee wellness	1 193 161	666 647
Recruitment	792 021	479 401
Stakeholder Meetings and venue hire	678 424	575 085
Catering for meetings and functions	614 254	317 335
Learnership programme	582 000	560 000
Motor vehicle expenses	416 284	358 567
Telephone	345 617	317 914
External bursaries	324 600	319 265
Printing and stationery	215 844	209 367
Protective clothing	157 727	366 787
Postage and courier	148 815	251 523
Bank charges	74 980	81 680
Sponsorship	50 600	45 943
	34 780 917	**28 619 105**

FIGURES IN RAND	2025	2024

22. DEPRECIATION AND AMORTISATION

Depreciation - Computer hardware	2 885 758	2 733 072
Depreciation - Buildings	1 983 777	1 983 952
Depreciation - Office equipment and furniture	1 515 664	1 375 397
Amortisation - Intangibles	422 259	431 912
Depreciation - Motor vehicles	134 510	138 495
	6 941 968	**6 662 828**

23. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of certain property, plant and equipment was revised due to change in expectation relating to the replacement of property, plant and equipment. The effect of this revision has decreased the depreciation charges and amortisation for the current and future years.

Disclosure	Category	Before change in estimate	Change in estimate	After change in estimate
Property, plant and equipment	Buildings	1 983 777	-	1 983 777
Property, plant and equipment	Motor vehicles	134 510	-	134 510
Property, plant and equipment	Computer hardware	3 381 997	(496 239)	2 885 758
Property, plant and equipment	Office equipment	1 538 729	(23 065)	1 515 664
Intangibles	Computer software	422 259	-	422 259
		7 461 272	**(519 304)**	**6 941 968**

24. LEASE RENTALS ON OPERATING LEASE

Multifunctional machines		
Contractual amounts	950 616	237 654
Parking bays		
Contractual amounts	491 575	615 681
	1 442 191	**853 335**

25. DEBT IMPAIRMENT

Allowance for impairment	-	36 131

26. LOSS ON DISPOSAL OF ASSETS

Computer hardware	794 911	347 969
Office furniture and equipment	3 265	21 004
Computer software	-	21 488
	798 176	**390 461**

FIGURES IN RAND	2025	2024

27. OTHER INCOME

Recoveries	207 984	574 595

Includes recoveries from insurance and recoveries of study assistance from employees.

28. AUDITORS' REMUNERATION

Current year audit	589 539	1 067 928
Prior year audit	2 579 183	2 438 758
	3 168 722	**3 506 686**

29. CASH USED IN OPERATIONS

Deficit	(62 469 659)	(43 337 866)
Adjustments for:		
Depreciation and amortisation	6 941 968	6 662 828
Loss on disposal of assets	685 129	211 323
Debt impairment	-	36 131
Movements in provisions	4 805 270	3 335 245
Changes in working capital:		
Inventories	(28 091)	(25 562)
Receivables from exchange transactions	314 022	(255 253)
Other receivables from statutory receivables	10 739 393	(8 979 624)
Prepayments	(1 215 382)	(684 843)
Payables from exchange transactions	6 181 977	4 656 985
Payable (non-exchange)	294 359	-
	(33 751 014)	**(38 380 636)**

30. COMMITMENTS

Capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	-	130 267
• Intangible assets	-	655 131
	-	**785 398**

NERSA only discloses commitments that are required by standards of GRAP. GRAP 17 Property Plant and Equipment, GRAP 13 Leases and GRAP 31 Intangible Assets

Operating lease (expense) parking bays

Minimum lease payments due		
- within one year	116 169	491 575
- in second to fifth year inclusive	-	116 169
	116 169	**607 744**

The lease obligation relates to the rental of parking space. There are two separate leases contracts both for 24 months. One lease expired 31 January 2025 and another expires on 31 August 2025. There are no lease escalations clauses and renewal terms.

FIGURES IN RAND	2025	2024
Operating lease expense Multifuctional printing machines		
Minimum lease payments due		
- within one year	950 616	950 616
- in second to fifth year inclusive	712 962	1 663 578
	1 663 578	**2 614 194**

The lease obligation relates to the rental agreement for the use of multifunctional printing machines for the period of 36 months from 01 January 2024 to 31 December 2026. The lease amount is fixed and there is no escalation clause and renewal terms.

Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	36 559	34 818
- in second to fifth year inclusive	165 453	157 574
	202 012	**192 392**

The minimum future lease is in respect of the use of the NERSA premises. The lease operates on a month-to-month basis and may be terminated by either party with a two-month notice period. The term of the lease cannot exceed five years.

31. CONTINGENT LIABILITIES

31.1 Accumulated surpluses

A request to retain accumulated cash surpluses as at the end of 31 March 2025 will be submitted to the National Treasury when the audited annual financial statements for the year ended 31 March 2025 have been approved by the Energy Regulator. If approved the accumulated cash surpluses will not be surrendered to the National Treasury. Historically the National Treasury has approved the retention of cash surpluses by NERSA.

31.2 Litigations

There are various legal matters where NERSA's decisions are being challenged in courts or through an out of court settlement process or NERSA cited in other cases where an explanatory affidavit is required. In these cases, the assessment from lawyers confirms that there are no claims sought by litigants for financial compensation from NERSA. Contingencies arise when a cost order is made against or in favour of NERSA when judgement is handed down for each case. At 31 March 2025, NERSA has a total of 36 active cases as follows:

NATURE OF LITIGATION MATTER	NUMBER OF CASES	PROSPECTS AND FINANCIAL IMPLICATIONS
Matters where NERSA is opposing (NERSA decisions being challenged).	16	NERSA's Legal Advisory Services considers the prospect each matter under opposition as favourable. There could be a cost order against or in favour of NERSA when the judgement is handed down. As these matters are continuing and there is no judgement yet, NERSA cannot reliably estimate whether there will be a cost order or not.
Matters where NERSA is cited as a party in a litigation matter and is not opposing.	4	These cases are not contingencies as there will never be a cost order against NERSA.
Matters where NERSA's decisions are being challenged and is not opposing but settlement is pursued.	7	These cases were initiated against NERSA by various parties and because of intervening factors not supportive of pursuing the litigation both parties agreed to pursue an out of court settlement with each party carrying their own costs. There are no contingencies envisaged in terms of cost orders, as each party agreed to settle own costs.
Matters where the judgement was delivered with cost orders, but no bill of cost has been received.	5	These cases were heard and judgement delivered with cost orders against NERSA. The bill of cost has not been served on NERSA yet and we cannot estimate the amount.
Matter where judgement is reserved.	4	These cases were heard and finalised, but judgement has not been delivered, NERSA has no control on demanding the delivery of the judgement or anticipate the outcome. As these matters are continuing a n d NERSA cannot reliably estimate the amount including timing of outflow.
Total Cases	36	

Matters before the Labour Court

There are two legal matters before the Labour Courts and one of the case the judgement is reserved. NERSA's Legal Advisory Services considers the prospect of these matters as favourable. As these matters are continuing NERSA cannot reliably estimate the amount including timing of outflow.

32. RELATED PARTIES

Relationships	
Executive Authority	Department of Electricity and Energy
Regulators	Details provided below
Members of key management	Details provided below
Entities under common control	All entities under the Department of Electricity and Energy

NERSA is exempted from the disclosure requirement in relation to related party transaction if that transaction occurs within normal supplier and/or client/receipt relationship on terms and conditions no more or less favourable than those which it is reasonable to expect NERSA to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting NERSA's legal mandate.

Remuneration of management

Full time regulator members

2025

	Salary	Car allowances	Reimbursive and other allowances	Medical aid	Pension fund contributions and UIF	Performance bonus[1]	Leave provision	Total
Name								
N Sithole	2 380 746	42 000	50 237	97 053	295 841	322 648	171 790	3 360 315
N Maseti[2]	2 127 214	60 000	40 507	148 155	281 049	304 720	430 133	3 391 778
M Mkhize	2 280 369	-	31 036	-	281 049	325 035	279 005	3 196 494
N Gumede[3]	2 196 630	-	3 288	83 739	276 442	-	383 632	2 943 731
	8 984 959	**102 000**	**125 068**	**328 947**	**1 134 381**	**952 403**	**1 264 560**	**12 892 318**

2024

	Salary	Car allowances	Reimbursive and other allowances	Medical aid	Pension fund contributions and UIF	Performance bonus[4]	Leave provision	Total
Name								
N Sithole	2 426 349	42 000	71 294	92 709	304 539	277 502	55 808	3 270 201
N Maseti[5]	2 111 151	60 000	36 017	134 781	287 694	292 025	410 825	3 332 493
M Mkhize	2 260 932	-	42 459	-	283 618	285 014	317 556	3 189 579
N Gumede	2 179 662	-	75 191	81 270	278 737	167 352	266 480	3 048 692
	8 978 094	**102 000**	**224 961**	**308 760**	**1 154 588**	**1 021 893**	**1 050 669**	**12 840 965**

1 Performance bonus were paid in 2024/25 financial year with regard to the performance of the 2023/24.
2 Term-ended 28 February 2024. Temporarily appointed for six-months ending 31 August 2024 or until such time the position is permanently filled.
3 Term-ended 31 March 2025.
4 Performance bonus were paid in 2023/24 financial year with regard to the performance of the 2022/23 financial year.
5 Term ended 28 February 2024, Temporary appointment for six months ending 31 August 2024 or until such time the position is permanently filled.

Part time regulator members

2025

Name	Scheduled meetings	Special assignment	Reimbursive and other allowances	Total
T Bukula (Chairperson)	704 808	41 412	27 535	773 755
Z Mpungose (Deputy Chairperson) 1	427 918	15 162	13 564	456 644
T Semane	581 020	7 784	29 952	618 756
F Sibanda	446 424	14 456	12 150	473 030
P Sibiya	399 760	3 336	13 167	416 263
	2 559 930	**82 150**	**96 368**	**2 738 448**

2024

Name	Scheduled meetings	Special assignment	Reimbursive and other allowances	Total
T Bukula (Chairperson)	438 444	72 213	57 816	568 473
Z Mpungose (Deputy Chairperson)	388 326	85 154	12 150	485 630
T Semane	359 352	56 112	71 115	486 579
F Sibanda	348 789	42 982	12 331	404 102
P Sibiya	333 891	14 251	52 929	401 071
	1 868 802	**270 712**	**206 341**	**2 345 855**

External members

2025

Name	Scheduled meetings	Reimbursive and other allowances	Total
P Kekana	64 448	4 050	68 498
M Nkhabu	60 952	4 050	65 002
M Zakwe	55 556	4 050	59 606
V Mello	39 368	4 050	43 418
Z Tshabalala	33 972	4 050	38 022
P Slack	26 980	4 050	31 030
	281 276	**24 300**	**305 576**

2024

Name	Scheduled meetings	Special assignment	Reimbursive and other allowances	Total
P Kekana	59 052	39 924	4 050	103 026
M Nkhabu	59 050	9 448	4 050	72 548
Z Tshabalala	44 764	9 448	4 050	58 262
M Zakwe	50 160	-	4 050	54 210
V Mello	44 764	556	4 050	49 370
P Slack	16 188	556	4 050	20 794
	273 978	**59 932**	**24 300**	**358 210**

Executive management

2025

	Salary	Performance bonus[1]	Car allowances	Acting allowances	Medical aid	Pension fund contributions and UIF	Leave provision	Reimbursive and other allowances	Leave paid out	Total
Name										
B Pono	2 486 747	474 130	-	28 171	-	296 322	120 429	1 096	-	3 406 895
M Murathi[2]	1 722 156	379 581	102 000	308 727	77 166	228 074	101 791	-	-	2 919 495
X Mtwa	1 939 480	345 754	-	-	71 778	227 548	191 075	1 851	-	2 777 486
N Hlangwane[3]	1 487 658	302 733	-	374 181	112 443	207 193	193 511	47 900	-	2 725 619
W Mkhize[4]	1 760 365	235 020	-	257 099	89 136	239 669	109 869	7 702	-	2 698 860
T Nxumalo	2 213 869	-	-	21 501	-	277 349	99 420	-	-	2 612 139
F Harrison[5]	534 841	-	-	-	24 170	66 625	129 087	14 113	-	768 836
L Nematswerani[6]	36 982	259 740	6 000	-	-	177	-	-	119 609	422 508
	12 182 098	**1 996 958**	**108 000**	**989 679**	**374 693**	**1 542 957**	**945 182**	**72 662**	**119 609**	**18 331 838**

2024

	Salary	Performance bonus[7]	Car allowances	Acting allowances	Medical aid	Pension fund and UIF	Leave provision	Reimbursive and other allowances	Leave paid	Total
Name										
L Nematswerani	2 251 055	409 853	72 000	-	84 187	309 346	116 537	9 061	-	3 252 039
B Pono	2 313 825	437 906	-	76 946	-	281 882	111 959	38 234	-	3 260 752
T Nxumalo	2 080 462	271 721	-	-	-	266 775	119 202	-	-	2 738 160
X Mtwa	1 724 222	337 079	-	-	68 748	217 552	60 332	41 773	-	2 449 706
Z Mavuso[8]	1 603 340	-	-	-	28 679	198 508	-	1 044	99 199	1 930 770
F Harrison[9]	1 832 266	424 223	-	289 537	94 122	247 097	104 482	58 098	-	3 049 825
	11 805 170	**1 880 782**	**72 000**	**366 483**	**275 736**	**1 521 160**	**512 512**	**148 210**	**99 199**	**16 681 252**

1 Performance bonuses were paid in the 2024/25 financial year with regard to the performance of the 2023/24 financial year.
2 pointed Acting Executive Manager Corporate service from 1 April 2024 (since 01 February 2024). Acting term ended 12 January 2025.
3 Appointed Acting Chief Human Capital Officer since 06 April 2024.
4 Appointed Acting Executive Manager Electricity Regulation from 15 July 2024 until 19 March 2025.
5 Appointed Executive Manager Corporate Services from 13 January 2025.
6 Resigned 05 April 2024.
7 Performance bonus were paid in the 2023/24 financial year with regard to the performance of the 2022/23 financial year.
8 Resigned 31 December 2023.
9 Appointed Acting Executive Manager Corporate Services from 1 April 2020. Acting term for the period 1 April 2023 to 31 January 2024.

33. RISK MANAGEMENT

Financial risk management

NERSA's activities expose it to a variety of financial risks: such as interest rate risk, credit risk and liquidity risk.

Liquidity risk

NERSA's risk to liquidity is a result of the funds available to cover future commitments. entity manages liquidity risk through an ongoing review of future commitments.

The table below analyses NERSA's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accruals (Trade payables)	17 717 996	-	-	-
Trade payables	915 429	-	-	-
Sundry creditors	99 452	-	-	-
At 31 March 2024	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Accruals (Trade payables)	15 701 883	-	-	-
Trade payable	911 122	-	-	-
Sundry creditors	117 319	-	-	-

Credit risk

Credit risk consist mainly of sundry creditors.
Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Sundry debtors	66 036	363 609
Accrued bank interest	110 127	126 576

Market risk

INTEREST RATE RISK

NERSA is exposed to interest rate risk changes in respect of returns on its call deposit investment with financial institutions. NERSA's exposure to interest rate risk is managed by investing on a short term basis in the current account and the Corporation for Public Deposits with the South African Reserve Bank.

Cash flow interest rate risk

2025	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Cash account	- %	272	-	-	-	-
Current account	5,15 %	18 863 715	-	-	-	-
Short-term investment	7,99 %	52 206 259	-	-	-	-
2024	**Current interest rate**	**Due in less than a year**	**Due in one to two years**	**Due in two to three years**	**Due in three to four years**	**Due after five years**
Current account	6,50 %	20 282 933	-	-	-	-
Short-term investment	8,25 %	101 855 438	-	-	-	-

34. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Cash and cash equivalents	71 070 245	71 070 245
Sundry debtors	66 036	66 036
Accrued bank interest	110 127	110 127
	71 246 408	**71 246 408**

Financial liabilities

	At amortised cost	Total
Accruals (Trade payables)	17 717 996	17 717 996
Trade payables	915 429	915 429
Other payables	949 419	949 419
Sundry creditors	99 452	99 452
	19 682 296	**19 682 296**

2024

Financial assets

	At amortised cost	Total
Cash and cash equivalents	122 168 371	122 168 371
Accrued bank interest	126 577	126 577
Sundry debtors	363 609	363 609
	122 658 557	**122 658 557**

Financial liabilities

	At amortised cost	Total
Accruals (Trade payables)	15 701 883	15 701 883
Trade payables	911 122	911 122
Other payables - employees	772 881	772 881
Sundry creditors	117 319	117 319
	17 503 205	**17 503 205**

35. GOING CONCERN

We draw attention to the fact that at 31 March 2025, NERSA had an accumulated surplus of R 144 157 403 and that the NERSA's total assets exceed its liabilities by R 144 409 403.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

FIGURES IN RAND	2025	2024

36. FRUITLESS AND WASTEFUL EXPENDITURE

Add: Fruitless and wasteful expenditure identified - current

There a no cases reported as fruitless and wasteful expenditure in the current and prior year.

37. IRREGULAR EXPENDITURE

Add: Irregular Expenditure - current

There were no cases reported as Irregular expenditure in the current and prior year.

38. SEGMENT INFORMATION

General information

IDENTIFICATION OF SEGMENTS

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

The major revenue of NERSA is derived by imposing prescribed levies and license fees on the regulated industries, following a prescribed transparent procedure, In this regard, the following Acts govern the imposition of such levies.

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

Information reported about these regulatory functions is used by management as a basis of evaluating the segment's performance and for the making of decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

NERSA's supports services departments do not generate economic benefits. Their costs are allocated to regulatory functions as per section 13(3)(a) of the National Energy Regulator Act, 2004 (Act No.4 of 2004).

Section 13(3)(a) of the National Energy Regulator Act, 2004 (Act No.4 of 2004) state that "The cost of the Energy Regulator must be shared between the electricity, piped gas and petroleum pipelines regulatory functions in proportions to the costs incurred by the Energy Regulator in respect of each of these regulatory functions.

Costs that can be directly attributable to an industry-specific regulatory function are charged directly to that function.

Costs that are not directly attributable to an industry-specific function, but are incurred as common costs in order to support the three industry functions, are allocated to the three industry-specific regulatory function using the ratio proportionate to the staff complement attributable to the industry-specific function.

The current ratio used for the allocation is 58% for the electricity industry regulation; 21% for the piped gas industry regulation; and 21% for the petroleum pipelines industry regulation.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

REPORTABLE SEGMENT	SERVICES
Electricity Regulation	Regulation of the Electricity as mandated by the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended
Piped Gas Regulation	Regulation of the Piped Gas as mandated by the Gas Act, 2001 (Act No.48 of 2001)
Petroleum Pipelines Regulation	Regulation of the Petroleum Pipelines as mandated by the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)

FIGURES IN RAND

Segment surplus or deficit, assets and liabilities

2025

	Electricity Regulation	Piped-Gas Regulation	Petroleum Pipelines Regulation	Total
Revenue				
Licence fees and levies (non-exchange revenue)	239 336 142	87 225 230	58 058 889	384 620 261
Interest income - investment	4 536 858	1 642 655	1 642 655	7 822 168
Interest income debtors	42 205	-	-	42 205
Other income	115 624	35 638	56 722	207 984
Registration fees	106 200	-	-	106 200
Rent income	20 194	7 312	7 312	34 818
Total segment revenue	**244 157 223**	**88 910 835**	**59 765 578**	**392 833 636**
Entity's revenue				**392 833 636**
Expenditure				
Employment related cost costs	186 279 603	73 984 397	64 734 508	324 998 508
General expenses	21 802 663	6 425 513	6 552 744	34 780 920
Legal fees	29 535 727	1 836 264	1 258 603	32 630 594
Travel and accommodation	10 270 277	2 073 858	2 035 612	14 379 747
Software licenses	7 423 238	2 273 158	2 273 158	11 969 554
Information technology operations	5 012 394	1 814 832	1 814 832	8 642 058
Consulting and professional fees	5 224 822	1 772 410	1 601 162	8 598 394
Advertising	2 891 408	1 541 947	1 040 520	5 473 875
Knowledge centre	2 606 058	1 098 015	943 237	4 647 310
Depreciation and amortisation	4 026 352	1 457 807	1 457 809	6 941 968
Lease rentals on operating lease	836 471	302 860	302 860	1 442 191
Loss on disposal of assets	462 942	167 617	167 617	798 176
Total segment expenditure	**276 371 955**	**94 748 678**	**84 182 662**	**455 303 295**
Total segmental surplus/(deficit)	**(32 214 732)**	**(5 837 843)**	**(24 417 084)**	**(62 469 659)**

FIGURES IN RAND

Segment surplus or deficit, assets and liabilities (continued)

2024

	Electricity Regulation	Piped-Gas Regulation	Petroleum Pipeline Regulation	Total
Revenue				
Licence fees and levies (non-exchange revenue)	210 366 680	85 520 870	62 642 084	358 529 634
Interest income	7 076 382	2 562 138	2 562 138	12 200 658
Other income	396 224	39 226	137 645	573 095
Registration fees	83 600	-	-	83 600
Rent income	19 232	6 964	6 964	33 160
Recoveries	8 896	315	315	9 526
Total segment revenue	**217 951 014**	**88 129 513**	**65 349 146**	**371 429 673**
Entity's revenue				**371 429 673**
Expenditure				
Employment related costs	171 708 727	67 997 671	62 356 072	302 062 470
General expenses	16 244 621	6 157 413	6 217 071	28 619 105
Legal fees	23 484 717	5 147 341	870 785	29 502 843
Travel and accommodation	9 676 269	1 807 336	2 519 902	14 003 507
Software licenses	5 061 890	1 593 779	1 593 779	8 249 448
Information technology operations	3 435 947	1 244 053	1 243 833	5 923 833
Consulting and professional fees	3 944 127	2 430 589	1 468 992	7 843 708
Advertising	2 417 605	2 371 158	1 192 906	5 981 669
Knowledge centre	2 690 157	974 022	974 022	4 638 201
Depreciation and amortisation	3 864 464	1 399 200	1 399 164	6 662 828
Lease rentals on lease payments	494 935	179 200	179 200	853 335
Loss on assets	239 068	75 697	75 697	390 462
Debt impairment	20 956	7 587	7 587	36 130
Total segment expenditure	**243 283 483**	**91 385 046**	**80 099 010**	**414 767 539**
Total segmental surplus/(deficit)	**(25 332 469)**	**(3 255 533)**	**(14 749 864)**	**(43 337 866)**

Information relating to the segment of assets and liabilities have not been disclosed as this is not regularly provided to management for review.

Information about geographical areas

The entity's operations are in the Gauteng Province.

Geographical areas are not used by NERSA for decision making purpose and the information is not reported or collected as such.

39. BUDGET DIFFERENCES

Material differences between budget and actual amounts.

39.1 Rental Income

The variance is mainly for invoices of the current financial year to be settled in the next financial year.

39.2 Other income

Other income is not budgeted for.

39.3 Interest income

Interest received is lower than the budget amount due to a lower interest rate received and the lower cash balances maintained during the year.

39.4 Licence fees and levies

The over-recovery is mainly for invoices issued in the previous financial year being settled in the current financial year.

39.5 Registration fees

The over-recovery is due to a higher than budgeted applications received during the year.

39.6 Interest - non exchange revenue

Interest - non exchange revenue is not budgeted for.

39.7 Employee related costs

Employee related costs is lower than budget due to vacancies.

39.8 General expenses

General expenses are lower due to under-spending in advertising, facility management and office operations.

39.9 Legal fees

Legal fees is over-spending due to the increase in the number of NERSA decisions being challenged at courts and other matters where NERSA is cited as an interested party.

39.10 Information technology operations

Information technology operation is under-spending due to delays in the implementations of some projects.

39.11 Consulting fees and professional fees

Consulting and professional fees is under-spending due to the delays in the implementations of some of the projects

39.12 Advertising

Advertising is under-spending due to less adverts for regulatory legal notices.

Differences between budget and actual amounts basis of preparation and presentation

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. The changes were made mainly within general expenses and capital expenditure.

40. COMPARATIVE FIGURES

On the segment information note 38. Material items relating to general expenses have been disclosed separately.

NOTES

NOTES

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Kulawula House, 526 Madiba Street
PO Box 40343, Arcadia, 0007, South Africa
Tel: +27 (0) 12 401-4600 | Fax: +27 (0) 12 401-4700

www.nersa.org.za @NERSAZA @NERSA_ZA

RP334/2025
ISBN: 978-1-83491-249-3