CHALLENGES TO CITY GROWTH
DUE TO AREA OF SUPPLY DISPUTES

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- Wall to wall Municipalities
  - From over 1000 to about 286
  - BCM (East London, KWT, Bisho and a number of smaller munics)

- Now include rural areas
  - Rural areas supplied by ESKOM
  - No problem if remain rural
  - Is a problem if re-zoned for urban development
  - Within the urban edge
  - Normal practice within any growing city

- Within urban edge forms integral part of City
  - Munic required to provide equitable services
  - Re-zone approved on basis of Munic services

- Quenera development approved on basis of Munic Services

- Supply point requested from ESKOM.
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- ESKOM supplied Point of Supply
- Recently during discussion on second point of supply ESKOM has had a 180 degree phase shift.
- ESKOM refuse to provide points of delivery.
- As re-zoning approvals are based on provision of Munic services
- Developments cannot go ahead
- This has a negative impact on development
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- ESKOM’s view: Historically ESKOM Rural area
- Automatically there right to supply urban area
- Buffalo City have met with ESKOM to resolve disputed areas
- Have requested NERSA intervention to resolve dispute.
- Development should be positive for city
- Should not be hampered by area of supply disputes
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- Buffalo City growth rate is positive.
- Application to Eskom to Increase NMD by 31 MVA submitted.
- The City is expanding in all directions.
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LAWS AND REGULATIONS
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MUNICIPAL SYSTEMS ACT : 2000
LEGAL NATURE, RIGHTS AND DUTIES OF MUNICIPALITIES

2. A municipality—(a) is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act, 1998;
Rights and duties of Municipal Councils

4. (1) (b) exercise the Municipality’s executive and legislative authority, and to do so without improper interference

4. (2) (d) strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner
Rights and duties of Municipal Councils

4. (2) (f) give members of the local community equitable access to the municipal services to which they are entitled

4. (2) (g) promote and undertake development in the Municipality;
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- Should Munics Take over all areas.
  - NO
  - Should be able to provide and maintain service
  - Eskom’s roll to supply rural
  - Areas under dispute are within the urban edge
  - No longer rural but urban

- Standard of services within urban area should be the same.
- To be sustainable City needs to provide all services
  - Not all services generate revenue
  - Electricity Cross subsidize such as street lighting
  - This is an accepted principal even within the RED model
- Munics allowed to charge a levy to ESKOM customer.
- But this would create an inequitable situation within the city limits
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All services in new Developments to be installed to BCM’s specifications,

• Water Reticulation
• Roads & Storm water
• Sewerage & Sanitation
• Refuse removal
• Fire Services
• Electricity subsidises all the above services.
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URBAN EDGE DEVELOPMENTS
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- Rock Cliff
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QUENERA AREA

- Situated on the Eastern side of the City between Beacon Bay and Gonubie.
  - Mzamomhle (RDP Housing Development)
  - Smallville Mews
  - Bonza Views
  - Gonubie Palms
- Balance of land is zoned as Farm Lands and Small Holdings.
- In the process of being re-zoned residential
Urban development in QUENERA started in 2005
Discussion between BCM and ESKOM
Positive result ESKOM provided a POD
Based on ESKOM’S positive responses and the regulations.
A report to council to formalize the services within the urban edge.
Council resolution
BCM Council adopted and confirmed on the 15 August 2006;

“That all future electricity customers within the Buffalo City Municipal Urban Edge be Serviced by Buffalo City Municipality”
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BONZA VIEWS

- Monthly billing from Eskom for Bonza Views is being paid in full by BCM since 2008.
- Turn around from ESKOM
  Eskom letter dated 26 May 2009, stating:
  - Eskom wants to compensate BCM
  - BCM is to hand over network to Eskom
  - BCM to apply for Electrical Points of Supply for Pumping Stations and Street lighting
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- Further meeting held with ESKOM to resolve situation.
- Fact that need to be considered
  - Agreement in place network built to BCM standards
  - Additional costs will be incurred to change installation to ESKOM standards
  - Installation completed and taken over by BCM
  - Any agreements in place can only be changed by both parties.
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WHY BCM AND NOT ESKOM
The advantage to the future BCM customer or consumer:

- Approval of Development
- Safe and secure underground Electricity Network.
- Consolidated billing for all Services.
- One point of call for all Services.
- Street lighting as required.
CONCLUSION
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- Municipality to provide equitable services.
- Grow and be sustainable
- Income to cross subsidize..
- Levy can be charged.
- Hoping for amicable solution.
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- Breaking News
- Eskom agree to continue supply to Bonza Views.
- But no other new supplies
- This will create a problem as B V will be an island with full Munic services
- Surrounded by ESKOM consumers