



City of Tshwane terminates smart metering contract

Tue, May 12, 2015

In line with previous pronouncements made by the City of Tshwane in relation to its smart meter project, the City has resolved today to terminate its smart metering contract with the service provider, PEU (Pty) Ltd, with immediate effect.

The termination decision was largely based on the negative financial and economic impact of the project on the City.

The original intent of the Security of Revenue Project, colloquially known as the SoRP, was a bold gesture to speedily install smart meters for all consumers in Tshwane, both commercial and residential. The objectives of the project were inter alia to:

- Improve revenue collection on a cash upfront basis;
- Improve the collection of electricity and other charges, and
- Reduce energy theft through meter by-passing, as the smart meters had tamper alarms.

The roll-out of the smart meters commenced in October 2013 when these meters were installed at large power users (LPUs); small power users (SMUs) joined late in 2014. To date, 6 572 and 6 348 smart meters were installed at LPUs and SPUs, respectively. Since the roll-out of the project the City has paid the service provider R830 290 787 million in terms of the master services agreement (MSA) concluded between the two parties.

However, like a spanner in the works, Afrisake's court application in 2013 to interdict and review the SoRP impeded the speedy roll-out of the meters, undermined the benefits for the City and rendered the project financially and economically unsustainable. Since then, the City has engaged with Afrisake and PEU in an attempt to find an amicable solution to the problem.

To date, the engagements have not yielded positive results, thus leaving the City with little choice but to issue a formal termination notice. The review application brought by Afrisake is however still pending in the courts.

The City has called an urgent meeting today with the service provider, PEU, to discuss the terms of the termination and to ensure that there is continuity of service to our customers. No further roll-out of the smart meters is anticipated beyond this point.

The energy regulator, NERSA, issued a standard in 2013 (NRS 071:2013) that was to regulate the metering of LPUs (to give more control and flexibility of the load). This standard was promulgated after the conclusion of the MSA between the City and PEU.

In December 2014, the City of Tshwane applied to NERSA for permanent exemption from NRS 071:2013. The City was of the view that an exemption request was necessary because of the following:

- The promulgation of NRS 071:2013 was after the conclusion of the MSA.
- The meter rolled out not only met the requirements but provided additional benefits to the City and the customer.
- Comfort was sought that the meter being rolled out by the City was of an acceptable standard to NERSA even though the meter being rolled out was not a "thick" meter as referred to by the technicians, but a "thin" meter.

This NERSA application for exemption has since been formally withdrawn, as it has been overtaken by events.

The City will endeavour to ensure that there is no interruption to the service as a result of the termination of the smart metering contract.

Issued by the Communication, Marketing and Events Department

Visit news source: <http://www.tshwane.gov.za/Pages/Media-Releases.aspx?Id=28>