



KwaDukuza Municipality
 Department: Finance
 Province of KwaZulu-Natal

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Reference Inkomba Verwysing	024/THD/15	Fax iFeksi Faks	(032) 551 5500	Date Usuku Datum	Tuesday, February 24, 2015

EDTEA Ref: DC29/0020/09

For the attention of Ms Kashrina Sookraj

KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs (KZN EDTEA)
 iLembe District
 2nd Floor
 Albert House
 Corner of Link Road and R102
STANGER
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Dear Madam

DC29/0020/09: LETTER IN PRINCIPLE FOR PROVISION OF ELECTRICITY FOR THE COMPENSATION INDUSTRIAL AND BUSINESS ESTATE

The above application refers.

The Applicant / Developer, Tongaat Hulett Developments (THD) intends to develop the Compensation Industrial and Business Estate with a total developable area of approximately 240ha (where the development footprint totals 320ha, i.e. 24% remains undeveloped). KwaDukuza Local Municipality (KDM), being the electricity services authority, hereby provides this letter in principle for provision of electricity for the proposed development which will be phased according to the market take up and electrical capacity available.

The KDM confirm that THD, together with the Environmental Assessment Practitioner (EAP), Royal HaskoningDHV (RHDHV), have been in direct discussions with the KDM regarding the provision of electricity for the proposed Compensation Industrial and Business Estate since June 2012. In this regard, the KDM hereby confirms that electricity will be made available to the proposed development detailed above and this serves as a letter confirming in principle for such commitment from the KDM in respect of the supply of electricity.

To address the specific requirements of your letter dated 01 June 2012 to the Applicant of this EIA, the KDM hereby confirms the following which will form part of the Service Level Agreement once finalised.

1. It is agreed that the initial start-up capacity will be supplied from the proposed Dukuza 132/33/11kV substation. The construction of this substation has been delayed due to issues surrounding the proposed servitudes. As a result of this delay, it has been established that the decommissioned Collisheen substation (10MVA) could be re-commissioned on a temporary basis to provide the Development with the start-up electrical capacity it will require.

2. The Developer will provide the Service Provider with a bank guarantee to the value of re-establishing the Collisheen substation to 10 MVA capacity. The value of the guarantee shall be determined by the Developer and accepted by the Service Provider (this value shall be calculated and set as per the cost calculation prepared by the Electrical Consultant appointed by THD to prepare a bulk electrical services report providing a detailed schedule of the infrastructure items required, the scope of work and the relative costs involved based on current market related costs aligned with their design proposal).
3. In the event that the Dukuza is further delayed and the electrical needs of the Development cannot be met timeously, the guarantee will be used to re-establish the Collisheen substation to ensure electrical supply to the Development.
4. This initial start-up capacity will only provide for a certain quantum of development to occur namely a demand of 10 MVA from Collisheen substation assuming the upgrade of Collisheen substation take place prior to construction of Dukuza substation).
5. Anything greater than that demand will require additional new infrastructure to the satisfaction of KDM.

It is hoped that a Service Level Agreement that will provide for the long term, ultimate electrical supply will be concluded soon.

We trust this is in order.

Yours faithfully



NJ MDAKANE
MUNICIPAL MANAGER

cc Acting Executive Director: Electrical Engineering Services
Director: Planning, Customer and Fleet Management Services

SMK/gh