

Energy Block Exemptions published

The Minister of Trade, Industry and Competition Ebrahim Patel has on Thursday, 25 May 2023, published the Energy Users and Energy Suppliers Block Exemptions.

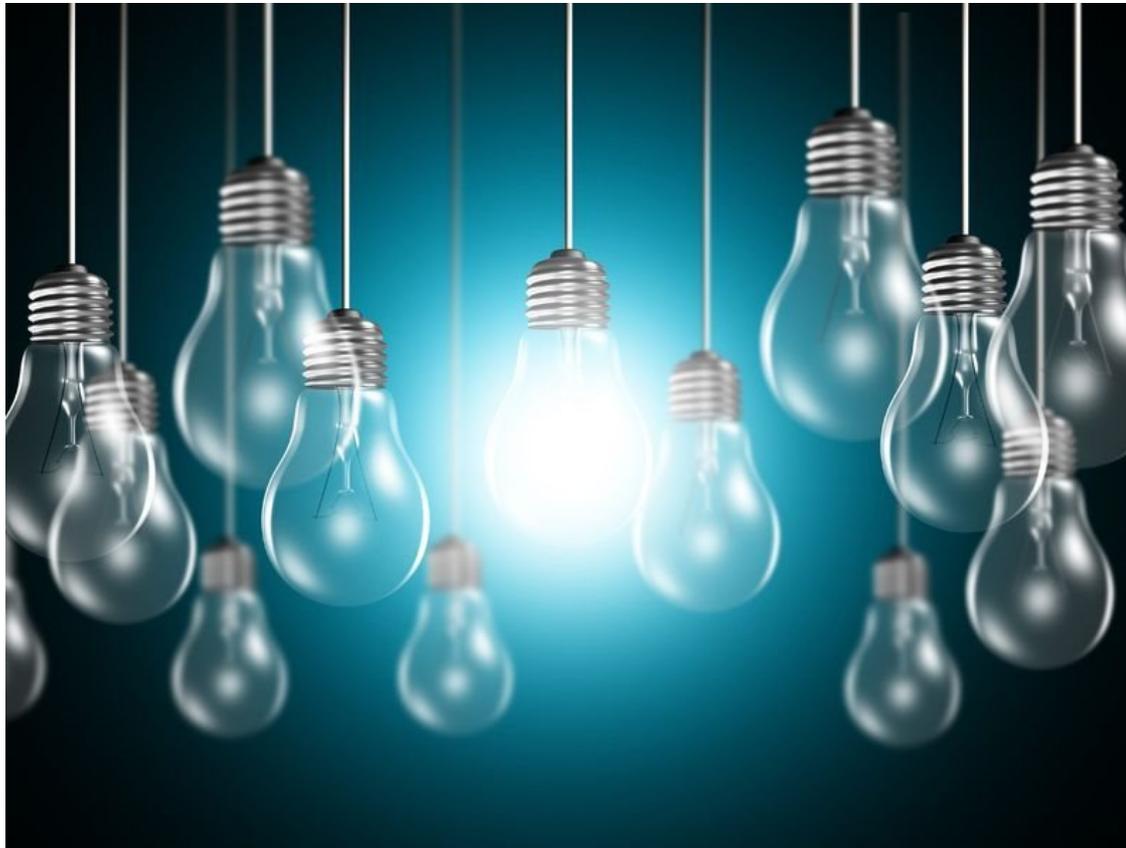


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This is in terms of the Competition Act of 1998.

These block exemptions facilitate collaboration between companies/institutions to address electricity supply constraints, by allowing them to engage in activities that are normally prohibited under the Competition Act.

“These exemptions will enable energy suppliers and energy users to increase and optimise supply capacity, reduce the cost of energy or improve the efficiency of energy supply, and secure backup or alternative energy supply in order to minimise the effects of the current electricity supply constraints,” Minister Ebrahim Patel said in Cape Town.

“Reforms in the competition law effected in 2019 provides for more flexibility when circumstances warrant it.

“The block-exemptions have been used during the pandemic and in crises such as the July 2021 unrest, to enable competitors to cooperate to address shortages of stock or facilities. This will now also be available to companies to address the energy challenges,” he said.

Joint investment, financing and risk-sharing

The block exemptions for energy suppliers allow energy suppliers to undertake joint investment in shared energy infrastructure; undertake joint financing and risk-sharing in energy projects and undertake joint training and skills development.

The block exemptions for energy users allow energy users to secure backup or alternative energy supply through the joint procurement of backup or alternative energy, and to share backup and energy generation capacity.

The department said they also support energy users to promote the efficient use of energy through joint negotiation and purchase of energy and related products and services, and through joint financing of backup and alternative energy supply.

The objective of the block exemptions is to assist institutions to work together to secure backup or alternative energy supply, reduce energy costs, promote the optimisation and efficient use of energy supply and secure shared or adjacent sites, infrastructure, equipment and facilities.

These exemptions, explained the department, will not exempt energy users or energy suppliers from the prohibition on fixing selling prices of goods or service to customers or consumers; engaging in collusive tendering; or practicing resale price maintenance.

“The energy block exemptions will remain in effect until they are withdrawn by the Minister. Energy Suppliers and Users who have entered into agreements or practices to collaborate under the block exemptions will be given reasonable notice to wind down such agreements or practices before the withdrawal date,” said the department.

The relevant documents can be accessed [here](#) and [here](#).

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