MEDIA STATEMENT

FOR IMMEDIATE RELEASE: 19 MAY 2008

NERSA REPORT ON THE NATIONAL ELECTRICITY SUPPLY SHORTAGE AND LOAD SHEDDING INQUIRY


On 30 January 2008, the Energy Regulator, prompted by the national electricity supply shortage and the subsequent load shedding, decided to commission this inquiry in terms of the Electricity Regulation Act of 2006. The scope of the inquiry covered the period from 01 November 2007 to 31 January 2008.

The purpose of the inquiry was to inform the Energy Regulator of the reasons for the electricity supply shortage resulting in the national load shedding and recommend measures to be adopted in mitigation against the electricity supply shortage and to reduce the adverse impact thereof.

The following are the main findings and conclusions of the report:

- High unplanned maintenance and load losses combined with the usual high planned maintenance of generating units during the period resulted in reduced generating capacity being available from 01 November 2007 to 31 January 2008. Poor coal quality, wet coal and low stockpile levels contributed to the unplanned generation plant outages and load losses in the period.

- In previous load forecasts, Eskom had anticipated the current growth rate. However, the implementation of measures to provide for the growth has been inadequate and slow. In particular, there have been delays in returning the mothballed generation plant to service and the implementation of energy efficiency and demand management initiatives remain behind targets. Eskom’s new build programme is experiencing delays of at least a year.

- Inadequate primary energy procurement and power station production planning impacted coal stockpile levels in the period. Coal stockpiles were allowed to decline to unacceptably low levels and there was a reluctance to obtain supplementary coal due to its high cost and its impact on Eskom’s financial position.
Eskom was correct in declaring a force majeure on 24 January 2008. Prior to load shedding, Eskom did use other emergency options such as demand market participation (DMP) and interruptible loads extensively prior to load shedding.

The Energy Regulator made the following key policy recommendations:

- The Government’s National Electricity Emergency Programme (GNEEP), including the Power Conservation Programme (PCP), should be coordinated and led by a centralised high-level government unit with authority to take action.
- The procurement of new private generation capacity, independent power producers (IPPs) and co-generation, should be managed and coordinated centrally by a professional entity independent from Eskom.
- There is a need for a national strategy to be developed by Government for the acquisition and management of coal to ensure security of supply.
- National Government should consider formulating a policy that will balance Eskom’s commercial decisions and the national security of electricity supply in order to avoid national crises.
- The role of Eskom in the Government’s National Electricity Emergency Programme should be clarified considering that Eskom has to focus, among others, on returning the system to normality and on its new generation build programme.

The Energy Regulator recommended further investigation in the following areas:

- Primary energy management and in particular coal management in Eskom
- The availability, adequacy and optimum utilisation of Eskom’s generation plant in emergency and in view of the mid-life of these plants.

The Energy Regulator believes that the implementation of the recommendations will contribute towards mitigation against the electricity supply shortage and to reduce the adverse impact thereof. Further, the Energy Regulator continues to contribute towards the national efforts of ensuring quality, reliability and security of electricity supply in South Africa.

The report is available on NERSA’s website, [www.nersa.org.za](http://www.nersa.org.za).

End.

**ISSUED BY THE NATIONAL ENERGY REGULATOR, PRETORIA, 19 MAY 2008**

For more information please contact:

**Charles Hlebela**
**Head of Communication and Stakeholder Management**
Tel: (012) 401 4768
Cell: 083 646 8280
E-mail: charles.hlebela@nersa.org.za