

AMEU Strategic Adviser's Presentation

AMEU STRATEGIC ADVISER'S STATE OF THE SECTOR PRESENTATION

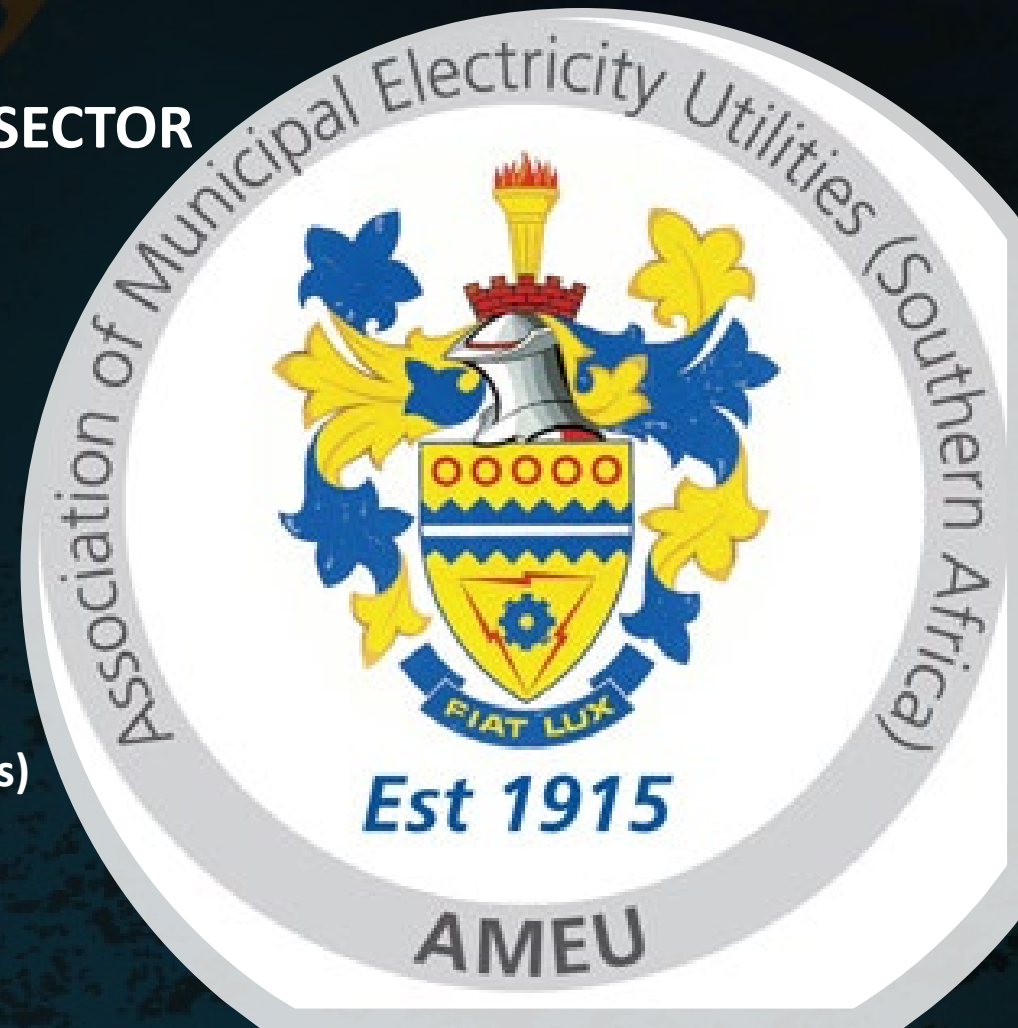
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AMEU Strategic Adviser

23 May 2022



Presentation outline (1)



1. Introduction
2. South Africa's power crisis....quo vadis
3. Giving context to SA's power crisis
 - a. the burning platform/the case for change
 - b. The problem statement
 - c. The game plan
4. AMEU's response to the problem statement
5. Q & A
6. Eskom's system performance
7. Municipality over due debt
8. Eskom restructuring

Presentation outline (2)



9. TID Rollover
10. Proposed DMRE ERA Amendment
11. Proposed DMRE EPP Amendment
12. Q & A
13. Impact of the Covid pandemic
14. AMEU Convention 2022
15. AMEU Branch matters
16. Joint SAIEEE/AMEU Webinar
17. NERSA matters
18. NERSA approved SSEG ad wheeling tariffs
19. GCC matters

Presentation outline (3)



- 20. AMEU JET Committee
- 21. AMEU Grid code Committee
- 22. EIUG matters
- 23. PIESA matters
- 24. Electrification
- 25. AMEU meeting schedule
- 26. Q & A

Introduction



This AMEU Strategic Advisers presentation will seek to cover in reasonable detail the status of the SA power Dx sector with focus on:

- *the meetings and activities associated with the AMEU and*
- *other burning, topical and related issues in the SA power Dx landscape that has/may have a potential impact on the AMEU and its membership*
- *In our endeavour to express our views and impart and/or disseminate this information we will endeavour to do so in a factual, honest, professional, impartial and balanced manner*
- *Where necessary we will complement/supplement our views with those of recognised subject matter experts in the sector*

SOUTH AFRICA's POWER CRISIS...QUO VADIS

(.....whereto from here...the journey)

GIVING CONTEXT TO SA's POWER CRISIS(1)

1. **South Africa faces an unprecedented developmental crisis.**
2. The pandemic has served as the final straw to plunge the country into its largest economic downturn in living history
3. Unemployment levels are at their highest on record,
4. Investment ratings have plummeted
5. Many in the emerging middle class have slid back into greater levels of poverty.
6. Meanwhile, the precarious state of state-owned entities – in particular Eskom power utility – remain a large burden on the increasingly constrained national fiscus.
7. An ailing coal- fleet and chronic power cuts continue to cripple economic growth prospects at a time that South Africa needs it most.
8. Rapidly increasing global concerns about climate change pose new threats to our economy, however, these also open up new opportunities

[Source: A 500-DAY GAME PLAN FOR SOUTH AFRICA'S ENERGY SECTOR, by Dr Grové Steyn, Celeste Renaud and Lonwabo Mgoduso; Meridian Economics; June 2021]

GIVING CONTEXT TO SA's POWER CRISIS(2)

.....our understanding of the burning platform/the case for change

The current performance of SA's power utilities (Eskom and munics included) is seemingly and arguably fast accelerating downwards in a negative spiral and if NOT arrested and turned around as a matter of urgency the consequences for the end-use customer (let alone SA Incorporated) is going to be diabolical because these power utilities may not successfully execute on their respective service delivery mandates.

GIVING CONTEXT TO SA's POWER CRISIS(3)

.....our understanding of the problem statement

How might these SA power utilities (Eskom and munics included) respond to their respective poor performances, current challenges and emerging disruptors as a matter of urgency to enable them to meet their mandated levels of service delivery on a sustainable basis

GIVING CONTEXT TO SA's POWER CRISIS(4)



.....is the current municipal service delivery model working

“Is the current model for providing basic services (includes power/electricity) contributing to increased standards of living, reduced household poverty and greater equality?”

1. The current model of services delivery is unlikely ever to deliver its developmental goals, which goals are the main reason for the existence of local municipalities
2. This is not just a service delivery or a local government problem: the failure of the municipal services delivery model is undermining all South Africa's other efforts to reduce poverty and inequality
3. Within the constraints imposed by the current legislative and fiscal framework, the goal of genuinely affordable access to services cannot be achieved by most individual municipalities.
4. Any sustainable solution must clearly prioritise universal access to quality and genuinely affordable basic services, over all other outcomes, and create an enabling regulatory and institutional environment to achieve that priority “

[Acknowledgement: Dr Tracy Ledger; Report; Public Affairs Research Institute, South Africa]

GIVING CONTEXT TO SA's POWER CRISIS(5)

THE GAME PLAN: JUMP-START OUR JOURNEY TO A FIT –FOR –PURPOSE 21ST CENTURY ENERGY SECTOR....

- one that unlocks opportunities instead of compounding risk.
- This sector needs to improve energy security instead of threatening it, and lower electricity price path risk for the country and its citizens

[Source: A 500-DAY GAME PLAN FOR SOUTH AFRICA'S ENERGY SECTOR, by Dr Grové Steyn, Celeste Renaud and Lonwabo Mgoduso; Meridian Economics; June 2021]

GIVING CONTEXT TO SA's POWER CRISIS(6)



LONG-TERM: WHAT DOES A 21ST CENTURY ENERGY SECTOR LOOK LIKE? - A SOUTH AFRICAN PERSPECTIVE

1. Powered by renewables
2. New energy markets:
3. **Greater electrification of the economy** - include such sectors as transport, heavy industry, mining and liquid fuels. A larger power sector will also be supporting new green economies including a thriving green hydrogen market
4. **New political economy** - the new political economy will be inclusive and create opportunities for many South Africans, instead of only a few with privileged access to the hydrocarbon value chain
5. New financial flows and investment pathways:
6. **The key to a thriving economy for South Africa is establishing a fit-for-purpose, 21st century energy sector;** one that unlocks opportunities instead of compounding risk.
7. This sector needs to improve energy security instead of threatening it, and lower electricity price path risk for the country and its citizens

[Source: A 500-DAY GAME PLAN FOR SOUTH AFRICA'S ENERGY SECTOR, by Dr Grové Steyn, Celeste Renaud and Lonwabo Mgoduso; Meridian Economics; June 2021]

GIVING CONTEXT TO SA's POWER CRISIS(7)



WHAT DO WE NEED TO DO (IN SA) IN THE NEXT 500 DAYS TO JUMPSTART THIS JOURNEY? (actually 250 days left)

1. **Unlock market barriers to distributed generation projects** - additional generation capacity that could be unlocked through small amendments to the current power sector regulatory framework
2. **Raise ambition for power sector:** - South Africa's power sector presents a large, low-cost opportunity to reduce emissions and set the South African economy on track to achieve net zero emissions by mid-century
3. **Develop a Just Transition Transaction to access climate finance especially for Eskom and affected communities**
4. **Plan for localisation of renewable energy industries** - The demand for goods and services created by a large, sustained renewables build programme creates an important opportunity to maximise economic benefits by re-establishing a localised renewable energy value chain.
5. **Future-proof South Africa's carbon intensive industries** - Industries must be 'future- proofed' by developing and transitioning to climate-compatible business models and norms for the provision of transition finance

[Source: A 500-DAY GAME PLAN FOR SOUTH AFRICA'S ENERGY SECTOR, by Dr Grové Steyn, Celeste Renaud and Lonwabo Mgoduso; Meridian Economics; June 2021]

GIVING CONTEXT TO SA's POWER CRISIS(8)

.....the AMEU's response to the problem statement

The following challenges facing the ESI/EDI sector are listed in order of priority that the AMEU as a collective could exert on the resolution of such challenge(s) and in so doing attempt to respond to the problem statement(1)

1. Priority challenge 1

How might we (as an AMEU collective) serve the leadership within municipalities / electricity sector so that we can encourage collaboration?

2. Priority challenge 2

How might we redesign cost-reflective tariffs so that it can improve or enhance the long term sustainability of the municipal utility?

3. Priority challenge 3

How might we re-design the EDI business model so that distribution utilities can deliver value added services to their customers in an economic, environmentally conscious and sustainable way?

GIVING CONTEXT TO SA's POWER CRISIS(8)

.....the AMEU's response to the problem statement

The following challenges facing the ESI/EDI sector are listed in order of priority that the AMEU as a collective could exert on the resolution of such challenge(s) and in so doing attempt to respond to the problem statement (2)

4. Priority challenge 4

How might we prioritise and implement technical replacement and aging infrastructure turnaround plan so that utilities have a phased funding programme?

5. Priority challenge 5

How might we convince national and local government to support and enable ring fencing of all electricity utility businesses so that these businesses can be managed separately from all other municipal services

6. Priority challenge 6

How might we accurately collect and process customer and network data that we account for all the energy bought and sold, to ensure sustainable revenue collection and debt management

Note: The AMEU has made it very clear that it and its municipal membership (together with SALGA) will want to play a pivotal role in any restructuring of the SA power Dx sector. It does not wish to be consulted as a third party in such a restructuring.

Q & A






ESKOM's CURRENT SYSTEM PERFORMANCE

(AS OF 11 May 2022)

Eskom system status (1)

Overview and summary of Eskom system year-to-date performance (1/3) *(as of 11/5/2022)*






-  We continue to see a **varied performance** by our operating divisions year-to-date, with generally good performance from Transmission and Distribution. The **unsatisfactory performance from the Generation division continues**.
-  The **Distribution technical performance** is positive in terms of **duration and frequency of outages** as well as **restoration times**.
-  On the **Transmission side**, we see **good performance** with system reliability, the number of interruptions and maintenance execution that meets planned objectives. We have had **no major incidents** year-to-date.
-  **Municipal debt** and **Energy losses** remain a challenge and working closely with government, communities and the public to implement the strategies towards resolution.
-  **Koeberg Nuclear Power Station Unit 1** continues to operate safely and has been online for 196 days today. **Unit 2** commenced with a normal maintenance and refueling outage on 18 January 2022 during which the reactor vessel head and the three steam generators were to be replaced (SGR).
 - Due to the significant risk to the grid posed by delays in carrying out the SGR installation according to the outage plan, we **decided to postpone the SGR** to the next refueling outage. **The reactor vessel head replacement continues during the current outage.**

Eskom system status (2)

Overview and summary of Eskom system year-to-date performance (2/3)



-  **Kusile Unit 4** was first synchronised on 23 December 2021 and achieved full load (800 MW) on 11 January 2022. On 28 March 2022, the 72-hour full load test run was achieved and on 27 April 2022, the **30-day reliability run** was successfully accomplished and declared complete, as commissioning tests continue towards commercial operation. Commercial Operation planned for 2022. **On course for commercial operation by July 2022.**
-  **Coal stock levels are healthy** – average of **38 stock-days**, 77 stock-days when including Medupi, which has excess coal.
-  The **Generation** side of the business remains a concern, specifically the availability of the coal power stations. **End-March 2022 Energy Availability Factor (EAF) at 62.0% is below the targeted performance level.** A key contributor to the low EAF was **high levels of planned maintenance** over the summer months. The high levels of unplanned outages remain a concern, however, we continue to drive our **Reliability Maintenance Recovery Programme** to reduce these.
-  The **Reliability Maintenance Recovery Programme**: More effort has been applied to ensure that the key funding and enabling contracts are in place to support the objectives of this critical programme within the maintenance space that can be made available – ensure 80% outage readiness.

Eskom system status (3)

Overview and summary of Eskom system year-to-date performance (3/3)

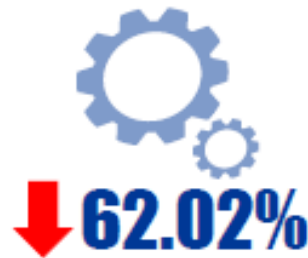


- 💡 **Rain Readiness plans** have generally held up against high summer rainfall and with the sustained rains in April there are further opportunities identified for continuous improvement.
- 💡 Unfortunately, as at **10 May 2022** increasing breakdowns and low plant availability forced Eskom to implement **loadshedding** totaling **31 days** since **01 January 2022**, compared to **26 days** between **January 2021** and **10 May 2021**. Due to the system constraints, we have used more than the anticipated levels of diesel for our **Open Cycle Gas Turbines (OCGTs)**.
- 💡 **Environmental matters** such as emissions have shown good improvements year-to-date, but are not yet at the set targets. **Safety is better than the tolerance levels**. Regrettably, however, we have had **3 employee** and **2 contractor fatalities** by the end of the 2022 financial year.



Eskom system status (4)

Generation performance for End March 2022 reflects the challenges being faced with plant availability and reliability



Availability vs 74%
YE target for FY22

↑ 697

UAGS Trips vs 392 for
YE target for FY22



↑ 25.36%

Unplanned load losses vs
14% YE target for FY22



4 851MW

Partial load Losses
vs 3 969MW YE target for FY22



→ 10.23%

Planned maintenance vs
10.5% YE target FY22

→ R6.4bn*

Open Cycle gas
turbines cost vs
projected R8.5bn



* Eskom OCGTs only as at end March 2022

Technical Targets as per FY22 SHC

Figures as at end March 2022, though it must be noted that figures are still to audited

Municipality Overdue Debt - R'm



Annual Municipal Overdue Debt (R'm)



MFMA view per OU	Aug-21 R'm	Aug-21 % of total	Mar-21 R'm	Ytd movement R'm	Month movement R'm
FS	14 478	38%	13 565	913	367
MP	11 541	30%	10 289	1 251	529
GP	4 392	11%	4 051	341	165
NW	2 487	6%	2 314	174	133
NC	2 220	6%	2 084	136	11
EC	1 752	5%	1 515	237	112
LP	919	2%	895	24	18
KZN	467	1%	531	-64	-0.4
WC	148	0.4%	96	52	2
Total	38 404	100%	35 340	3 064	1 337

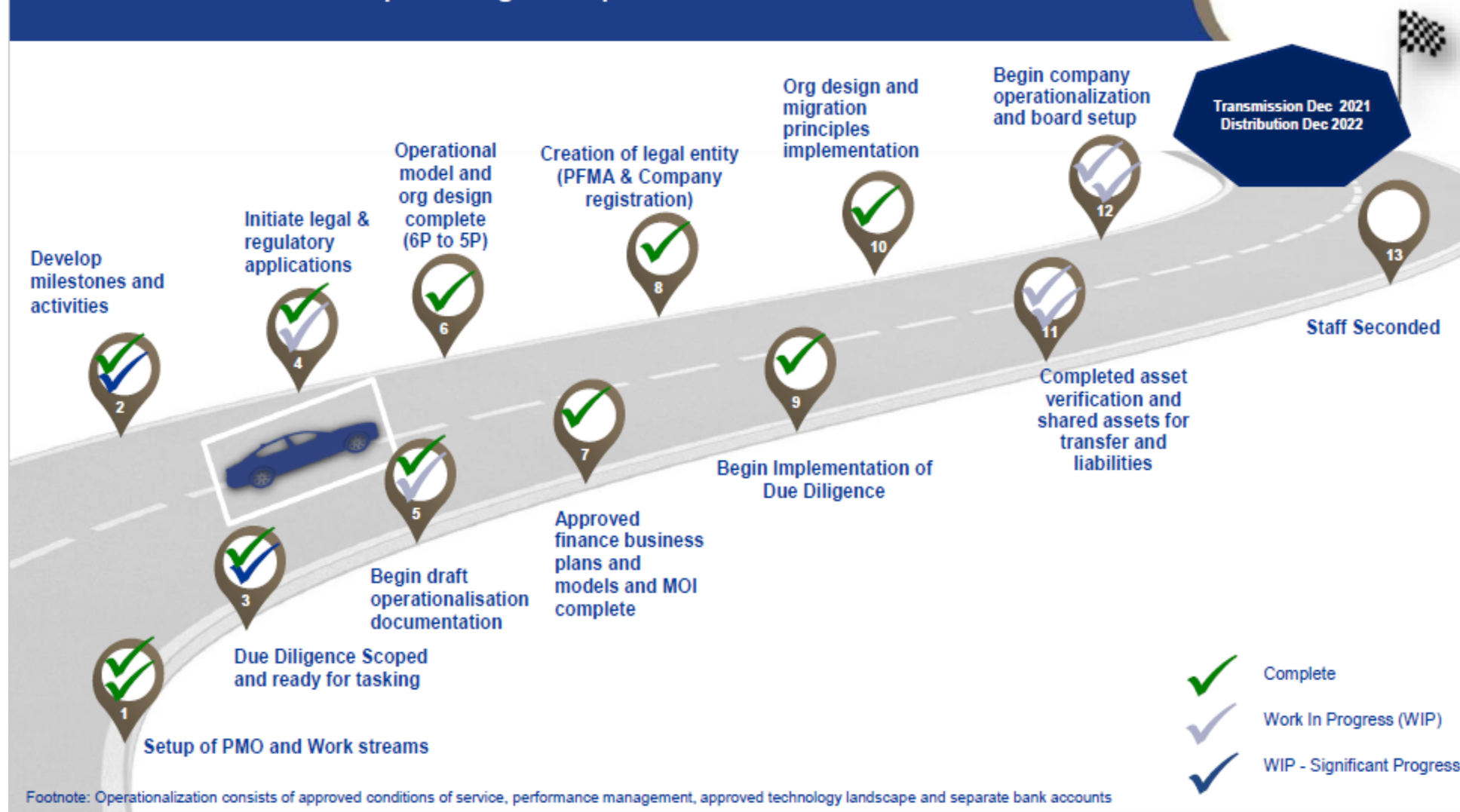
Municipal Overdue Debt (R'm)



Movement in Munic Overdue Debt R'm			
Overdue debt Mar-21	New Interest Raised	New Unpaid Capital Bills	Overdue debt Aug-21
35 340	610	2 454	38 404
3 064			

- August month - an increase in the municipal overdue debt of R1 337m (with the Top 20 munics contributing R1 026m), increasing the municipal overdue debt from R37 067m in July to R38 404m.
- The Metros overdue debt at the end of August 2021 is R310m, main contributor being in the FS.
- Many munics in legal dispute with Eskom
- Eskom is promoting and pursuing the Active partnership model to ensure that we create a sustainable Distribution industry and service delivery through securing the current accounts and maintaining the network.

Distribution's roadmap to Legal Separation



TRO project status in SA

- To date 10+ million meters in SA need to be reset before 24/11/2024
 - 7+ million Eskom
 - 3+ million Munics + Metros
 - 3 years to go
- Notifications sent
 - 99% munics/metros contacted with notifications + data packs
 - 12% have started the reset program
 - 1.3% meters have been reset
 - ESKOM busy with field trail –possibly ready to roll out Apr/May
- SALGA Industry committee
 - Workshop for members 24 March
 - Website dashboard to reflect status is nearing completion
 - Transversal contract being formulated by National Treasury

Simple ▶ Trusted ▶ Secure

STATUS –TID ROLLOVER

1. Mr Taylor advised that their association delivered formal notices around the TID rollover event to 99% of municipal utilities using the specification in their prepaid metering.
2. Around 12% of municipalities-initiated projects for the date rollover at this time. Eskom is conducting field trials and are likely to start the process for their 7 million meters around May this year.
3. The SALGA workgroup dealing with the TID rollover will met again on 24 March.
4. SALGA is planning to create a website with a dashboard to track rollout progress in South Africa.
5. Mr Padayachee advised that the STS Association is cooperating with National Treasury to establish a “transversal contract” to pre-select by tender, suitable contractors to assist municipalities with the TID rollover projects and associated meter audits.
6. Municipalities and Eskom will be able to use these transversal contracts without having to go out on tender themselves.

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The following are some of our initial high-level comments:

Electricity Regulation Amendment Bill

1. What is the model going into the future – the policy direction must be informed by those objectives and the roadmap ?
2. A need for the country roadmap on what are we trying to do and how are we going to get there, and when, and what are the policy, legislative, and regulatory reforms needed?
3. Executive Authority arrangements need to be considered
4. Licensing Framework need to address defective licensees who do not recognize executive authority of municipalities
5. 2018, IMTT Instructed the DMRE to develop a public lighting policy or amend ERA to include Public Lighting rules

The following are some of our initial high-level comments:

Electricity Pricing Policy (1)

1. The proposed tariff setting approach and methodology should be part of the sector reform at large and aligned with the end state vision of the electricity sector" It is important to get appropriate policy in place before designing the pricing methodology.
2. The pricing methodology will be significantly impacted by policy directions.
3. SALGA/AMEU supports NERSA's intention to:
 - I. Strengthen cost reflective electricity pricing
 - II. Explore of the market reform space
 - III. Move towards activity-based and unbundled costing

The following are some of our initial high-level comments:

Electricity Pricing Policy (2)

4. Going forward:

- I. The proposal of introducing new market reforms for the electricity supply industry whilst including aspects of deregulation and privatisation is in keeping with international trends and is needed.
- II. However, the realities of SA must be factored into, and solutions must be tailored to local conditions.
- III. Critical to establish an Energy Reform Commission to steer the direction of market reform

Proposed amendments to ERA - High level response - positives

- 100 years after Eskom's founding, these ERA legislative amendments will break up Eskom and fundamentally transform the power market
 - Movement away from a mostly single-buyer power market to a competitive **multi-market**
 - Establishment of a separate **Transmission System Operator** (TSO) responsible for transmission planning, investments and operation, system and market operation (effectively an ITSMO) – making it difficult to reverse the unbundling process
 - Establishment of a **day ahead and balancing market**, coupled with **direct agreements** between willing buyers and sellers, and physical contracts
 - Transitional arrangements: Eskom subsidiary NTC to TSO within 5 years
- Shifts some rule making to the regulator – NERSA
- **IRP to be updated every 3 years**

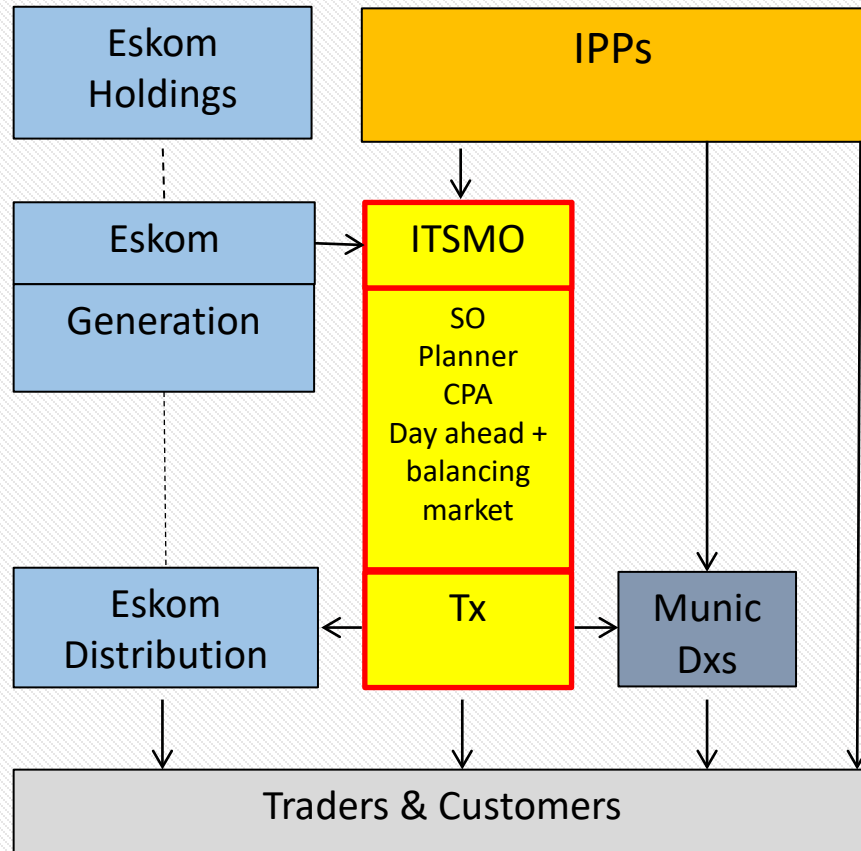
Acknowledgement: Prof Anton Eberhard, UCT

Proposed amendments to ERA -High level response: negatives

- Power market reforms which enable more competition are blunted by “command and control” electricity planning and procurement
- Grants more centralized powers to the energy minister
 - Should rather depoliticize Gx and Tx planning and delegate to professionals in TSO
 - National public procurement of new gen and other electricity infrastructure should be part of TSO functions – i.e. IPP Office should fold into TSO. Minister’s powers should not be the default, rather only activated in emergencies and when market fails
 - Requirement for competitive tendering deleted. Minister can determine procurement process
 - Minister can determine tariffs pre-bid! Will never substitute for benefits of competition
 - Minister may make regulations on the content of PPAs and IRPs (Sec 35 (4)(rD,G)
 - Minister must approve transmission development plan
- Direct supply agreements defined as between a generation licensee and a customer who is not a generator, transmitter, distributor, system operator or trader. Why these restrictions? Municipalities, for example, would want to benefit from unregulated, willing buyer, willing seller PPAs with IPPs.
- Imposition of penalties for late COD for IPPs with Direct Agreements with customers
- Some poor drafting and mix-ups in new section numbering

Acknowledgement: Prof Anton Eberhard, UCT

Proposed amendments to ERA - From a single-buyer to a multi-market



Regulated market

- Central Purchasing Agency
 - Eskom generation PPAs
 - Legacy IPP PPAs
 - Balance Responsible Party
- Transmission and System Operation
- Distribution
- Captive Customers

Unregulated Market

- Direct supply agreements between generators and customers who will have choice of supply
- Day ahead and balancing market trades
- Gx under 100MW
- Own use

Acknowledgement: Prof Anton Eberhard, UCT

Q & A

IMPACT OF THE COVID PANDEMIC (1)



1. South Africa's fifth wave is expected to occur in May /June 2022.
2. Next variant will probably be called **Pi**
3. As an AMEU we've lost a number of colleagues who have succumbed to this deadly virus – our most sincere condolences and deepest sympathies are extended to their families
4. Almost all of the AMEU's mtgs etc have gone virtual – these meetings have been very productive and excellent attendance in almost all of the AMEU virtual meetings
5. It is anticipated that some of the meetings maybe hybrid or only in-person. In this respect a survey questionnaire has been sent to all members to ascertain their preferences ie. hybrid, only in-person or both

AMEU CONVENTION 2022 (1)

1. The call for papers is currently open.
2. The ICC in Durban is booked and the affiliates will meet shortly to tie down their plans for the exhibition and sports day.
3. CBI has again offered to sponsor the first spouse's day programme.
4. The convention is intended to be in a classical face-to-face event format.
5. As per previous decisions of this committee the theme of the convention will be focused on the **“Just Energy Transition”**.
6. A Just Energy Transition (“JET”) is a shift from our current energy system to one that is better in terms of sustainability, environmental impact, climate change, human health, economics, employment and social equity. A Just Energy Transition (“JET”) aims to make the process of shifting to a better energy system as fair and ‘just’ as possible. ***[Source: “A Just Energy Transition for SA”: Project 90 by 2030]***

AMEU CONVENTION 2022 (2)

7. The annual AMEU awards programme (previously Presidential Legacy Awards Programme) rules were updated recently and that publicity to solicit new nominees is in progress. The process is targeting the Annual Convention in October in eThekweni. The Immediate Past President encouraged Branches to actively promote enrolment of worthy candidates into the AMEU Awards Programme.

AMEU BRANCH MATTERS

1. Virtual AMEU Branch meetings are still being held due to the Covid pandemic – on average one per year per branch
2. Excellent attendance being recorded at each of the branch meetings
3. The AMEU is reasonably selective on what is presented at these branch meetings to ensure value add – hence the good attendances being recorded
4. Branch-hosted webinars are attracting good attendance levels and member engagement in the meetings are excellent.
5. Given the Covid pandemic only one virtual branch meeting is being held per year – same next year in 2022
6. It is anticipated that some of the meetings maybe hybrid or only in-person. In this respect a survey questionnaire has been sent to all members to ascertain their preferences ie. hybrid, only in-person or both

JOINT AMEU/SAIEE WEBINAR

1. Webinar series dates on 10 -25 August 2022 ie 6 sessions on 6 different days
2. Webinar sessions still to be 3 hours each from 10h00 to 13h00. Each session 180 minutes with a 30 minute break.
3. Sessions to be CPD accredited.
4. Presentations to be case studies/solutions-driven and based on the following topics:
 - a) **Future proofing of a SA municipal Dx electricity utility (webinar to be presented by AMEU)**
 - b) **The business case for implementing a Just Energy Transition (“JET”) strategy in a typical SA municipality Dx electricity utility (webinar to be presented by AMEU)**
 - c) **Evolving business models for a sustainable SA municipality Dx electricity utility (webinar to be presented by AMEU)**
 - d) **Infrastructure asset management in a SA municipality Dx electricity utility to sustain revenue flows (webinar to be presented by SAIEE)**
 - e) **Effective grid integration of embedded generation in a SA municipality Dx electricity utility (webinar to be presented by SAIEE)**
 - f) **The impact of the 3 D’s (Digitization, Decentralization and disruption) in a typical SA municipality Dx electricity utility (webinar to be presented by SAIEE)**

NERSA MATTERS (1)

Application on private Micro Grid and dual supply

1. Enquiries on private Micro Grid and dual supply facilities (i.e. current supply from Reseller and other new one from exempted generator with its own network).
2. Requested an urgent working group prior to the application going through to the NERSA public hearing to ensure that NERSA consulted with key stakeholders (DMRE, MISA, AMEU, SALGA, Eskom etc.) on emergence of private Micro Grids happening within green field

Draft rules to be tabled.

1. SSEG Rules
2. Reseller Rules
3. NMD Rules
4. Use of Systems Rules (Wheeling)

NERSA MATTERS (2)

Reports

1. Geographic Information System (GIS) Area of Supply Mapping Project Progress Report
2. Monitoring Renewable Energy Performance of Power Plants - Progress Update for 2021 (Issue 19)
3. Stakeholders' views on the impact of increasing the registration limit from 1MW to 100MW
4. Report on the monitoring of the implementation of IBTs by licensed distributors (municipalities and Eskom).

Eskom's Multi-Year Price Determination (MYPD5) Regulatory Clearing Account (RCA)

1. The Energy Regulator, at its meeting on Thursday, 24 February 2022, considered the Eskom's MYPD5 revenue application for the 2022/23 financial year of R239bn including previously approved Regulatory Clearing Accounts (RCA) translating into a tariff increase of 20,5% over the 2021/22 NERSA decision. The Energy Regulator approved the Eskom's Allowable Revenue of R249bn for 2022/23 Financial Year translating into a tariff percentage increase of 9.61%.
2. Approval of Eskom's Retail Tariff Structural Adjustments (ERTSA) by Electricity sub-committee – 4 March 2022
3. Approval by Special Energy Regulator committee meeting on the 9th of March 2022

NERSA MATTERS (3)

Municipal Guidelines and Benchmarks

1. Approval of the consultation paper on the municipal tariff guideline, benchmarks and proposed timelines for the municipal tariff approval process for the 2022/23 financial year has started.
2. Publication of consultation paper for the municipal tariff guideline & benchmarks -- to request special meetings for approval to consult
3. Approval of municipal tariff guideline & benchmarks – 10 April 2022 Energy Regulator meeting and communication to licensees
4. Municipalities to start submitting tariff applications increase from 10 April 2022
5. Approval of municipal tariff applications – 10 April 2022 – 30 May 2022

Municipal FBE Rates

1. The NFBE rate was submitted to the Electricity sub-committee in April 2022
2. Approval by Energy Regulator in April 2022.

LIST OF MUNICS WITH NERSA APPROVED SSEG AND WHEELING TARIFFS (AS OF JULY 2021)

LIST OF MUNICIPALITIES WITH NERSA APPROVED SMALL-SCALE-EMBEDDED-GENERATION ("SSEG") AND WHEELING TARIFFS

NERSA Approved SSEG & Wheeling Tariffs (July 2021)			
Municipality	Province	Tariff	
		SSEG	Wheeling
1. Western Cape			
1. Beaufort West	1. Western Cape	SSEG	-
2. Bitou	2. Western Cape	SSEG	-
3. Breede Valley	3. Western Cape	SSEG	-
4. Cape Agulhas	4. Western Cape	SSEG	-
5. Cederberg	5. Western Cape	SSEG	-
6. City of Cape Town	6. Western Cape	SSEG	Wheeling
7. Drakenstein	7. Western Cape	SSEG	Wheeling
8. George	8. Western Cape	SSEG	Wheeling
9. Hessequa	9. Western Cape	SSEG	-
10. Knysna	10. Western Cape	SSEG	-
11. Langeberg	11. Western Cape	SSEG	-
12. Matzikama	12. Western Cape	SSEG	-
13. Mossel bay	13. Western Cape	SSEG	-
14. Oudtshoorn	14. Western Cape	SSEG	-
15. Overstrand	15. Western Cape	SSEG	-
16. Saldanha Bay	16. Western Cape	SSEG	-
17. Stellenbosch	17. Western Cape	SSEG	Wheeling
18. Swartland	18. Western Cape	SSEG	-
19. Theewaterskloof	19. Western Cape	SSEG	-
20. Witzenberg	20. Western Cape	SSEG	-
21. Prince Albert	21. Western Cape	SSEG	-

2. Gauteng			
22. City of Tshwane	1. Gauteng	SSEG	Wheeling
23. City Power JHB	2. Gauteng	SSEG	-
24. City of Ekurhuleni	3. Gauteng	SSEG	Wheeling
3. Mpumalanga			
25. Emalaheni MP	1. Mpumalanga	SSEG	-
26. Emthanjeni	2. Mpumalanga	SSEG	-
27. Govan Mbeki	3. Mpumalanga	SSEG	-
4. Limpopo			
28. Ephraim Mogale	1. Limpopo	SSEG	-
5. KwaZulu Natal			
29. eThekweni Metro	1. KwaZulu Natal	SSEG	-
6. Eastern Cape			
30. Kouga	1. Eastern Cape	SSEG	-
31. Buffalo City	2. Eastern Cape	SSEG	-
32. Nelson Mandela Bay	3. Eastern Cape	SSEG	Wheeling
7. Northern Cape			
33. Kai! Garib	1. Northern Cape	SSEG	-
34. Sol Plaatjie	2. Northern Cape	SSEG	-
35. Ubuntu	3. Northern Cape	SSEG	-
36. Hantam	4. Northern Cape	SSEG	-
8. Free State			
37. Mafube	1. Free State	SSEG	-
Compiled by: Vally Padayachee, AMEU Strategic Adviser 22 July 2021			

GCC MATTERS/ISSUES

1. GCC examination issues were raised directly with the DoL
2. We were advised that the matter was tabled at the DoL Commission of Examiners meeting which took place on the 18th of March 2021.
3. At this meeting an Investigations Committee was set up to specifically investigate the issues raised
4. The DoL presented a summary of the findings of the Investigations Committee at a special AMEU meeting and at the last AMEU L&S Committee .
5. In summary the DoL reported that although there was always room for improvement there were no negative findings and actually refuted some of the discrepancies that were raised
6. The aforementioned feedback by the DoL was taken back to the Affiliates Committee who accepted the findings of the said DoL Investigations Committee

AMEU JUST ENERGY TRANSITION (“JET”) COMMITTEE

Purpose of committee

1. To assist AMEU members in the implementation of JET initiatives by enhancing their level of awareness and understanding of JET

Key focus areas of the committee

1. Policy
2. Business Sustainability, Procurement & Finance
3. Technology
4. People

Proposed Core members of Committee

1. All metropolitan municipalities
2. Minimum 5 other municipalities
3. Eskom
4. Minimum 3 AMEU affiliates
5. Minimum 1 WiE rep
6. Select third party reps

AMEU GRID CODE COMMITTEE

Purpose of committee

To support AMEU members wrt matters related to Grid Code compliance especially on the GCAC

Key focus area of the committee

All matters related to Grid Code compliance

EIUG MATTERS (1)

1. EIUG provided an overview of current key energy concerns of the user group.
2. EIUG is requesting that the bureaucracy around the 100GW generation licencing exemptions to be streamlined.
3. EIUG see progress with the establishment of national electricity wheeling arrangements, but were concerned at the lack of medium and long-term electricity pricing stability.
4. The current MYPD arrangement is only in force for one year, after some litigation interactions between NERSA and Eskom.
5. EIUG commissioned research into the RCA process, hoping to provide investors with more energy pricing certainty.
6. EIUG members noted that the absorption of 100MW chunks of new generation into networks may need grid expansion and additional design.

EIUG MATTERS (2)

7. The 100MW licence exemption is attractive to mining companies but the costs associated with grid reinforcement will need to be covered.
8. Members requested if some of the new foreign funding for the Just Energy Transition may be allocated to reinforcing the grid.
9. wheeling costs, must be cost-reflective inclusive of the cross-subsidy commitments of local government. Cross-subsidies need to be transparent, and it is clear who pays and who benefits.

PIESA MATTERS (1)

1. Like the AMEU given the impact of Covid pandemic all PIESEA interventions e.g. meetings etc in the last two years were held virtually
2. A number of PIESEA webinars (some held globally with the support of IERE) were held with huge success
3. This year we are now endeavouring to meet and interact in-person
4. In April 2022 we held a first in person intervention.....a successful joint ESKOM PIESEA visit to Eskom Research facilities at Rosherville, JHB
5. In June again in-person, PIESEA advisory workgroup meetings and PIESEA Board meeting will be held in Cape town on 5-6 June 2022

2020/21 FY MUNICIPALITY PERFORMANCE JANUARY 2022

PROVINCE	MUNIC REVISED ALLOCATION (R'000)	YEAR TO DATE TRANSFERS (R'000)	YEAR TO DATE REPORTED EXPENDITURE (R'000)	% SPENT OF TOTAL TRANSFERS	REVISED CONNS	ACHIEVED CONNS	% ACHIEVED CONNS OF PLANNED CONNS
Eastern Cape	230, 075	230, 075	204, 535	89%	9 085	5 678	62%
Free State	80, 935	80, 935	64, 151	79%	2 331	2 105	90%
Gauteng	114, 743	114, 743	111, 114	97%	3 865	2 808	72%
Kwa Zulu Natal	259, 364	259, 364	196, 136	76%	13 531	4 191	31%
Limpopo	189, 452	189, 452	182, 920	97%	9 112	6 734	74%
Mpumalanga	160, 731	160, 731	149, 172	93%	4 030	3 698	92%
Northern Cape	125, 911	125, 911	113, 500	90%	4 518	3 151	70%
North West	73, 725	73, 725	57, 690	78%	2 490	718	28%
Western Cape	123, 816	123, 816	106, 073	86%	3 405	2 753	63%
TOTAL	1, 358, 752	1, 358, 752	1, 185, 291	87%	52 367	31 836	61%



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CHALLENGES EXPERIENCED BY INEP

- Late appointment of Electrification projects consultants and contractors and this has led to under expenditure/performance by municipalities.
- Under expenditure/performance by municipalities has led to National Treasury conducting its internal stopping and re-allocation process over and above what the DMRE has recommended.
- Municipalities are still not reporting as required in terms of the Division of Revenue Act.
- Department is still experiencing challenges with municipalities that are implementing uncontracted projects.
- Constraint human and financial resource to manage INEP



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CHALLENGES FACED BY ESKOM IMPACTING ON Q3 PERFORMANC

Projects delayed by:

- community interference.
- municipal delay in finalising beneficiaries.
- change in councillors.
- above average rainfall.
- inability of suppliers to manufacture conductor & meters.
- environmental permits.
- community issues (Community unrest, Local Business Forums, Traditional Leadership demanding monthly rentals, Change in Leadership after Local Government Elections and lacking road access)



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AMEU MEETINGS SCHEDULE 2022

MEETINGS	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
Convention										16-19		
Central Branch					5							
Eastern Cape Branch												1
Good Hope Branch									8			
Highveld Branch							21					
KZN Branch										27		
Limpopo Branch	27											
Mpumalanga Branch				21								
Namibia Branch			16-18 (tbc)									
Executive Council			8								15	
Sub Committees			8-10				12-14				15-17	
WiE Meetings												
Affiliates Steering	17		22		23		19		27		22	
Affiliates Main	24		29		30		26			4	29	
DHS DoE Metro Forum	18				19			18			18	
DoE NEAC	24				26			25			24	

Q & A



Thank you