

AMEU EASTERN CAPE BRANCH MEETING

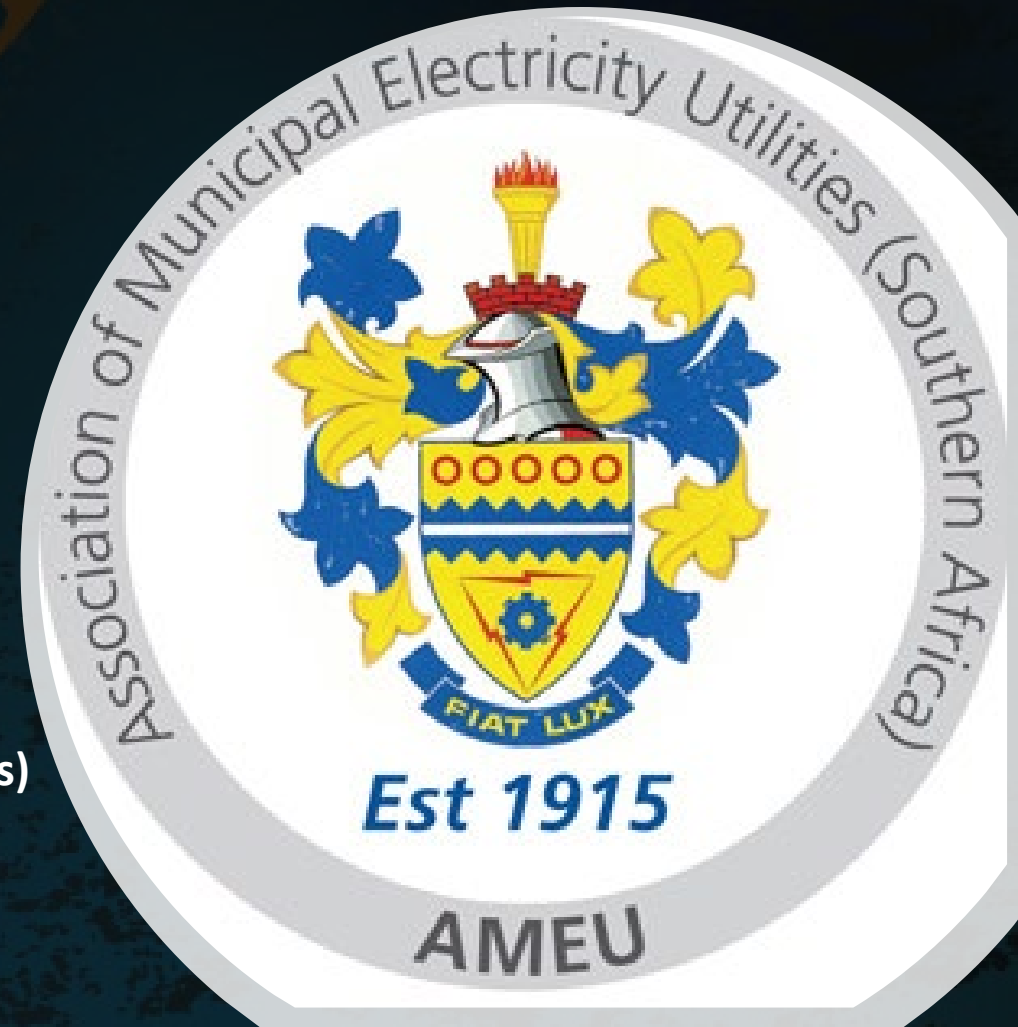
Presentation by

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AMEU Strategic Adviser

19 AUGUST 2022



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

ELECTRICITY CRISIS

Government is focused on two overriding objectives:



Improve the performance of Eskom's existing power stations.



Add as much new generation capacity to the grid as possible, as quickly as possible.

We will achieve this by removing barriers to new generation capacity and unlocking energy from many different sources – including Eskom, independent power producers, businesses and households – as part of a collective national effort. At the same time, we can diversify our energy sources and achieve energy security in the long term. A dedicated National Energy Crisis Committee (NECOM) has been established comprising all government departments and Eskom, led by the Director-General in the Presidency, to implement this action plan. It reports directly to an Inter-Ministerial Committee comprising the Minister in the Presidency, the Minister of Mineral Resources and Energy, the Minister of Public Enterprises, the Minister of Finance, the Minister of Forestry, Fisheries and the Environment and the Minister of Trade, Industry and Competition

AMEU CONVENTION 2022 (1)

1. The Secretary advised that the call for papers is now closed, and a copy of the abstracts received now tabled.
2. Members to vote on the submissions in the next two weeks.
3. At the suggestion of the AMEU President it was agreed to invite subject experts to chair the sessions of the convention
4. The affiliates were worried that registrations for the convention was going very slow, but it was pointed out that members will only be able to select and register delegates once the programme of the conference is available.
5. The programme is targeted for publication by mid-August.
6. The floorplan is almost ready for circulation to the affiliates to book their stands. The president acknowledged the uncertainties around registration levels and affiliate interests.
7. It was agreed to publish regular comparative registration figures to the organising committee.

AMEU CONVENTION 2022 (2)

1. The annual presidential awards programme rules was 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 President's Awards Programme.

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)

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. Emthanjani	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			

RESPONSE RECEIVED FROM NERSA RECENTLY BY A MUNIC/METRO WRT APPLICATION BY THE SAID MUNIC/METRO FOR SSEG TARIIF APPROVAL

SSEG tariffs

1. NERSA has duly considered and noted the application submitted for approval of the Small Scale Embedded Generators (SSEG) tariff. The application could not be approved because

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NERSA lacks both statutory and regulatory jurisdiction over the proposed activity between yourself and the Small Scale Embedded Generators.

GCC MATTERS/ISSUES

1. Members debated concerns first raised by the affiliates on GCC exams and appointments of competent persons in terms of the act.
2. The affiliates concern around the GCC exam papers were covered in the previous meeting The matter to remain on the agenda.
3. Members noted that GCC is not a qualification, it is a licence to practice and that the correct terminology is not “safety officer” but rather “competent person”.
4. Mr Pieter Laubscher advised that municipalities that do not have a competent person in place must report that to the Department of Labour.
5. A competent person may have a full GCC or may be a graduate engineer with two years’ experience and having completed the law exam offered by the DoL.
6. The DoL didn’t have approved GCC examination results to present

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. Mr Mondi EIUG, CEO reflected on the crisis proportions of our energy supply, asking what can be done to stimulate:
 - a) energy efficiency,
 - b) incentivise public generation and
 - c) reducing overall demand without damaging the economy.
2. We must have a clear view where future power generation will come from.
3. EIUG is waiting on the State President for guidance in this regard.
4. Reference was also made to a new electricity pricing framework that NERSA and others are working now requiring public inputs.

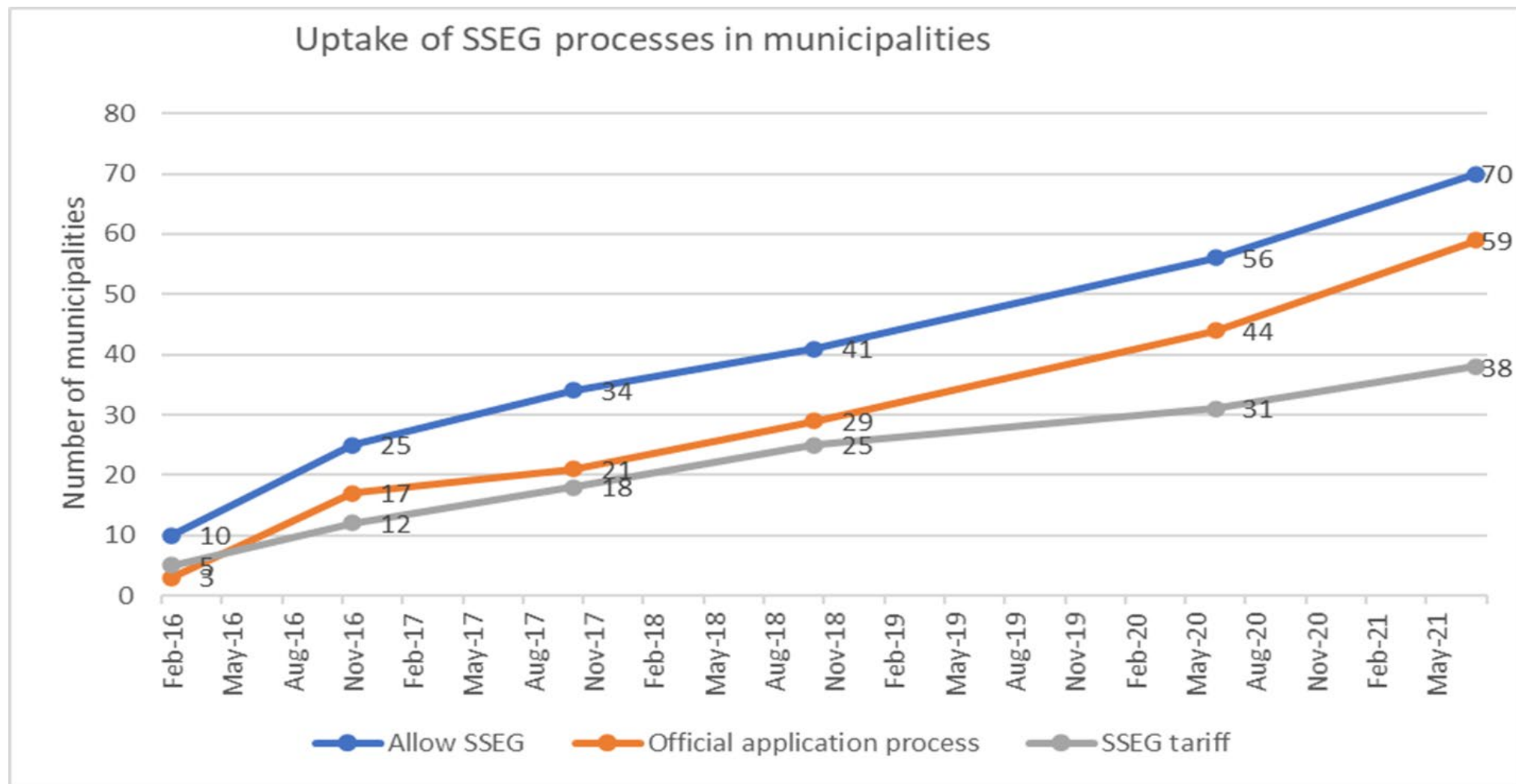
PIESA

1. PIEASA Board and Work Group mtgs were held in Cape Town in May 2022
2. Site visit was done to Eskom Research end last year
3. Work group meetings are continuing as normal during the course of the year

SSEG development programme (1)

1. 41 municipalities participated in the 2019/2020 SALGA SSEG support programme
2. 27 new partners; 8 existing partners; and 2 non-distributors (total of 37) municipalities are participating in the 2021/22 SSEG support programme
3. 8-day virtual SSEG training held between 08-19 March 2021 which addressed the following
 - a) Developed necessary forms and documentation (Applications forms, 'Requirements' documents etc.)
 - b) SSEG Tariff setting
 - c) SSEG policy development
 - d) By-law amendment to accommodate SSEG
4. There is on-going support and additional training taking place in terms of:
 - a) SSEG tariff and revenue impact
 - b) Bi-directional metering
 - c) Grid impact for SSEG

SSEG development programme (2)



SALGA - Energy Performance Certificates

1. Dr Silas Mulaudzi presented slides on the roll-out of Energy Performance Certificates for local government buildings and its associated processes and funding implications.
2. The initial deadline for completion of the process was December 2022, but Salga has applied for a further extension of the deadline.
3. The certificates are required for buildings larger than 1000m².
4. 64% of municipalities have not started this process yet in part because of a shortage of service providers certified to do the certifications.
5. Noted that electricity departments were not in charge of municipal buildings and that the relevant budget for this process is based in the facilities departments.
6. Members wanted to know if a further 24 months extension was enough and if DMRE can make budget available for this.

MISA FRAMEWORK CONTRACTS

1. Mr Padayachee advised that senior council confirmed that COGTA and MISA do not have a legal mandate to offer Framework Contracts.
2. Transversal Contracts that are within the jurisdiction of National Treasury may be used as an alternative vehicle.

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.

NRS MATTERS

1. Jayson Naicker from the NRS Association presented a status report on the work of the NRS Association indicating that some 60 projects are currently in process.
2. Work of the association is limited by the fact that they only have one project leader left in the organisation.

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	

ELECTRIFICATION MASTER PLAN

PURPOSE

- The purpose is to clearly identify (grid and off-grid) electrified and un-electrified areas in order to achieve Universal Access to Electricity and the impact on Generation, Transmission and Distribution network infrastructure requirements.

OBJECTIVES

- The overall project objective is to develop a Provincial Integrated Electrification Master Plan that comprises of:
 - a) a One-year Project and Budget plan for licensed entities (Municipalities, Eskom and/Private Distributors);
 - b) Three-to-Five year's Capital and Operational Plan and
 - c) a long-term integrated plan (10 yrs.).
- **The Department has appointed service providers for six (6) provinces namely, KZN, GP, EC, LIM, NW and MP and they all busy with the second milestone which is the status quo. All the Inception reports are approved. For the remaining provinces WC, NC and FS the process has started and will be going out on tender and appointment will be concluded in the current financial year.**



NON-GRID ELECTRIFICATION

PURPOSE

- To electrify households with interim solution where grid electrification cannot be implemented due to unavailability of electrical infrastructure, extreme terrain or lack of capacity from the existing network and sometimes in areas where there are land disputes.

QUALIFICATION CRITERIA

- a) The area(s) must not be in the municipal IDP three(3) year plan for electrification
- b) Proof of circumstances leading to inability to electrify with grid (e.g. extremely high cost per connection, access issues due terrain and unavailability of infrastructure)
- c) Proof of land dispute or temporary settlements waiting to be relocated/formalized

STANDARD OPERATING PROCEDURE

- The non-grid SOP is aligned to grid electrification planning cycle with few exceptions



Municipal Debt Strategy



Municipal debt overview

The Munic debt recovery strategy is three-fold: -, **Stop the bleed, Reduce and Prevent overdue growth**

01

Credit Management

- Implement Eskom Revenue Policy and Procedure
- Incentivise Payment Arrangements
- Primary focus on Current Account

02

Legal Intervention

- Implement Eskom Revenue Policy & Procedure **including IRFA**
- Interrupt, terminate supply Attachment of assets & direct payments by munic customers
- Engagement with NERSA
- License revocation

03

Limit Service Provision

- Prioritise paying customers for fault repairs

04

Active Partnership

- Active partnering with distressed municipalities to recovery overdue debt
 - Currently have 3 Active Partnering agreements in place and 4 in mature stage
 - 45 Municipalities have been engaged on Active Partnering.

05

National Treasury Intervention

- Engagement with National Treasury

Eskom Challenges

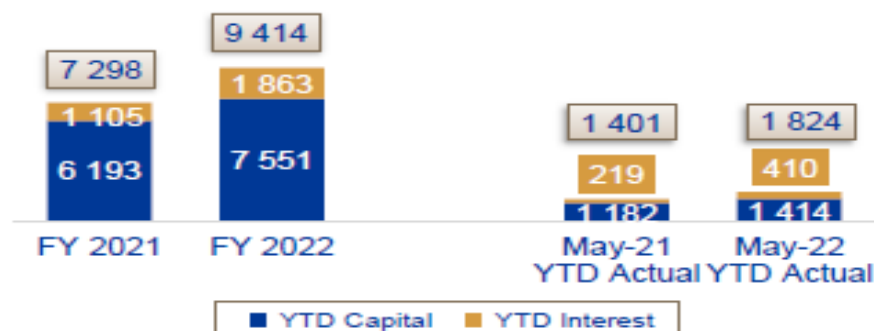


- Significant build up of overdue debt
- Despite numerous concessions by Eskom - current accounts not being honoured by many Municipalities
- Negotiating and concluding mutually acceptable Payment Arrangement
- Lack of compliance to agreed Payment Agreements by many Municipalities
- Lack of or Buy-in, and/or funding by Municipalities to take up Active Partnering

Municipal Overdue Debt (R'm)



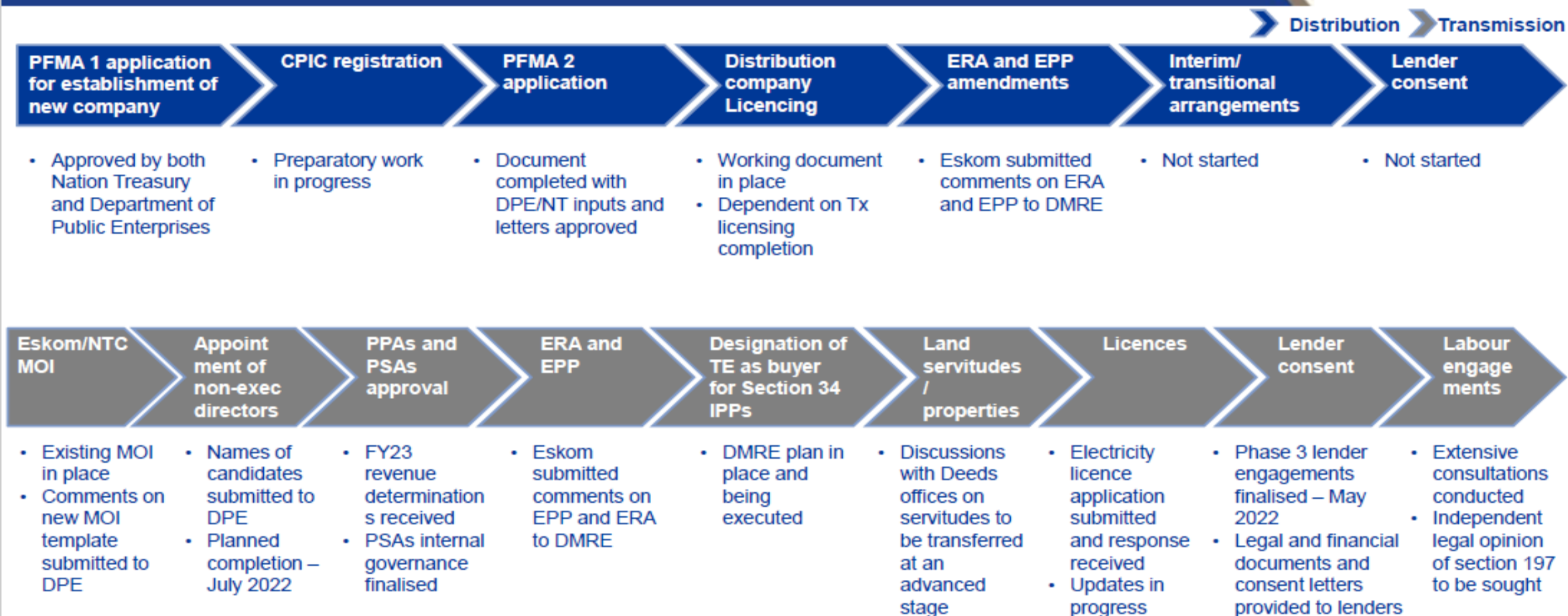
Total growth (R'm)



Payment Arrangement Status



Distribution is working towards completing legal separation by December 2022 and significant progress has been made – progress update



The above target dates are Eskom draft dates. Pending agreement and alignment with DPE, NT, DMRE & NERSA.

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 meet 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.

Simple ▶ Trusted ▶ Secure





Thank you