AMEU Strategic Adviser's Presentation

Virtual AMEU Highveld Branch Meeting

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AMEU Strategic Adviser

12 August 2021

IMPACT OF THE COVID PANDEMIC (1)

1. We are still not out of the woods – we are in the midst of the third wave
2. 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
3. Its common knowledge that the Covid pandemic has had a devasting impact globally affecting peoples lives and businesses etc.
4. The AMEU's activities let alone those of the AMEU membership both munics and affiliates has also been severely impacted
5. 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
6. Some very successful virtual webinars have been held
7. Hopefully the vaccination will bring some relief - from 1 Sept 2021 all adult population >18years wll be eligible for a vaccine (on choice)

AMEU CONVENTION 2021

1. E are moving quite well in terms of planning and preparation for this years first VIRTUAL convention
2. The AMEU Programme is almost finalises
3. Its more than likely that the presentations will be pre-videoed
4. The Presidential Legacy awards 2021 will be incorporated in th eprogramme – we urge all munics/metros and affiliates to apply for participation. Closing date was extended to 15 Sept 2021

AMEU BRANCH MATTERS

1. Branch-hosted webinars are attracting good attendance levels and member engagement in the meetings are excellent.
2. Given the Covid pandemic only one virtual branch meeting is being held per year
3. The next branch meeting is the Good Hope Branch meeting which is on 9 Sept 2021

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. Mpumulanga			
25. Emalahleni MP	1. Mpumulanga	SSEG	-
26. Emthanjeni	2. Mpumulanga	SSEG	-
27. Govan Mbeki	3. Mpumulanga	SSEG	-
4. Limpopo			
28. Ephraim Mogale	1. Limpopo	SSEG	-
5. KwaZulu Natal			
29. eThekwini 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 where raised directly with the DoL
2. We advised that the matter was tabled at the DoL Commission of Examiners meeting which is 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 will then inform the AMEU once the investigations are complete and the findings of the Investigations Committee are released

GCC - OHS Act results

Date of exam	Candidates enrolled	Candidates wrote exam	Successes	Percentage passes
Nov 2020	**488**	**233**	**127**	**54.5%**
Nov 2019	493	310	164	52.9%
June 2019	433	305	113	37%
Nov 2018	448	303	107	35.3%
June 2018	375	255	108	42.3%
Nov 2017	350	246	124	50.5%
June 2017	349	234	149	63.7%
Nov 2016	494	338	185	55%
June 2016	315	216	121	56%
Nov 2015	364	287	107	39%
June 2015	355	245	96	39.2%
Nov 2014	343	248	94	37.9%
June 2014	289	209	76	36.4%
Nov 2013	297	203	92	45.5%

GCC- Plant Engineering results

PART I – STASTISTICS

Date of exam	Candidates enrolled	Candidates wrote exam	Successes	Percentage passes
Nov 2020	**545**	**349**	**133**	**38,1**
June 2020	Examination was cancelled due to Covid-19 pandemic			
Nov 2019	469	309	55	17,8%
June 2019	492	313	104	33,2
Nov 2018	507	378	141	37,3%
June 2018	487	335	105	31,3%
Nov 2017	401	303	48	15,8%
June 2017	414	286	109	38,1%
Nov 2016	381	295	63	21,4%
June 2016	429	296	81	27,4%
Nov 2015	352	307	46	14,9%
June 2015	428	336	109	32,4%
Nov 2014	437	345	48	13,9%
June 2014	529	365	107	29,3%

Common challenges

- The common challenges are as follow:
  - Candidates not prepared;
  - Lack of technical background in general;
  - Does not understand the questions; and
  - The examiner believes that this examination is a good method to identify the good engineers to be appointed as competent persons.

DMRE - 2020/21 INEP PERFORMANCE-END OF MARCH 2021

- On the Municipal programme the Department has transferred **R1, 358, 752, 000.00** to allocated Municipalities and they have reported an expenditure of **R685, 989, 000.00** at the end of the financial year with **60 219** households electrified which includes rollovers.

- On the Eskom programme the Department has transferred **R1, 982,985, 000.00** and they have reported an expenditure of **R1, 276, 168, 074.87** at the end of the financial year with **106 669** households electrified which includes rollovers.

- The Department through its implementing agencies (Municipalities and Eskom) has managed to achieve **166 888** households electrified against the APP target of **137 000.**

DMRE - 2020/21 FY MUNICIPAL PERFORMANCE-END OF MARCH 2021

PROVINCE	MUNICIPALITY REVISED ALLOCATION (R'000)	YEAR TO DATE TRANSFERS (R'000)	YEAR TO DATE REPORTED EXPENDITURE (R'000)	REVISED CONNS	ACHIEVED CONNECTIONS INCLUDING ROLLOVERS
Eastern Cape	230, 075	230, 075	130, 089	9 085	9 651
Free State	80, 935	80, 935	45, 474	2 331	1 635
Gauteng	114, 743	114, 743	56, 460	3 865	8 512
Kwa Zulu Natal	259, 364	259, 364	103, 800	13 531	10 467
Limpopo	189, 452	189, 452	88, 752	9 112	15 436
Mpumalanga	160, 731	160, 731	97, 781	4 030	4 858
Northern Cape	125, 911	125, 911	59, 254	4 518	3 371
North West	73, 725	73, 725	30, 685	2 490	3 173
Western Cape	123, 816	123, 816	73, 694	3 405	3 116
TOTAL	**1, 358, 752**	**1, 358, 752**	**685, 989**	**52 367**	**43 350**

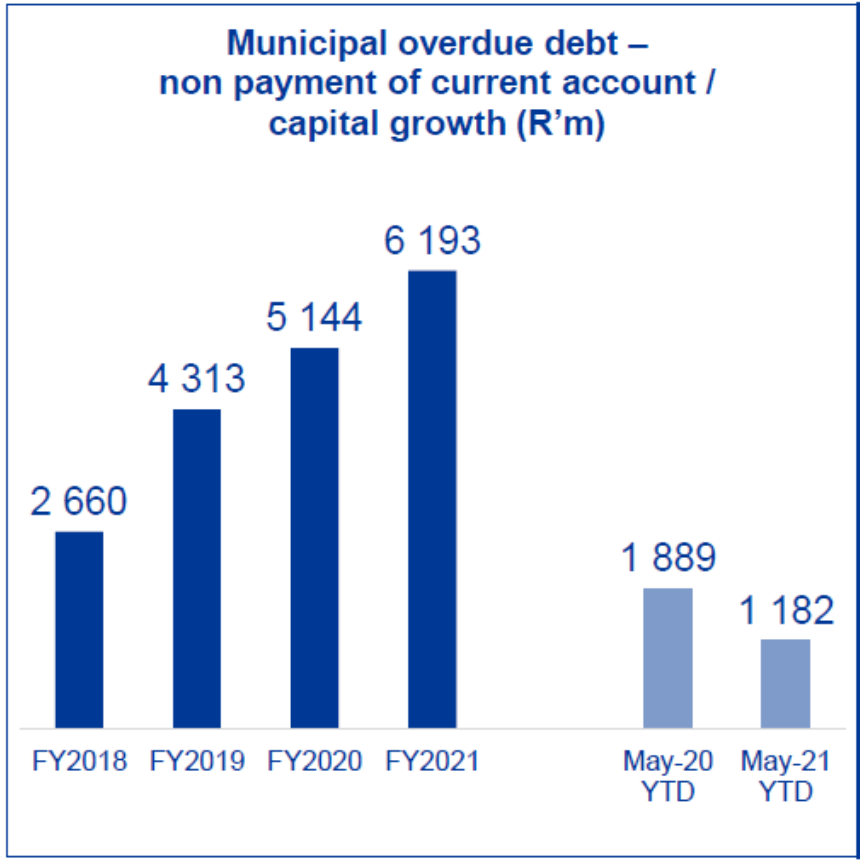
DMRE - 2020/21 FY ESKOM PERFORMANCE-END OF MARCH 2021

PROVINCE	ESKOM REVISED ALLOCATION (R'000)	YEAR TO DATE TRANSFERS (R'000)	YEAR TO DATE REPORTED EXPENDITURE (R'000)	REVISED CONNS	ACHIEVED CONNECTIONS INCLUDING ROLLOVERS
Eastern Cape	458, 113	458, 113	296, 853	13, 808	24, 107
Free State	46, 806	46, 806	35, 073	1, 928	1, 940
Gauteng	128, 002	128, 002	98, 699	5, 487	5, 938
KwaZulu Natal	476, 784	476, 784	231, 682	14, 078	22, 298
Limpopo	258, 236	258, 236	150, 852	12, 259	15, 713
Mpumalanga	202, 263	202, 263	132, 970	12, 255	14, 775
Northern Cape	116, 413	116, 413	41, 742	2, 081	3, 915
North West	223, 015	223, 015	198, 899	12, 212	13, 811
Western Cape	73, 352	73, 352	89, 396	4, 130	4, 172
TOTAL	**1, 982, 985**	**1, 982, 985**	**1, 276, 168**	**78, 238**	**106, 669**

What is under consideration?

Current	Proposed	Reason(s)
Current tariffs do not reflect divisional costs (but recover revenue at an overall level)	Updating tariffs with the latest cost-to-serve assumptions and divisional costs	To ensure that tariffs provide the correct unbundled cost signals - energy costs are correctly reflected in energy charges, Transmission and Distribution network costs reflected through network charges and retail costs reflected through retail charges.
Generation costs are currently recovered through a volumetric, variable (energy) basis. No usage = 0 generation costs recovery	Generation costs to be recovered through both fixed/capacity and variable/energy tariff components	To reduce the financial risk associated with volumetric recovery rates. ✓ With the introduction of generation capacity charge, variable energy rates will reduce ✓ No additional revenue ✓ May encourage customers to reserve what they really require ✓ No system free riders
Generator (≥66kV) use of system charges are based on loads, whereas <66kV are exempted from these charges.	Generator use-of-system charges to be reflective of the cost to serve and provide the correct pricing signals for location and voltage.	To create a category for generators in the cost-to-serve and pull the results through into tariff design. This will help avoid misappropriation of costs across customer categories.
Use of system costs are currently recovered equally through a fixed and variable charge. This however poses a volume risk due to the increase in distributed generation (DG).	Make network charges more reflective of the cost drivers by gradually increasing the fixed network charge.	The grid provides backup and storage for DG. Correct separation and structure of network is imperative to ensure that there is a fair recovery of costs by all users of the grid so that tariffs more accurately reflect the value of the service being provided and that unintended subsidies are not created.
Introduction of flexible short-term tariff options.	Industrial tariff for energy intensive high load factor customers.	This tariff is based on customer request, but will need to be evaluated and the impact on other tariffs will need to be assessed.
	Piloting of new tariffs, the Renewable energy tariff and the Critical peak day tariff.	Modernise tariff structures in light of evolving customer needs and technology, by helping customers fulfil their renewable targets and address Eskom operational requirements.

Municipal overdue debt – non payment of current account / capital growth



1. The non payment of the current account / capital portion was R1.2bn a 20% increase year-on-year but 37% improvement in the growth rate.
2. FS remains the highest followed by Gauteng and Mpumalanga.
3. KZN and WC, overall remain healthy with few in arrears.
4. We continue with our strategies deployed in the past financial as it has yielded some benefits in limiting the municipal debt growth.
5. We believe Active Partnering model will not only secure the current account payments but enhance service delivery in defaulting municipalities.
6. Municipal Debt remains a multi-stakeholder approach for Eskom as we continue to engage at various intergovernmental platforms.

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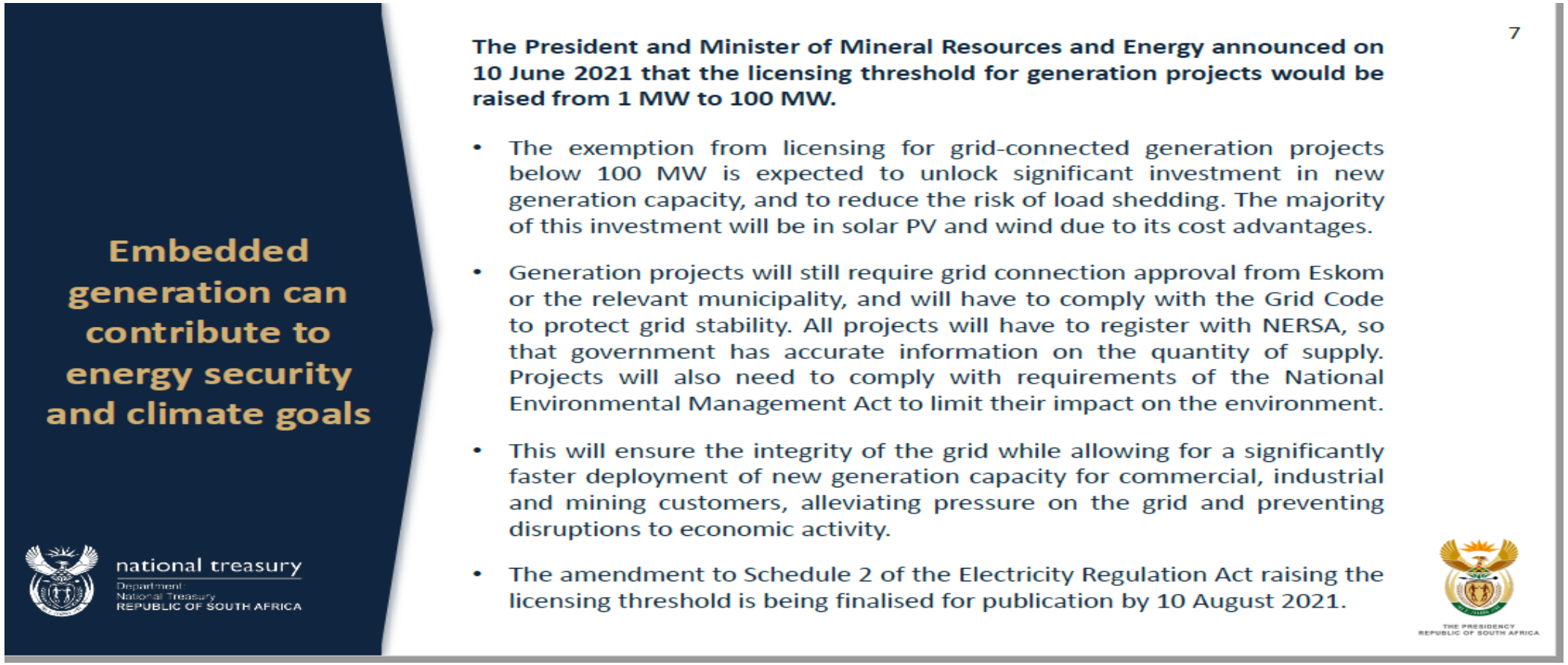
Estimated timelines for the 2023 tariff plan

Update CTS (cost-to-serve) study (FY2022)	2021/07/31
The tariff design model updated	2021/08/16
Tariff design	2021/09/30
Internal Tariff Design Document Approval	
The submission document updated	2021/10/30
Internal governance approval (with current rates)	2022/02/28
MYPD 5 decision	
Rates updated to 22/23 value	2022/03/31
Tariff design model and submission document update	2022/05/01
Submissions made to SALGA and the National Treasury (40 days)	2022/07/12
Eskom has to consider comments	2022/07/18
Eskom submits to NERSA	2022/07/29
NERSA puts out a consultation paper	2022/09/28
NERSA holds public hearings.	2022/10/13
NERSA makes a decision.	2022/11/13
NERSA produces an RFD.	2023/01/13
NERSA decision on the RCA	
Eskom updates the tariffs + the price increases and submits the schedule	2022/12/14
NERSA approves the increases and schedule	2023/01/04
Eskom tables the updated in parliament	2023/01/12
Eskom updates all tariff rates in the billing system.	2023/02/02

- The tariff change process is slow, requires extensive engagement, will need to indicate the impact on customers and, will in future have to be based on an updated NERSA framework guiding the industry

1. Tariffs to be updated based on the cost-to-serve study and will include pricing signals
   - NERSA requirement to motivate changes based on cost of supply.
   - Signals are not always based on costs, but to incentivise customer response so as to create efficiencies and reduce costs.
   - Prepare for Eskom unbundling by ensuring that divisional costs are accurately reflected.
2. Tariffs modernised to reflect changing technology environment
   - Reflecting fixed costs more accurately
   - Recovering the cost of providing standby capacity (grid and energy)
3. Some customer will pay more and others less
   - Not possible to have zero impacts when updating with cost to serve or restructuring tariffs
4. Tariff changes are a slow process and it involves updating the cost-to-serve, tariff design and the consultation process.

Presidential Commission on Climate Change July Meeting



Presidential Commission on Climate Change July Meeting

We have identified Komati as the flagship site to illustrate our transition ambitions

Eskom

With Komati's last coal-fired unit set to be shut down in 2022, the **Komati repowering and repurposing programme offers many opportunities**

- Offers the unique opportunity to pilot the repowering of a station on existing Eskom land
- Opportunity to pilot implementation of renewable technologies, test grid performance and create knowledge base
- Ideally positioned to be a flagship grid-connected JET project with the prospect of catalysing change in the electricity supply industry in the surrounding economic nodes
- Offers the opportunity to still contribute positively to the Komati community, pilot industrialisation and local manufacture opportunities

13

Published NRS specifications

- NRS 054 - Guidelines for the design of large power transformers up to 132 kV in the rating range of 1,25 MVA to 160 MVA
- NRS 078-1 - Long-span all-dielectric self support fibre optic cables - Part 1: Product specification
- NRS 081 - Single-mode - Non-dispersion shifted optical fibres
- NRS 099 - Bulk meter kiosks
- NRS 109 - Arc flash hot oil resistant suits
- NRS 035-1 Outdoor distribution cutouts Part 1: Drop-out fuse link assemblies pole mounted types
- NRS 035-2 Outdoor distribution cutouts Part 2: Expulsion fuse links

TID 2024 ROLLOVER CHALLENGE - THE LANDSCAPE

- 60 million meters world-wide
  - 6 million ESKOM
  - 3.7 million munics, metros
- 1026 working days left **(as of Nov 2020)**
  - 9,000 meter resets per day required
- Time is getting critically short to avoid a disaster

STATUS

- Hand delivered notifications done in South Africa
  - 244 to metros, local munics and ESKOM
  - 228 to sub-metering entities

- These munics have started the programme (2019)
  - eThekwini (400,000 meters)
  - Buffalo City (129,000 meters)
  - Dr Beyers Naude (11,000 meters)
  - Drakenstein

SALGA

- TID Rollover industry committee established
  - Ensure municipalities' readiness to deal with and mitigate this business risk by 2024
  - Provide technical/advisory support to municipalities in addressing this risk by 2024

- Key outputs
  - Industry risk matrix
  - Quarterly progress reports/dashboard
  - Knowledge and information sharing

Thank you