

AMEU GOOD HOPE BRANCH MEETING

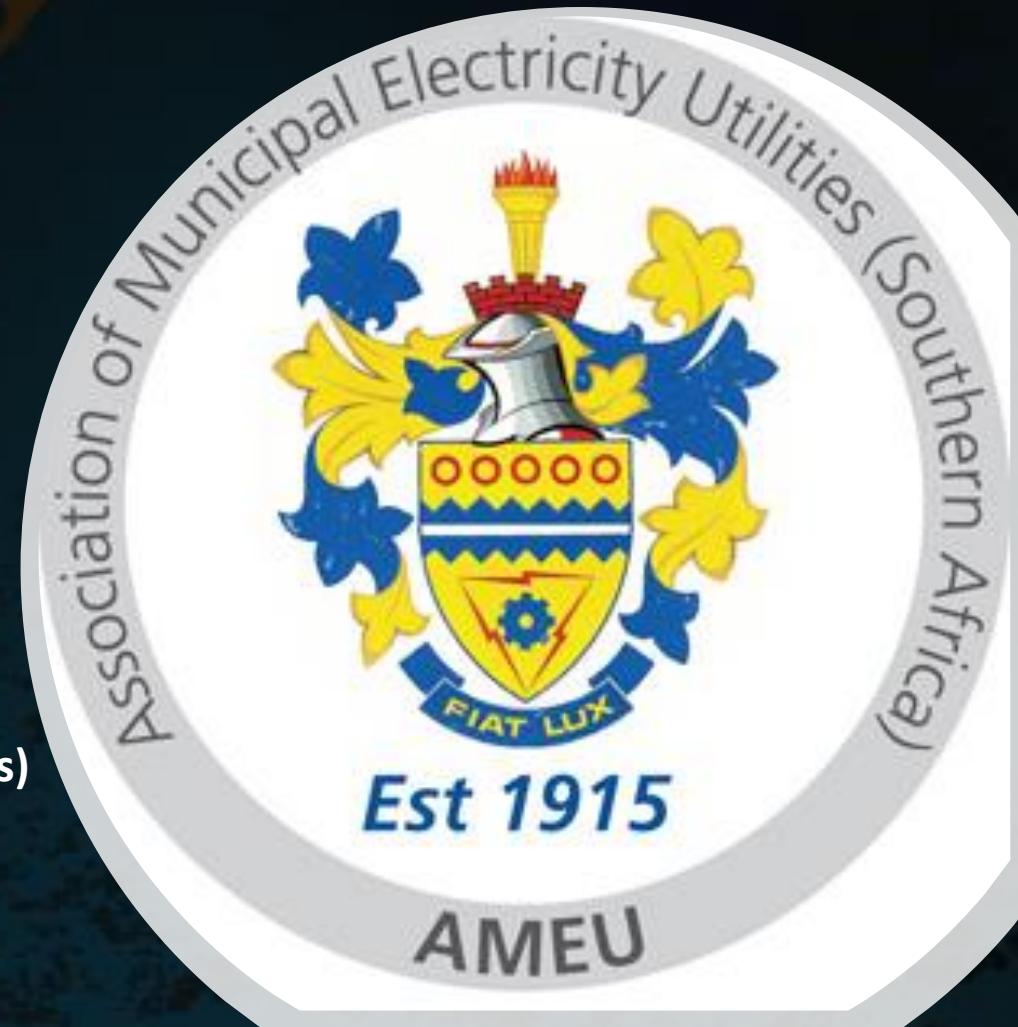
Presentation by

Vally Padayachee

CD(SA); FInstD; FIRMSA; MBA; MSc(Eng); GCC; EDP (Wits)

AMEU Strategic Adviser

9 SEPT 2022



CONFRONTING SAs ENERGY CRISIS:

ACTIONS TO END LOAD SHEDDING AND ACHIEVE ENERGY SECURITY

- STATE PRESIDENCY/GOVERNMENT RESPONSE

ENERGY CRISIS – INTRODUCTION (1)



1. Load shedding is the single biggest constraint on South Africa's economic growth.
2. Government is taking action both to address the immediate crisis and to make load shedding a thing of the past.
3. We are mobilising all the resources at our disposal and will do whatever it takes to achieve energy security.
4. By applying a laser focus to a limited number of high-impact interventions, and by acting with urgency and decisiveness, we can end load shedding.
5. At the same time, we can diversify our energy sources and achieve energy security in the long term
6. 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.

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.

ENERGY CRISIS – INTRODUCTION (2)



7. At the same time, we can diversify our energy sources and achieve energy security in the long term.
8. 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.
9. 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.

IMMEDIATE ACTIONS TO RESTORE SYSTEM STABILITY AND INCREASE GENERATION CAPACITY(1)



1. Eskom's operational performance is being improved by
 - a) ensuring that capable leadership and skills are in place at all power stations;
 - b) recruiting experienced former Eskom staff, including engineers and power station managers;
 - c) restoring good operating procedures and practices; and
 - d) increasing the budget allocated for critical maintenance.
2. This includes a coordinated effort underway by law enforcement agencies to address sabotage, theft and fraud at Eskom and improve the quality and security of coal.
3. The availability of diesel supply for the Open Cycle Gas Turbines is being improved through timely procurement and improved logistics and storage capacity.
4. Additional capacity will be made available in the short term by allowing existing IPPs to sell surplus power to Eskom. This will involve amending contracts with existing IPPs from previous bid windows to enable them to sell additional capacity.

IMMEDIATE ACTIONS TO RESTORE SYSTEM STABILITY AND INCREASE GENERATION CAPACITY(2)



5. In addition, Eskom will be allowed to procure power from existing private generators, such as mining companies and shopping malls which have installed solar panels and can supply their excess power to the grid.
6. In the immediate term, Eskom will be allowed to procure immediately dispatchable interim power on an emergency basis for a period of two to three years, while ensuring transparency and cost-effectiveness.
7. Eskom is also exploring the possibility of importing additional power through the Southern African Power Pool.

ADDITIONAL MEASURES TO END LOAD SHEDDING

1. Fix Eskom and improve the availability of existing supply
2. Enable and accelerate private investment in generation capacity
3. Accelerate procurement of new capacity from renewables, gas and battery storage
4. Unleash businesses and households to invest in rooftop solar
5. Fundamentally transform the electricity sector to achieve long-term energy security

*****A dedicated National Energy Crisis Committee (NECOM) was also established by the Presidency to implement these actions, with a mandate to do whatever it takes to end load shedding. This team is led by the Director-General in the Presidency, including all government departments and Eskom, and reports to the President.*****

ELECTRICITY RESALE OR ELECTRICITY RESELLING - WHAT IS THE LEGAL STATUS OF ELECTRICAL RESELLING IN SOUTH AFRICA?



According to Schedule 2 of The Electricity Regulation Act, 2006 (Act No. 4 of 2006) (“the Act”) published on 12 August 2021 as a Government Gazette (No. 44989): (EXTRACT)

- a) a **“Reseller”** means a person who purchases electricity from a **trading entity** in order to sell such electricity to a **customer**.
- b) **(s3.5)** The trading of electricity by a reseller in circumstances in which;
- c) **(s3.5.1)** the price charged by the reseller to customers does not exceed the tariff that would have been charged to such customers for the electricity if it had been purchased from the **holder of a distribution licence** for the area in which the electricity is supplied to the customer; and
- d) **(s3.5.2)** the reseller has **entered into either a service delivery agreement in accordance with the Municipal Systems Act, (Act No 32 of 2000)** (where the licensed distributor is a municipality) or a similar agreement with the distributor (where the licensed distributor is not a municipality) that regulates the relationship between the reseller and the holder of the distribution licence and the obligations of the reseller in respect of the quality of supply to customers; and the Regulator has ratified the general terms and conditions of such service delivery agreement.

ELECTRICITY RESALE OR ELECTRICITY RESELLING - (LODGING COMPLAINTS)



Yesterday (8 Sept 2022) I received the following confirmation from NERSA wrt customers wanting to lodge a complaint if they are unhappy on any aspects regarding purchase of electricity through a RESELLER. The following steps must be followed:

- 1. STEP 1:** Approach the said Reseller (or it's appointed or contracted Agent)
- 2. STEP 2:** If complainant is unhappy with STEP 1
- 3. STEP 3:** If complainant is still unhappy with STEP 2 then the complainant can approach NERSA directly at **complaints@nersa.org.za**. NERSA's decision will be final

NERSA'S PROPOSED ELECTRICITY INDUSTRY NEW PRICE DETERMINATION METHODOLOGY (1)



There are many drivers for change in the regulation of the electricity industry

Electricity sales
191 852 GWh
down 6.7% due to national lockdown

Electricity revenue
R202 644 million
up 2.7% due to 8.76% tariff increase



“Expired methodology”

Increasing electricity prices

Declining Eskom profitability

Declining sales

“Eskom” unbundling

Private generation increase

Deindustrialisation

Increasing job losses

Transmission to be separated by December 2021

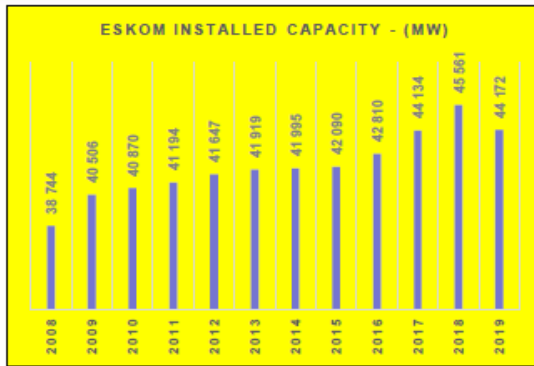
Generation and Distribution to be separated by December 2022

It would be strange to expect that as the industry unbundles, the electricity pricing framework remains bundled

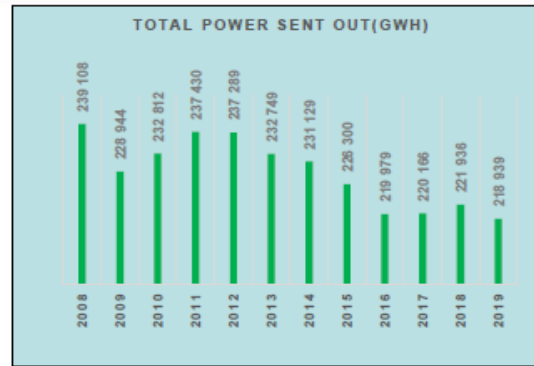
NERSA'S PROPOSED ELECTRICITY INDUSTRY NEW PRICE DETERMINATION METHODOLOGY (2)



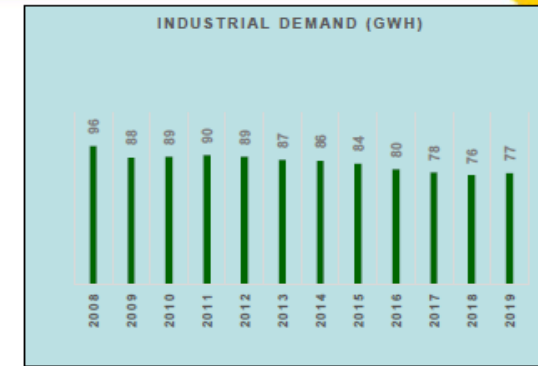
Electricity prices have increased significantly over years
but declining sales impacted on revenue & profitability



+14%



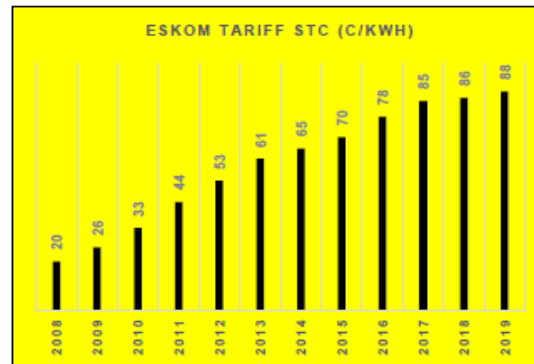
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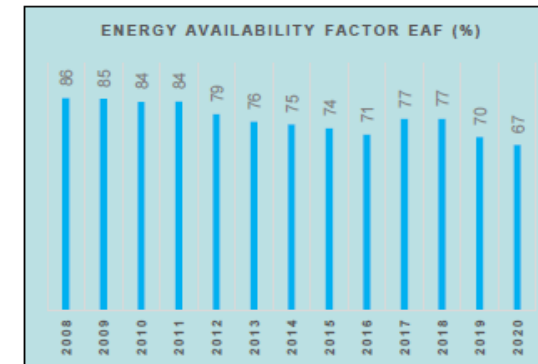
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+320%



+340%



-22%

NERSA'S PROPOSED ELECTRICITY INDUSTRY NEW PRICE DETERMINATION METHODOLOGY (3)



The electricity pricing methodology is predicated on 3 key principles...

Unbundled Activities

Migration to Unbundled Tariffs

Allocation of appropriate costs to parts of electricity value chains and determination of cost reflective tariff

Know your customer

Consumer only pays for what needed

Understand the customers' needs to determine how they use electricity and the impact of its cost of them

Consumer Prices

Fair Consumer Prices

Reflect all costs associated with the delivering power to customer in the consumer prices

AMEU CONVENTION 2022 (1)

68TH AMEU CONVENTION 2022

Durban International Convention Centre
2 – 5 October 2022

A JUST ENERGY TRANSITION (“JET”) FOR SOUTH AFRICA

SUNDAY, 2 OCTOBER 2022

Sports Day

19:00 Sports Dinner

MONDAY, 3 OCTOBER 2022

07:00 Registration and refreshments

09:00 Assembly & procession

5

National anthem

5

Prayer and scripture reading

5

09:15 Welcome by the AMEU President,

10

Ms Jayshree Pershad

09:25 Welcome by the Host, eThekweni Municipality

5

09:30 Welcome by The Mayor of eThekweni Municipality

15

His Worship The Mayor Councillor **Mxolisi Kaunda**

09:45 Keynote Address

45

The Hon Dr Nkosazana Dlamini-Zuma Minister of COGTA

10:30 Address by the CEO, NERSA

30

Adv. Nomalanga Sithole

11:00 Invitation – Venue Announcement

10

Honorary Membership Awards

20

Mr Jean Venter
AMEU General Secretary

11:30 Refreshment and exhibition viewing / Departure of spouses

INTRODUCTION TO DAY 1 & SESSION 1 CHAIR: AMEU President, Ms Jayshree Pershad

12:00 **PANEL DISCUSSION**
The response to the impact of the SA electricity crisis on sustaining an effective service delivery by municipality electricity utilities to its end customers.

60

Moderated by Vally Padayachee,
AMEU Strategic Adviser

13:00 Lunch and exhibition viewing

SESSION 2 CHAIR: Mr Maxwell Mthembu, eThekweni Municipality

14:00 Incorporating the fundamentals of Just Energy Transition into Renewables and Energy Efficiency initiatives by municipalities

30

Ms Ngobile Ngcobo and Ms Roseline Sandamela
South African National Energy Development Institute (SANEDI)

14:30 eThekweni Metropolitan Municipality energy strategic roadmap inclusive of gas, solar PV, wind, hydro, and waste to energy.

30

Mr Sbu Ntshalintshali
Renewable Energy and Natural Gas,
eThekweni Metropolitan Municipality

15:00 Business models for accelerated renewable energy deployment

30

Ms Refilwe Mokgosi
Emfuleni Local Municipality

AMEU CONVENTION 2022 (2)

SESSION 3 CHAIR: Ms Nombulelo Zwane, Stellenbosch Municipality			
16:00	Wheeling of Electricity - A Friend or Foe in the Energy Transition	30	Mr Leshan Moodliar eThekweni Municipality
16:30	Calculating fair use-of-system charges for wheeling	30	Mr Josh Dippenaar Sustainable Energy Africa
17:15	Day Adjournment, Cocktail Function Hosted by The Mayor of eThekweni at the Exhibition Area		
TUESDAY, 4 OCTOBER 2022			
07:30	Registration and Refreshments		
INTRODUCTION TO DAY 2 & SESSION 4 CHAIR: AMEU President Elect, Mr Tom Mutshidza			
08:30	Keynote Address	40	The Hon Mr Gwede Mantashe, Minister of Mineral Resources and Energy
SESSION 5 CHAIR: AMEU President Elect, Mr Tom Mutshidza			
09:10	Women-in-Electricity ("WiE") Programme	20	Ms Lomile Modiselle AMEU WiE Chairperson
09:30	WIE PANEL DISCUSSION: The Gender dimension of the Just Energy Transition: The role of women in the new energy landscape	60	Coordinated by The AMEU WiE Committee
10:30	Refreshments and exhibition viewing		
SESSION 6 CHAIR: Ms Leila Mahomed Weideman, CoCTN			
11:00	A Just Transition Starts with Just Tariffs: A Cost to Serve Study at eThekweni Municipality	30	Mr Leshan Moodliar eThekweni Municipality
11:30	The Importance of Grid Impact Studies for Municipalities	30	Mr Geeven V Moodley Digsilent Buyisa
12:00	Socio-economic benefits of renewable technologies in South Africa	30	Ms Aradhna Pandarum CSIR
12:30	Exploring an effective energy transition management frameworks for the South African energy sector.	30	Mr Vuyisile Lloyd SMEC SA
13:00	Lunch		
SESSION 7 CHAIR: Mr At Van Der Merwe, Past AMEU President			
14:00	The criticality of a holistic just energy transition plan in South Africa	30	Mr Surprise Mmako GLS Consulting (Pty) Ltd
14:30	Exhibition viewing		
15:00	Tariff setting principles for hybrid solar and storage embedded generation systems	30	Mr Sinawo Sigalelana Sustainable Energy Africa
15:30	Paying for the Just Energy Transition: The financial implications of the energy transition for municipalities, their developmental mandate, and the alternatives	30	Mr Kevin Foster Stellenbosch University; Centre for Sustainability Transitions (CST)
16:00	Strengthening equitable and sustainable municipal service delivery in informal settlements: lessons from a socio-technical energy innovation in PJS Settlement, Khayelitsha, Cape Town		Ms Thandeka Tshabalala Stellenbosch University; Centre for Sustainability Transitions (CST)

AMEU CONVENTION 2022 (3)

WEDNESDAY, 5 OCTOBER 2022			
08:00	Registration and exhibition viewing		
INTRODUCTION TO DAY 3 & SESSION 8 CHAIR: AMEU President, Ms Jayshree Pershad			
08:30	Technical and financial impacts of SSEG on the municipal energy sector	30	Ms Mmaphuti Nkwana GLS Consulting (Pty) Ltd
09:00	Value-Driven Grid Data Management: The Key to Speeding Up Decarbonization and the JET	30	Mr Taru Madangombe Schneider Electric
09:30	The Role of South African Municipalities in a Just Transition to Electric Vehicles	30	Joel Yongoua Nana Sustainable Energy Africa
10:00	Utilities' role in electric mobility in South Africa	30	Mr Darryl Chapman ESKOM
10:30	Case Study: Technical repowering and repurposing options for 7 Coal powered power Stations in Mpumalanga incorporated into a socio-economic impact assessment	30	Mr Stephen Reynders SMEC South Africa
11:00	Refreshments and exhibition viewing		
SESSION 9 CHAIR: Mr Nhlanhla Ngidi, Head Electricity, SALGA			
11:30	Overview of the City of Cape Town's Energy Performance Certificate Initiative	30	Ms Mary Haw City of Cape Town
12:00	Framework in creating a positive safety culture with the introduction of life saving rules in a municipal electricity utility	30	Mr Orren Groenewaldt Sol Plaatje Municipality
12:30	The Evolution of SANS 724 performance standards in South Africa and Protecting Workers from the Effects of an Electric Arc	30	Mr Dharmesh Lakmidas Du Pont
13:00	Lunch		
SESSION 10 CHAIR: AMEU President, Ms Jayshree Pershad			
CONVENTION FORUM: ALL DELEGATES INVITED			
14:00	AMEU best paper award CIGRE award Thank you message from the AMEU Affiliates Chair message Thank you message from the partners Closing address from the AMEU President		

JOINT AMEU/SAIEE WEBINAR

1. Webinar series took place on 10 -25 August 2022 ie 6 sessions on 6 different days
2. Astronomical success – all six sessions had significant attendance .First session had 439 attendees. Other sessions were not far off.
3. Sessions to be CPD accredited.
4. Presentations were 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. 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			

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.

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.

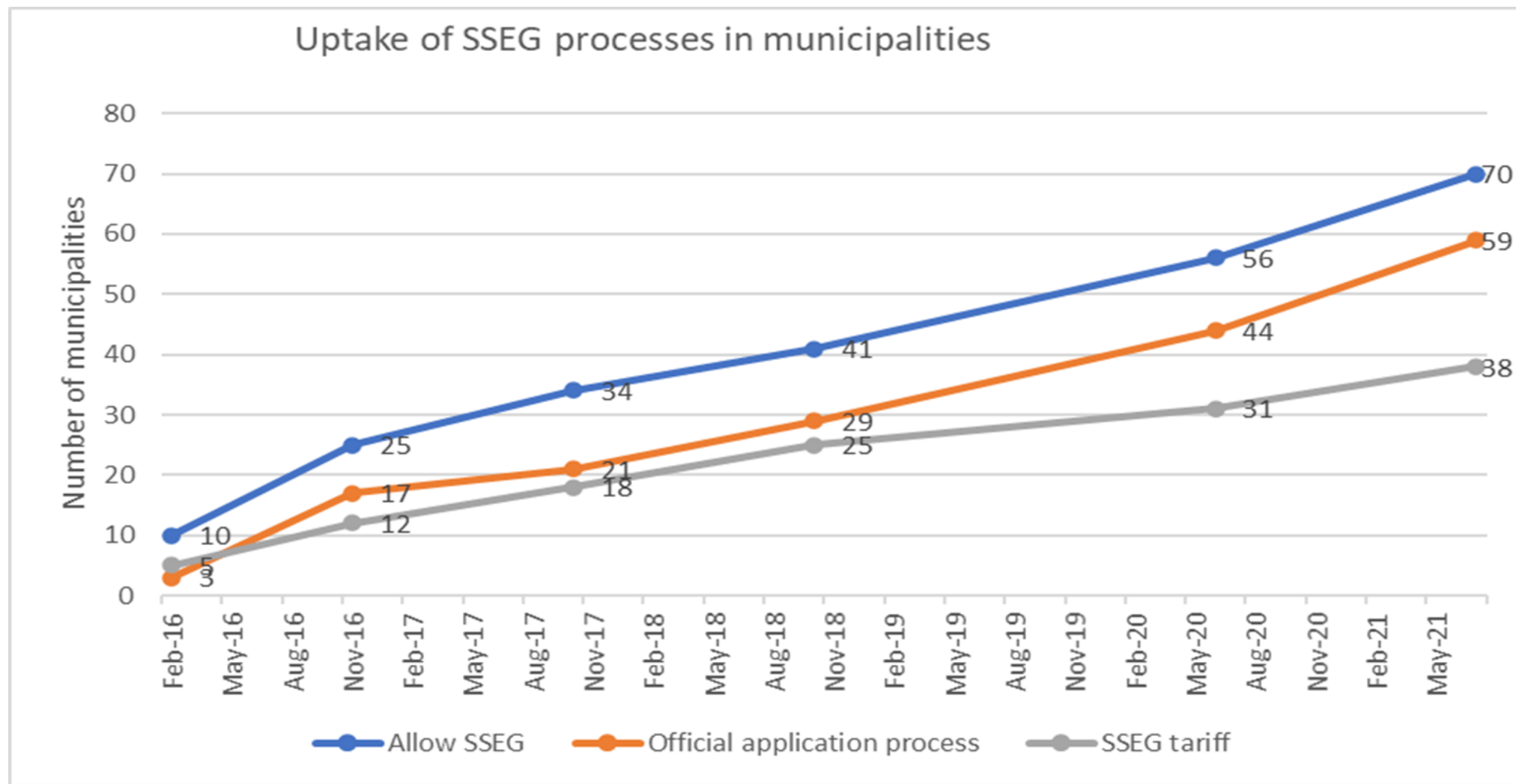
PIESA

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.

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	

DMRE - ELECTRIFICATION MASTER PLAN

Purpose

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

Objective

- To develop a Provincial Integrated Electrification Master Plan that comprises of:
 - One-year Project and Budget plan for licensed entities (Municipalities, Eskom and/Private Distributors)
 - Three-to-Five year's Capital and Operational Plan
 - Long-term integrated plan (10 yrs.+)

Status to date

- **The Department has appointed six (6) service providers for KZN, EC, GP, LIM, MP, and NW**
- **They all busy with the second milestone (status quo) and all the Inception reports are approved**
- **Procurement of service providers for WC, NC and FS is in progress and appointment will be concluded in the current financial year**

DMRE ELECTRIFICATION CHALLENGES

- Lack or limited relevant technical resources within local municipalities
- Inadequate budget and resources to fully monitor the electrification programme
- Project delays due to municipal procurement processes
- Delays and late completion of projects due to national shortage of electrification materials
- Huge infrastructure requirements, especially from mixed developments and developer projects

DMRE INTERVENTIONS TO ADDRESS CHALLENGES

- Development of the National Electrification Master Plan to assist municipalities with identification of electrification needs
- Stakeholder engagement through energy forums
- Physical monitoring and evaluation of the programme on an operational level
- Engagements with other national departments to improve alignment of all programmes
- Placement of electrical engineering trainees within funded municipalities

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

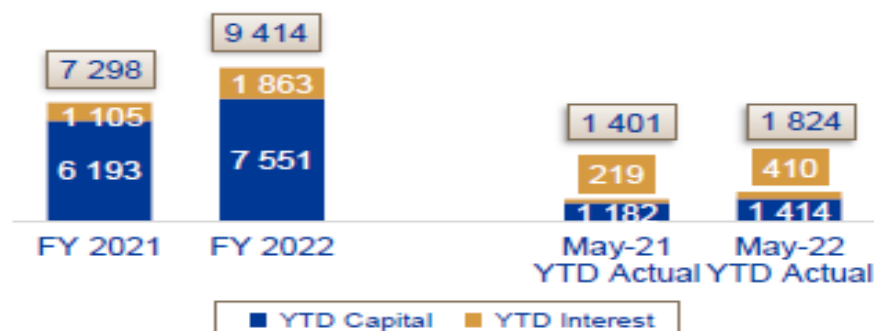


- Significant build up of overdue debt
- Despite numerous concessions by Eskom - current accounts not being honoured by many Municipalities
- Negotiating and concluding mutually acceptable Payment Arrangement
- Lack of compliance to agreed Payment Agreements by many Municipalities
- Lack of or Buy-in,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

Municipal Overdue Debt (R'm)



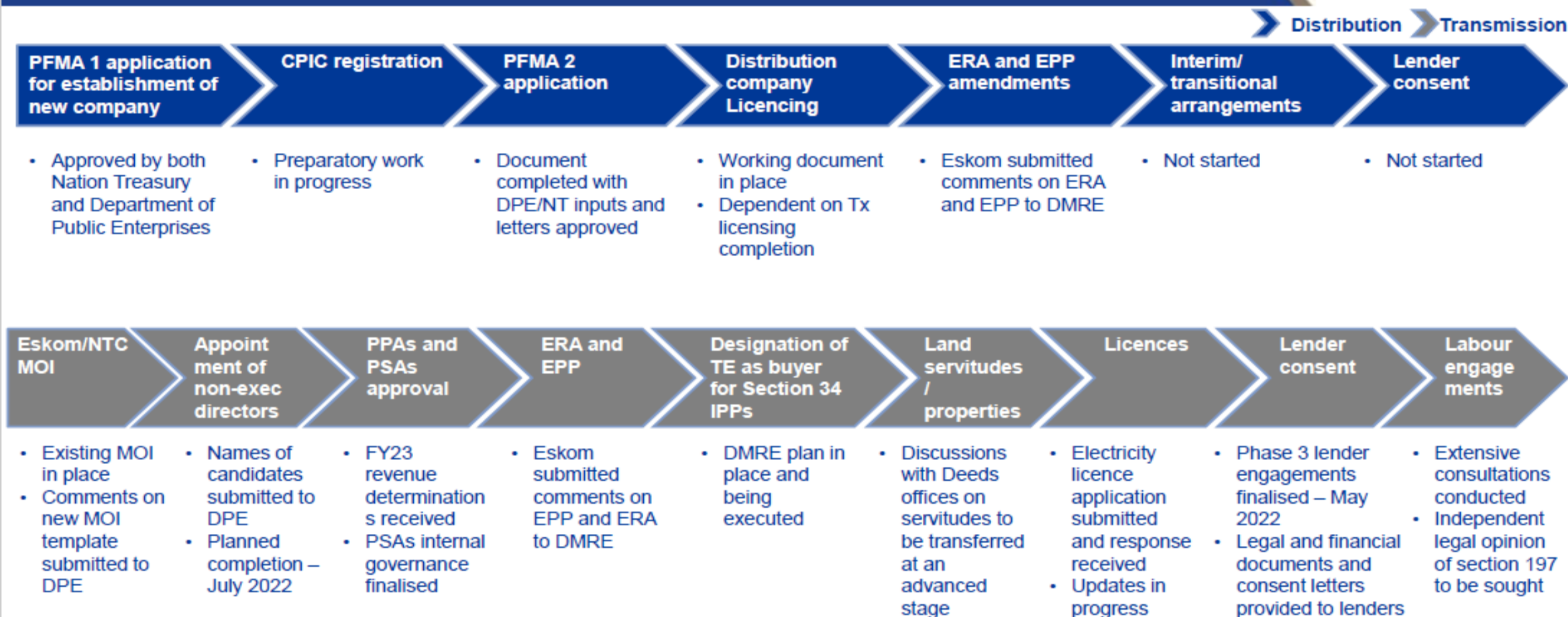
Total growth (R'm)



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.

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Thank you