"FA"

OUTA
ORGANISATION UNDOING TAX ABUSE

Building 4, Boskruin Village Office Park
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Bromhof, 2188
Tel: 087 170 0639
Email: info@outa.co.za

RESOLUTION No 2023/028

Of the Executive Committee

The Executive Committee of the Organisation Undoing Tax Abuse ("OUTA") has discussed and resolved that:

- Stefanie Fick, in her capacity as Executive Director of the Accountability and Public Governance Division of the Organisation Undoing Tax Abuse ("OUTA") is hereby authorised to institute review proceedings (including all ancillary court processes related thereto), seeking to review and set aside the declaration of a national state of disaster as published in Government Gazette No 48009 of 9 February 2023, against the President of the Republic of South Africa, the Head of the National Disaster Management Centre, the Minister for Co-oparative Government and Traditional Affaris and/or any other party relevant to such proceedings on behalf of OUTA; and

- The scope of such authorisation includes, but is not limited to, the deposing to any affidavit so required by the relevant rules of court applicable to such legal proceedings.

Approved by the Executive Committee on this 15TH day of February 2023.

Wayne Duvenage

Stefanie Fick

Absent

Greig Morrison

Julius Kleynhans

Kerry de Jonge

Samantha van Nispen

Kerry de Jonge

Samantha van Nispen

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Government Gazette
Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA

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DEPARTMENT OF CO-OPERATIVE GOVERNANCE

NO. 3019 **9 February 2023**

DISASTER MANAGEMENT ACT, 2002 (ACT NO. 57 OF 2002)

CLASSIFICATION OF NATIONAL DISASTER: IMPACT OF SEVERE ELECTRICITY SUPPLY CONSTRAINT

I, Dr Elias Sithole, in my capacity as the Head of the National Disaster Management Centre (NDMC), after consultation with key national sector departments and Provincial Disaster Management Centres, and after assessing the magnitude and severity of the substantial impact of the severe electricity supply constraint and its possible progression to a total blackout if not prevented, and after having considered the information and recommendations provided by stakeholders, I hereby give notice that on in terms of Section 23(3) of the Disaster Management Act, 2002 (Act No. 57 of 2002), I classify the impact of the severe electricity supply constraint as a national disaster.

Emanating from the classification of this occurrence as a national disaster, in terms of section 26, read with section 23 of the Act, the primary responsibility to coordinate and manage the disaster, in terms of existing legislation and contingency arrangements, is designated to the National Executive.

In terms of Section 15(2)(*aA*) of the Act, read with section 23(8), hereby call upon organs of state to further strengthen and support existing structures established to coordinate and manage the implementation of contingency arrangements in line with the National Energy Action Plan, as updated from time to time, to ensure that measures are put in place to enable the National Executive to effectively deal with the effects of this disaster and prevent the escalation of the severe electricity supply constraint to a total blackout.

Also emanating from this classification, and the measures already being provided by organs of state in terms of section 23(8) and sections 15(2)(aA) of the Act, organs of state are required to prepare and submit reports, as required by the National Disaster Management Centre (NDMC) and in the case of a declaration of a state of disaster, report to the respective intergovernmental forums as outlined in section 24(4) to (8) of the Act.

Elias Sithole

DR ELIAS SITHOLE
HEAD: NATIONAL DISASTER MANAGEMENT CENTRE
DATE: 09/02/2023

"FA 3"

DEPARTMENT OF CO-OPERATIVE GOVERNANCE

NO. 3020 9 February 2023

DISASTER MANAGEMENT ACT, 2002 (ACT NO. 57 OF 2002)

DECLARATION OF A NATIONAL STATE OF DISASTER: IMPACT OF SEVERE ELECTRICITY SUPPLY CONSTRAINT

Considering the magnitude, severity and progression of the severe electricity supply constraint and the substantial impact caused by the severe electricity supply constraint and following the classification of this electricity supply constraint by the Head of the National Disaster Management Centre (NDMC) as a national state of disaster to prevent the possible progression to a total blackout from occurring and taking into account the possibility to augment existing measures already undertaken by the organs of state to deal with electricity supply constraint:

I, Dr Nkosazana Dlamini Zuma, MP, Minister of Cooperative Governance and Traditional Affairs, designated under Section 3 of the Disaster Management Act, 2002 (Act No. 57 of 2002) ("the Act"), in terms of,

1) Section 27(1) of the Act, hereby declare a national state of disaster having recognised that special circumstances exist to warrant the declaration of a national state of disaster; and
2) Section 27(2), read with section 27(3) of the Act may, when required, make regulations, and issue directions or authorise the issuing of directions concerning the matters listed therein, only to the extent that it is necessary for the purpose of –
    (a) assisting and protecting the public;
    (b) providing relief to the public;
    (c) protecting property;
    (d) preventing or combatting disruption; or
    (e) dealing with the destructive nature and other effects of the disaster.

NC Zuma

DR NKOSAZANA DLAMINI ZUMA, MP

MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

DATE: 09. 02. 2023

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"FA 4"

public enterprises
Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

MINISTER GORDHAN CALLS ON ESKOM BOARD AND MANAGEMENT TO GET THE COUNTRY OUT OF STAGE 6 OF LOADSHEDDING AS SOON AS POSSIBLE

PRETORIA, 8 December 2022 – The Minister of Public Enterprises, Pravin Gordhan, has directed the management and board to work hard to get the country out of stage six (6) loadshedding with immediate effect.

"I met the board of Eskom yesterday. I have directed them to meet and act with a great sense of urgency in order to ensure that the management of Eskom gets the country out of level six (6) load-shedding with immediate effect," said Minister Gordhan.

"Power-cuts are having a devastating effect on households and livelihoods, investment and economic climate. This is totally unacceptable. The frequency of breakdowns is certainly attributable to some element of malfunctioning within the Eskom systems and possibly sabotage as well".

"We have had to call on law-enforcement agencies to show a stronger presence at all Eskom power stations. Those who are involved in nefarious activities, beware. We will not tolerate any activities whose purpose is not in the national interest," he said.

"We apologize to the country about the impact and disruptions caused by load shedding and will keep the nation informed about the status of electricity." said Minister Gordhan.

Issued by Department of Public Enterprises

For Media Enquiries contact Richard.mantu@dpe.gov.za or 012 431 1203

8 December 2022

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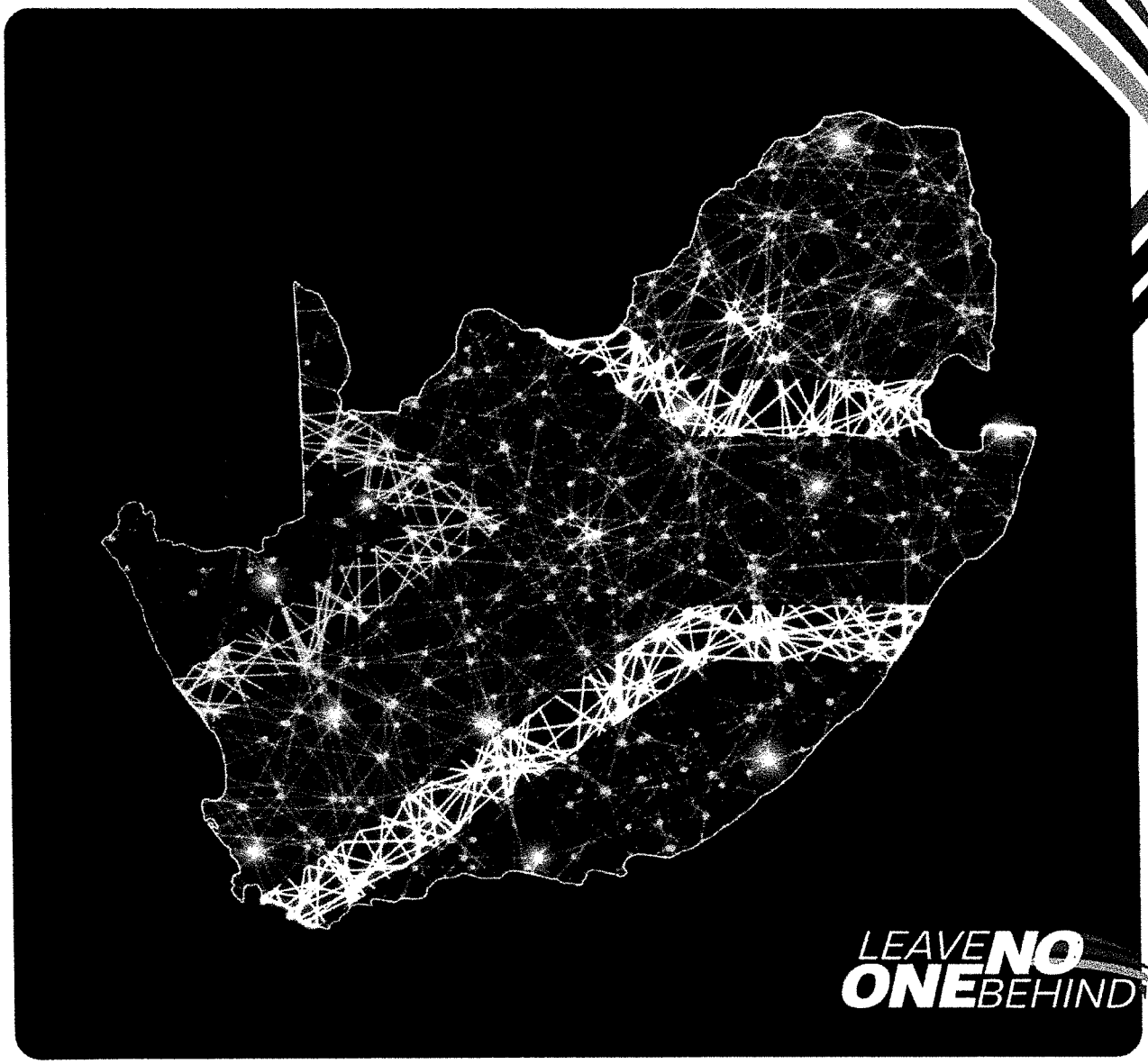
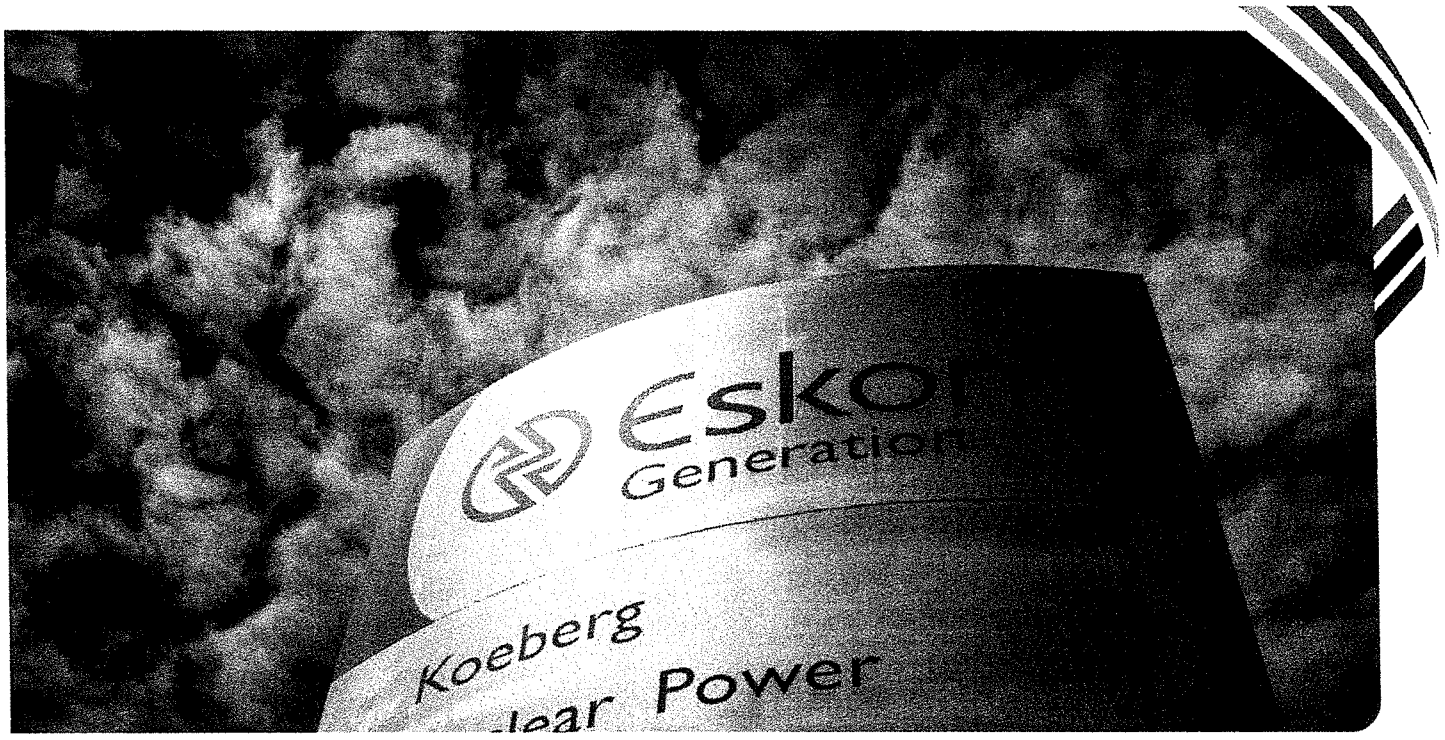
CONFRONTING THE ENERGY CRISIS:
AN ACTION PLAN TO END LOAD SHEDDING



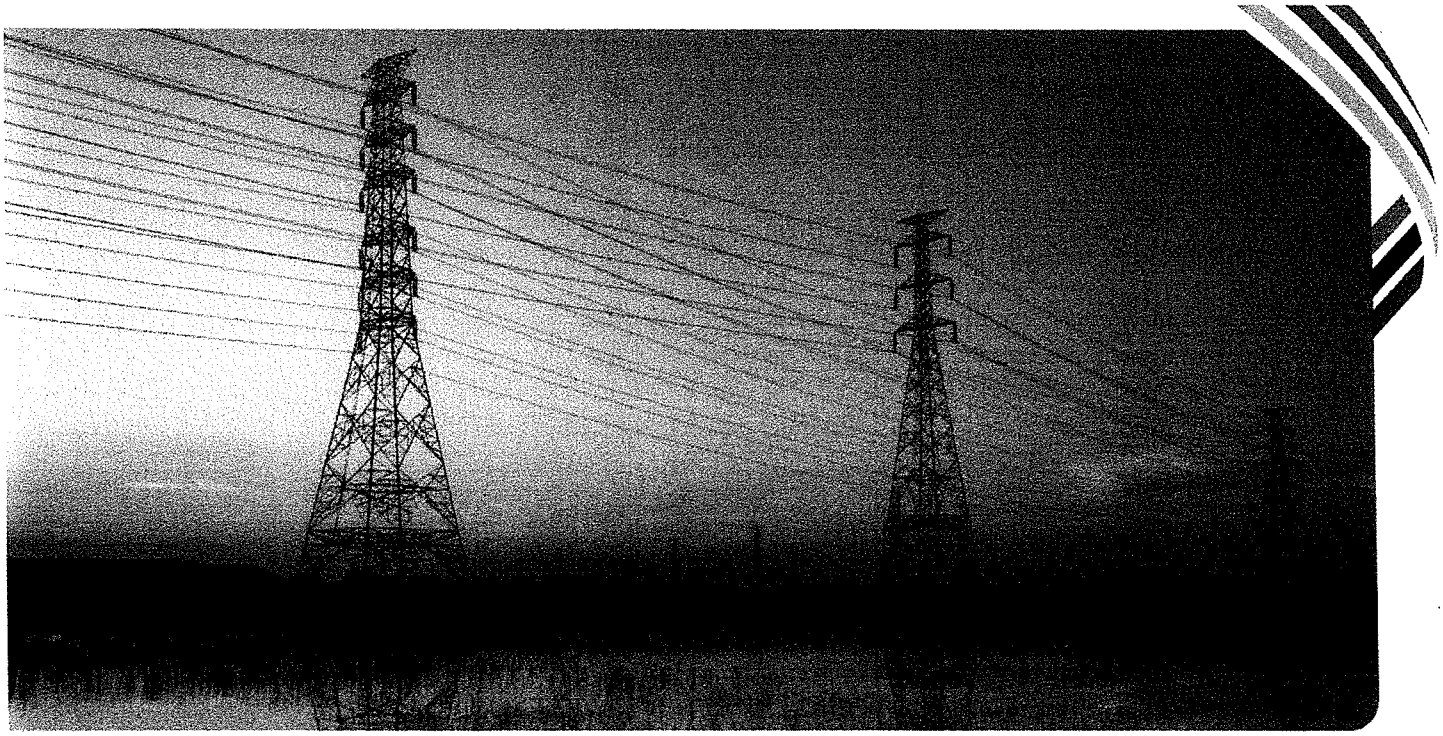
THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

Introduction



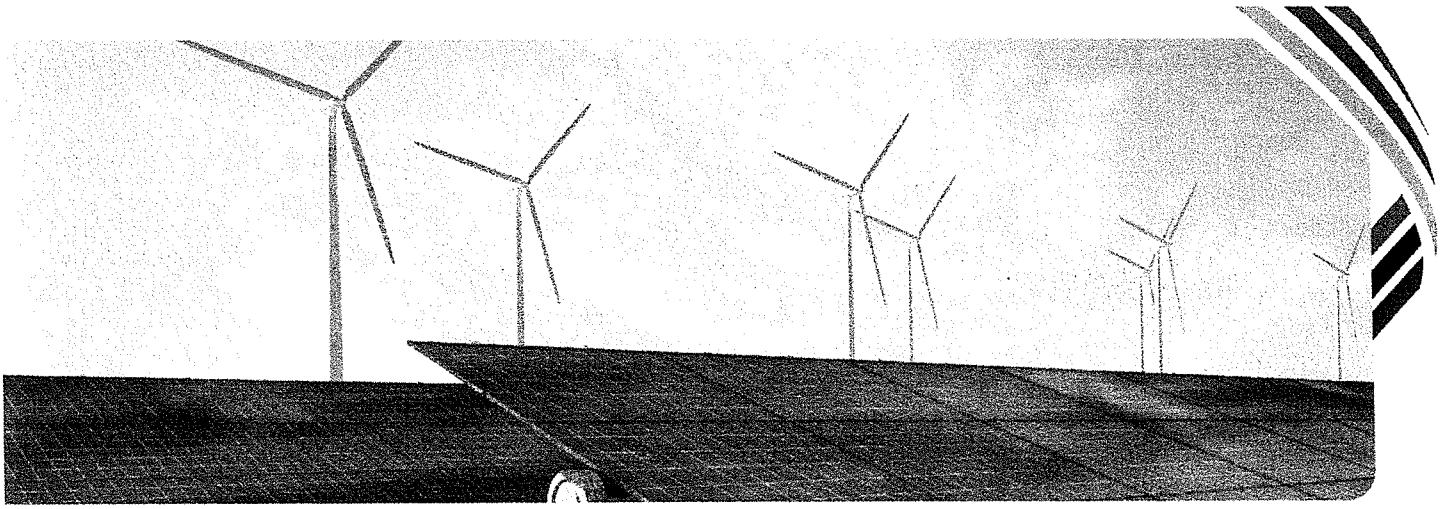
- Load shedding is the single biggest constraint on South Africa's economic growth. Government is taking action both to address the immediate crisis and to make load shedding a thing of the past. We are mobilising all the resources at our disposal and will do whatever it takes to achieve energy security.
- 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.
- Government is focused on two overriding objectives:
  - » First, to improve the performance of Eskom's existing power stations; and
  - » Second, to 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.

Why are we experiencing load shedding?



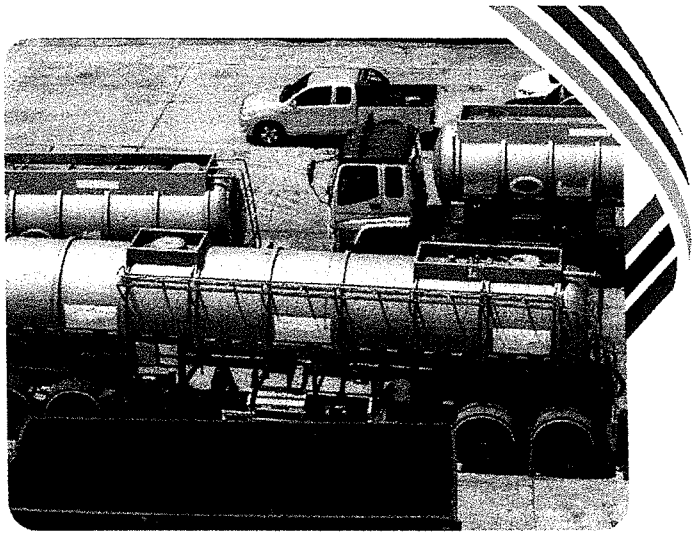
- Stage 6 load shedding was triggered during the past week as over 18000 MW of generation capacity was unavailable due to unit breakdowns as well as labour action by Eskom workers.
- Eskom's fleet of coal-fired power stations is on average over 40 years old, and its performance is deteriorating.
- The construction of our two biggest power stations, Medupi and Kusile, was delayed and has been set back by numerous design flaws. During the subsequent years, power shortages forced Eskom to delay necessary maintenance and run plant harder than their design specification. The neglect of maintenance has created a vicious cycle of deteriorating performance.
- At the same time, demand for energy is growing as the economy recovers from the impact of the coronavirus pandemic.
- This has led to a shortfall of up to 6000 MW of generation capacity. When there are unplanned outages due to failures at one or more power stations, load shedding is necessary to protect the grid and prevent a blackout.

What actions has government taken to address load shedding?



- Several actions have already been taken to address the shortfall in electricity supply which is the main cause of load shedding.
- One of the first steps President Ramaphosa took in 2018 was to revive the renewable energy procurement programme. This enabled 2205 MW from Bid Window 4 to proceed to construction, the majority of which has now been connected to the grid.
- A further 6800 MW of solar PV and wind power is being procured through Bid Windows 5,6 and 7. This additional generation capacity will connect to the grid from late 2023. Another 3000 MW of gas and 513 MW of battery storage will be procured through the next bid windows.
- The first three projects from the emergency procurement programme launched in 2020 have now been approved.
- In addition to the procurement of new generation capacity, the President announced in June 2021 that the licensing threshold for new generation projects would be raised to 100 MW. This means that private investors do not require a license to build generation facilities up to this size.
- There is a pipeline of more than 70 confirmed private sector projects under development with a combined capacity of over 5000 MW, several of which will commence construction this year.
- Changes have been made to the Regulations on New Generation Capacity to allow municipalities to procure power independently. As a result, several municipalities are in the process of procuring additional power.
- Eskom has made land available adjacent to its existing power stations, where there is existing grid capacity, for private investments in renewable energy projects. This will allow a further 1800 MW to be connected to the grid.
- A capable and effective management team has been established in Eskom and is working hard to turn around the utility and reverse years of decay.
- Design modifications have been completed to optimize the performance of Medupi Units 1, 2 and 3, and are underway in Units 5 and 6.

Immediate actions to restore system stability and increase generation capacity



The system outlook has improved for the week ahead, and generation capacity is steadily being restored. As the system recovers, Eskom will reduce load shedding to lower stages.

A range of measures is being implemented in the short term to improve the availability of electricity and restore system stability:

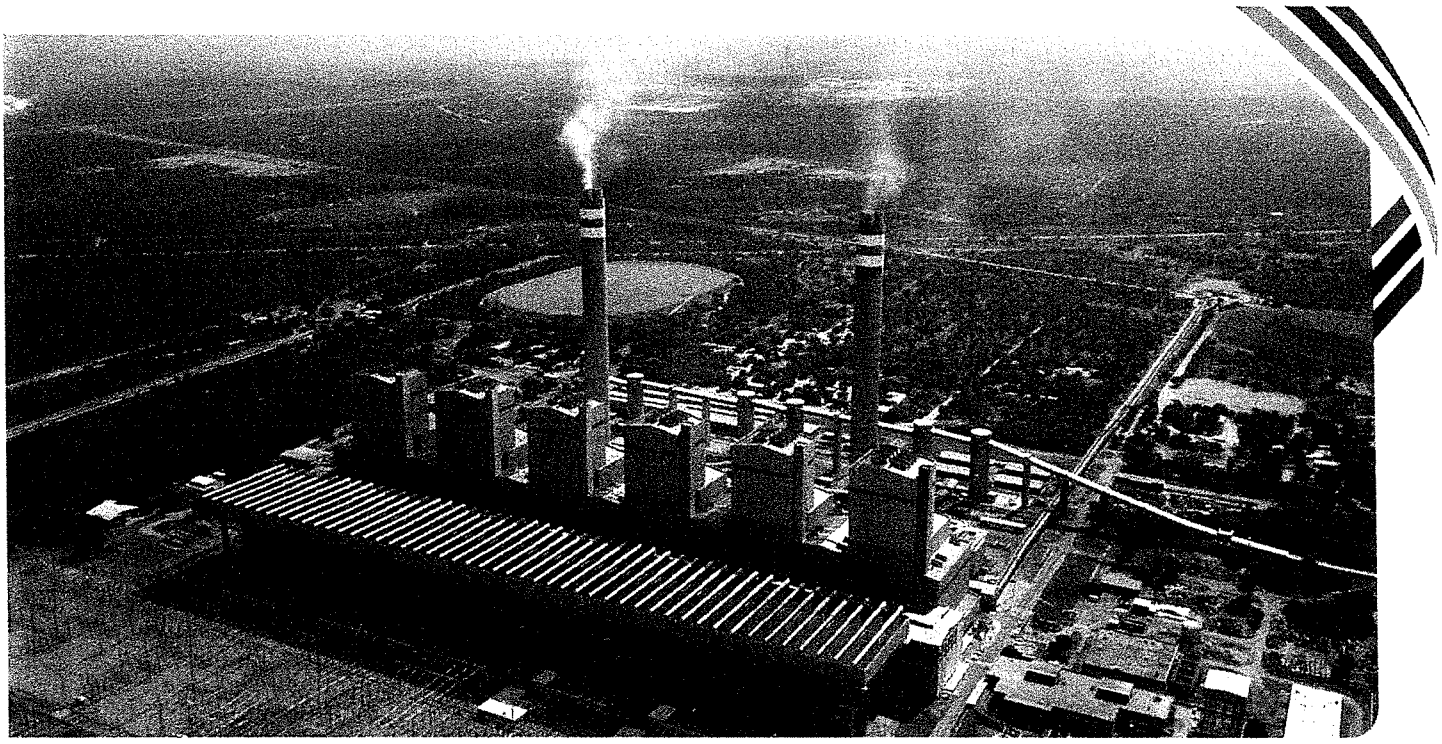
- An agreement has been reached between Eskom and labour unions **to resolve the illegal strike action**, which will enable critical repairs and return additional units to operation.
- Eskom's **operational performance is being improved** by ensuring that capable leadership and skills are in place at all power stations; recruiting experienced former Eskom staff, including engineers and power station managers; restoring good operating procedures and practices; and increasing the budget allocated for critical maintenance.
- 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.
- The **availability of diesel supply for the Open Cycle Gas Turbines** is being improved through timely procurement and improved logistics and storage capacity.
- The **transmission line from Cahora Bassa** has been restored, adding 600MW of capacity to the grid, and Medupi Units 5 and 6 have returned to service.
- **Additional generation units at Lethabo and Koeberg power stations will come online over the next two week**, adding much-needed capacity and alleviating pressure on the grid.

Immediate actions to restore system stability and increase generation capacity

In addition, government is implementing several measures to add new generation capacity to the system in the short term:

- 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.
- 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. The DMRE is working closely with Eskom to ensure that the necessary approvals are waived or granted to enable this approach.
- 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.
- Eskom is also exploring the possibility of **importing additional power** through the Southern African Power Pool.
- **Projects from the risk mitigation procurement programme and Bid Window 5 of the REIPPPP** will unlock significant new generation capacity and are ready to proceed once approvals are granted. To achieve this, **work is underway between the IPP Office, Eskom, Operation Vulindlela and the DTIC to ensure that these projects reach financial close** as quickly as possible.

Additional measures to end load shedding

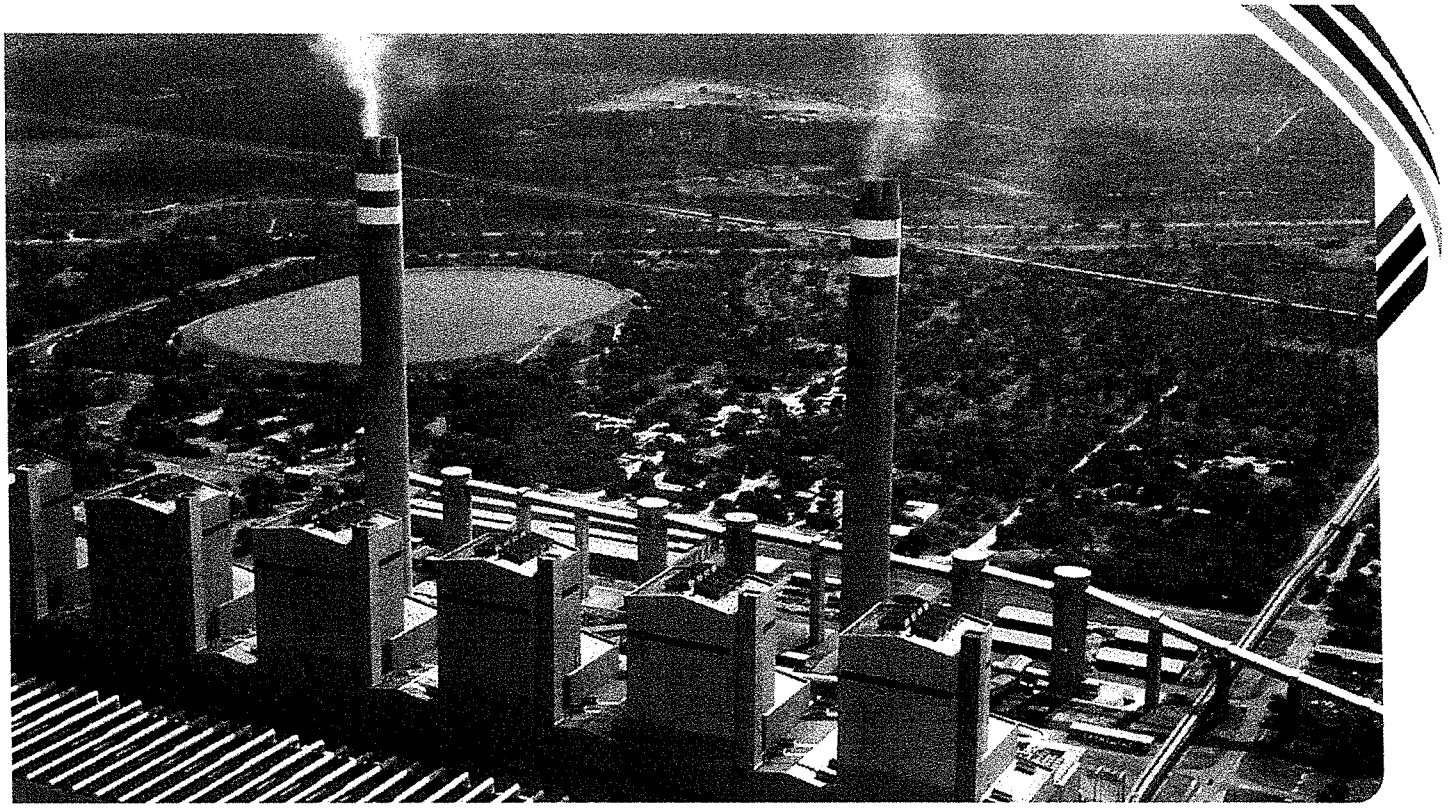


In addition to these short-term measures, we are implementing a comprehensive plan to end load shedding as quickly as possible. This plan outlines five interventions with specific actions and timeframes to address the electricity shortfall:

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

We have established a dedicated National Energy Crisis Committee (NECOM) 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 relevant Ministers.

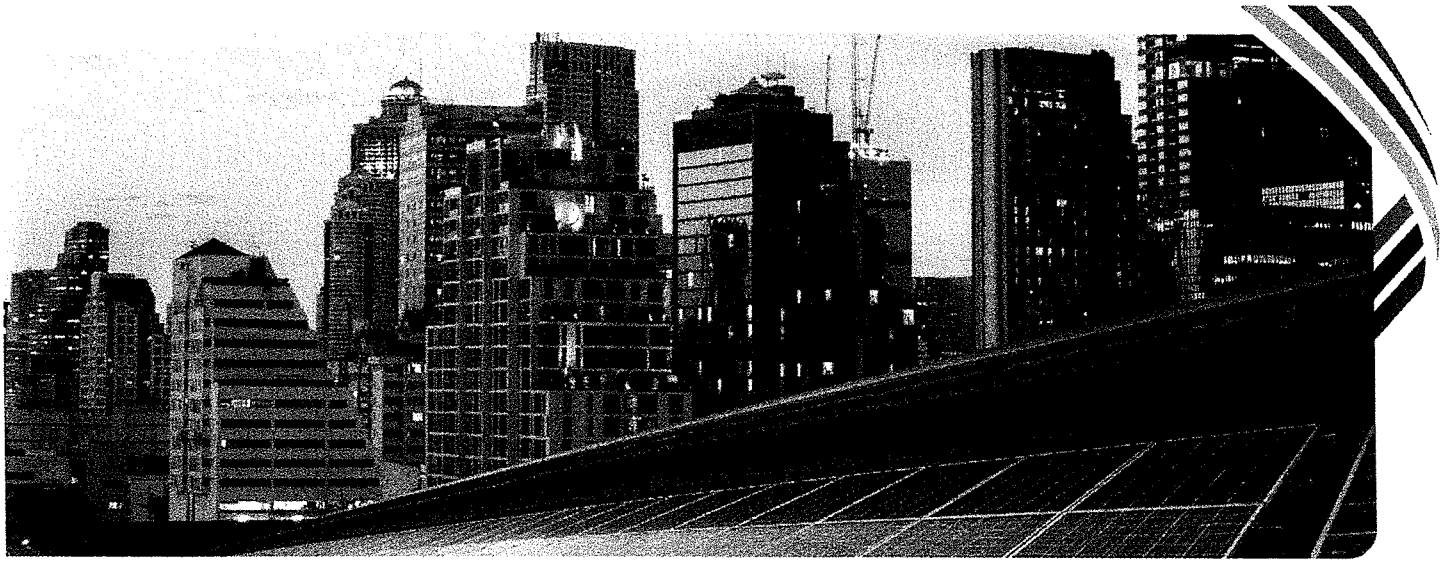
Intervention 1:



Fix Eskom and improve the availability of existing supply system stability and increase generation capacity

- The **remaining units at Medupi and Kusile will be brought online as quickly as possible.** Kusile Unit 4 reached commercial operation on 1 June 2022. Unit 5 will come online in June 2023, and Unit 6 in November 2023.
- Eskom will continue to **implement reliability maintenance** across its fleet during the next 12 months to prevent a further decline in its energy availability. This will be enabled by the recruitment of former Eskom staff and offers of support from the private sector, as well as improving the availability of spare parts and expertise from Original Equipment Manufacturers (OEMs) through more agile procurement.
- National Treasury is working on a **sustainable solution to deal with Eskom's debt** in a manner that is equitable and fair to all stakeholders. This solution should be finalised before the Medium-Term Budget Policy Statement in October, and will provide Eskom with the space that it needs to undertake necessary investments.

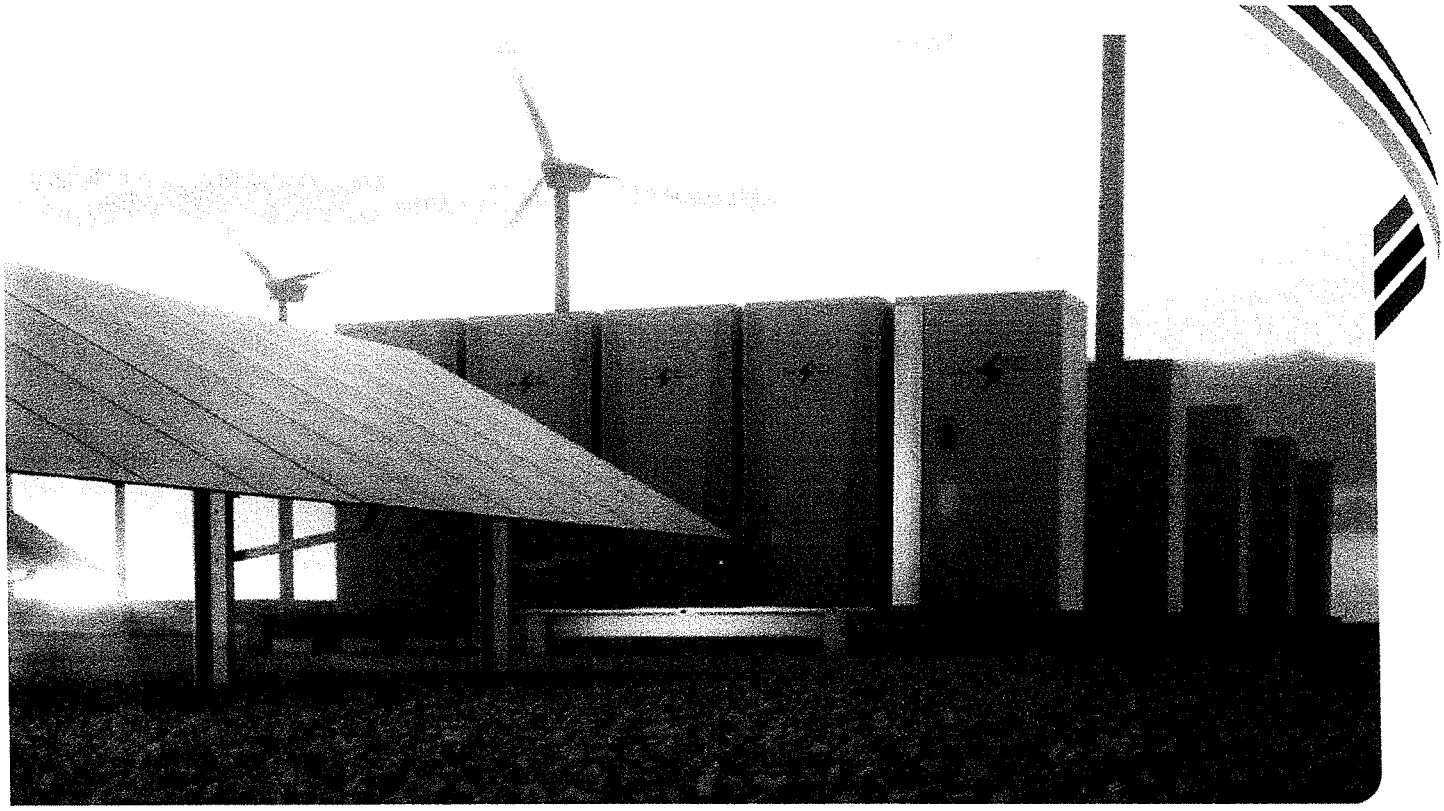
Intervention 2:



Enable and accelerate private investment in generation capacity

- The raising of the licensing threshold from 1 MW to 100 MW has unlocked massive investment by the private sector. More than 70 projects are at various stages of development, representing over 5000 MW of new generation capacity. We are identifying those projects which are most advanced and ensuring that they obtain the remaining approvals as quickly as possible.
- Following the success of this reform, the **licensing threshold for new generation projects will be removed entirely.** This will allow private investment in much larger, utility-scale plants, harnessing economies of scale.
- A number of measures are already in place to accelerate these projects, including:
  - » Embedded generation projects have been declared as Strategic Infrastructure Projects (SIPs), shortening the timeframes for environmental authorisations, water use licenses and other requirements
  - » The Department of Forestry, Fisheries and the Environment has declared 11 Renewable Energy Development Zones where strategic environmental assessments have already been undertaken
  - » Dedicated capacity has been created within Eskom to process grid connection applications more quickly
  - » The NERSA registration process has been simplified, including through the removal of the requirement for a Power Purchase Agreement
- To further enable private investment, special legislation will be tabled in Parliament on an expedited basis to **ease regulatory hurdles and facilitate investment in new generation capacity** for a limited period. This will require broad support from political parties, and a willingness to work together to address this crisis through extraordinary measures.
- In addition, Eskom will proceed with the **release of land adjacent to its existing power stations** in Mpumalanga for private investment in renewable energy projects, which will unlock 1800 MW of new capacity.

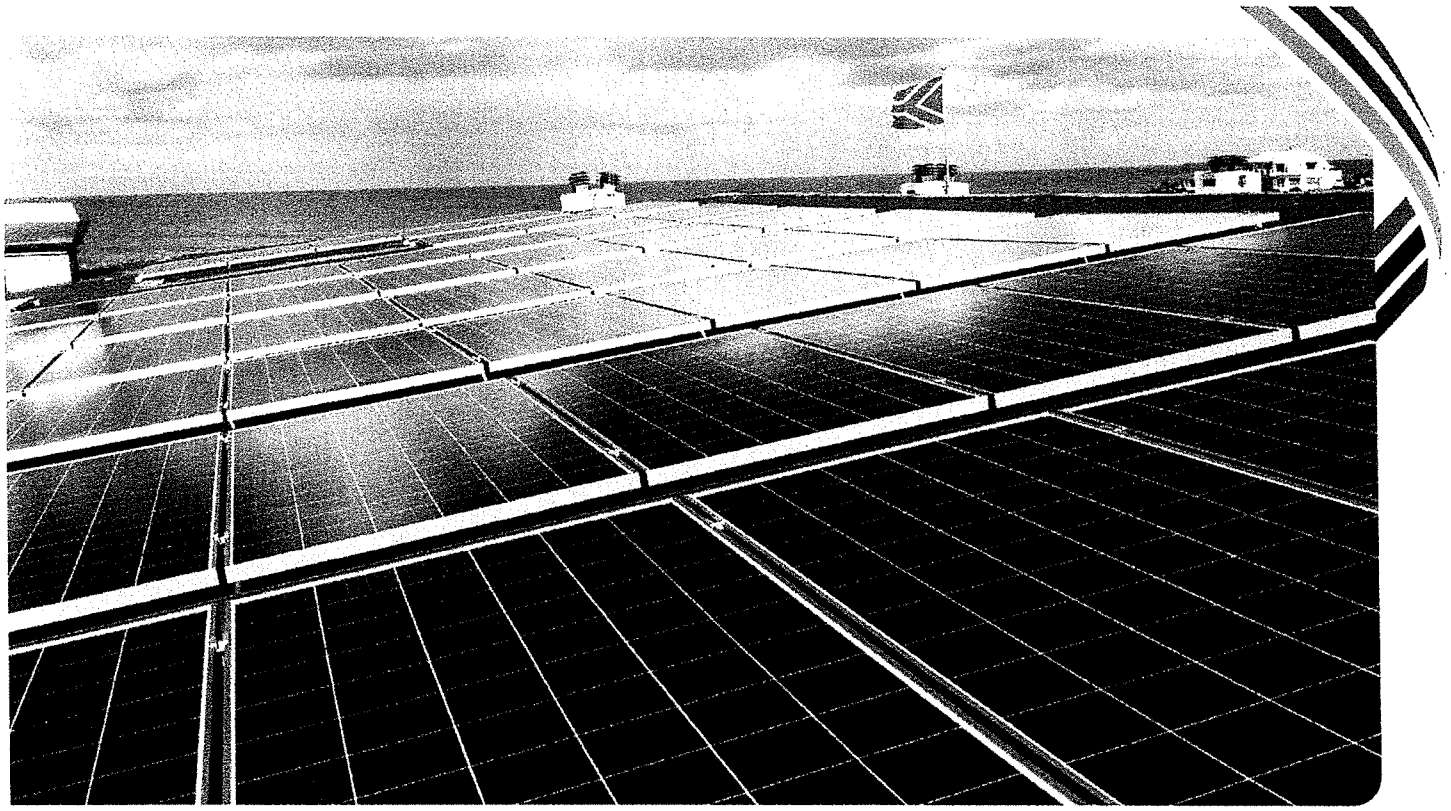
Intervention 3:



Accelerate procurement of new capacity from renewables, gas and battery storage

- A massive rollout of renewable energy offers our best chance of ending load shedding as quickly as possible.
- Eskom is in the process of procuring 400 MW of battery storage through its Battery Energy Storage Systems (BESS) programme, with the first projects reaching completion within the next twelve months.
- Preferred bidders from Bid Window 6 will be announced in October 2022 and will reach financial close in early 2023. The capacity procured through Bid Window 6 will be doubled from the current allocation of 2600 MW to 5200 MW.
- The release of further bid windows for renewable energy, gas and battery storage will be brought forward, and the amount of new capacity procured will be increased.
- To further accelerate the procurement of additional capacity, a Ministerial determination will be issued for the remaining allocations in the IRP 2019 – this includes 14771 MW of renewable energy and storage.
- In addition, the IRP 2019 will be reviewed and updated to ensure its continued relevance in line with our energy needs and climate commitments.

Intervention 4:



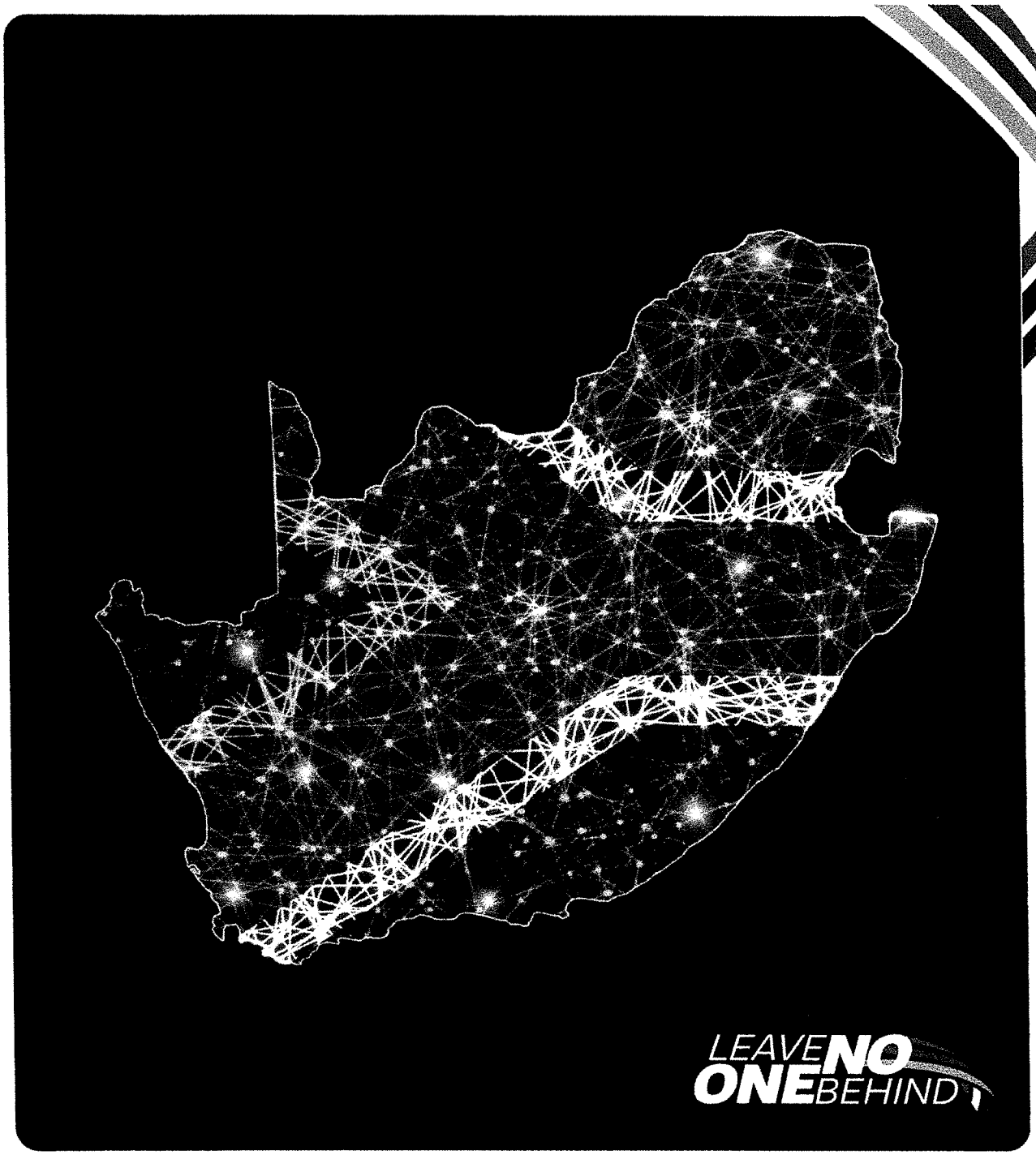
Unleash businesses and households to invest in rooftop solar

- There is significant potential for households and businesses to install rooftop solar PV and connect this power to the grid. This has benefits for users as well as for the country as a whole.
- To speed up the rollout and reduce the cost of rooftop solar, Eskom will develop a feed-in tariff for small-scale embedded generators.
- In addition, National Treasury will consider the expansion of tax incentives for residential and commercial installations.

Intervention 5:

Fundamentally transform the electricity sector to achieve long-term energy security

- Eskom has established an independent transmission company and is on track to separate its generation and distribution businesses by the end of 2022 to facilitate reform of the electricity sector;
- Broader reforms to establish a competitive electricity market will be expedited through the finalisation of the Electricity Regulation Amendment Bill to enable private investment and remove the need for guarantees – this is the only long-term solution to address the shortfall.
- These changes will allow multiple generators (both private and state-owned) to compete on an equal footing, while the grid remains public and managed by an independent transmission company.This is key to enabling new investment in generation capacity at the scale required over the next decade and beyond – ending our reliance on Eskom



THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

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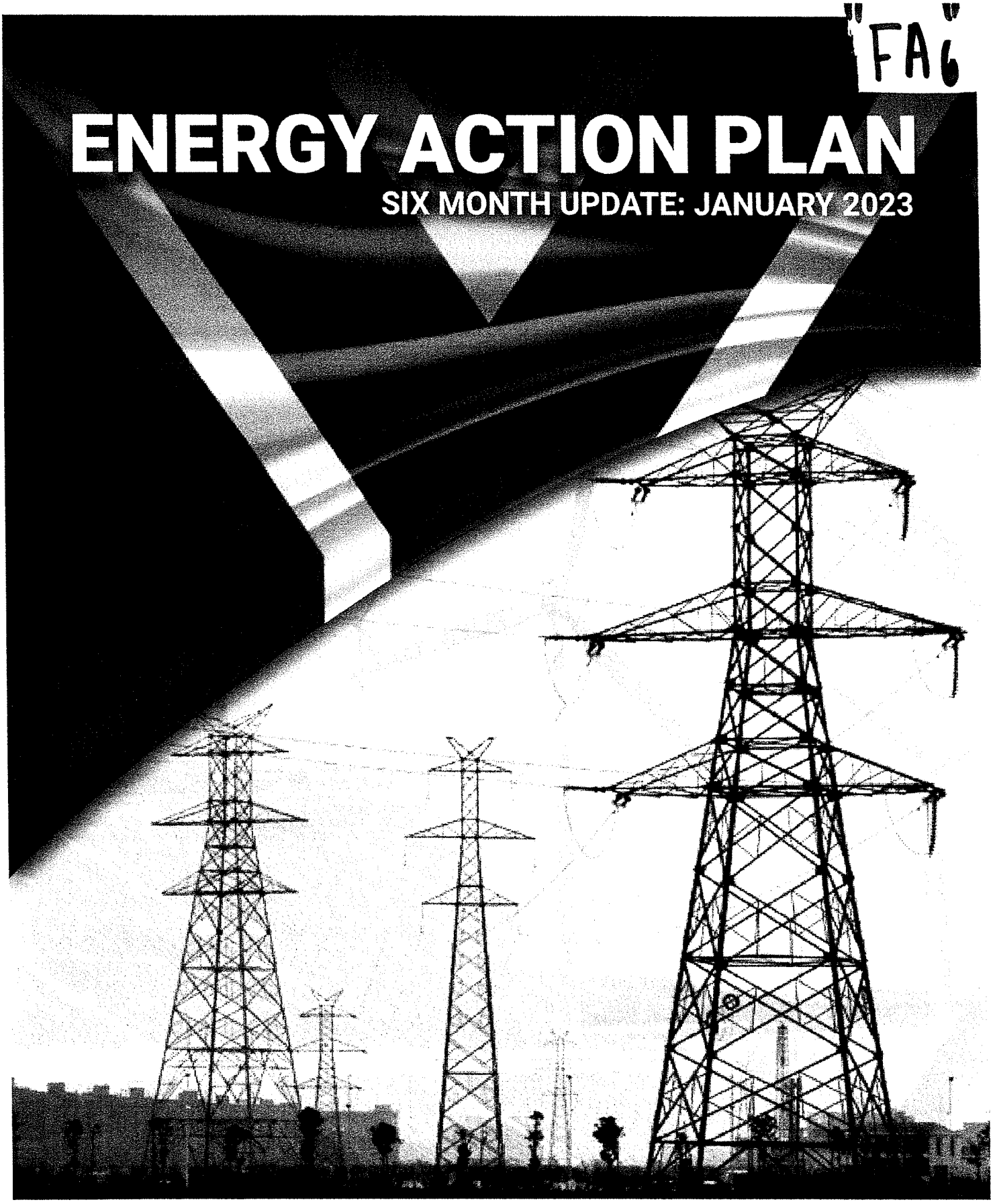
ENERGY ACTION PLAN

SIX MONTH UPDATE: JANUARY 2023



REPUBLIC OF SOUTH AFRICA

2030 NDP

INTRODUCTION

In his address to the nation on 25 July 2022, President Cyril Ramaphosa announced a bold set of actions to address load shedding and achieve energy security.

The **National Energy Crisis Committee** (NECOM) has since been established to oversee the implementation of five key interventions:

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

The short-term objective of the Energy Action Plan is to **reduce the severity and frequency of load shedding** through immediate measures to improve the performance of Eskom's existing power stations and stabilise the energy system.

Our long-term objective is to **end load shedding altogether and achieve energy security** by adding as much new generation capacity to the grid as possible, as quickly as possible.

KEY ACHIEVEMENTS TO DATE

Schedule 2 of the Electricity Regulation Act has been amended to **remove the licensing requirement for generation projects** of any size to enable private investment at a much larger scale.

A new Ministerial determination has been published for over **18 000 MW of new generation capacity** from wind, solar and battery storage.

The pipeline of **private-sector embedded generation projects** has grown to over **100 projects**, with total capacity of more than 9 000 MW.

19 projects from Bid Window 5 have signed project agreements to supply **1 800 MW of solar and wind capacity**, and a further six preferred bidders from Bid Window 6 will provide 1 000 MW of capacity.

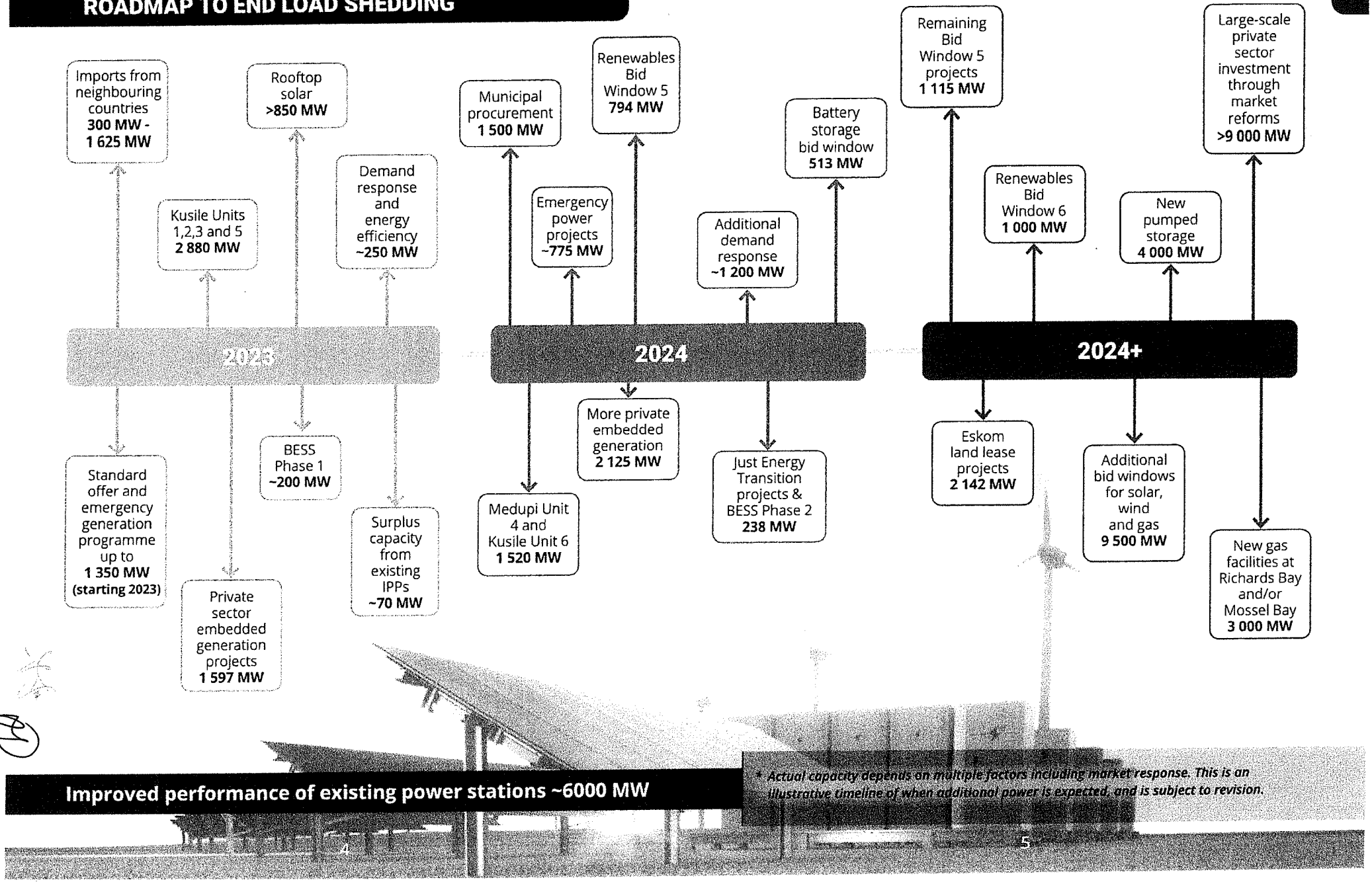
An additional 300 MW of power has been **imported from neighbouring countries**, with work underway to increase imports from the region.

Eskom has launched a **Standard Offer Programme** to purchase up to 1 000 MW of power from companies that have existing generation capacity for a period of three years, as well as an **Emergency Generation Programme** to purchase additional power when the grid is constrained.

Various **actions have been completed** to streamline authorisation processes for energy projects:

- **Transmission infrastructure has been excluded** from the need to obtain an environmental authorisation in areas where the **environmental impact is low.**
- The **timeframe for environmental authorisations** has been **reduced** to 57 days for projects gazetted as Strategic Infrastructure Projects.
- The **timeframe for registration** with NERSA has been **reduced** from four months to an average of 19 days.
- The **timeframe for grid connection has been reduced** from nine months to six months.
- The **timeframe for land-use authorisations** for energy projects has been **reduced** from 90 to 30 days.

ROADMAP TO END LOAD SHEDDING



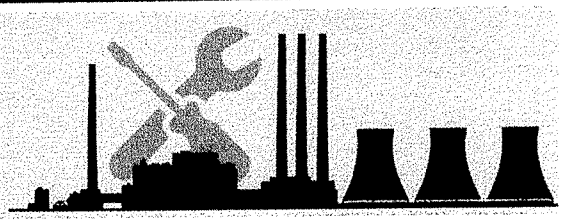
Improved performance of existing power stations ~6000 MW

** Actual capacity depends on multiple factors including market response. This is an illustrative timeline of when additional power is expected, and is subject to revision.*

OVERVIEW OF PROGRESS AFTER SIX MONTHS

OBJECTIVE 1:

Fixing Eskom and improving the performance of existing power stations



"Eskom will increase the budget allocated for critical maintenance to increase the reliability of its generation capacity."

Eskom has **increased outage funding** for the current financial year from R8.2 billion to R9.5 billion.

"We are cutting red tape that has made it difficult for Eskom to buy maintenance spares and equipment within the required period to effect repairs."

Weekly meetings are being held between Eskom and National Treasury to **enable more agile procurement.**

Exemptions have been provided from local content designations for equipment such as transformers and insulators, to enable expedited procurement.

"The utility is recruiting skilled personnel, including former senior Eskom plant managers and engineers from the private sector."

18 skilled specialists have been **brought back into Eskom** to date, including three appointments of former Eskom employees at power station manager level for Kendal, Koeberg and Medupi.

More than **1000 people have offered their skills** through Eskom's crowdsourcing platform.

"The South African Police Service has set up a special law enforcement team to help Eskom in confronting crime and corruption."

Several **law enforcement and security agencies are working together** to address sabotage, theft and fraud at Eskom.

A total of 67 cases are on the court roll and three have been finalised with a conviction.

Arrests have been made for theft and sabotage at Camden, Matla and other power stations.

"Eskom will implement a programme that encourages efficient energy use by consumers to reduce demand at peak times."

An incentive-based (R/MWh) demand response mechanism has been developed and will be launched in January 2023 alongside a national campaign to encourage energy efficiency.

"We will use climate funding provided through the Just Energy Transition Partnership to invest in the grid and repurpose power stations that have reached the end of their lives."

The JET Investment Plan has been endorsed by Cabinet and will enable **additional funding to be allocated** for strengthening transmission infrastructure.

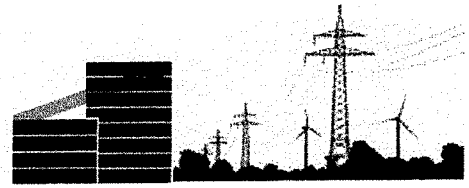
Eskom has finalised its Transmission Development Plan for 2023 to 2027.

"Eskom will be constructing its first solar and battery storage projects at Komati, Majuba, Lethabo and several other stations."

Solar, wind, gas and storage projects are under development at nine stations. Projects at Komati, Sere and Lethabo are expected to connect to the grid in 2023.

OBJECTIVE 2:

Accelerating private investment in generation capacity



"Last year we announced the raising of the licensing threshold to 100 MW. Following the success of this reform and the enthusiasm shown by the private sector, we will remove the licensing threshold for embedded generation completely."

Since the licensing threshold was raised to 100 MW in October 2021, **the pipeline of private sector projects has grown to over 100 projects with more than 9 000 MW of new capacity.**

Schedule 2 has now been amended to remove the licensing requirement for generation projects of any size.

"We will be tabling special legislation in Parliament on an expedited basis to address the legal and regulatory obstacles to new generation capacity for a limited period."

Work is underway to **develop an Omnibus Bill** that will incorporate the required legislative amendments (where processes cannot be waived or streamlined under existing legislation).

OVERVIEW OF PROGRESS AFTER SIX MONTHS

"We will in the meantime waive or streamline certain regulatory requirements where it is possible to do so within existing legislation. This includes reducing the regulatory requirements for solar projects in areas of low and medium environmental sensitivity."

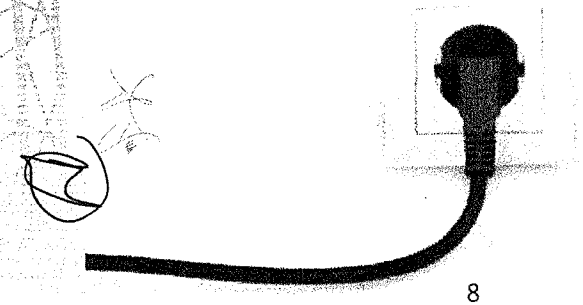
Various actions have been completed to **streamline authorisation processes** for energy projects, including:

- Issued notice to **exclude transmission infrastructure** from the need to obtain an **environmental authorisation** country-wide in areas of low and medium environmental sensitivity and in strategic transmission corridors
- Issued notice to exclude **solar PV** facilities from the need to obtain environmental authorisation within areas of low and medium environmental sensitivity for public comment
- Notice to expand scope and threshold of general authorisations for **wind and solar projects** to be published for public comment

"We are also establishing a single point of entry for all energy project applications to ensure coordination of approval processes across government."

A One Stop Shop is being established as a **single entry point for energy projects** through Invest SA.

A business case has been developed outlining resource and operational requirements.



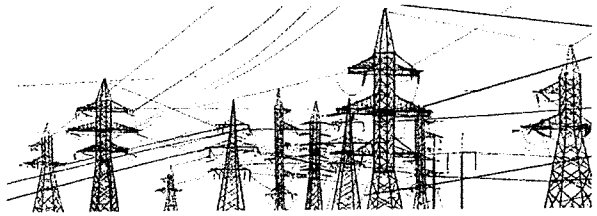
"I have instructed departments and entities to review all existing time frames and to ensure we process all applications on an urgent basis."

Timeframes have been significantly **reduced** for regulatory approvals:

- **Land-use authorisations** for energy projects are being prioritised (timeframes have been reduced from 90 to 30 days).
- **Registration process** has been significantly simplified (timeframes reduced from four months to 19 days).
- **Embedded generation projects** have been gazetted as Strategic Integrated Projects, reducing the timeframe for environmental authorisation to 57 days.
- Eskom has **reduced timeframes for access** to the grid.

OBJECTIVE 3:

Accelerating new generation capacity



"As an immediate measure, surplus capacity will be bought from existing independent power producers."

A total of 162 MW of **surplus capacity has been identified** from existing IPPs. Work is underway between the IPP Office and generators to unlock this capacity, including additional grid strengthening required.

"Eskom will also purchase additional energy from existing private generators that have surplus power."

Eskom has launched a **Standard Offer Programme** to procure up to 1 000 MW of power from companies which have **existing generation capacity** for a period of three years.

OVERVIEW OF PROGRESS AFTER SIX MONTHS

"Eskom will import power from neighbouring countries through the Southern African Power Pool."

A **Bilateral Power Import Programme** has been launched to **secure imports of power** to the country from neighbouring countries. So far, 200 MW has been secured as of September 2022 and a further 1 000 MW has been identified for 2023.

"Eskom will also use interim power solutions, such as mobile generators, to supplement current generation capacity for a limited period."

Eskom has launched an **Emergency Generation Programme** to **procure additional power** when the grid is significantly constrained.

"The relevant government departments are working together to ensure that projects from Bid Window 5 of the renewable energy programme can start construction on schedule. This includes taking a pragmatic approach to the local content requirements for these projects, prioritising the need to build new capacity as quickly as possible."

Designated **local content for solar panels** has been reduced from 100% to 30% to alleviate constraints.

19 out of 25 projects from Bid Window 5 have signed project agreements to date for 1 800 MW of new capacity, and will now proceed to financial close and construction.

"The amount of new generation capacity procured through Bid Window 6 for wind and solar power will be doubled from 2 600 MW to 5 200 MW."

A revised RFP for **Bid Window 6 was published** to increase the capacity procured.

Five preferred bidders have been selected to date to provide 1000 MW of solar power. Several wind projects could not be accepted as the available grid capacity has been taken up by private sector projects, which are now proceeding to construction.

"We will release a request for proposals for battery storage by September this year, and a further request for gas power as soon as possible thereafter."

The RFP for **battery storage has been finalised** and will be released to the market shortly. An RFP for gas power will follow by March 2023.

"The Minister of Mineral Resources and Energy will issue a determination for the remaining allocations in the Integrated Resource Plan 2019, and will open further bid windows on an expedited basis."

A Ministerial determination was published on 25 August 2022 for over **18 000 MW of new generation capacity** from wind, solar and battery storage (the remaining allocation in the IRP 2019).

"To ensure effective planning, the country's Integrated Resource Plan is being reviewed to reflect the need for additional generation capacity and our climate commitments."

The **IRP 2019 is being reviewed,** with a completion target of March 2023, to update assumptions regarding energy availability and technological changes.

OBJECTIVE 4:

Enabling businesses and households to invest in rooftop solar

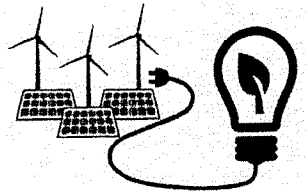
"To incentivise greater uptake of rooftop solar, Eskom will develop rules and a pricing structure – known as a feed-in tariff – for all commercial and residential installations on its network."

Eskom has submitted a **net metering tariff** for residential customers to NERSA for approval.

Work is underway to **develop a net billing framework for municipalities** to enable customers to feed electricity from rooftop solar installations onto the grid.

OVERVIEW OF PROGRESS AFTER SIX MONTHS

OBJECTIVE 5:
Fundamentally transforming the electricity sector



"We will soon be appointing boards for the transmission and generation entities."

The appointment of an **independent board for the transmission entity** will be finalised by the Minister of Public Enterprises.

"Broader reforms to establish a competitive electricity market will be expedited through the finalisation of the Electricity Regulation Amendment Bill to enable private-sector investment."

The Electricity Regulation Amendment Bill, which will establish an **independent transmission and system operator** and a competitive electricity market, has been finalised for submission to Cabinet in January 2023.

"To ensure that these measures are implemented in a coordinated manner, I have established a National Energy Crisis Committee. The NECOM will draw on the best available expertise from business, labour, professional engineering entities and community-based organisations."

NECOM has been established with nine workstreams and **is fully operational.**

LEAVE NO ONE BEHIND

www.stateofthenation.gov.za

"FA7"

DEPARTMENT OF MINERAL RESOURCES AND ENERGY

GOVERNMENT NOTICE

NOTICE_____ OF 2019

INTEGRATED RESOURCE PLAN 2019

I, **SAMSON GWEDE MANTASHE, MP,** Minister of Mineral Resources and Energy, hereby in terms of section 35 (4) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) read with item 4 of the Electricity Regulations on New Generation, 2011, publish the Integrated Resource Plan for implementation.

A copy of the Integrated Resource Plan 2019 is attached hereto.

Mr Samson Gwede Mantashe, MP
Minister of Mineral Resources and Energy
Date: 17/10/2019

energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

Integrated Resource Plan (IRP2019)

OCTOBER 2019

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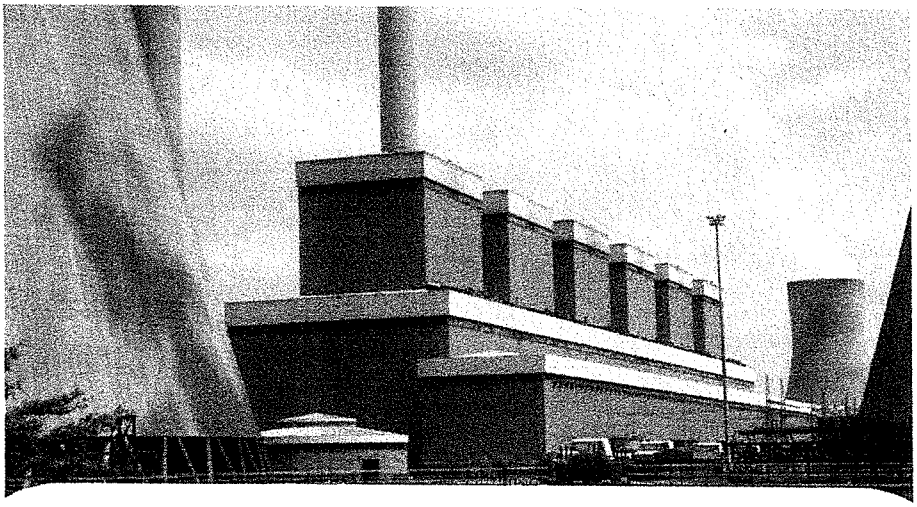


MEDIA STATEMENTS

Eskom appreciates the difficulties experienced by the public because of persistent loadshedding, we are working tirelessly to reduce the amount of loadshedding

January 22, 2023

Sunday, 22 January 2023: Eskom appreciates and is fully aware of the difficulties caused to the public and the economy by the continuing power capacity constraints. Eskom would like to apologise to the people of South Africa for these difficulties and to assure the public that, together with the government and other stakeholders, we are working with urgency to resolve the generation capacity constraints and to reduce the loadshedding as soon as possible.

The reality, however, is that resolving the problems impacting the performance of the generation coal fleet will take longer than South Africa wants and needs.

The October 2022 failure of the chimney system at the Kusile Power Station, which removed more than 2 000MW of capacity, is the major cause of the elevated stages of loadshedding. This, together with the planned extended outage of Unit 1 of the Koeberg Nuclear Power Station, are responsible for three stages of loadshedding. Eskom is making every effort to reduce the duration of these outages as much as possible.

Although the stages of loadshedding have been high and for extended periods, this does not indicate that the power system is approaching a blackout. In fact, loadshedding is implemented to ensure the appropriate reserve margins are maintained to manage the risk of a blackout. Therefore, there is no higher risk of a blackout than normal.

As communicated regularly in the past, Eskom is grappling with deep structural and maintenance problems in its current and ageing fleet of generators, which are on average 45 years of age this year, which is in the context of the typical 50 years design operating life of a power station.

In this context, Eskom reiterates that the only way to end loadshedding is to add additional capacity. The shortfall is currently estimated at 4 000MW – 6 000MW of generation capacity. This supply deficit can only increase as the current fleet gets on in years and its performance continues to deteriorate.

Eskom would like to thank the government for the interventions that have so far helped procure some additional generation capacity through the Independent Power Producer Office, as well as regulatory amendments to enable embedded generation investors to add new capacity.

These projects are estimated to exceed 9 200MW and will, when they come online, help relieve some of the pressure and help reduce the occurrence of loadshedding.

Further, both Eskom and the government are expeditiously making efforts to acquire additional generation capacity from existing operators, both within South Africa and the region.

It must be noted, however, that the problem requires much requires more intensive interventions to sustainably resolve the current challenges. It is critical that the criminal syndicates who are stealing coal and spares, and who commit sabotage, be brought to book. Eskom welcomes recent arrests, as well as the deployment of the South African National Defence Force and requests a redoubling of efforts in this regard to apprehend the leadership of the syndicates.

For its part, Eskom is working hard to execute maintenance of the power station fleet to improve reliability of the generating units and to improve the energy availability factor. Planned maintenance, currently at 6 022MW (approximately 11% of installed capacity), is optimised during the summer months and will taper off towards the high demand winter period. This is to ensure maximum availability during the winter, to meet as much demand as possible.

In addition to the planned maintenance programme, Eskom is focusing on returning as much of the units with long-term breakdowns as possible. The target is to return about 6 000MW of generating capacity onto the grid during the next 24 months. These are in the Top 6 target power stations. Each power station has detailed recovery plans.

Progress is being made in returning Unit 4 of the Medupi Power Station, which suffered a generator explosion during August 2021. The unit is anticipated to return to service during September 2024. Eskom continues to explore options to reduce the time to repair the unit.

Update on Kusile Power Station chimney failure

- The Kusile Unit 1 flue duct (chimney) failed on 23 October 2022 when the duct bend collapsed. The bend collapsed due to excessive weight of slurry deposited in the flue, owing to design defects in the boiler, and subsequent adverse operating conditions in the flue gas desulphurization unit (FGD).
- This incident compromised the adjacent Unit 2 and 3 flue duct bends, making all three units inoperable. This removed a total of 2 160MW from the power system.
- Further investigation of the failure incident, in conjunction with the original equipment manufacturer, has revealed that there is excessive ash slurry build up in all three units' flues, adding excessive weight which compromised the integrity of the flues and the chimney.
- Temporary flues for the units will be constructed to help return the units to service while repairing the common chimney. It is anticipated that the design and construction of the temporary stack will take up to 12 months.
- To achieve this, Eskom will seek exemption from the Department of the Environment, Fisheries and Forestry to temporarily operate the units while bypassing the FGDs with the temporary stacks.

Long-term breakdowns

Together, the three Kusile Power Station units, combined with Medupi 4, are responsible for the shortfall of approximately 2 900MW in generation capacity - equivalent to three stages of loadshedding.

In addition to the above, the Koeberg Nuclear Power Station will continue operating at half of its 1 800MW generating capacity for the next 15 months. Unit 1 is currently on a regular refueling and maintenance outage that will include the replacement of the three steam generators as part of the

requirement and preparation of the unit for long-term operation. It is anticipated the unit will return to service during June 2023.

Koeberg Unit 2 will undergo a similar outage starting in September 2023. It is anticipated this will take approximately six months to execute. Upon successful execution, the combined investment in both Koeberg units will secure 1 800MW of generation capacity for a further period of 20 years, subject to regulatory approval. An application for the licence extension was lodged with the Regulator in July 2022.

The gas air heater fire, while in the custody of the contractor, during September 2022 resulted in the delay in the commissioning of Unit 5 of Kusile Power Station and has also removed a possible 720MW from the grid. Efforts are being made to expedite the repairs and to bring the unit online within the shortest space of time. Current indications, however, are that the unit's commissioning has been delayed by approximately 12 months. It is anticipated the unit will be synchronised to the grid during July 2023.

Together, these long-term projects and breakdowns are contributing to the high levels of breakdowns and have set Eskom back at least 4 500MW of generation capacity, equivalent to five stages of loadshedding. This makes for a further elevated risk of loadshedding while to repair these is in progress.

Power Alert

Stage 3 loadshedding will be implemented from 16:00 this afternoon until 05:00 on Monday morning. Stage 2 loadshedding will be implemented during the day at 05:00 – 16:00, whereafter Stage 1 loadshedding will be implemented daily.

On Monday afternoon Stage 4 loadshedding will be implemented at 16:00 – 05:00. Evening loadshedding will then be reduced to Stage 3 daily from Tuesday until further notice.

Six generating units are anticipated to return to service during the week, which will enable Eskom to maintain loadshedding at the lower stages in this period.

There is considerable risk to this outlook, however, as the coal plant is highly unreliable and unpredictable. Should further significant breakdowns occur, Eskom would be required to change the stage of loadshedding at short notice.

Planned maintenance is 6 022MW of capacity while generating capacity currently unavailable due to breakdowns amount to 14 372MW.

While the current shortage in generation capacity prevails, it is important that all users of electricity use electricity sparingly, particularly during the evening peak hours. The National Energy Crisis Committee (NECOM) are working with Eskom to implement demand management measures, including incentives for loadshifting, feed-in tariffs, and other efficiency measures. While these are being implemented, South Africans are urged to conserve energy by switching off unnecessary lights, and being conscious of the cumulative impact of every Watt of electricity that can be saved.

ENDS

← PREVIOUS

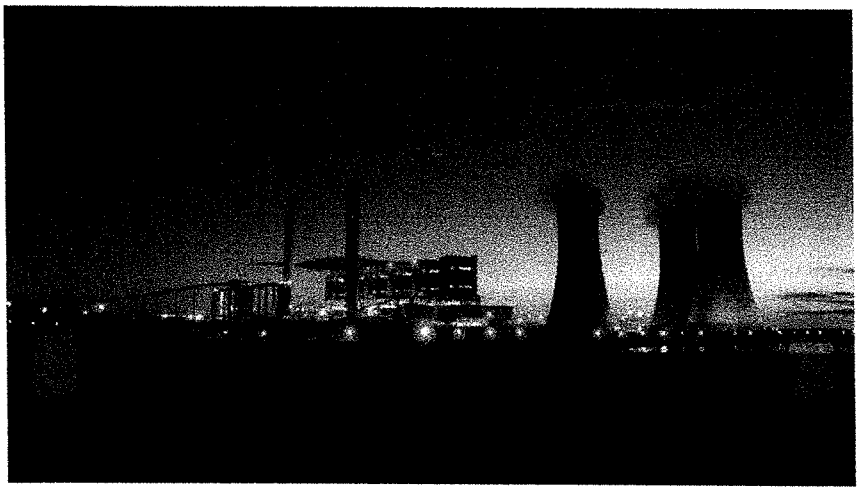
Stage 4 loadshedding will be implemented at 05:00 – 16:00 on Tuesday, followed by Stage 5 loadshedding at 16:00 – 05:00 on Wednesday.

NEXT →

Loadshedding will remain at Stage 4 at 16:00 – 05:00 daily, and Stage 3 loadshedding will be

implemented daily during the day until further notice

Similar Posts



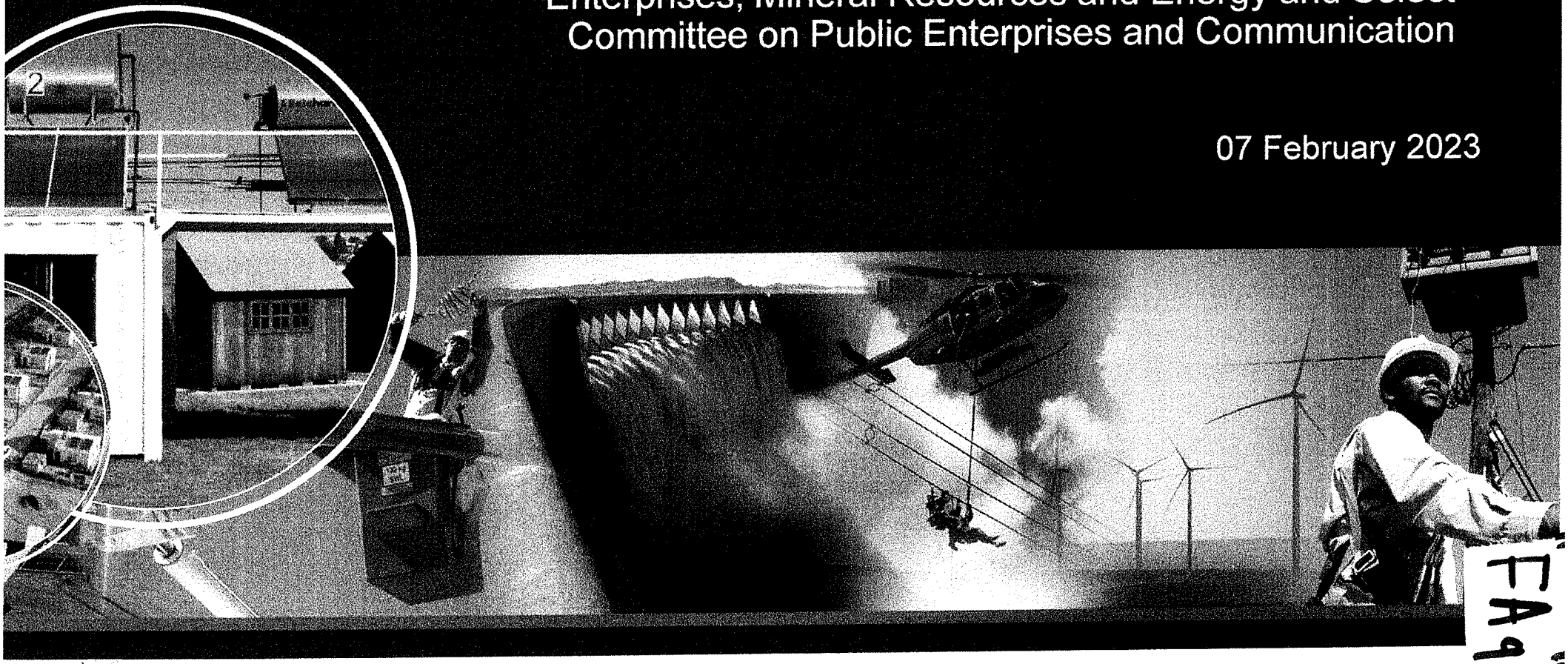
While no loadshedding is currently being anticipated tonight, loadshedding may be implemented at short notice should there be any significant breakdowns

May 31, 2022

Eskom

Eskom Presentation to the Joint Portfolio Committee on Public Enterprises, Mineral Resources and Energy and Select Committee on Public Enterprises and Communication

07 February 2023



FA9

Eskom

- **Immediate to medium term solutions to loadshedding**
- Budget for maintenance of coal plants vs Independent Power Producers
- Response to allegations made by organised labour

ctions to end load shedding

Eskom

Ending load shedding requires 3 levers:
EAF Recovery
Additional Capacity
Government Enablers

e all medium to long-term levers and **Eskom's Generation Recovery Plan is a 2-year plan.**

ort-term, the most viable solution to minimise load shedding is to ensure that Eskom has the **funds** to run the **OCGTs** aximum capability. This could save up to **2 levels of load shedding**.

edited return of Kusile units 1, 2 and 3 could add over 2 100 MW to the grid. Current indications are that it will take at ear, but an expedited solution is being investigated. This would, however, require a relaxation of MES requirements, lly due to the bypassing of the FGD.

ollowing slides for details of the 3 levers and the focus areas for Generation to improve EAF.

end load shedding will require EAF recovery, additional capacity and t enablers

	Description	Potential impact (March 2023)	Comments
ery	• Roadmap to recovering EAF, focuses on six priority stations while sustaining performance on the rest of the fleet • Plan addresses 10 focus areas to improve people, plant and process performance	~1 862 MW	• ~6 000MW over next 24 months • Internal enablers required to ensure sustained recovery
acity	• Additional capacity from increasing imports, Standard Offer, Emergency procurement, Land leasing & inland grid capacity and Section 34 Procurement	~2 900 MW	• ~2 600MW is delayed due to NERSA concurrence and alignment on procurement mechanism with DMRE
t	• External enablers required to ensure Eskom can deliver on the recovery plan • Addressing Eskom's financial sustainability, procurement of additional capacity, procurement and environmental policies • Interventions by law enforcement agencies to address fraud and corruption	N/A	• Immediate action is required to secure fuel oil and diesel funding, **2 000 – 3 000 MW** OCGT to enable grid stability

the electricity crisis will require both the improvement of Eskom's plant performance while urgently bringing additional capacity online

regrouped efforts to focus areas to improve people, plant and process e – essential for turnaround

Eskom

	What we are doing
	Increased maintenance within limitations. Establish War room, accelerated spares sourcing. Establish long term contracts.
y	Optimise maintenance planning. Engaged to expedite IPPs, Risk Mitigation, etc. Planned repowering of stations shutting.
	Stability in GE & PSGMS. Appointing Plant Managers. Engaging experienced external experts. Ramping up training and development. Skills/competency audit. Culture of accountability & consequence management. Incentivise & reward staff. Crowdsourcing, Project management,
	Eskom has increased governance controls and performs trending analyses on volumes and prices. Investment in technology, QSs, training.
res	Engaged government (DPE, NT) for relaxation of some requirements.
	Aggressive cost cutting. Making funds available for outage and midlife refurb
ıpliance	Proposed an emission reduction plan that is achievable. Appealed DFFE decision.
	Engaging mines re quality & quantity. Renegotiating agreements. Investing in cost-plus mines. Increasing verification and monitoring.
	Solutions for some areas developed and tested on Medupi 3. Rolled out to other units. Additional solutions to be rolled out to achieve desired performance.
tries	OEM engineering support and oversight on turbine centreline. Improved Quality Assurance process.
	De-scoping ERI contracts and approach OEMs on specific plant areas, e.g., Kusile FGD

Successes made thus far

1. National Treasury has relaxed some requirements which will speed up procurement
2. The allocation of Outage budgeting has improved, seeing signs of improved Outage Readiness
3. Receiving a lot of collaboration among external stakeholders with a willingness to assist Eskom
4. On the 9 Point plan we have seen success in the following areas:
    I. The new build defect repair. Medupi performance is improving
    II. Achieving coal stock days and rain readiness program in place

Additional focus to prioritise maintenance at the **Top Six Stations;** Duvha, Kendal, Kusile, Majuba, Matla & Tutuka,

These stations where specifically selected as they are amongst the highest contributors to unplanned load losses. **Any improvement in these stations will result in massive gains in EAF** for Generation as a whole

s Operational Recovery Plan is Geared towards Improving EAF from 57% to at least 70% from the end of FY25 onwards

Eskom

iccess

EAF FY23
YEP 56%

iabling structures
nd plans
n
maintenance
mance at current **flagship**

ethabo, Matimba and

Top 6 priority stations
ivha, Majuba, Kusile Matla,

Duvha 2
Koeberg 1 Outage
nal specialized skills

2 Execute excellence

65% EAF

By end FY24

- ❑ **Focus on the next priority stations**
  - Kriel & Arnot
- ❑ **Successful execution of Koeberg 1**
- ❑ **Sustain Excellent Medupi performance**
- ❑ **Embed principles of Operational Excellence**
- ❑ **Address internal skills gaps**
- ❑ **Return of Kusile 1, 2 and 3**
- ❑ **Synchronisation of Kusile 5**

3 World class performance

+70% EAF

By end FY25 onwards

- ❑ **Kusile fully operational** and **return of Medupi 4** from long term forced outage
- ❑ Closure of old stations as per the approved dead stop dates
- ❑ **Continuous focus on current and future skills**
- ❑ **Ensure successful implementation of Koeberg 2 steam generator and long-term operating projects**
- ❑ **Commercial operation of Kusile 5**

execution of Culture transformation and Strategic Levers including operational excellence

LF to achieve EAF targets

Eskom

arget of **60% EAF** for FY2023 is **not achievable**
:AF is 56.6% and there are only 2 months left in the year
CLF of 10.5% and an OCLF of 1.5% for the remaining 2 months, UCLF would need to be limited to **10.85%**
o a UCLF of around **5 000 MW** and a total unplanned of about **5 700 MW** which is unrealistic considering the current situation

FY2024 target of 65%, Generation needs to maintain unplanned losses (UCLF + OCLF) at an average of under **11 400 MW**

the **70% target for FY2025**, unplanned losses must be limited to around **9 200 MW** on average

current (as at 30 January 2023) performance:
anned of **15 300 MW**
lanned of **16 500 MW**

challenge facing Generation

targets

Period	EAF %	UCLF %	UCLF MW	OCLF %	OCLF MW	Total Unplanned %	Total Unplanned MW
FY2024	65	23.0	10 669	1.5	696	24.5	11 365
FY2025	70	18.0	8 520	1.5	710	19.5	9 230

assumed
ıssumed
nercial units and capacities as per latest Corporate Plan
Storage or Extended Inoperability are excluded

Eskom

Immediate to medium term solutions to loadshedding

Budget for maintenance of coal plants vs Independent Power Producers

Response to allegations made by organised labour

ch is Eskom paying for IPPs and the Regulatory impact of es and OCGT IPPs

Eskom

Energy analysis (Including IPP costs)

	FY22					FY21				
	Cost R Million	% of total	Production GWh	% of total	Unit cost R / MWh	Cost R Million	% of total	Production GWh	% of total	Unit cost R / MWh
ıer	80 595	60.9%	191 507	83.2%	424	74 496	64.5%	190 040	84.9%	404
	1 228	0.9%	12 355	5.4%	99	1 040	0.9%	9 903	4.4%	105
CGTs	10 097	7.6%	1 826	0.8%	4 708	4 125	3.6%	1 457	0.7%	3 951
om	**91 920**	**69.4%**	**205 688**	**89.4%**	**447**	**79 661**	**69.0%**	**201 400**	**90.0%**	**396**
's	4 649	3.5%	899	0.4%	4 574	2 911	2.5%	704	0.3%	3 578
e IPPs	30 554	23.1%	15 073	6.5%	2 027	27 921	24.2%	12 821	5.7%	2 178
	5 316	4.0%	8 500	3.7%	625	4 998	4.3%	8 812	3.9%	567
	132 439	**100.0%**	**230 160**	**100.0%**	**575**	**115 491**	**100.0%**	**223 737**	**100.0%**	**516**

ry Impact – Renewables and OCGT IPPs

for renewable and OCGT IPPs are pass-through costs and over / under recoveries are recovered through CA process. The use of Eskom OCGTs is restricted to a % load factor (3%) and any over expenditure, except ice, is not allowed. NERSA will allow an adjustment at average coal price for production above the restricted factor

n use maintenance budget to pay off debt

Eskom

n did not use maintenance budget to pay off debt.

tenance cost is funded from cash from operations and not from borrowings. The cash from ations for FY22 was R53.4 billion after allowing for maintenance cost of R19.1 billion, comprising anned maintenance of R15.1 billion and unplanned maintenance of R4 billion

nding what "maintenance" means in the Eskom context

Eskom

s external spend

s the spend incurred on all other line items other than its own Employee Benefits (EB) when disclosing maintenance spend

us capitalised

reporting practice is that Eskom discloses expensed value (excluding EB costs)

so a degree of maintenance spend that is capitalised as allowed under international accounting practices, this is encountered divisions, however Gx has the largest proportion of this under the general overhaul / outage program

us Group

orts maintenance on the basis of spend incurred by the company, quoting this value before accounting for internal group trade diaries

includes spend with ERI (that would be eliminated in the Group consolidation), the reality is that this spend would be incurred rket should ERI not exist as a current subsidiary

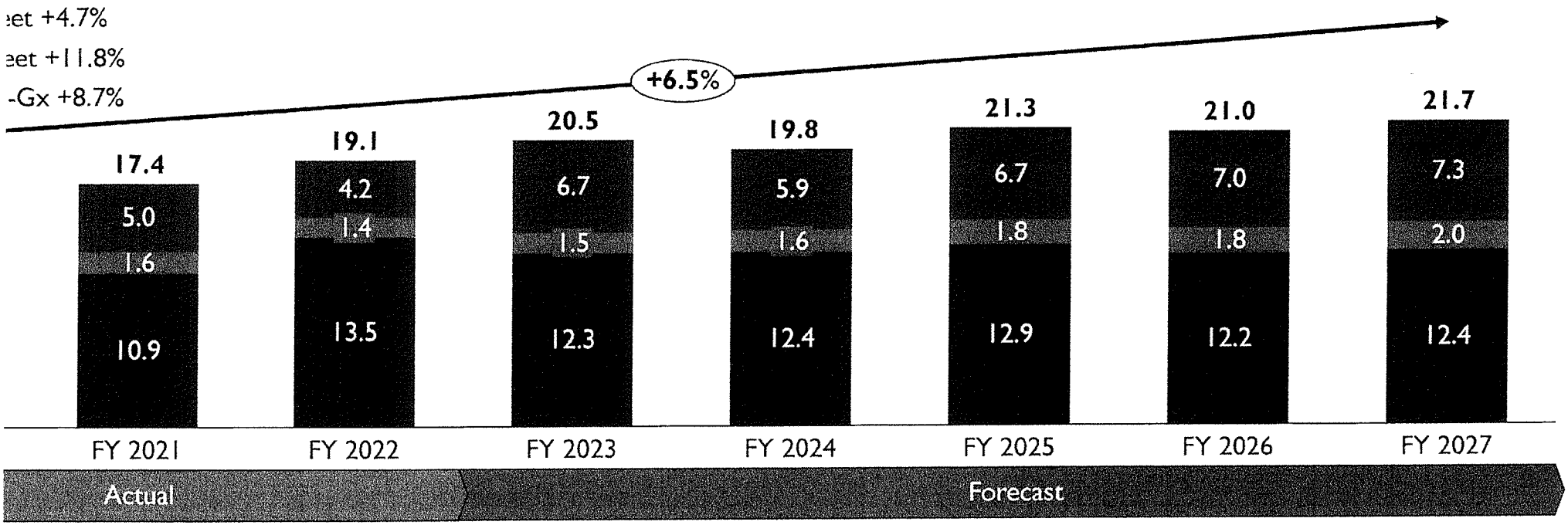
reate an impression that the reported maintenance value is higher than the "Opex" value disclosed for the Group in the AFS

ccounts versus AFS

ce spend is reported on the basis of the Eskom cost model, and so categorises all maintenance departments as the source for value

s more than the general ledger accounts that are disclosed in the AFS as "Repairs and maintenance, transport and other to be fronted

g Coal Plant Repairs & Maintenance in the greater Eskom R&M bn)



repair & maintenance spend has grown / is forecast to grow at an annual average of 6.5% since FY 2020

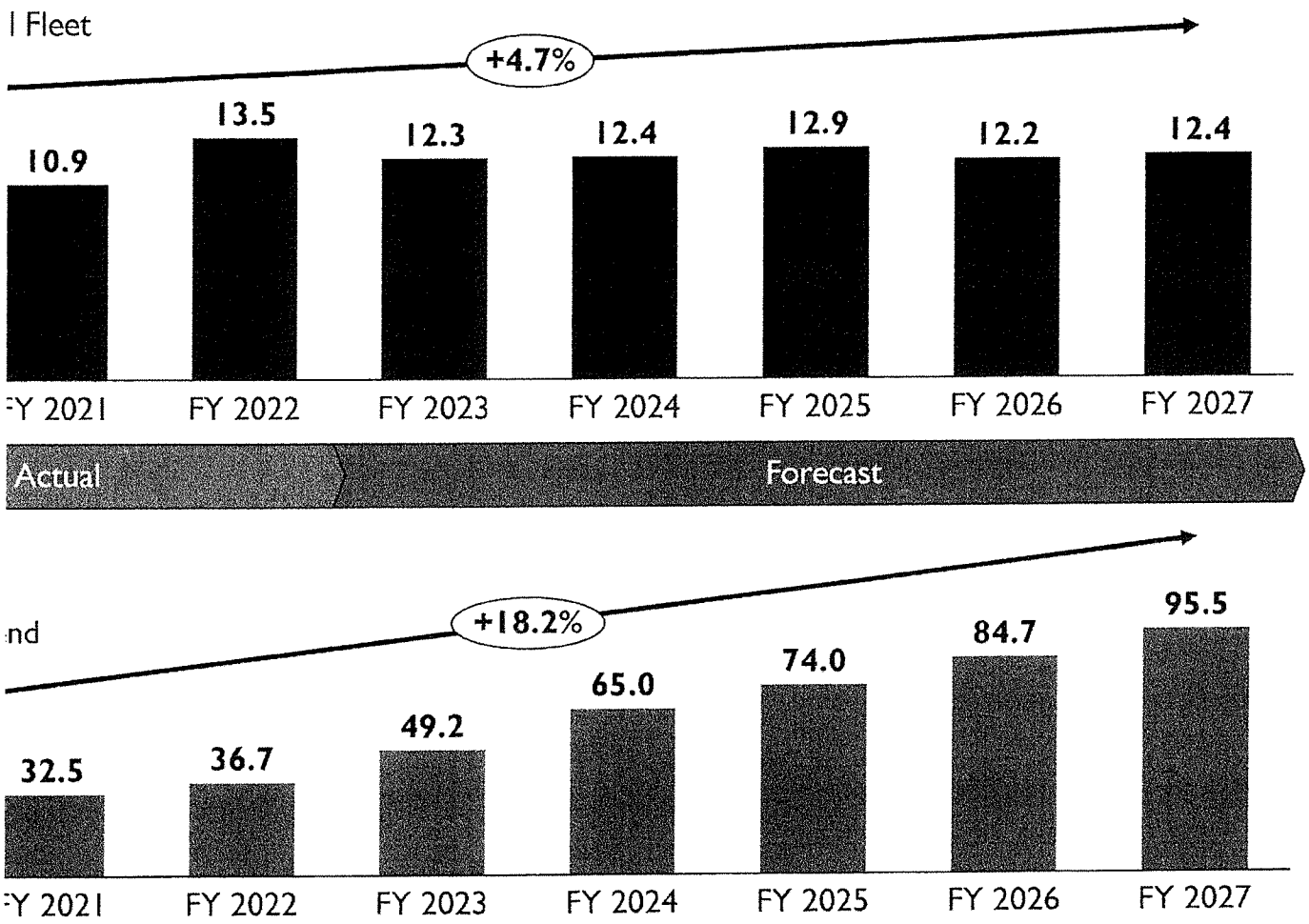
airs and maintenance annual growth rate averages at 4.7% - the reduction linked to units and stations being closed in the period must be kept in mind ng this to annual average growth rate in the balance of the Gx fleet and the R&M in the Dx / Tx divisions (shown under the "Non-Gx" portion in the

, the 2035 strategy used to inform the forecast period, showed 23 units being moved to shut-down state

ase of the non-Gx component, significant Tx grid and Dx network expansion being undertaken in the period adds to the required R&M outlook

d from the Eskom Corporate Plan for the FY23 to FY27 period, this is currently being refreshed for the FY24 to FY28 Corporate Plan, shortly due for issue

R&M in comparison to IPP spend (R'bn)



- Repairs and maintenance on the Gx coal plant hold constant over the forecast period as a result of the reduction in spend as units are moved to shutdown, which balances off against the underlying inflationary/ material price increases that this is exposed to
- IPP spend grows over the period in line with a deferred implementation perspective of the IRP 2019 program timetable for the forecast period
  - IPP OCGT fleet forecasted to be run at an average 5% annual load factor in the forecast period

d from the Eskom Corporate Plan for the FY23 to FY27 period, this is currently being refreshed for the FY24 to FY28 Corporate Plan, shortly due for issue

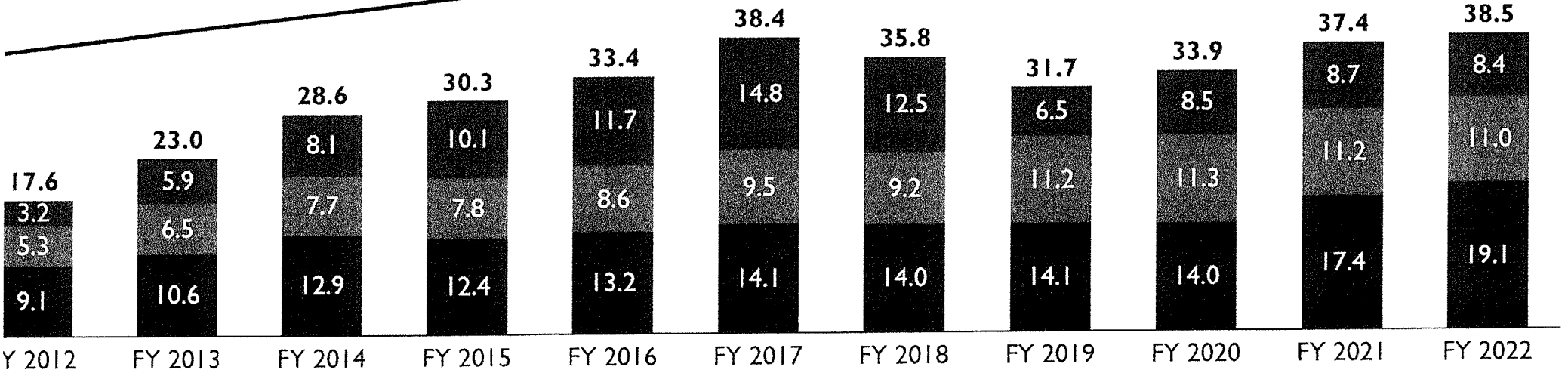
nce spend – scary realities! (R'bn)

Eskom

B) +9.1%
3.1%
) +13.3%

This is what Eskom normally provides as "maintenance spend"

+9.5%

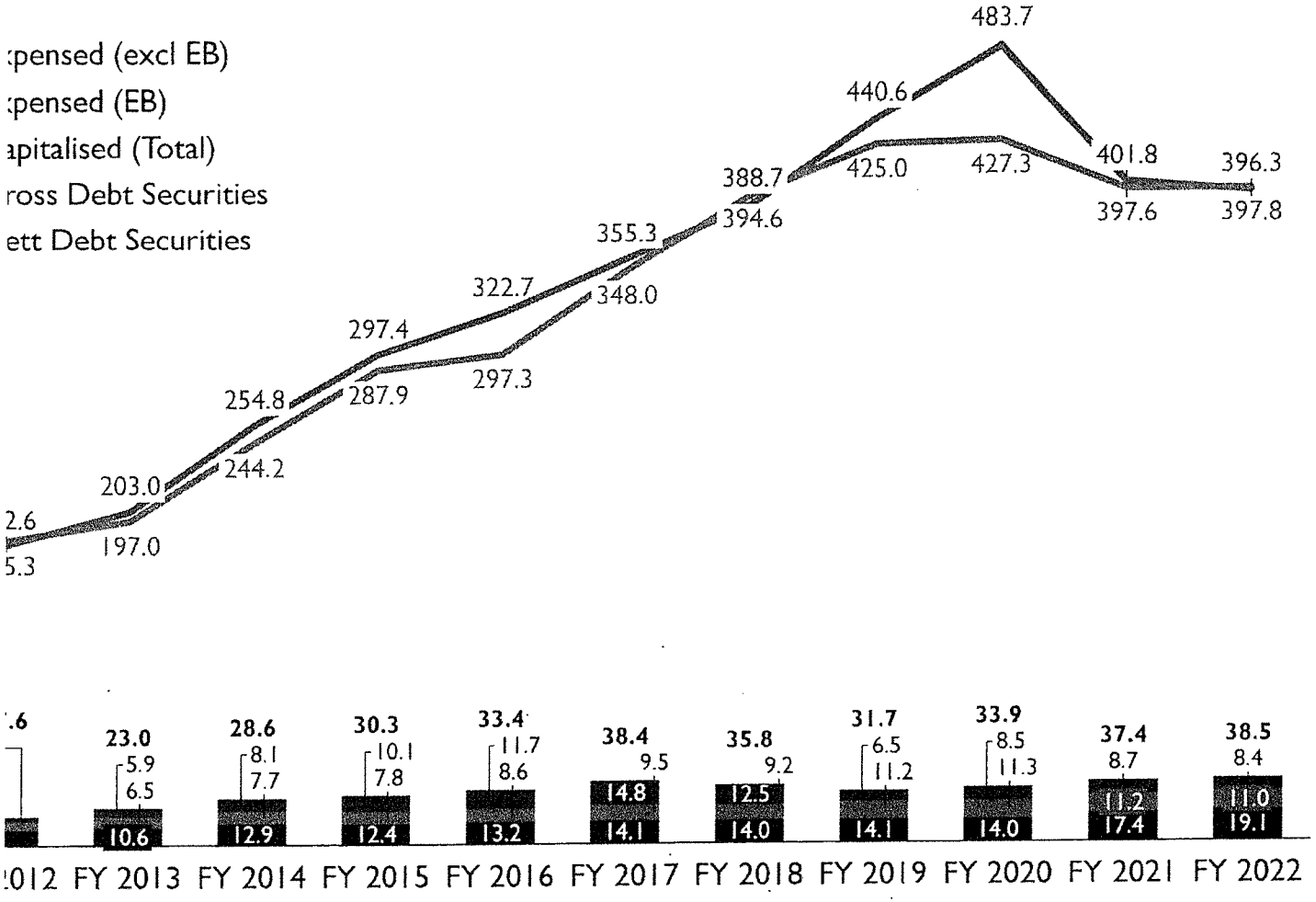


intenance spend has grown at an annual average of 9.5%

l expensed maintenance has grown at an average of 8.7%, lower average salary / cost of living increases and a ork-force have meant that the employee benefits component has only grown at 8.1% and external spend at 9.1%

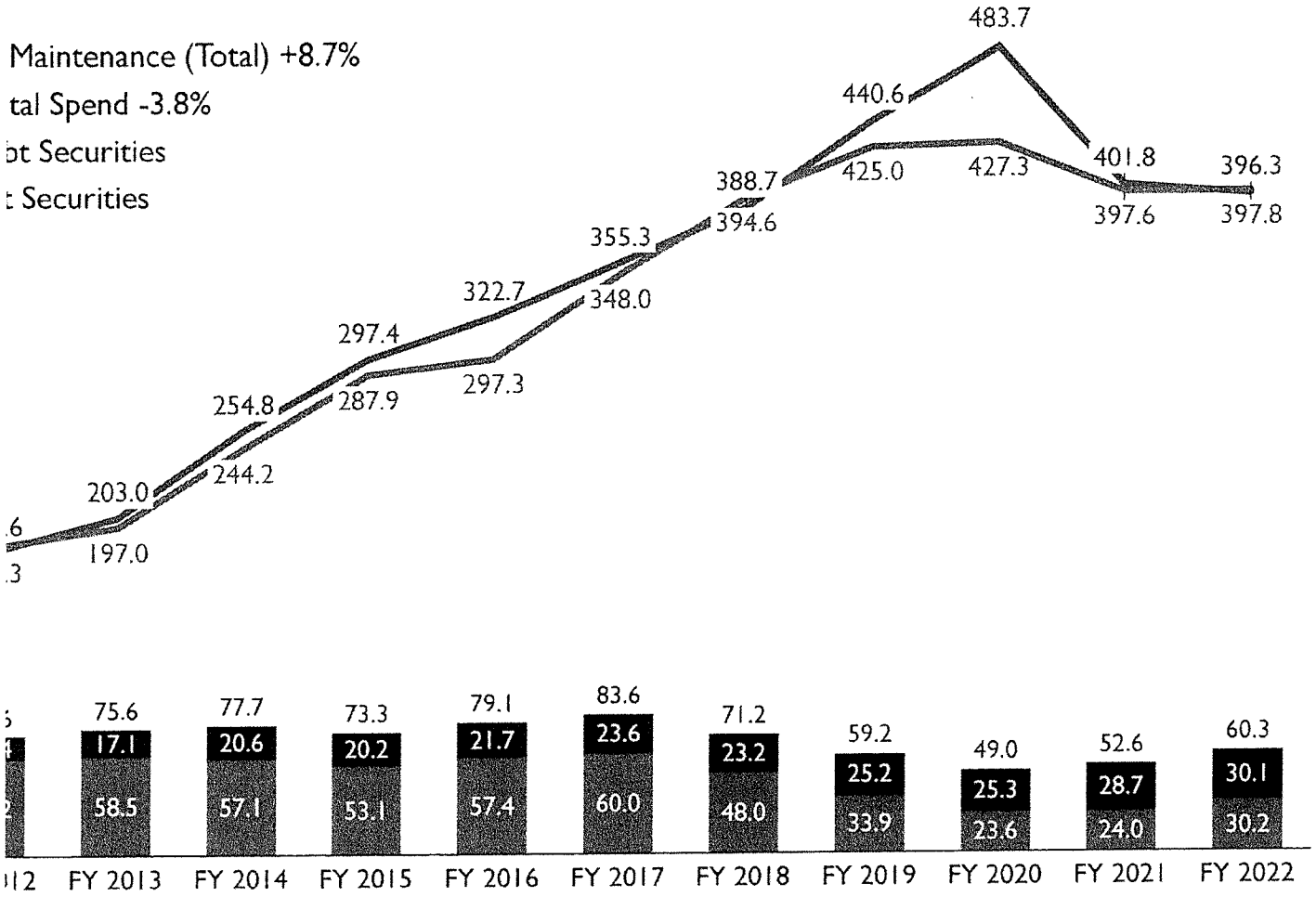
ong term beneficial maintenance is clear in the capitalised value, which grows by an annual average of 13.3%, ie pattern of annual spend shows how liquidity pressure has caused this spend to be curbed since FY2019

maintenance and debt securities (R'bn)



- Even when comparing the total of maintenance spend against the debt exposure, it is clear that expensed maintenance (both the EB included and excluded view) has not been curbed
- Capitalised maintenance may have been curbed since FY 2019, when the debt level reached saturation, however this has been held at a constant average of R8.5bn per annum since FY 2020, despite a "flattening" of the debt exposure
- The reality though is that the capitalised maintenance should have been funded by spare cash from operations (theory is you do not borrow for capex that does not deliver more revenue), so again highlighting the inordinateness of the allowed revenue that in turn places pressure via forcing a far greater borrowing program than should have been needed, which in turn creates higher debt service cost

ɔex provide a better insight to the trend in debt securities? (R'bn)



- Re-drawing the previous chart to now show total expensed maintenance, including the EB portion along with total Capex (excluding the DMRE funded portion), a stronger correlation to the debt exposure is visible
- This makes it clear that expensed maintenance has been allowed to grow, while the underlying capex pattern is more aligned to the borrowing exposure

Eskom

Immediate to medium term solutions to loadshedding

Budget for maintenance of coal plants vs Independent Power Producers

Response to allegations made by organised labour

e to allegations made by organised labour

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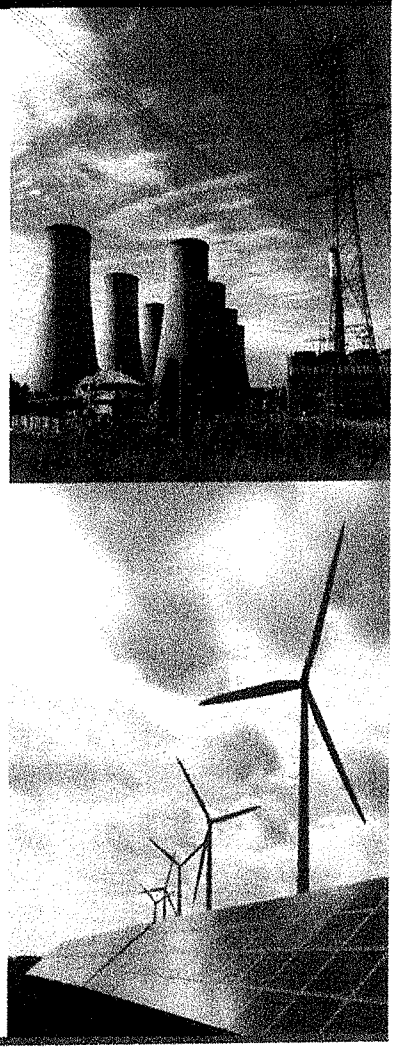
Shut down units have been placed in reserve storage with minimal preservation; they have not been mothballed which is a specific licence state. To start-up these units would require significant funds and time – probably at least 18 months.

Eskom endeavours to maintain and operate the plant according to OEM requirements within financial and system constraints. In fact, Eskom has been moving towards having the OEMs maintenance contracts and spares.

Poor state of the plant requires high fuel oil burn to reduce the risk of trips, and the high number of trips requires many startups which increase fuel oil usage. *Fuel oil consumption is indeed too high. Theft and corruption is one of the factors but actual usage is also too high. This is a focus for Eskom to reduce.*

Eskom has many conflicting requirements and must optimise resources taking the needs of all functions into account.

Tutuka (and all stations), **operating regime is dependent on the plant performance and system requirements**. Nothing is done "willy-nilly" but rather taking all considerations into account.



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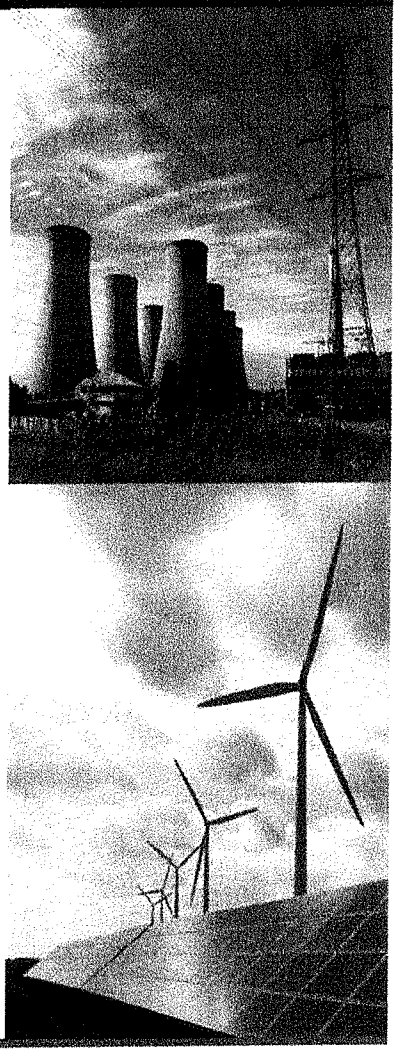
Age alone does not account for the performance deterioration. However, when one considers a fleet that is mostly well past mid-life generally **without mid-life refurbishments**, less than ideal maintenance and running VERY "hard", **age is a contributing factor**. This is borne out by international benchmarks where European coal units are also seeing a deterioration in availability, albeit not as significant as Eskom's.

The units in Reserve Storage were **not shut down because they are old**, but rather because **they required significant funds**, which Eskom does not have, to continue to run

Eskom has investigated returning units that have been shut down and placed in reserve storage and **found that it is not feasible**.

Eskom has binding contracts with IPPs and cannot refuse to pay. Evan though the cost of power from IPPs is higher than Eskom costs, the power is needed to meet demand or minimise load shedding



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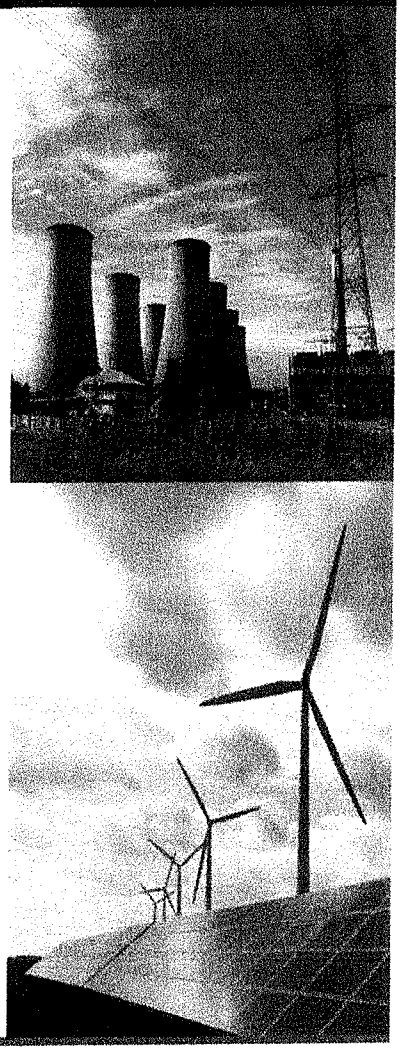
It is acceptable, and even desirable, to use spares from one unit at another unit or even station when this is to the benefit of the fleet. A good example would be when the lead time for a new or refurbished spare is a long time

When the units were placed in Reserve Storage, the **associated practice note allowed for the canibalisation of spares**, provided this was documented

Eskom does focus on quality maintenance, and this is being driven **through Reliability Maintenance Recovery Plan (RMR)**

Eskom is indeed focusing on quality maintenance, but any improvement will not be overnight. Even if we did return the units in reserve storage to service, **it would most likely take at least 2 years.**



e to allegations made by organised labour

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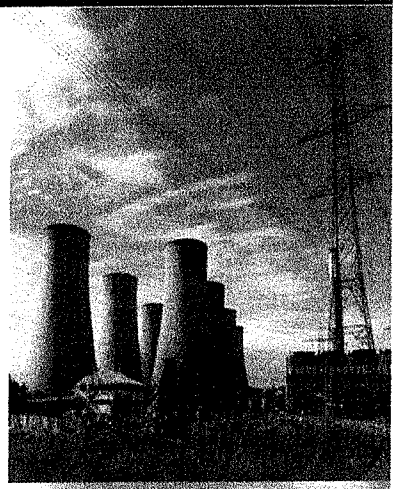
The Grid Connection Capacity Assessment (GCAC 2024) document on Eskom's website **provides an indication of available network capacity on the system**. The intention of this document is to provide stakeholders with an **indication of the available capacity for the connection of new generation at the main transmission system** (MTS) substations on the Eskom transmission network that may be in service by 2024 based. The details on the GCCA 2024 document can be obtained from following Eskom internet site: https://www.eskom.co.za/eskom-divisions/tx/gcca/

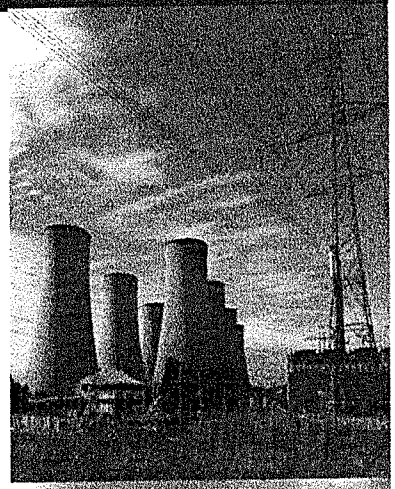


The Eskom headcount approach **strikes a balance between operational sustainability and improving costs efficiencies**. Line divisions **were given mandate to replace lost critical skills** internally and externally while selectively replacing skills in non-critical skills. Line divisions have continued to recruit since 2019. **In May 2019 operations were given 3638 vacant positions to fill critical positions**. In the past financial year, **Eskom lost 3392, recruited 1064 externally and 1747 skills internally**. In the **current financial year more than 2000 recruitment projects were opened.** Operations have continued to replace critical skills and **there was no instruction from GCE or GCOO to bring down headcount**

e to allegations made by organised labour (5/7)

Eskom

Eskom continued to selectively replace attrition depending on need. In May 2019 operations were given 3638 vacant positions to fill critical positions. In the past financial year, **Eskom lost 3392, recruited 1064 externally and 1747 skills internally**. In the current financial year more than 2000 recruitment projects were opened



Eskom has a collective agreement, Recognition Agreement that regulates our relationship with trade unions. Amongst other things, the **Recognition Agreement provides for participative structures** wherein trade unions are engaged at various levels. In addition, the Recognition Agreement **provides for dispute settling mechanism in the event the parties are unable to resolve issues.** It is ideal to resolve issues internally but failure to do so does not indicate a dysfunctional relationship. **Eskom accept that the relationship can be improved**, and this is the responsibility of both the employer and trade unions

se to allegations made by organised labour

Eskom

k changes are needed to pave way for different role- the generation market. Red tape in the application ectricity generation should be removed expediently

eady been addressed through the Licensing and otices issued by DMRE. The licensing **threshold has d and generators may now register with Nersa** and **application to connect to the grid**. The generator must with the technical requirements. This is to protect our n the networks, network integrity and other users of the

Contractors are involved in sabotage to extent their stay

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- An employee of an Eskom contractor in Generation Division was **arrested after evidence obtained by internal Eskom investigators** linked him to the **bearing oil drain plug that was intentionally removed from the bearing**. As a result of this act, the **oil burners kept on tripping, preventing proper operations on the mills**, causing all the oil to be drained and the bearing to be damaged. **Unit 4 subsequently tripped**. The incident occurred on Thursday 10 November 2022 at approximately 16:54. A case of Alleged Sabotage was immediately opened as per **Ermelo CAS 107/11/2022**.
- Preliminary internal investigations led to the suspect who **was eventually arrested and charged for sabotage**, appeared in court **after having confessed to have removed the plug with intent to causing the trip** in order to ensure that his company gets awarded more maintenance and repair jobs at the Power Station. The accused will again appear in court on 24 February 2023.
- Generation Division has also **implemented measures to detect and prevent malicious acts**.

e to allegations made by organised labour

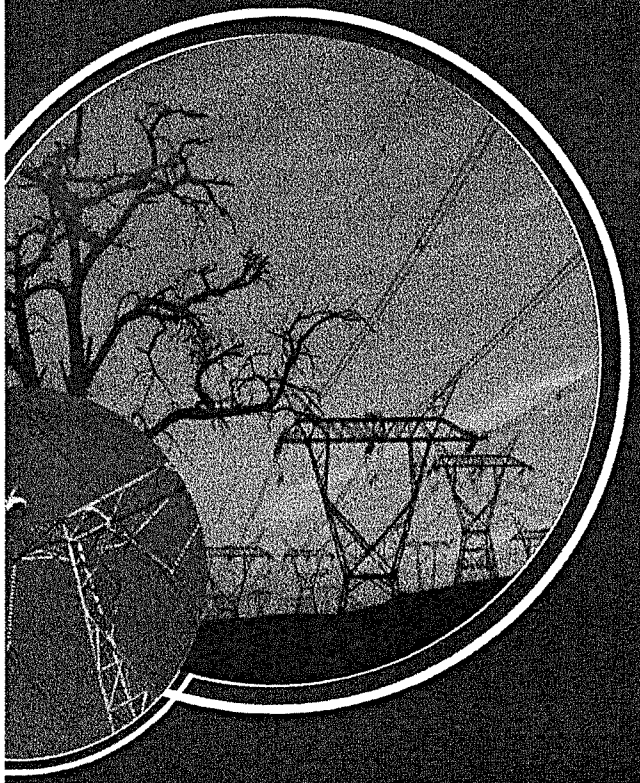
Eskom

ık that unbundling is an Alfa and Omega is a big mistake, but in reality, it's an opening for privatization

ıe 2019 DPE "ROADMAP FOR ESKOM IN A REFORMED ELECTRICITY SUPPLY INDUSTRY"

ɔm's vertically integrated structure was appropriate at its inception and served the country well for over 90 years. This iguration is no longer suitable to meet the country's energy needs and has made the business susceptible to the kind of lems it has recently experienced, including state capture. The restructuring of Eskom into three subsidiary businesses – ɜration, transmission and distribution – is necessary to reduce the risk that Eskom poses to the country through its ɜndence on fiscal allocations and inability to supply the economy with adequate power.

Eskom that must emerge from these reforms must be capable, transparent, accountable, competitive and world class. ɜrnment has a responsibility to mitigate the systemic risk that Eskom has become to the country. This will start by making organisation responsible in how it allocates resources to its operational activities, and that it is answerable for its ɔrmance at all levels.



Thank You

"FA 10"

execution without oversight, leadership instability, lack of coordination across government, and poor relations between government departments.

The pandemic has amplified and aggravated these weaknesses.

Slow progress in getting initiatives off the ground

One of the resulting shortcomings has been the very slow progress made with some of the initiatives.

For example:

- Despite the fast-tracked and streamlined procurement processes put in place, less than half of the R140,06 billion in our audit had been spent by 31 August 2020. This increased to around 65% by 30 September 2020.
- While over R1,7 billion had been made available for support to small businesses, only R308,7 million had been spent by 30 September 2020.
- Similarly, only R97 million of the R771 million earmarked for the expanded public works programme had been spent by the same date.
- Payments from the sport, arts and culture fund were also painfully slow. Only 34% of the money budgeted had been paid out by the end of September 2020 to athletes, artists and others in the sector who had been unable to work.

Over and above the slow progress made in these and other covid-19 initiatives, our audit teams picked up inefficiencies, quality concerns and financial losses, along with signs of overpricing, unfair processes, the sidestepping of supply chain management legislation as well as abuse and potential fraud.

Inefficiencies and the silo effect

Government departments tend to operate in silos and this has become glaringly obvious during the covid-19 pandemic.

Although the information technology systems across government carry data on almost everyone in the country, this data is not integrated and shared.

For example, Home Affairs has data on identity numbers and deceased people, while Sars has data on taxpayers' earnings. Such information could have been invaluable to the UIF and Sassa in checking if people applying for social grants and other benefits actually qualify for these.

Instead, the lack of validation, integration and sharing of data across government platforms resulted in people, including government officials, receiving benefits and grants to which they were not entitled. On the other hand, applicants who were eligible were unfairly rejected as a result of outdated information.

Poor record keeping is rife

Across many of government's covid-19 initiatives, poor record keeping is a common feature. Auditees do not always have updated or reliable information on the goods and services delivered and initiatives implemented, which in turn makes it difficult for us to audit these matters.

Here are some of the initiatives where we identified inadequate record keeping:

- The relief scheme for small-scale farmers, where the Department of Agriculture, Land Reform and Rural Development could not provide sufficient records and reconciliations of the vouchers it had distributed to farmers.
- The emergency water supply programme, where the Department of Water Affairs and Sanitation was unable to provide a reliable listing of all water tanks delivered and their location.
- The field hospitals programme, where there were delays in providing us with requested information and documentation.
- The expanded public works programme, where the Independent Development Trust is the implementing agent. Here, we are seeing the same poor record keeping – and potential fraud risks – that we have been reporting on for a number of years.

Quality concerns crop up

Poor-quality medical supplies, food and construction jeopardise the success of the covid-19 initiatives and can have an adverse impact on the health and well-being of citizens.

Problems with PPE quality and delivery contributed to the delayed reopening of schools. At a number of the schools we visited, the masks provided were not to specification and often one-size-fits-all – whether for a child or an adult.

Some suppliers delivered PPE that did not meet the required specifications or was not what they had been contracted to deliver, or they under-delivered or delivered late. Despite this, most of the departments still paid the suppliers. Poor contract management and significant deficiencies in the ordering, delivery, receipt and payment processes further exposed the health and education sectors to financial loss and resulted in health workers and schools not always receiving the PPE they required.

Emergency water supply was another life-protecting initiative that was plagued by quality issues, as well as delivery delays.

When our audit teams visited a selection of communities and schools to determine whether the water tanks and tankering services paid for were in place, we found various anomalies:

- A large proportion of the schools that received water tanks did not need them and some schools that received water tanks were not on the original project list.
- We could not find some of the tanks at the locations specified in the registers and there are unconfirmed claims that the tanks were moved by municipalities. At some of the sites we found tanks that were empty and tanks with poor-quality installations.

We identified instances of non-compliance with legislation in the procurement processes followed by Rand Water, as well as indications of unfairness in the appointment processes.

Signs of overpricing, unfair processes and potential fraud

The already compromised control environment in many government entities, coupled with the need to respond urgently to the covid-19 pandemic, has heightened the risks of public resources being abused or misused. The risk of fraud looms particularly large in procurement and contract management processes, as well as in the approval and payment of social grants and benefits.

We therefore conducted fraud-risk assessments on all the initiatives included in our audit, with the aim of identifying fraud schemes, irregularities, possible implicated service providers and other fraud-risk indicators.

Some of the indicators alerting us to the possibility of fraud are:

- Exorbitant spending against suppliers compared to pre-pandemic spending
- Suppliers used for the first time during the covid-19 period
- Bank account numbers that differ from the details on government's Central Supplier Database
- Large round payments made to suppliers
- Payments processed through sundry payments

Here are just a few of our findings in this regard:

- **Overpricing:** Our analyses of PPE orders placed by health departments revealed that some items were priced at more than double and even five times the price prescribed by the National Treasury.
- **Double-dipping:** The UIF paid R141 million to 35 043 applicants who were already receiving benefits from other state organisations. This included R41 million paid to people who had government salary reference numbers and R327 638 to people already being paid by the South African National Defence Force.
- **Payments to ineligible social grant beneficiaries:** As at 31 August 2020, we had identified 67 770 social grant recipients who were not eligible for grants as they were employed in government or had income from other sources, including other social grants, UIF payments, or bursaries from the National Student Financial Aid Scheme. We also reported 1 513 beneficiaries who are directors of companies that have government contracts.
- **Supplier anomalies:** We identified a host of irregularities around the appointment of suppliers, including suppliers not having valid tax clearance certificates. Quotation and competitive bidding processes were not always followed and there were reports of conflicts of interest in some supplier appointments.

Most of these shortcomings were identified in the first phase of our audit and included in our first special report, which also contained our recommendations on what needed to be done to address our findings and observations.

In the next section, we focus on how accounting officers and authorities as well as oversight bodies have responded to the concerns we have raised.

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management prioritised the work in response to the pandemic and therefore did not respond in good time," explains the AG.

Procurement process

The key findings on PPE are:

- In both the health and education sectors, the auditors continued to find instances where competitive processes were not followed, resulting in the contract being awarded to a specific supplier or group of suppliers without the necessary motivation or approval for such deviations.
- Through the National Treasury instruction notes, it was made clear that the standing requirement to favour local producers must be applied. The auditors did not see this requirement applied consistently in all the PPE procurement processes.
- The importance of ensuring that suppliers' tax affairs are in order also fell by the wayside for many of the PPE contracts awarded, reducing the incentive for government suppliers to pay their dues.
- Businesses that provide PPE across the country were not treated in a fair and equal manner, as some were disqualified based on not complying with the requirements, such as tax clearance certificates, declarations of interest, registrations as companies and small business, or on their status as local producers, while others were not.
    - For some procurement processes the auditors could not obtain sufficient evidence or substance to justify the decisions made to disqualify some bidders or to favour specific bidders.
- The audit identified various instances of contracts being awarded to businesses that do not have a history of providing PPE - often working in a different industry or even being formed or registered just before a contract was awarded.

  "Our concerns in this regard are not about legislative compliance, but rather about the fairness in the selection process and the ability of such businesses to deliver on the PPE contracts. We recommended that these contracts be investigated, as such circumstances can be a red flag for fraud or abuse of the supply chain management process. We also reported other red flags for investigation, such as potential cover quoting and signs that the procurement processes had been manipulated," cautioned Maluleke.

"FA 12"

Use of a national State of Disaster for the electricity crisis in South Africa
Preliminary Report

Prof. Dewald van Niekerk
Head: African Centre for Disaster Studies
Professor of Geography
North-West University

1. Declaration of a State of Disaster for an electricity crisis

The Disaster Management Act 57 of 2002 (DMA) is both administrative and exceptional law. The DMA is aimed at disaster risk reduction as a multi-sectoral approach of the Government aimed at reducing the underlying factors contributing to disaster risk through a developmental perspective. As exceptional legislation, the DMA makes provisions for unforeseen circumstances which warrant extraordinary measures to either prevent an anthropogenic or natural hazard from turning into a disaster or to respond to a disastrous event. Exceptional law needs to be used with caution because this provides the means to bypass normal legal instruments, rights and freedoms, or create new instruments. I do not believe that the DMA, nor the declaration of a national State of Disaster, is the correct legislative and response mechanism to use for the electricity crisis. I provide three main arguments. Firstly, and most importantly, I have a "Constitutional concern", secondly a concern about the "intent of the law", and lastly the possible president that this State of Disaster is creating.

2. Constitutionality

Exceptional laws may not fundamentally impede the human rights of citizens as enshrined in the Constitution of the Republic of South Africa. Exceptions must only be allowed for extraordinary circumstances driven by unforeseen external forces. A State of Disaster can be used, as seen during the Covid-19 pandemic, to fundamentally curb the rights and freedoms of the citizens of South Africa. In retrospect, most reasonable persons will agree that wavering some of these freedoms was for the greater good, and had a significant impact on mitigating the Covid-19 disaster. In such instances, the actions are warranted. Although the regulations implemented by Government did not necessarily follow a truly democratic process – and in the case of exceptional law this is not always needed. Several questions were asked about the constitutionality of some of the Covid-19 regulations, as well as the Minister's ability to arbitrarily extend the national State of Disaster for close to 22 months without any Parliamentary oversight (Du Plessis & van Niekerk, 2022; Du Plessis et al, 2022). Furthermore, the President created coordinating structures outside of what is already provided for in the DMA. Instead of using the Intergovernmental Committee on Disaster Management (see Section 4 of the DMA), he opted to create the National Coronavirus Command Council (NCCC).

The NCCC was established as a committee of the Cabinet by the Cabinet in its meeting on 15 March 2020. Therefore, it was not established through any regulation linked to the State of Disaster, or any other law. Similarly, and before the declaration of the current State of Disaster, the President created the National Energy Crisis Committee (NECOM) in July 2022. The aim of this committee is to implement the Energy Crisis Plan. In the case of the NCCC, it stands to reason that without democratic oversight, abuse of exceptional law can occur. In the case of the electricity crisis, my concern is that once again the Government is resorting to exceptional law which has a direct impact on the democratic institutions of South Africa and Parliamentary oversight.

3. Intent of the Disaster Management Act

My second argument centres around the "intent of the DMA". The DMA has two broad aims: firstly, it aims to inculcate a culture of communal and or public safety throughout South Africa by emphasising multi-sectoral and multi-disciplinary disaster risk reduction of hazards and addressing societal vulnerability; and secondly, it provides for exceptional circumstances (as alluded to above). In reading the DMA and National Disaster Management Framework of 2005 it becomes clear that the focus of disaster risk reduction is on elements of hazards (natural and anthropogenic), vulnerability (of various systems such as social, economic, environmental, legal or political) and risk (combination of possible hazard impact and exposure and susceptibility of those affected to the hazard). In the case of our electricity crisis, it becomes very difficult to identify the "hazard" which drives the risk we are facing. Is the hazard the poor management and maintenance of our electricity grid? Does it relate to disruptions in supply lines? Is it graft and corruption, incompetence and lack of skills? Or does the hazard relate to the possibility of a national blackout and the disastrous consequences associated with such? Or procurement constraints? In trying to identify the hazard which drives this disaster, the argument that the electricity crisis is a disaster as per the definition in the DMA falls short. For all means and purposes when applying the definition of disaster,[1] then the only two elements which relate are the fact that we are dealing with infrastructure failure, which might lead to the "community" (read: all of South Africa) being unable to cope. This begs the question, if we experience absolute and total electricity grid failure, would South Africa as a country be able to cope with the possible fall-out? To mitigate such a situation, Eskom introduced a risk management tool which we are all too familiar with: load shedding. Load shedding is designed to ensure that Eskom can manage its electricity supply so that we do not experience a national blackout. However, one needs to understand at which point this risk management mechanism is inadequate, as well as the circumstances which will bring it to a point of failure. Only then can one reasonably consider the declaration of a State of

[1] A disaster is defined in Section 1 of the DMA as "a progressive or sudden, wide-spread, or localised natural or human-caused occurrence which causes or threatens to cause death, injury, or disease; damage to property, infrastructure, or the environment; or disruption of the life of a community; and is of the magnitude that exceeds the ability of those affected by the disaster to cope with its effects using only their own resources."

Disaster. As it currently stands it is unclear on which assessment the Head of the National Disaster Management Centre (NDMC) based his classification of the disaster (see Section 23 of the DMA) which lead to the declaration of the State of Disaster for the electricity crisis.

4. Creating unwanted presidents

My last concern is about the president which this State of Disaster is creating. The DMA was never meant to be applied to circumstances which fall outside the scope of the hazard, risk and vulnerability paradigm. The DMA can not be used to fix governance and management failures. If this was the intent, then it stands to reason that many of our failing local municipalities could have used the DMA to declare local States of Disaster to address developmental challenges and failures such as housing, water provision, sanitation, roads etc. If any local (or even provincial) government tried to use the declaration of a State of Disaster to mobilise resources to address development issues then such a declaration would never have been classified by the NDMC. It is therefore clearly not the intention of the DMA to make provision for institutional failures of whichever nature. However, this State of Disaster declaration opens the possibility for other spheres of government to abuse exceptional law to address ordinary developmental or self-induced problems.

5. State of Disaster vs other legislative and statutory instruments

The process of declaring a State of Disaster is two-pronged. Firstly the NDMC needs to classify a disaster, before the Minister responsible for disaster management then declares a State of Disaster. The Minister then has the authority to make any regulation pertaining to the management of the disaster. As of the time of writing this brief report, regulations pertaining to the current State of Disaster for the electricity crisis are yet to be gazetted. This begs the question of the urgency of this State of Disaster compared to the period of regulations gazetted in other States of Disaster. The Minister can also extend the period of a State of Disaster for 30 days without any Parliamentary oversight. This gives the Minister considerable powers, which was widely criticised during the multiple extensions of the Covid-19 State of Disaster (Du Plessis et al., 2022). Even now, the envisaged period of the State of Disaster as per the State of the Nation Address by the President is at least 11 months. Therefore the Government has already decided that multiple extensions will be needed. This is in contrast with the DMA which needs an assessment for classification before a declaration. One can thus argue that each monthly extension beyond the first three months must be based on a scientific assessment by the NDMC. Government is thus pre-empting the period of the State of Disaster based on facts only obtainable in the future.

Furthermore, the DMA appears to limit the Minister's wide-ranging powers. Section 27(3) stipulates that the powers assigned to the Minister may only be exercised to the extent that they are necessary for:

a) Assisting and protecting the public;
b) Providing relief to the public;
c) Protecting property;
d) Preventing or combating disruption; and
e) Dealing with the destructive and other effects of the disaster.

The Eskom crisis in South Africa arose due to a combination of factors, including mismanagement, corruption, and a lack of investment in the country's electricity infrastructure (Amabhungane and Scorpio, 2017; Haffajee, 2019; Mathekga, 2019). Section 2(1) of the DMA makes provision for extraordinary circumstances under other laws. If other legal instruments already provide for the management of exceptional circumstances (as discussed above), then the DMA does not apply. One would expect that before a declaration of a State of Disaster, the Government must be able to prove that it considered all other legal instruments and found them to be inadequate.

For example, the President announced on 25 July 2022 an unprecedented set of interventions to end load shedding and achieve energy security. The National Energy Crisis Committee (NECOM) was established and an Energy Action Plan (EAP) was developed. The President in his State of the Nation Address on 9 February 2023 highlighted several gains achieved since July 2022 by the implementation of the EAP (see Table 1 below on the progress reported on the EAP in January 2023). Reading through the reported successes and comparing this to the reasons given for the declaration of a State of Disaster leaves one flabbergasted. How can the Government on the one hand report these successes, as well as indicate a viable course of action, yet resort to declaring a State of Disaster to address the issues already raise and planned for in the EAP?

As an example of how existing legal instruments can be used to address the electricity crisis, Eskom asked Government to allow the Kusile power station to pollute more $SO2$[2] by bypassing its flue-gas desulphurisation (FGD) units, and in doing to speed up the time it will take to get the power to the grid. This is in response to the duct failure in October 2022 at the power plant. However, if a State of Disaster has not been declared, under normal circumstances, Eskom could also apply to the Department of Environment, Forestry and Fisheries (DEFF) for exemption. Therefore, although extraordinary circumstances require extraordinary measures, there is no need for a State of Disaster because other legal instruments are adequate. Also, given the collective agreement that load shedding is a national issue, it is reasonable to expect cooperation by the Minister of Environment, Forestry and Fisheries in allowing such pollution which will ensure more power to the grid. Given the fact that we are entering winter, the health risks to many South African households who might resort to burning fuels indoors, due to no electricity, are much greater than the possible

[2] See https://www.news24.com/fin24/climate_future/energy/eskom-wants-to-pollute-more-at-kusile-to-ease-load-shedding-20230213

pollution created by bypassing the FGD units at Kusile in the medium term. The above is but one example of how other legal and statutory instruments can be used without a State of Disaster.

6. Will a State of Disaster solve the electricity crisis?

Given the longitudinal nature of this crisis, the multiple measures already implemented by Government since 2007 (and many more to come under the EAP), one needs to question the value of a State of Disaster in addressing the electricity crisis. One of the main reasons for a State of Disaster is the fast-tracking of processes, procedures and procurement in Government to address a pending or realised disaster. Will a State of Disaster assist in the above? Most certainly it will. Is a State of Disaster necessary to achieve the above? I am not convinced. A question which Government should answer is: Given the current plans, processes, and regulations which are in place, as well as the envisaged actions (as highlighted in Table 1 below) to address electricity generation, transmission, distribution, maintenance, and security, what necessitated the State of Disaster? Furthermore, although I am not an energy expert, I do not believe the envisaged period of 11 months (end of 2023) would be enough to solve this crisis. The problems are too great, and the time needed to solve them is not enough, even under the State of Disaster.

Table 1: Progress reported in January 2023 on the implementation of the energy Action Plan (The Presidency, 2023)

Objective of the Energy Action Plan	Reported success in January 2023
Fix Eskom and improve the availability of electricity supply	Eskom has increased outage funding for the current financial year from **R8.2 billion to R9.5 billion.**
	Weekly meetings are being held between Eskom and National Treasury **to enable more agile procurement**.
	18 skilled specialists have been brought back into Eskom to date, including three appointments of former Eskom employees at power station manager level for Kendal, Koeberg and Medupi. More than 1000 people have offered their skills through Eskom's crowdsourcing platform.
	Several law enforcement and security agencies are working together to address sabotage, theft and fraud at Eskom.
	An incentive-based (R/MWh) **demand response mechanism** has been developed and will be launched in January 2023 alongside a national campaign to encourage energy efficiency.
	The **Just Energy Transition Investment Plan has been endorsed by Cabinet** and will enable additional funding to be allocated for strengthening transmission infrastructure. **Eskom has finalised its Transmission Development Plan for 2023 to 2027.**
	Solar, wind, gas and storage projects are under development at nine stations. Projects at Komati, Sere and Lethabo are expected to connect to the grid in 2023
Enable and accelerate private investment in generation capacity	Since the licensing threshold was raised to 100 MW in October 2021, the **pipeline of private sector projects has grown to over 100 projects** with more than 9 000 MW of new capacity. Schedule 2 **has now been amended to remove the licensing requirement** for generation projects of any size.
	Work is underway **to develop an Omnibus Bill** that will incorporate the required legislative amendments (**where processes cannot be waived or streamlined under existing legislation**).
	Various actions have been completed to streamline authorisation processes for energy projects, including: • Issued notice to exclude transmission infrastructure from the need to obtain an environmental authorisation country-wide in areas of low and medium environmental sensitivity and in strategic transmission corridors

	• Issued notice to exclude solar PV facilities from the need to obtain environmental authorisation within areas of low and medium environmental sensitivity for public comment • Notice to expand scope and threshold of general authorisations for wind and solar projects to be published for public comment
	A **One Stop Shop is being established** as a single entry point for energy projects through Invest SA. A business case has been developed outlining resource and operational requirements.
	Timeframes have been significantly reduced for regulatory approvals: • Land-use authorisations for energy projects are being prioritised (timeframes have been reduced from 90 to 30 days). • Registration process has been significantly simplified (timeframes reduced from four months to 19 days). • Embedded generation projects have been gazetted as Strategic Integrated Projects, reducing the timeframe for environmental authorisation to 57 days. • Eskom has reduced timeframes for access to the grid.
Accelerate procurement of new capacity from renewables, gas and battery storage	A **total of 162 MW of surplus capacity has been identified** from existing Independent Power Producers (IPP). Work is underway between the IPP Office and generators to unlock this capacity, including additional grid strengthening required.
	Eskom has launched a **Standard Offer Programme to procure up to 1 000 MW** of power from companies which have existing generation capacity for a period of three years.
	A Bilateral Power Import Programme has been launched to secure imports of power to the country from neighbouring countries. So far, 200 MW has been secured as of September 2022 and a further 1 000 MW has been identified for 2023.
	Eskom has **launched an Emergency Generation Programme** to procure additional power when the grid is significantly constrained.
	Designated local content for solar panels has been reduced from 100% to 30% to alleviate constraints. 19 out of 25 projects from Bid Window 5 have signed project agreements to date for 1 800 MW of new capacity, and will now proceed to financial close and construction.

	A revised RFP for Bid Window 6 was published **to increase the capacity procured.** Five preferred bidders have been selected to date to provide 1000 MW of solar power. Several wind projects could not be accepted as the available grid capacity has been taken up by private sector projects, which are now proceeding to construction.
Unleash large businesses and households to invest in rooftop solar	The **RFP for battery storage has been finalised** and will be released to the market shortly. An RFP for gas power will follow by March 2023.
	A **Ministerial determination was published on 25 August 2022** for over 18 000 MW of new generation capacity from wind, solar and battery storage (the remaining allocation in the IRP 2019).
	The **IRP 2019 is being reviewed**, with a completion target of March 2023, to update assumptions regarding energy availability and technological changes.
Fundamentally transformed electricity sector to achieve long-term energy security	The **appointment of an independent board** for the transmission entity will be finalised by the Minister of Public Enterprises.
	The **Electricity Regulation Amendment Bill,** which will establish an independent transmission and system operator and a competitive electricity market, **has been finalised** for submission to Cabinet in January 2023.
	NECOM has been established with nine workstreams and is fully operational.

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Concise CV: Dewald van Niekerk

Dewald van Niekerk is a Professor in Geography and the founder and head of the African Centre for Disaster Studies at North-West University, Potchefstroom Campus. Dewald is a South African NRF B3-rated researcher. He obtained his PhD in 2005 in disaster risk governance and was promoted to full professor in 2012. He has authored and co-authored more than 100 publications which includes peer-reviewed articles, books and chapters in books and international and national research reports. He has been the project leader for local, national as well as international disaster risk reduction projects, and has undertaken disaster risk reduction research and consultancy in numerous countries worldwide. He is the programme manager for the Disaster Risk Sciences research group of the Unit for Environmental Sciences and Management, and the programme manager for the Honours in Geography and Environmental Sciences and the Ph.D in Science with Disaster Risk Science. He is the founder and Editor in Chief of the accredited journal Jàmbá: Journal of Disaster Risk Studies. He played an active part in the development of the South African Disaster Management Act 57 of 2002 as well as the National Disaster Management Framework of 2005. Subsequently, he has been involved in the drafting and consulting of the national disaster management laws of several African countries such as Namibia, Eswatini, Malawi, Uganda and Botswana. In 2012 he led in establishing the Southern Africa Society for Disaster Reduction. He developed the new implementation Matrix II for implementing the Sendai Framework for Disaster Risk Reduction and its Plan of Action for Africa for the Africa Union Commission. He was also the lead researcher for developing the first Biennial Report on progress towards implementing the SFDRR in Africa. Subsequently, he is leading a team of researchers who have been tasked to develop the follow-up biennial reports up until 2026. He recently developed the SADC Regional Strategic Resilience Framework and the SADC Disaster Risk Management Framework and Action Plan. His research is motivated by a desire to reduce the possible impacts of natural hazards and unknowns like climate change on at-risk communities. His interests include complex adaptive systems, resilience building, community-based disaster risk management, disaster risk assessment, disaster risk governance, building institutional capacities for disaster risk reduction, and transdisciplinary disaster risk reduction.

"FA 13"

IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG DIVISION, PRETORIA

Case no:

In the matter between:

ORGANISATION UNDOING TAX ABUSE NPC (Registration no: 2012/064213/08)	Applicant
and	
THE PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA N.O.	First Respondent
THE HEAD OF NATIONAL DISASTER MANAGEMENT CENTRE N.O.	Second Respondent
THE MINISTER FOR CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS N.O.	Third Respondent
THE MINISTER OF MINERAL RESOURCES AND ENERGY N.O.	Fourth Respondent
THE MINISTER OF PUBLIC ENTERPRISES N.O.	Fifth Respondent
SPEAKER OF THE NATIONAL ASSEMBLY N.O.	Sixth Respondent
CHAIRPERSON OF THE NATIONAL COUNCIL OF PROVINCES N.O.	Seventh Respondent
ESKOM HOLDINGS (SOC) LTD (Registration no: 2002/015527/30)	Eighth Respondent

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CONFIRMATORY AFFIDAVIT

I, the undersigned,

PROFESSOR DEWALD VAN NIEKERK

Do hereby state, under oath, the following:

1.

1.1. I am a major male and head of the African Centre for Disaster Studies at North-West University and expert in disaster risk governance. I also played an active role in the drafting and development of the DMA as well as the National Disaster Framework of 2005.

1.2. The content hereof falls within my personal knowledge and belief, unless otherwise stated, and is both true and correct.

2.

I confirm having read the Founding Affidavit of Stefanie Fick and I confirm the content thereof insofar it relates to me.

DEPONENT

I certify that the deponent has acknowledged that he knows and understands the contents of this Affidavit, that he has no objection to the making of the prescribed oath and that he considers this oath to be binding on his conscience. I also certify that this affidavit was signed in my presence at Potchefstroom on this the 16th day of February 2023 and that the regulations contained in Government Notice R1258 of 21 July 1972, as amended by Government Notice R1648 of 19 August 1977, have been complied with.

COMMISSIONER OF OATHS

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