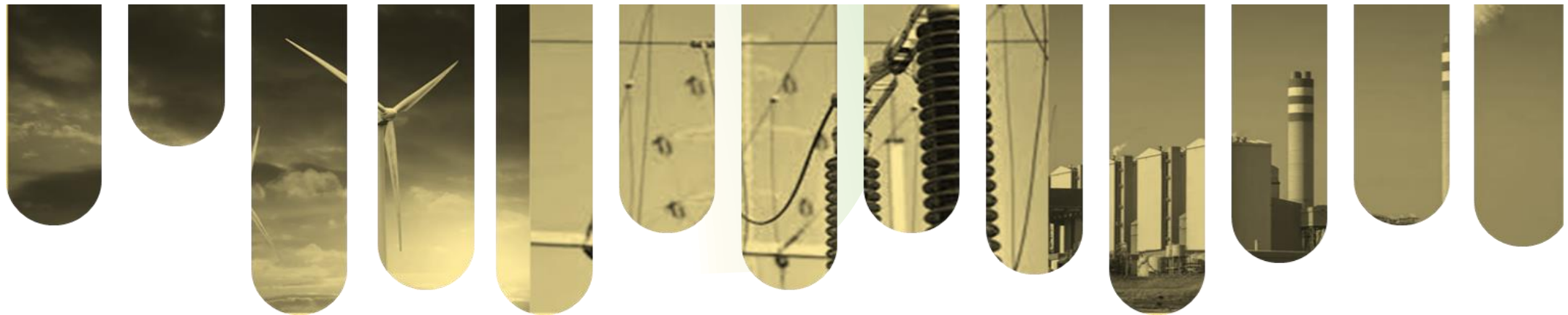




MINISTRY IN THE PRESIDENCY FOR ELECTRICITY



MINISTERIAL ENERGY ACTION PLAN BRIEFING

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Minister in the Presidency for Electricity

11 March 2024



VGBE REPORT – REFLECTION

HEADLINE RESPONSE TO REPORT



APPOINTMENT – FEBRUARY 2023

National Treasury appointed the VGBE consortium to independently assess Eskom's operational coal fleet.

The project commenced on 27 February 2023, predating the appointment of the Ministry in the Presidency for Electricity for Electricity.



KEY FINDINGS

Based on its investigation, the VGBE makes several findings, many of which are contained in the Ministerial Diagnostic Report (MoE, 2023); based on the latter, several interventions have since been initiated to address both the short-term matters and the Board and Executive management continue to address the systematic challenges in Eskom.



KEY RECOMMENDATIONS OF VGBE REPORT

The VGBE Report (Opera Assessment Report) makes the following recommendations:

- Installation of an Expert Team outside Eskom. (1.5 - 2 years)
- Review of Eskom's investment plans for the coal fleet
Development of a new organisational structure for the coal fleet.
- Analysis and forensic review of accounting methods and the way money is used.
- Lifetime-extension study for Arnot, Camden, Grootvlei, Hendrina and Matla power plants.
- Continuous improvement through international exchange of best practices.
- Know-how transfer in unbundling electricity markets.



VGBE REPORT – REFLECTION

HEADLINE RESPONSE TO REPORT

10 Focus areas	What we are doing
Plant Condition	Increased maintenance within limitations. Establish War room, accelerated spares sourcing. Establish long term contracts.
Inadequate Capacity	Optimise maintenance planning. Engaged to expedite IPPs, Risk Mitigation, etc. Planned repowering of stations shutting.
Skills & Experience	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,
Fraud & Corruption	Eskom has increased governance controls and performs trending analyses on volumes and prices. Investment in technology, Qs, training.
Policies & Procedures	Engaged government (DPE, NT) for relaxation of some requirements.
Funding	Aggressive cost cutting. Making funds available for outage and midlife refurb
Environmental Compliance	Proposed an emission reduction plan that is achievable. Appealed DFFE decision.
Coal	Engaging mines re quality & quantity. Renegotiating agreements. Investing in cost-plus mines. Increasing verification and monitoring.
New Build Defects	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.
Eskom Rotek Industries	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 were 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



VGBE REPORT – REFLECTION

HEADLINE RESPONSE TO REPORT



WAY FOWARD

The Ministry and the Eskom Executives Management Team have extensively interrogated the Report. Some areas have been lifted and will be addressed as part of the ongoing work of the Ministry, NECOM and the Generation Recovery Plan.

The Ministry has full confidence in the Board, its sub-committees and the Executive Management of Eskom, including the new Group Chief Executive, to lead and direct the restoration of Eskom into a world-class energy utility in all of its core areas of work, straddling generation, transmission and distribution.

A comprehensive outline of the Generation recovery plan will be shared once the new GCE has been given the space and time and the revised plan has been presented to the Board of Eskom for consideration and sign-off.



GENERATION PERFORMANCE

Generation performance: Trend Line Month-on-Month (Jun 2023 – Feb 2024 vs May 2023 baseline)

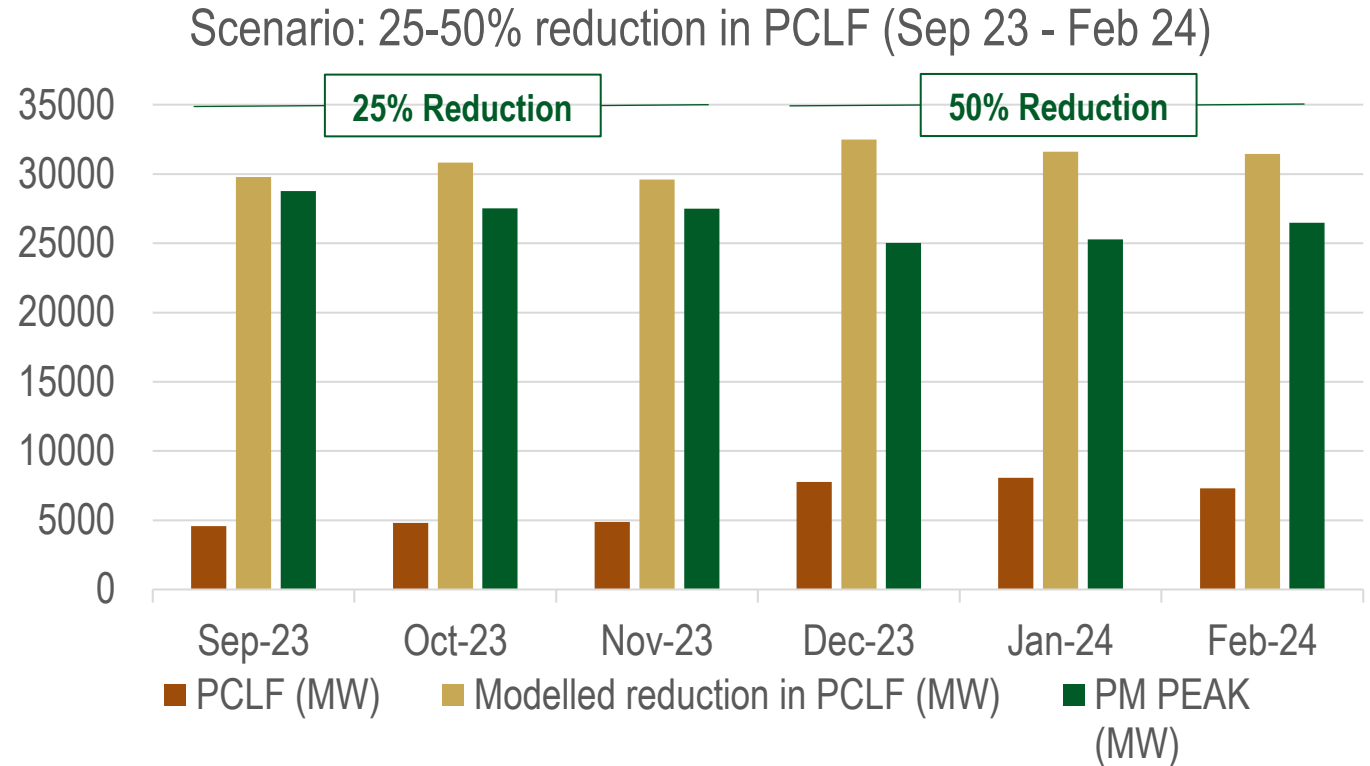
Date (08:00 daily)	Capacity Available (MW)	Planned outages (MW)	UCLF, Partial Losses & outage delays (MW)	Partial Load Losses (MW)	p.m. peak forecasted (MW)	Units at Risk (MW)	Outage Slip (MW)
May-23 Baseline	27410	3120	17369	6793	31135	6579	3478
Jun-23	29241	3131	15540	7171	30197	6383	1743
Jul-23	28579	3493	15787	6636	30510	7745	1843
Aug-23	29277	2888	15871	6467	30633	8414	2045
Sep-23	27491	4573	15522	8285	28770	4156	1137
Oct-23	28430	4810	14523	6494	27527	4336	1783
Nov-23	27168	4884	15616	7259	27509	3749	1958
Dec-23	26671	7769	13473	6621	25016	2499	1246
Jan-24	25563	8054	14302	6454	25271	3045	2289
Feb-24	25973	7307	14595	6094	26479	4391	2373
Jun 2023 - Feb 2024: Average	27599	5212	15025	6831	27990	4969	1824



GENERATION PERFORMANCE

Modelled Scenario: 25%-50% Reduction In Planned Maintenance (PCLF)

Period	PCLF (MW)	Modelled reduction in PCLF (MW)	PM PEAK (MW)	Model % reduction in PCLF
Sep-23	4573	29777	28770	25%
Oct-23	4810	30835	27527	25%
Nov-23	4884	29609	27509	25%
Dec-23	7769	32497	25016	50%
Jan-24	8054	31603	25271	50%
Feb-24	7307	31453	26479	50%



FOCUS ON PLANNED MAINTENANCE

If Planned Maintenance was reduced by between 25-50% from September 2023, to February 2024 – **Load shedding could have been completely averted for this period.**

However, this would have left the **system vulnerable and weaker going into winter 2024** and beyond



PLANNED MAINTENANCE – IMPACT OF

Whilst the increase in planned maintenance was a conscious decision, it did also contribute to a weaker EAF performance.



THANK YOU

