

Eskom is looking for smart partnerships

There are no plans to privatise Eskom, but during the process of unbundling, the power utility will start looking at partnerships to manage the coal-powered entity in a sustainable manner while the state retains full control over transmission and parts of generation, President Cyril Ramaphosa said.



President Cyril Ramaphosa

This comes after Eskom this week briefed Parliament on the state of its finances. The power utility's Acting Group CEO Jabu Mabuza told members of the Portfolio Committee on Public Enterprises that while the R59bn government guarantee was important in addressing short-term challenges, there was a need to develop a long-term energy plan for the state-owned entity in a changing energy landscape.

The president said it is broadly accepted that Eskom's current structure is outdated and unresponsive to changes in the energy market.

Eskom's financial challenges are mainly due to unsustainable operating costs caused by expensive coal contracts, high headcount, overall operating inefficiencies, high debt service costs, corruption in procurement and the excessive cost of the construction of Medupi and Kusile.

As announced in the February 2019 State of the Nation Address, Eskom is in the process of being restructured into three separate subsidiaries for generation, transmission and distribution.

The restructuring of Eskom will be detailed in the Special Paper on Eskom which is planned for release before the Medium Term Budget Policy Statement at the end of the month.

Over and above the financial recovery, the newly-appointed chief restructuring officer is developing potential solutions for Eskom's debt.

"The process to appoint a new group CEO will soon be concluded. The board of directors will be strengthened with additional members with the relevant technical expertise to lead the turnaround at Eskom.

"Much progress has been made to stabilise Eskom since the load shedding earlier this year.

"With the publication of the Special Paper on Eskom and the implementation of its recommendations, we will shift from crisis management to sustainable recovery for Eskom," said Ramaphosa

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