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PARLIAMENT
OF THE
REPUBLIC OF SOUTH AFRICA

**ANNOUNCEMENTS,
 TABLINGS AND
 COMMITTEE REPORTS**

WEDNESDAY, 30 APRIL 2025

TABLE OF CONTENTS

COMMITTEE REPORT

National Assembly

1. Electricity and Energy	2
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COMMITTEE REPORT

National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON ELECTRICITY AND ENERGY'S OVERSIGHT VISIT DURING 24 – 28 MARCH 2025, dated 25 April 2025

The Portfolio Committee on Electricity and Energy (PCEE), having undertaken an oversight visit to Gauteng, Northwest and Mpumalanga provinces, reports as follows:

1. Background

The Committee's oversight activities are rooted in Section 55(2) of the Constitution, which mandates the National Assembly to ensure the accountability of the executive organs of the state and maintain oversight over the exercise of national executive authority and the functioning of state organs. Oversight visits are a crucial tool for the Committee to fulfil this constitutional obligation. By conducting these visits, the Committee can directly assess the performance of government departments and agencies, identify challenges, and ensure that public funds are being used effectively and efficiently. Additionally, oversight visits provide an opportunity for the Committee to engage with stakeholders, including civil society organisations and affected communities, to gain firsthand insights into the impact of government policies and programmes.

2. Composition of the delegation

2.1. Members of Parliament

Name of Member	Political Party
Hon. N. Mvana	African National Congress (ANC)
Hon F Hassan	African National Congress (ANC)
Hon V Nkosi	African National Congress (ANC)
Hon M Mofokeng	African National Congress (ANC)
Hon. K. Mileham	Democratic Alliance (DA)
Hon E. Baptie	Democratic Alliance (DA)

Hon. M Mbatha	Umkhonto weSizwe Party (MK)
Hon A Nchabeleng	Umkhonto weSizwe Party (MK)
Hon. N Paulsen	Economic Freedom Fighters (EFF)
Hon W. Thring	African Christian Democratic Party (ACDP)

2.2. Parliamentary Staff

Name	Designation
Ms. A Kotze	Committee Secretary
Ms Y Landu	Communication Specialist
Ms L Bramwell	Committee Researcher
Ms. V Makubalo	Committee Assistant

3. Introduction

The Portfolio Committee on Electricity and Energy, during the development of its 1st Term programme for 2025, resolved and agreed to undertake an oversight visit during the Committee Oversight Week of 24 – 28 March 2025.

4. Objectives of the oversight visit

- Eskom's Komati Power Station – The visit set out to assess the decommissioning of the station and its impact on the local community, while also exploring alternative energy solutions and the future implementation of the Just Energy Transition (JET) programme.
- Eskom's Kusile Power Station – focusing on the plant's operations, environmental impact and the historical context of its development.
- Meeting on debt owed to Eskom by municipalities – The aim of the meeting was to find solutions on the pressing challenges affecting municipalities' ability to meet their financial obligations and sustain security of electricity supply.
- Meeting on the South African Renewable Energy Master Plan – to appraise and brief the Committee on the Department of Mineral Resources and Energy's approval of the South African Renewable Energy Master Plan, which addresses the localisation of the

renewable energy supply chain thus addressing the challenges of unemployment and security of energy supply in the country.

- Meeting with the South African National Energy Development Institute - to gain insights into SANEDI's critical role in advancing South Africa's energy transformation.

5. Presentations/briefings

5.1. Visit to Eskom's Komati Power Station (KPS) – briefings by Eskom, organized labour, Steve Tshwete Local Municipality, Komati Steering Committee and the Presidential Climate Commission (PCC) dated 24 March 2025

5.1.1. Eskom

Eskom, represented by Dr Vikesh Rajpaul, stated that after 19 years of being mothballed, all nine units were returned to commercial operation (Jan 2009 – Oct 2013). In 2017, a decision was taken to follow a ramp down of the station to zero production, based on turbine running hours/major failure and to place units on extended cold reserve. From 2018, units were shutdown based on the respective dead stop dates.

The KPS shutdown was included in the Integrated Resource Plan and communicated pre-2019. Staff engagements began early in 2019, and community engagements in October 2019, however, Eskom highlighted that COVID - 19 impacted the effectiveness of social dialogue. In 2022, Eskom conducted stakeholder engagements during the socio-economic impact study for the shutdown and repurposing of KPS. In 2023 public participation was conducted by WSP engineering consulting firm. In 2023 the Mpumalanga Provincial Government partnered with the African Development Bank (AfDB) and undertook community consultations. The Presidential Climate Commission (PCC) initiated a participatory, transparent and inclusive stakeholder engagement process in 2023, which is aligned to the Just Transition Framework.

According to Eskom, the Current Set-Up to improve dialogue include PCC Monthly Committee Meeting, PCC Workstream on Long-Term Economic Development Monthly, Ward 4 Steering Committee Meetings Monthly, Komati Stakeholder Forum Monthly, Bilateral

engagements (when required). According to Eskom these forums were initiated and refocused to address concerns raised by the community.

Eskom reiterated that the fundamental principle of JET is that the transition should be JUST and ensure an inclusive process with various stakeholders:

- Eskom JET is based on the following important principles:
 - Decoupling Repurposing and Repowering initiatives from decommissioning schedules
 - Embodying principles of Distributive, Restorative and Procedural Justice
 - Balancing all elements of energy trilemma: energy security, access, and sustainability
 - Furthering all the 5 E's of Eskom's Just Transition: Employment, Environment, Economic Growth, Equity, Energy
 - Aligning with both national and Eskom priorities to ensure success
- The Energy Transition is not a Coal versus Renewables position. Rather it is an opportunity for a considered approach towards transitioning from high emitting sources of energy towards cleaner sources of energy.
- The implementation of the Energy Transition is not the sole responsibility of Eskom. Rather it is an opportunity to partner with various levels of government, communities, civil society, private entities, organized labour and many more to ensure the transition is truly Just.

5.1.2. Organized labour (represented by the National Union of Mineworkers (NUM) and National Union of Metalworkers of South Africa (NUMSA))

Mr Z Zulu stated that on the consultation processes, there was no consultation at all as all decisions were imposed on the labour unions. According to organised labour, employees were often left in the dark about the plans of the power station, structures and their future roles, leading to mistrust and dissatisfaction. This created a conflict between the branch leadership (NUM and NUMSA) and the upper structures of both trade union movements, who were somehow misled by certain managers.

According to organised labour, many employees were worried and concerned about losing their jobs and the lack of clear communication exacerbated these fears. There was uncertainty about the availability of new job opportunities within Eskom or in other sectors as the mines were closing as well.

Before decommissioning, Komati Power Station employed approximately 900 people and after the final shutdown in 2022, the number of employees was reduced to 437. This significant reduction in workforce had a profound impact on the employees and their families. Employees started to leave the station to other stations in a rush to prevent losing employment. Some of those employees had bought houses at Komati and have families in this community, but due to the threats unleashed by certain managers that if they don't accept the offer to work at other power stations in the area, they might lose their jobs or be forcefully sent to work as far as Lephalale.

The decommissioning of Komati Power Station had a ripple effect on the local community and businesses. Many local businesses that relied on the power station and its employees for their livelihood experienced a downturn. The reduction in workforce also affected local service providers, schools, and healthcare facilities. The local community, including businesses and service providers, was significantly affected by the decommissioning.

5.1.3. Komati Steering Committee

Mr G Mpe, Deputy Chairperson of the Komati Steering Committee, said that limited consultations were conducted, but pointed out that COVID-19 played a major role.

Mr Mpe, further highlighted that three (3) coal mines were closed around the same time that the Komati Power Station was being decommissioned, which has affected the surrounding areas as follows: job losses and economic decline (local economy shrank), strain on social services increased (pressure on local services and municipal support systems), increased poverty and crime, mistrust to different institutions (betrayed and left out in decision-making processes), lack of community consultation. The closing of the mines and the power station led to skills migration out of the municipality, which has resulted in loss of revenue for the municipality.

Eskom and the Steering Committee did not see eye to eye on many issues at the start of their relationship, however, they are now in agreement on the way forward. Eskom and the Steering Committee have agreed on the skills training required by the community.

5.1.4. Steve Tshwete Local Municipality

The presentation of the Steve Tshwete Local Municipality (STLM), as presented by Mr Johannes Silas (Director: Strategy) outlined the consultations with the various stakeholders before the decommissioning of the power plant and its outcomes. According to the STLM various stakeholders were consulted which included: STLM, Mpumalanga Provincial government, business sector, labour unions and affected communities, which were led by the Presidential Climate Commission.

The STLM highlighted Eskom's lack of proper consultation with the local community. Community members and workers in Komati wanted more consultation so that they could have a say in their future and be integral to the decision-making process. Communities had ideas for what would work best in the local context and want to be listened to and these ideas leveraged. A high level of dissatisfaction was registered with the PCC, criticizing the fact that consultation happened after a decision was made to close Komati Power Station. There was also a broad consensus that the repurposing should have been in phases and not the abrupt stopping of the power station.

According to the STLM, plans that were put in place prior the decommissioning, included, inter alia:

- Collaboration with Eskom on transition strategies.
- Advocacy for alternative energy investment.
- Infrastructure assessment and planning for affected communities.
- Support for re-skilling and employment transition programs.
- Establishment of a Just Energy Transition Fund.
- Identification of potential investors for green energy projects.
- Development of support structures for small businesses and cooperatives.
- The World Bank Group approved a project to support the decommissioning of the Komati coal-fired power plant, including funding for shutting down the

power plant, repurposing the site with renewables, and mitigating socio-economic impacts.

- The project included funding for demolition, blasting activities, and site rehabilitation.
- A containerised microgrid developed using a repurposed shipping container
- A 500 kW agrivoltaic pilot plant, which combines solar voltaic technology with agricultural activities
- A training facility on the property, in connection to South African renewable industry associations, to provide three to four-year courses for Eskom employees and members of the surrounding community

Since the decommissioning, the STLM pointed out that current initiatives include the implementation of renewable energy projects (solar, wind and battery storage pilot projects, skills development programmes in collaboration with TVET colleges, support for small business development and cooperatives, the planned training facility has not yet been operationalised to retrain staff and the community members, and work streams have been created to address the various stages of the progress made.

Regarding the impact of the decommissioning on the municipality, the STLM stated that there has been a significant increase of the number of people on the indigent register because of job losses. The decommissioning of Komati Power Station introduces significant socio-economic and infrastructural challenges for surrounding communities and the local municipality. Komati Power Station has historically provided water to Komati and surrounding farms, while other areas in Steve Tshwete Local Municipality (LM) receive water from the municipality. However, with the ongoing decommissioning, there is uncertainty about the future of the water supply to these areas once Komati's water supply contract with the municipality ends. The STLM further stated that the decommissioning of Komati Power Station has created new challenges for the municipality, particularly regarding the future of water services to Komati and surrounding farms. While the municipality manages other essential services like electricity, sanitation, and waste management, it now faces the added responsibility of water supply once Komati's contract ends.

According to the STLM, the decommissioning has had a negative economic impact on the surrounding areas of the power station. The STLM stated that there has been a decline in

demand for goods and services previously supplied to Eskom workers. The surrounding areas has experienced business closures and job losses, a decline in municipal tax revenue due to business closers, and an increase in unemployment due to job losses. According to the STLM, mining companies were affected because some were only supplying Eskom.

5.1.5. Presidential Climate Commission (PCC)

Mr D Pillay (Executive Director: Institutional Support) highlighted that Komati is the first coal power station undergoing a transition – which sets a precedent for future transitions. According to the PCC, the Komati power station experience will enable early interventions for future transitions and avoid mistakes.

According to the PCC they had two (2) site visits to Komati to meet with stakeholders, in July and October 2023. They had multiple meetings with Eskom, provincial and local authorities.

The PCC pointed out that the Komati JET Project received finance from the World Bank of US\$ 497 million, which will consist of traditional loans (close to 90%); concessional loans (8%); and grant funding (2%) for the period July 2023-December 2028:

- Decommissioning of the Komati plant (USD 33.5 million)
- Repurposing with hybrid renewables (USD 416 million)
- Minimising the impacts of closure and creating new work and community opportunities (USD 47.5 million)

On the closure of Komati power station and the future of coal, the PCC stated that many stakeholders felt that coal should remain a key part of South Africa's energy mix, they view renewable energy as not reliable and wanted to see investment in so-called 'clean' coal, carbon capture and storage technology, and nuclear. There is a concern that the closure is being driven by outside influence and not by South Africa. Some stakeholders would like several generators brought back online. Eskom state that was not financially feasible, as it would require a complete overhaul and retrofitting of the units to bring them back online.

Regarding the transparency, communications and engagements, the PCC acknowledged that engagements should have started earlier with multiple visits, broad and inclusive participation. The PCC further acknowledged that there was no sufficient transparency and information

sharing throughout the process – especially in local languages. Stakeholders wanted a say in the decision-making process and detailed information on employment figures over time, on projects currently underway, including new jobs. According to the PCC, Eskom representatives felt that internal labour relation machinery slowed down the engagement with workers.

According to the PCC, new jobs and other economic opportunities have been slow to emerge; workers thought just transition meant an immediate replacement of lost jobs. Many felt that the transition takes a wider view of impacted workers beyond permanent full-time staff.

Regarding the role of government, the PCC stated that greater involvement of local and provincial government throughout the process was required, and that SALGA should be included. There is also frustration about the failure of the municipality to deliver critical services in Komati Village. Stakeholders wanted the opportunity to speak directly with ministers within the national government.

The PCC recommends the following regarding the Komati power station:

- The scope of the Komati project should be expanded to look beyond the power station boundaries: include more social partners and develop new training and opportunities for decent, sustainable and other livelihood opportunities that benefit the entire community, identify and leverage existing community resources to create new economic opportunities.
- A feasibility study to explore the large-scale manufacture of mini grids at Komati, and using Komati as a pilot for community-owned renewable energy as envisioned in the Just Energy Transition Investment Plan (JET-IP)
- Nkangala District and the Steve Tshwete Local Municipality in collaboration with Eskom are exploring the establishment of a special economic zone, which would provide key components for the renewable energy value chain.
- Infrastructure be upgraded and improved throughout Komati village and in the informal settlement. Services must be provided by municipality, even if previously provided by Eskom – and must be included in Integrated Development Plan of the municipalities.
- Infrastructure that would be transformative includes: a footbridge, a health clinic, high school, library and recreational facilities.

- Services to be provided includes reconnecting water supply and well as a social worker to be assigned to the community.
- Consider whether there is unused property that could be repurposed for community use and development.
- External neutral facilitator who can work with community to identify assets to support community and economic development (ABCD approach).
- Eskom has made efforts to ramp up engagement in the recent months and regular meetings with local leaders and key stakeholders should continue; Eskom should provide workers and community members with the information that they have requested on jobs, timelines, etc.
- National government ministries and other groups that made first time visits to Komati should return as promised.
- The government must agree on its public positioning when it comes to Komati Power Station to avoid spreading contradictory messages.

5.2. Visit to Eskom's Kusile Power Station (KPS) dated 26 March 2025

Eskom was represented by Mr Bheki Nxumalo (Executive: Generation), Mr. Christopher Nani (General Manager: Kusile Power Station), Ms. Zandi Shange (General Manager: Project Management) and Mr. Dan Mashigo (General Manager: Primary Energy Department)

KPS is a Coal-fired power plant, built and operated by Eskom and is in the Mpumalanga province. It has 6 units, with a total capacity of 4 800 MW – 5 are commercial and the 6th under commissioning optimisation. The KPS has Supercritical design that operates with greater efficiency than previous generation boilers - a first for South Africa. It is the largest coal-fired station in southern hemisphere and the 4th largest under construction in the world.

Commercial Operation declarations:

- ✓ Unit 1: Aug 2017
- ✓ Unit 2: Oct 2020
- ✓ Unit 3: Mar 2021
- ✓ Unit 4: May 2022
- ✓ Unit 5: Jun 2024

✓ Unit 6: targeted Sept 2025 (first synch – 23 March 2025)

Bravo Community was relocated to across the station along the R686 for the purpose of constructing Kusile Power Station. Twenty (20) families were relocated with agreement that Eskom will ensure their wellbeing. There are outstanding actions that are being driven by Kusile Power Station:

- The title deeds for the families have been obtained and are ready to handover together with the Mayor of Delmas.
- Employment on the Gypsum Offtake contract where the direct family members affected will be employed in relevant positions. The appointed contractor is busy finalising community appointments.
- Construction of a water pipeline from Kusile Power Station to the community where the water will be metered and paid for by the residents – water will be trucked in the interim.
- Education and skills development for the children of the families in the community.

Kusile is currently leading the Eskom coal fleet with an Energy Availability Factor (EAF) of 74% in financial year (FY) 2025 against a target of 66%. Units 1,2 and 3 achieved early return from the collapse on West Chimney Stack which significantly reduced load shedding (This has led to doubling of EAF since FY2024). The early return contributed significantly to Kusile's profit margins (Revenue year to date – R32.72bn). Unit 4 and 5 have been running with Flue Gas Desulphurisation (FGD) and have maintained high EAF whilst being operating with lessons from the duct incident. Unit 3 is now back on load running with FGD. Unit 2 is on a philosophy outage which includes the reinstatement of the permanent stack – Unit 1 outage will follow starting 1 April 2025. Consistent performance has been noted across all units with performance reaching over 90% EAF from time to time. The total project cost of the power station is R161.4 billion with R155.7 billion actual spend to date. The power station currently employs 611 permanent staff with 2 659 contract employees on site.

Eskom further provided members with information on its corporate social initiatives in the area, its coal operations and ash operations.

Eskom announced the successful addition of Kusile Power Station's final unit, Unit 6, to the national grid on 23 March 2025. This achievement marks a crucial step toward completing one of South Africa's largest infrastructure projects and is a key milestone in Eskom's strategic objective of adding 2 500MW of new capacity to the grid by March 2025.

Kusile Power Station will contribute a total of 4 800MW to the national grid once all units are fully operational, making it South Africa's largest infrastructure project. Its sister project, Medupi, will see its Unit 4 return 800MW by the end of April 2025 from an extended outage following a generator stator failure and the completion of the project. Both South Africa's new build power station projects will then be essentially completed once Kusile Unit 6 is in commercial operation.

Additionally, Kusile is the first power station in South Africa and Africa to implement Wet Flue Gas Desulphurisation (WFGD) technology, ensuring compliance with air quality standards and aligning with global best practices to reduce sulphur dioxide emissions.

With this latest milestone, Eskom remains committed to implementing the Generation Operational Recovery Plan, strengthening governance, and future-proofing the organisation. This is to ensure energy security, growth, and long-term sustainability for the benefit of South Africa and sub-Saharan Africa.

The Committee also received an update on the Wilge residential apartments which was build by Eskom for the workers of Kusile. However, due to the ballooning of costs associated with the development of the residence, estimated at R800 million, it was decided to abandon the project. Eskom is currently in the process of disposing of the residence. The Department of Human Settlement had the first right of refusal. Government negotiations failed, so the apartments are being sold to a private buyer. The process of selling the apartments is 85 per cent complete.

5.3.Meeting with Eskom, National Treasury (NT), Department of Cooperative Governance and Traditional Affairs (COGTA), the South African Local Government Association (SALGA) on the debt owed by municipalities to Eskom dated 27 March 2025

5.3.1. Eskom

According to Mr C Cassim, Eskom Payment levels and Overdue debt are as follows:

- Payment levels at ~94% at the end of Feb-25 (Munics at 87.9% & non-Munics at 99.7%).
- The gross cumulative overdue debt balance increased from R22bn (FY19) to R98bn at the end of Feb'25, with municipal debt the biggest contributor, increasing from R20bn (FY19) to R95bn at end of Feb'25.

Table 1: Eskom payment levels and overdue debt (R'billion)

Gross Overdue Debt Cumulative R'bn	FY19	FY20	FY21	FY22	FY23	FY24	FY25 (Feb-25)
Munics (Metro's & Non Metro's)	20	28	35	45	59	74	95
Non-Munics (Top Customers, Other LPU & SPU excl. Soweto)	2	2	2	2	3	3	3
Total Cumulative	22	30	38	47	61	77	98

Source: Eskom presentation to PCEE on 27 March 2025, Pretoria

Eskom also highlighted the rising number of defaulting Metro's which included the City of Johannesburg and Tshwane municipalities.

Eskom's Municipal debt has been escalating and is currently R95 bn (Feb'25) despite various interventions and programmes to promote payment and reduce the debt. These interventions included:

- 2015 - Section 216 (2) – NT withheld funds to municipalities
- 2017 – Eskom Concession granted R20 billion worth of interest concessions to municipalities
 - Decreased late payment interest from Prime +5% to Prime +2.5%
 - Extended payment terms from 15 to 30 days
 - Changed payment allocation to capital first and then interest
 - Allow municipalities in good standing to settle connections charges over a period

- 2019 – Additional incentive to municipalities by suppressing interest growth
- 2020 – Supreme Court of Appeal (SCA) Ruling – **Preventing Eskom from disconnecting** unless International Financial Reporting Standards (IFRS) is followed
- 2023 – 71 Munics approved for NT Debt Relief (R56bn of the R59bn (FY23) overdue debt)

Concessions Eskom granted to the Munics since 2017

- ✓ Eskom has **granted ~R20 billion of Interest concessions** to date
 - R16 billion interest suppression (0% interest charged on R23 billion debt from 2021; & 0% on R55bn from FY24)
 - R 4 billion - reducing the interest rate from “Prime+5%” to “Prime+2.5%”
- ✓ Furthermore, **payment terms were extended** from 15 to 30 days for bulk non-metro accounts during 2018; & in 2023, extended to Metros and all Municipal accounts as well.
- ✓ R55 billion in potential debt write-offs, under the NT Municipal debt relief programme.

Despite the interventions and concessions, municipal overdue debt continues to escalate to unsustainable levels.

According to Eskom they are of the opinion that implementation of the Distribution Agency Agreement (DAA) will arrest future debt, provide sustainable services and capacitate municipalities.

Table 2: Distribution Agency Agreement (DAA)

Objective	Principles	Government Support
1. Improve revenue collection and prevent future arrear debt	• Electricity business is fully ring-fenced	• Eskom recommends National Treasury issue a new circular or amend the ERA ² with conditions that mandatory DAAs are to be concluded for all defaulting municipalities
2. Deliver on skills transfer & capacitation of the munic. to ensure a sustainable distribution & reticulation function within the munic.	• Capital investment provided via municipal funding mechanisms	• Reform of the Electricity Distribution Industry Model (i.e. 8+1 model)
3. Support munics. to provide sustainable local services	• Billing & revenue collection done by Eskom	• Move unsustainable municipalities to Prepaid or Credit Limited Electricity Supply Agreements (ESA)
	• Customers are supplied at Municipal tariffs	

whilst also contributing to the sustainability of Eskom	FBE¹ grant and provision directly via Eskom to ensure disbursement to indigents	
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Source: Eskom presentation to PCEE on 27 March 2025, Pretoria

According to Eskom, the initial focus will be placed on the top 14 defaulting municipalities, representing ~58% of the arrear debt

Support required from Government

- Government departments' support to resolve Metro and Munic debt challenges within short periods, to prevent escalation to Promotion of Administrative Justice Act (PAJA) / legal actions
- Compliance to Payment Arrangement conditions.
- Continued support for Municipalities that are compliant to current account payments
- Interventions for Municipalities that are not compliant to NT Debt Relief
 - Adoption of Eskom Distribution Agency Agreement
 - Move municipality bulk supply points to Prepaid Supply
 - Direct Payment from Municipality customers
 - License revocation (last resort)
- Hold Municipalities to account :
 - Payment for bulk services (MFMA compliance)
 - Ringfencing of Electricity Services
 - Placing the municipality under administration.
- Increase of FBE kwh from 50 to 200 kwh with payment to be made directly to Eskom
- Other government support packages / consideration

5.3.2. National Treasury

Mr Jan Hattingh (Chief Director: Local Government Business Analysis) and Ms Marli van der Woude (Revenue Management Policy Coordinator: Local Government Business Analysis) stated that municipal Eskom debt is a material risk to the Eskom debt relief and its financial sustainability. Government's numerous attempts to rescue the municipal debt spiral has not achieved the desired results – no visible improvement. Parallel engagements have been taking

place in various committees to find solutions to the municipal debt spiral (also numerous appearances/ engagements with Parliamentary committees). National Treasury's debt relief programme improved Eskom's financial sustainability - facilitated the condition that Eskom write-off the municipal debt, interest and penalties under conditions with NT's guidance. The NT highlighted that some municipalities are financially gridlocked - require radical change towards their insolvent trajectory while being mindful that a persistent culture of financial mismanagement behaviour led to their position.

In terms of Government's Eskom debt relief package - ESKOM must meet certain conditions for government's loan to be converted into equity (Eskom Debt Relief Act, 2023).

NT pointed out that Municipal Debt Relief Participants on average are:

- Not enforcing adequate credit control (Cond. 6.6 and 6.7 (77% + 79% achieved)
- Coupled with spending more than what they collect (Cond 6.4 (67% achieved) and
- Municipalities are struggling to collect revenue in Eskom supply areas
- Are not able to pay / short-pay Eskom (Cond 6.3 achieved only 52%)

Municipal Debt Relief – Key Challenges

- Eskom refusal to assist municipalities to collect municipal levies in Eskom supply areas (citing ERA prevents Eskom) – in absence municipalities only have water to disconnect to enforce credit control (not politically supported) –municipalities ONLY alternative is to follow the expensive legal collection process to collect where non-payment.
 - Results in the disparate collection of rates, water, sanitation and refuse across a municipality / community protest when enforced in some areas vs others
 - ✓ What is collected in Municipal supply areas also need to cover the municipality costs of providing municipal services in Eskom supply areas – this means a small component of the entire

municipal rates base needs to pay for everything consumed because Eskom do NOT assist in revenue collection

- ✓ Even if all would be collected in municipal supply areas it is too little to maintain and / or invest in infrastructure across the 4 main trading services
 - ✓ Large Power Users deliberately migrate to Eskom areas to escape municipal credit control
 - ✓ In the City of Ekurhuleni alone outstanding arrears in Eskom supply areas ($\pm 50\%$ of the demarcation) escalated in excess of R26bn.
- Increasing local government resistance and mistrust of Municipal Debt Relief and to pay Eskom – perception that Eskom deliberately stall to aid municipal collection for an Eskom takeover of municipal supply.
- 2018/19 Inter-Ministerial Task Team (IMTT) / Eskom concession to allocate municipal payments to capital first – NOT honoured by Eskom – allocate municipal payments to newest debt resulting in compounded growth of interest on oldest debt – results in municipal debt relief resistance and disputes with Eskom

Recommendations to address system failures

- Metro municipalities can access a performance-based finance incentive to support the turnaround of their trading services, in this case, their electricity businesses. The incentive will focus on incentivizing improved accountability and institutional capability; financial performance; and operational service delivery performance. To access the incentive metros must:
 - meet minimum conditions to qualify for eligibility for an allocation under the performance incentive, and
 - meet agreed annual performance targets to access their allocations under the incentive grant.
- Provincial Government must place municipalities failing the Municipal Debt Relief program under the correct mode of intervention that includes dissolving Council and

exploring interim alternative service delivery mechanism(s) to facilitate the recovery and stabilization of basic services to affected communities.

- If Municipal Debt Relief Defaulters are continued on the program it will be with few and strengthened conditions enforcing best practice revenue policy, control over collection and a veto towards prioritizing payment of bulk suppliers.

Options for consideration

- To contain the risk of non-payment, Eskom to introduce the prepaid method for all the municipality's bulk electricity intake points.
- To improve municipal cash ability to pay Eskom – Eskom must assist the collection of municipal revenue collection in Eskom supply areas either through ERA amendment or Eskom Debt Relief conditions.
- If terminated from the program, national government to institute the process of removing the municipality's electricity license following due legal process.

5.3.3. Department of Cooperative Governance and Traditional Affairs (COGTA)

Dr K Naidoo (DDG: Policy, Governance and Administration) reiterated that the Eskom Debt Relief Act 2023 aims to improve Eskom's financial sustainability, where the programme aims to assist municipalities to settle its historic Eskom debt.

The conditions for the programme include:

- Implementation of financial recovery plans
- Improved revenue collection systems
- Regular payment of Eskom accounts

The key components of relief are:

- Writing off historical municipal debt
- Incentives for municipalities meeting conditions
- Monitoring by National Treasury and Eskom
- Support for financial and technical capacity building

Table 3: Eskom debt relief: Benefits and Mechanism

BENEFITS	MECHANISM
○ Write-off of municipal debt as of 31 March 2023 ○ Includes principal, interest, and penalties ○ Legal proceedings and prior payment plans cease at effective date ○ Full debt write-off achievable over 3 years	○ 1/3rd of debt written off each year upon compliance ○ Failure results in repayment of remaining balance without interest ○ Quarterly reporting and adherence to conditions mandatory

Source: COGTA presentation to the PCEE 27 March 2025, Pretoria

Table 4: Eskom debt relief progress

Prov	Mun	Effective Month	Who: 1st cycle assessment	Total municipal relief debt	1st third approved	Remainder municipal relief debt
FS	Mangaung	July	Written-off 16Dec24	386,820,878.43	128,940,292.81	257,880,585.62
GP	Emfuleni	June	Written-off 16Dec24	5,913,358,187.66	1,971,119,395.89	3,942,238,791.77
GP	Rand West City	June	Written-off 04Sep24	839,286,567.67	279,762,189.22	559,524,378.45
KZN	Ulundi	June	Written-off 16Dec24	143,253,732.76	47,751,244.25	95,502,488.51
MP	City of Mbombela	June	Written-off 16Dec24	1,068,357,222.46	356,119,074.15	712,238,148.31
NC	Dawid Kruiper	July	Written-off 15Jan25	64,784,790.73	21,594,930.24	43,189,860.49
NW	City of Matlosana	June	Written-off 16Dec24	1,437,830,929.80	479,276,976.60	958,553,953.20
WC	Cederberg	July	Written-off 15Jan25	44,933,422.43	14,977,807.48	29,955,614.95
WC	Beaufort West	July	Written-off 15Jan25	76,761,669.06	25,587,223.02	51,174,446.04
WC	Matzikama	August	Written-off 15Jan25	112,992,549.85	37,664,183.28	75,328,366.57
WC	Kannaland	August	Written-off 15Jan25	44,513,355.76	14,837,785.25	29,675,570.51
				10,132,893,306.61	3,377,631,102.20	6,755,262,204.41

Source: COGTA presentation to the PCEE 27 March 2025, Pretoria

- As at the December 2024 assessment, most municipalities failed to meet conditions, and have received non-compliance notices and warning letters from NT.
- The above municipalities received the 1/3 write off with some receiving cautionary notice regarding non-compliance with the conditions.

According to COGTA, the significant portion of the debt is owed by municipalities in Mpumalanga, Gauteng and Free State. The debt owed by these municipalities amounts to approximately 72% of the total R110 billion debt owed to Eskom. Of the R86bn debt in 90+ days, the largest contribution of the arrear debt is attributable to the Free State, Gauteng and Mpumalanga municipalities at approximately 76% of the total arrears.

COGTA highlighted that the Cost of Supply (COS) study is currently a major hindrance for municipalities wishing to submit their tariffs to NERSA for approval. The Department also participated in the COS study training organized by SALGA and Sustainable Energy Africa (SEA) in Cape Town where more than 30 municipalities were assisted on how to conduct a COS study. Many are still receiving further assistance from the RMO Energy team (consulting firm) on finalizing their COS Model and Reports.

COGTA stated that the National Energy Crisis Committee (NECOM) has become a key stakeholder in the implementation of the Just Energy Transition. This is a Presidential Task Team that was formed to address the energy crisis by implementing the Energy Action Plan.

- NECOM workstream 5 focuses on reforming the electricity distribution industry through -
 - *EDI reforms* – A Roadmap is being developed, and several key stakeholders are being consulted to develop the roadmap.
 - *Advanced Metering Infrastructure* – Providing guidance on smart metering and the required infrastructure (including technical specifications development), this will assist municipalities to have control over network monitoring and improve revenue collection
 - *Wheeling Skills and Capacity Building* – Providing capacity development for all role players, including equipping municipalities, with the knowledge required to participate in wheeling of energy.

5.3.4. South African Local Government Association (SALGA)

Cllr Dikgale (NEC Member), assisted by Mr Lerato Phasha and Mr Nhlanhla Ngidi, the SALGA highlighted that non-compliance with Section 156(1) of the Constitution which vests municipalities with executive authority and the right to administer electricity reticulation. This means municipalities are responsible for ensuring the provision of electricity services within their boundaries, however Eskom has been reticulating within municipal boundaries and refuses to assist municipalities with credit control in areas where they are reticulating. The SALGA further stated that high bulk purchases costs are outpacing revenues.

SALGA provided the following information relating municipal debt to consumers and Eskom:

- Debt owed by Municipal Customers – R386.5 billion (Sec 71, Sep 2024)
 - Residential – R247.2 billion
 - Business – R67.8 billion
 - Government – R18.6 billion
- Debt owed by Municipalities to Creditors – R117.5 billion (Sec 41, 2024)
 - Eskom –R108 billion
 - Waterboards –R9.5 billion
 - Other creditors – not yet reported
- Payment Rates – (78.1% Other municipalities, Metros 71.3, ICMS 83%)

In 2023, NT introduced a debt relief programme for municipalities indebted to Eskom. The programme required compliance with 14 specific conditions, which include:

Table 5: Debt Relief Conditions

Debt Relief Conditions
6.1 Municipality non-compliance:
6.2 Application-based supported by Council's resolution –
6.3 Maintaining the Eskom bulk current account
6.4 A funded MTREF
6.5 Cost reflective tariffs
6.6 Electricity and water as collection tools
6.7 Maintain a minimum average quarterly collection of property rates and services charges
6.8 Completeness of the revenue base
6.9 Monitor and report on implementation
6.10 Provincial Treasury certification of municipal compliance
6.11 Limitation on municipality borrowing powers
6.12 Ensure proper management of resources
6.13 Accounting Treatment
6.14 NERSA Licence – by applying for Municipal Debt Relief as set-out in paragraph 3

Source: SALGA presentation to the PCEE on 27 March 2025, Pretoria

Key Conditions

- **Mandatory Eskom Payments:** Municipalities had to fully pay their current Eskom account for 12 consecutive months.
- **Debt Write-Off:** If compliant, a third of the debt would be written off over three years.

- Non-Compliance Penalty: Municipalities failing to comply risked having their electricity distribution licenses revoked.

Current Challenges

- Several municipalities successfully applied, submitted required documents, and were accepted into the programme.
- However, within a year or less, many are being removed due to difficulties in consistently meeting the programme's conditions.

SALGA met with 13 out of 15 municipalities on 18 November 2024. Municipalities presented progress, challenges, and support needs. Key observation:

- Municipalities struggle with Eskom payments but are implementing revenue enhancement programmes with positive results.
- Time and support are needed, especially for revenue infrastructure (e.g., smart meters).
- Some face data cleansing issues.

5.4.Meeting with the Department of Mineral Resources and Energy (DMRE) on the South African Renewable Energy Masterplan (SAREM) dated 27 March 2025

The Department of Mineral Resources and Energy stated that SA has a long history of Renewables (e.g. REIPPPP since 2010/2011 which is guided by IRP). REIPPPP attracted over ca R300 billion in investments from projects that reached financial close in all bid windows to date.

The booming Market for Renewables (RE) and Battery Energy Storage (BES) Sectors present an opportunity for South Africa to foster economic development, employment creation and social transformation. South African Renewable Energy Masterplan (SAREM) is an industrialization plan which was co-created in collaboration with other government departments, civil society, academia, labour and business. SAREM seeks to leverage the rising demand for RE and BES technologies to unlock the inclusive industrial development of associated value chains in the country. Focus will be on Solar PV, Wind Energy, Lithium-ion Battery and Vanadium-based Battery Technologies.

SAREM is aligned with the following country plans:

- ✓ National Development Plan;
- ✓ Medium Term Development Plan: Priority No. 1 (*“drive inclusive growth and job creation”*).

SAREM outlines a comprehensive framework designed to facilitate the inclusive industrialisation of the South African renewable energy value chain and battery storage, in support of job creation, economic competitiveness, and low-carbon, reliable and affordable energy supply. The plan articulates a strategic vision to harness South Africa’s abundant renewable-energy resource, particularly solar and wind, and unlock the full economic potential of the value chain through inclusive, green industrialisation.

While the immediate focus will be on implementation, the Ministry describes the master plan as a “living document”, one that will be adapted and updated to accommodate emerging technologies and sectoral priorities. Beyond wind, solar and battery storage, future iterations of SAREM will consider the integration of additional renewable-energy technologies, including the fast-emerging green hydrogen sector and waste-to-energy solutions.

SAREM targets and strategic interventions

- Increasing the pace of rolling out renewable energy projects: the plan aims for at least 3-5 GW of renewable energy generation to be rolled out annually across market segments to underpin the development of domestic manufacturing capabilities.
- Creating jobs and expanding local manufacturing: the SAREM outlines a strategy to create more than 25 000 jobs by 2030 through localizing the manufacturing of key components such as solar panels, inverters, wind turbine towers, cables and batteries.
- Industrial development through localization: the plan supports the establishment of industrial hubs and Special Economic Zones focused on renewable energy manufacturing and services, along with significant demand- and supply-side support, targeting high levels of local content for key inputs and increasing domestic manufacturing capacity. By localizing the production and supply of renewable energy and battery storage technologies, the plan will improve the resilience and sustainability of energy supply.
- Supporting Just Energy Transition: The Masterplan strives for South Africa’s shift to renewable energy to be inclusive, skills-intensive and aligned with climate

commitments, contributing to reduced greenhouse gas emissions while positioning the country as a competitive clean energy and green industry investment destination.

The DMRE highlighted the following:

- SAREM and the proposed Implementation Plan were presented and endorsed by the Economic Sectors, Investment, Employment and Infrastructure Development (ESIEID) Cluster on 20 February 2025. The matter was also tabled and supported at Cabinet Committee on 19 March 2025.
- ESIEID Cluster recommends that DEE engages National Treasury and the Department of Trade, Industry and Competition (DTIC) to establish a “basket of instruments” that could support the implementation of SAREM and other Masterplans.
- Conduct a Quantitative Cost Benefit Analysis for SAREM. This will assist in determining overall financial implications for the state & amplifying Renewable’s contribution to SA’s growth story.
- Resourcing of the establishment of SAREM Project Management Unit (PMU) will be jointly shared by the relevant departments and the private sector.
- DEE is waiting for the final decision of Cabinet on SAREM before full scale implementation starts & the document is released to the public.

5.5.Meeting with the South African National Energy Development Institute on its work done relating to the Integrated Resources Plan (IRP), Demand Side Management (DSM) and Energy Efficiency, Demand Response, and Green Hydrogen dated 28 March 2025

The following SANEDI officials made presentations to the Committee: Dr Titus Mathe (CEO: SANEDI), Prof Prathaban Moodley (General Manager: Applied Research Development & Innovation), Ms. Faith Mkhacwa (General Manager: Energy Efficiency and Demand Side Management), Mr. Sonwabo Damba (Energy Modelling Expert), Prof Sampson Mamphweli (Head of Energy Secretariat Department of Science Technology and Innovation).

The Committee visited the offices of the South African National Energy Development Institute (SANEDI) in Sandton on Friday, 28 March 2025.

The Committee received briefings by SANEDI, on the progress on the Integrated Resource Plan (IRP), the Demand Response Aggregator Model, Energy efficiency and demand side management, and the green hydrogen research and development programme.

With regards to the IRP, SANEDI stated the IRP would be taken through final consultations and submitted to Cabinet for approval in the first quarter of the 2025/26 financial year. The Demand response aggregator model is a framework to stimulate the market integration of demand side management through aggregators.

SANEDI updated the Committee on its energy efficiency and demand side management (EEDSM) initiatives including the EEDSM incentives, such as tax allowances. The Committee was also updated on the pilot project for the centralised smart geyser project.

The Hydrogen Research and Development programme is being coordinated by the Department of Science, Technology and Innovation (DSTI) Energy Secretariat based at SANEDI. The Committee received an overview of South Africa's resources to support the hydrogen economy and progress on the implementation of the Hydrogen Society Roadmap for South Africa adopted in 2021. South Africa is endowed with abundant solar and wind resources, the largest producer of platinum-group metals (PGMs), existing port infrastructure and existing trade partnerships. The purpose of the Hydrogen Society Roadmap is to align stakeholders on a common vision on hydrogen related technologies to create an environment where investment decisions can be made to unlock the social economic benefits for the country. Some of the components within the roadmap is research and development programme for capturing carbon from coal, skills development through TVET Colleges, the designation of a platinum valley, and monitoring and evaluation.

Some of the projects already in place include the carbon capture and conversion programmes, setting up the hydrogen valley by decarbonizing transport, including green hydrogen in the special economic zones in Boegoebaai, local production of aviation fuels for domestic use and export, and the carbon capture from the Vanderbijlpark steel plant.

6. Attending the 60th Anniversary of the South African Fundamental Atomic Research Installation (widely known as SAFARI-1) at the South African Nuclear Energy Corporation's (NECSA), dated 25 March 2025

On 14 March 2025, the Committee received an invitation from the Minister of Electricity and Energy to attend NECSA's SAFARI-1 60th Anniversary at Pelindaba in the Northwest.

On the 18 March 2025, the South African Fundamental Atomic Research Installation (widely known as SAFARI-1) entered 60 years of operations. To celebrate this milestone, on 25 March 2025, the NECSA wanted to salute and showcase South Africa's contribution to nuclear research, life-saving medical isotopes and wide-ranging solutions for industry around the world over the past 60 years.

SAFARI-1 research reactor is the first infrastructure nuclear project that South Africa commissioned in 1965 after joining countries that committed to using nuclear for peaceful purposes to advance humankind. The country had played a key role as one of seven founders of the International Atomic Energy Agency (IAEA), an organization of the United Nations in 1957, tasked with enabling cooperation in the nuclear field and promoting safe, secure and peaceful use of nuclear technology. It has placed South Africa as a leader in nuclear research, producing first grade scientists, knowledge and innovations as well as being a learning center for safe operation of research reactors.

Located at the Pelindaba site under the stewardship of the South African Nuclear Energy Corporation (NECSA), SAFARI-1 is one of the four largest producers of medical radioisotopes that are distributed across the globe bringing in foreign revenue of about R1.6 billion. The SAFARI-1 research reactor was commissioned on 18 March 1965 and reached 60 years of operation on 18 March 2025.

The 60-year old research reactor is also one (out of over 200) of the most well operated nuclear research reactors in the world, with a record of achieving 100% availability for over two decades (barring the impact of COVID-19 pandemic). Globally, it is expected that the use and value of research reactors will continue to grow, with many new additional applications in the years ahead.

In the wake of the world aiming to reach net zero by 2050, there has been a return to realism where it is accepted that nuclear technology has a significant role to play in the energy mix as a clean source to ensure countries achieve energy security, energy sovereignty and energy justice in the transition. 20 countries committed to triple nuclear energy by 2050 by signing a Declaration at COP 28 in 2023. To date, the number has risen to 31. The celebrations of SAFARI-1 will highlight how the research reactor has contributed to innovations making nuclear energy safe and secure. In addition, South Africa will use the celebrations as a platform to communicate a significant milestone of the new Multipurpose Reactor Project that will complement the SAFAR-1

7. Committee observations and findings

7.1.Komati Power Station

- One of the critical lessons from the decommissioning of Komati Power Station is the necessity of early and continuous communication with all stakeholders, including employees, labour unions, district and local municipalities and the local community. Delayed communication leads to uncertainty and mistrust among the various role players, highlighting the need for transparent and timely information sharing.
- Eskom confirmed that information was shared with organised labour in terms of what needed to be done and what is going to happen. However, Eskom confirmed that there were no bilateral engagements in terms of whether this decision is going to be supported by organised labour. Eskom did confirm that the consultation processes is currently being done differently, taking into account the envisaged shutting down of other power stations.
- Since 2022 most of the sub-contractors' contracts ended, whereas the bigger contracts have been moved to for example Tutuka Power Station.
- It was noted that no Eskom jobs were lost during the decommissioning of the power station. However, it was noted that labour advised the Committee that Eskom shifted jobs to contractors, so that when the plant was decommissioned, the contracts were ended. This put a strain on the local communities which supported these contractors in the area.
- The current total employees at Komati Power Station in 160.

- The lack of a comprehensive transition plan for employees was a significant oversight. Effective transition plans should include detailed strategies for reskilling, redeployment, and support for affected workers.
- Eskom assured the Committee that the asset register will be provided to the Komati Steering Committee on the day.
- SANEDI, the Council for Geoscience (CGS) and the Department of Science and Innovation are busy with research developments relating to clean coal technologies.
- The decommissioning had a substantial economic and social impact on the local community. Many local businesses and service providers were adversely affected, leading to economic downturns.
- The realistic lessons learned from Komati's decommissioning can be applied to other power stations, such as Hendrina, Grootvlei, Arnot and others slated for decommissioning by 2030.
- It is not only the Eskom employees who are affected by the decommissioning of the Komati Power Station, but also employees of the mines (those who only supply to Komati Power Station).
- The decommissioning of Komati Power Station has created new challenges for the municipality, particularly regarding the future of water services to Komati and surrounding farms.
- Komati was shut down from 1 000 MW to a 0.5MW plant.
- SALGA does not form part of any of the stakeholder forums established.

7.2.Kusile Power Station

- Members raised concern regarding the alarming cost overruns associated with the construction of the power plant. Initially projected to cost R80 billion, costs have escalated, with estimates now nearing R161 billion. This is a serious concern for the committee, in the context of financial mismanagement and the impact on Eskom's balance sheet.
- Members emphasized the importance of accountability in restoring public trust and ensuring the plant's success.
- Currently, Kusile is operating at an energy availability factor (EAF) of approximately 74%, which is below the industry standard of 80%.

- The Committee acknowledged improvements in performance but stressed that higher operational efficiency is vital for addressing the national energy crisis. The Committee indicated that it wants to see strategic plans that will enhance the plant's reliability and overall contribution to the energy grid.
- Kusile's management outlined their commitment to reducing emissions through the implementation of advanced technologies, including flue gas desulfurisation systems, which significantly lower sulphur dioxide emissions.
- Kusile's management presented their initiatives in clean coal technology, highlighting their commitment to environmental stewardship.
- The plant's use of low-emission technologies aims to minimize its carbon footprint while maintaining efficiency. The Committee encouraged ongoing investment in research and development to further enhance clean coal practices.
- On the Wilge residential apartments, the project faced significant delays and the apartments remain unoccupied, raising questions among Committee members about the rationale behind their development and the associated costs, estimated at approximately R800 million.
- The Committee urged Eskom to explore potential avenues for recovering costs associated with the abandoned accommodation project, including legal action against contractors who may have failed to deliver on their commitments.

7.3.Meeting on debt owed to Eskom by municipalities

- Eskom highlighted that Government's approaches and initiatives to rescue the municipal debt spiral is not showing the desired improvement.
- Focused initiatives need more work over the medium to longer term, including legislative amendments that will take time to implement.
- Additionally, National Treasury- and Provincial Treasuries' support, and Local Government Equitable Share (LGES) withholding for persistent failure have yielded limited improvement.
- Over 160 municipalities were classified as financially distressed, with 98 of them operating on unfunded budgets in the 2024/2025 financial year, 7 of them participating in the Municipal Debt Relief Program, and 14 of them successfully met the conditions required for debt relief and write-offs.

- The municipal electricity debt crisis requires collaboration and decisive action from all levels of government and stakeholders.
- The Committee said the crisis poses a significant risk to service delivery and the livelihoods of millions of South Africans. Members of the Committee said the time of pointing fingers is over, the time calls for collaborative solutions and long-term reforms.
- Eskom highlighted that the municipal arrears increased from R74 billion in March 2024 to R98.5 billion by February 2025, with significant growth in debt attributable to provinces like Free State and Mpumalanga.
- Eskom expressed grave concerns about the implications of this trend on its financial sustainability, noting that the gains from the debt relief program aimed at reducing its overall debt from R400 billion to R250 billion could be neutralized within three years if the rising municipal debt trajectory is not curtailed.
- Eskom emphasized that as part of solutions to address the electricity debt crisis, funds collected from customers by the municipalities are prioritized to settle bulk electricity accounts before being used for other municipal expenses.
- National Treasury underscored its efforts to enforce fiscal discipline through several interventions, including withholding equitable share allocations to defaulting municipalities under Section 216(2) of the Constitution.
- Treasury reported that equitable share allocations for several municipalities were withheld to compel them to address their financial management failures.
- Despite these measures, Treasury acknowledged that entrenched dysfunctionality in many municipalities continues to undermine progress.
- Treasury also highlighted that only a fraction of the 10 million indigent households identified in the census are benefitting from the Free Basic Electricity grant due to inefficiencies in municipal administration, leaving millions of impoverished South Africans without critical energy support.
- COGTA and SALGA shared insights into the structural and operational inefficiencies that have crippled municipalities. These include weak governance, lack of capacity, inadequate enforcement of revenue collection measures, and outdated infrastructure.
- COGTA noted that the absence of energy master plans and failure to maintain accurate indigent registers have compounded the crisis.

- SALGA highlighted that the overly fragmented approach to addressing municipal debt must be replaced with integrated capacity-building programs, including technical assistance for cost-reflective tariffs and improved revenue collection systems.
- The Committee also heard that smart metering solutions have shown promising results in improving revenue collection, with pilot projects recovering millions of rands in previously uncollected funds. National Treasury announced that an additional R650 million would be allocated in the next financial year to expand smart metering programs to targeted municipalities. These interventions aim to enhance overall efficiency and ensure timely payment of bulk electricity accounts.
- Eskom and other stakeholders called for adjustments to the Electricity Regulation Act to enable more proactive credit control measures.
- The Committee emphasized that municipalities must take greater responsibility for reversing the current trajectory.

7.4.Meeting with the Department of Mineral Resources and Energy on the South African Renewable Energy Master Plan (SAREM)

- The approved plan represents a significant collaborative effort, involving industry stakeholders, civil society and government entities over the past five years.
- It aims to not only tackle immediate energy needs but also promote long-term sustainable growth through the development of renewable energy sources, such as wind, solar and battery storage, while also incorporating emerging technologies, including green hydrogen and sustainable aviation fuels.
- Committee members commended the Department for the extensive work undertaken in developing the master plan.
- Members recognized the comprehensive approach taken and the commitment shown to addressing the multifaceted challenges in South Africa's energy landscape. The Committee expressed appreciation for the collaborative efforts that have brought together various stakeholders, ensuring that the plan reflects a broad spectrum of perspectives and expertise.
- One of the key components of the master plan is to establish partnerships with local businesses, ensuring that they are included in the supply chains for renewable energy projects.

- The Department pointed out that they are committed to implementing targeted training programmes that will equip local communities with the necessary skills to participate actively in the renewable energy sector.
- The Department acknowledged the challenges posed by the current registration processes regarding rooftop solar and assured the Committee that they are exploring legislative reforms aimed at simplifying these requirements to facilitate broader adoption of rooftop solar.
- The Department said it is collaborating with industry experts to develop best practices for managing end-of-life products, ensuring that environmental considerations are integrated into every stage of the renewable energy value chain.
- Furthermore, the Department said it is actively researching innovative recycling technologies that will minimize waste and maximize resource recovery.

7.5.Meeting with SANEDI

- The Committee noted the timelines for the IRP to be brought before Parliament and hoped the IRP would be tabled as planned.
- The Committee was concerned that the model for the IRP was being run by an Eskom employee, i.e. seconded to SANEDI and raised concern that this might be a conflict of interest.
- SANEDI's alignment with national energy priorities, emphasizing the significance of transitioning from coal to renewable energy sources. The Committee noted that the Integrated Resource Plan (IRP) is pivotal in shaping the future energy mix and that SANEDI's involvement in this process is essential for achieving South Africa's energy goals. The Committee expressed its concerns about the need for a transparent and inclusive process in the development of the IRP to ensure that all stakeholders have an opportunity to contribute.
- The Committee noted the work being done on the demand response aggregator model and the energy efficiency and demand side management initiatives.
- The Committee was particularly impressed by SANEDI's commitment to fostering innovation and research in energy efficiency, demand-side management and the transition to cleaner energy sources.
- The Committee was concerned that smart geysers were not rolled out sooner to increase efficiency in houses and businesses, as the technology has been available for years.

- The Committee was concerned that there would not be enough demand for hydrogen to support the proposed hydrogen industry in South Africa.
- The Committee noted that there should be a focus on the Just Labour Transition, and not just the Just Energy Transition, as without the transition of the labour market as well, there will not be a Just Energy Transition.
- The Committee was informed about SANEDI's ongoing initiatives to promote energy efficiency and demand-side management. The Committee expressed support for these programmes, recognizing their crucial role in mitigating the current energy crisis and achieving significant energy savings across various sectors, including municipalities and government buildings.
- The Committee indicated that the discussions around SANEDI's hydrogen projects highlighted the potential for South Africa to become a leader in the green hydrogen economy. The Committee highlighted the importance of establishing strong partnerships to advance these initiatives and ensuring they contribute to industrialization and energy security. The Committee agreed that further exploration of this sector could yield substantial economic benefits for South Africa.

8. Committee Recommendations

- Benchmark against international best practices and learning from other countries' experiences with coal plant decommissioning can provide valuable insights for improving the process in South Africa.
- Future decommissioning efforts must prioritize the development of robust transition plans well in advance of the shutdown, with input from all relevant stakeholders, specifically from local communities which are directly affected.
- Eskom should investigate and address the root causes of the cost overruns, including contractor performance and procurement processes, at the Kusile Power Station. A report should be submitted to the Committee within six months of the tabling of this report.
- Eskom must implement robust mechanisms to prevent corruption and hold individuals accountable for past transgressions, with reference to the Wilge Housing development. Additionally, there should be transparency in reporting any ongoing investigations and actions taken against those implicated in corrupt practices.

- Any future housing developments should incorporate community input and address local housing needs effectively.
- A dedicated Municipal Recovery Task Team comprising the Presidency, Department, Eskom, National Treasury, COGTA, SALGA, and other relevant stakeholders should be established. The Department should report to the Committee on the establishment of this task team within six months of the tabling of this report.
- The IRP must be submitted to Parliament at the end of the first quarter of the 2025/26 financial year.
- The Department and SANEDI must ensure that skills are developed to support the move to energy efficiency and the use of hydrogen fuel, specifically for youth and women. The Department should consider including a Key Performance Indicator on skills development and education in its annual performance plan for the 2025/26 financial year.

REPORT TO BE CONSIDERED.