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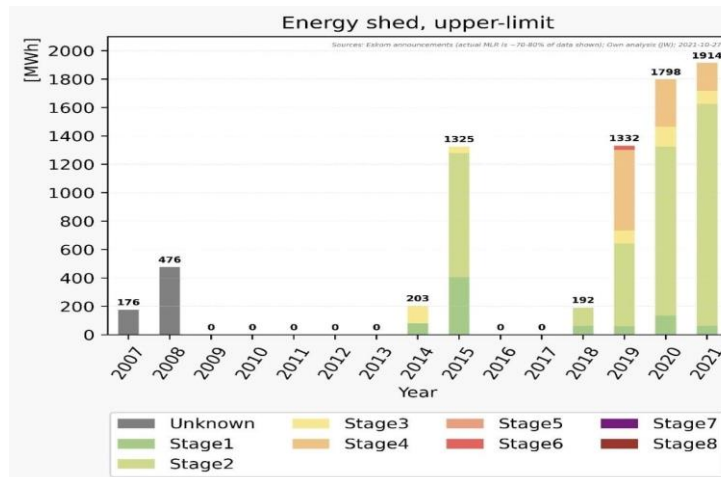
Professionals' League Calls on Parliament to hold the Eskom CEO and COO accountable and release them from their duties for plunging South Africa into the worst load-shedding ever.

To: Portfolio Committee on Mineral Resources and Energy, Chairperson, Mr Sahlulele Luzipo
Portfolio Committee on Public Enterprises, Chairperson, Mr Khayaletu Magaxa
Eskom Board, Chairperson, Prof Malekgapuru Makgoba
Media Houses (Print and Electronic)

Date: 11 November 2021

The Professionals' League (PL) is calling on Parliament and the Eskom board to assume their basic oversight responsibility to hold the Eskom Executive, particularly its CEO, Mr Andre de Ruyter, and COO, Mr Jan Oberholzer, accountable for the endless load-shedding that is crippling our economy, adversely affecting examination preparations for our matriculants and grossly frustrating daily life activities of all South Africans.

The PL strongly believes that the CEO Mr Andre de Ruyter, and the COO, Mr Jan Oberholzer, have had ample time, but have dismally failed, to provide any indication that they have an ounce of competency to run Eskom and guarantee stable electricity supply to the nation. Furthermore, Mr de Ruyter is on record, having committed to end load-shedding in his first 18 months on the job. Yet this was not achieved. Instead, within the same period under review, he has plunged the whole country into the worst season of load-shedding as evidenced by a study conducted by the CSIR, which is summarized in the graph below.



Despite his obvious incompetence and publicly known history of poor performance at other entities such as SASOL and NAMPAK, to lay the blame solely on de Ruyter, would be to misunderstand the inner operations of large enterprises. Eskom has a COO, Mr Jan Oberholzer, who has also not assisted in any way in saving the situation, but instead he is constantly embroiled in constant investigations for irregular contracts over which he presided.



The Professionals' League strongly holds the view that both Mr de Ruyter and Mr Oberholzer have repeatedly shown that their primary focus is not in fixing Eskom challenges, but rather have dedicated their time in blaming previous executives and are committed to pass the bulk of the responsibility of producing and guaranteeing electricity to the country to Independent Private Power Producers (IPPs). In fact, Mr de Ruyter has made numerous statements on many platforms that "private equity" and "Renewable Energy IPPs" represent the preferred developmental path, whilst saying very little about Eskom's coal power stations or their maintenance and sustainability.

The PL would like to remind Parliament and the Board that Mr de Ruyter 's primary job as Eskom CEO is to ensure that Eskom competes in terms of pricing and delivery with the IPPs to produce and guarantee electricity for South Africans and Industry in general. The PL is of the view that Mr de Ruyter's frequent utterances on the Renewable Energy IPPs (REIPPs), to bail our country out of load-shedding is misplaced focus, because this a job and function of the Department of Minerals Resources and Energy (DMRE), specifically the IPP Office, not Eskom.

Mr de Ruyter and Mr Oberholzer are failing to deal with the frequent breakages and/or malfunctions of the Eskom coal power stations as far as Operations and Maintenance (O&M) is concerned. This is evident in that they repeatedly report challenges but no solutions. Whilst both gentlemen report frequent breakages, there is no clear in-depth understanding of the problem as they fail to provide concise explanations as to what exactly keeps breaking and what is it going to take to arrest the breakages.

The PL also notes with great concern that no one else from Eskom Top Management, including the Shareholder, Department of Public Enterprises (DPE), can explain as to why Eskom is unable to abate load-shedding. There is no solid answer that has been tabled to date, to provide a sense of comfort that the executive has at least diagnosed the situation correctly. This is further evidenced by a lack of comprehensive plan on fixing the situation. De Ruyter has no plan.

The PL therefore strongly believes that Mr de Ruyter, his COO, Mr Oberholzer, and any other incompetent member of the Eskom Executive, should be relieved of their duties with immediate effect.

Weak finances and operations of Eskom represent a major downside risk to growth. With load shedding costing South Africa's economy an estimated R500 million per stage, per day, over the last two weeks load shedding has cost the South African economy approximately R25 billion. The economy is bleeding.

- University students and school learners are hugely disrupted as they prepare for their exams.
- The entire country is grossly inconvenienced in all spheres on daily basis.



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- The image of the country is tarnished which adversely affects our investment grade with Ratings Agencies.

Mr de Ruyter can no longer hide behind excuses of old coal plants, because even newer plants such as Kusile, Medupi, Majuba and Kendal, have dropped to unprecedented low levels of performance in their Energy Availability Factor (EAF) (Reference: CSIR Study). More importantly, the argument of hiding behind the "State-Capture ripple effect" has run its sell-by date.

The main task at hand, is what is to be done to fix Eskom and end load-shedding for good? So far Mr de Ruyter and his leadership team have been providing one excuse after another. This clearly shows that Mr de Ruyter, and his COO are out of their depth. As professionals and taxpayers of South Africa, we can no longer sit idly by and watch our country's economy decimated because of Eskom incompetence. Similarly Parliament cannot be this silent on a matter that is crippling the citizens it should be representing. The absence of Parliament in this crisis is very concerning. We expect Parliament to hold Eskom and the Department accountable, but we have heard nothing from Parliament.

Prioritise Eskom. Get Eskom right, and end loadshedding.

The Professionals' League is therefore calling on Parliament to summon Eskom to an urgent meeting to account for the devastating impact of load-shedding, with the intention to interrogate Mr de Ruyter's fitness to hold office. Similar investigation must be conducted on the COO, Mr Oberholzer. Further to this, we are calling for the review of the Eskom Board, to include more technically competent, and experienced engineers, as it has now become apparent that the Board itself is in the dark about the real challenges that result in Eskom load-shedding the country and the assets running far below their capacity.

END.

Contact Person:

Mr Thulani Ngubane, Secretary General
Professionals League
060 986 7177

References and Source Data

CSIR RELEASES POWER SECTOR STATISTICS FOR FIRST HALF OF 2021 PRESENTING THE EXTENT OF LOADSHEDDING. (5 August 2021). <https://www.csir.co.za/csir-releases-power-sector-statistics-first-half-2021>



Current Generation fleet performance as of 04-Nov-21



- The current Plant Performance is poor, with little confidence in any predictability in performance
- The biggest opportunity to fix the plant is during Outages – hence the importance of the RMR Programme

Stations	Capacity	Units	MW per Unit	Energy Availability Factor
Lethabo	3708	6	618	85.04%
Matimba	3990	6	665	77.76%
	7698			

Arnot	2220	6	370	57.57%
Grootvlei	570	3	190	61.11%
Majuba	4110	3	657	63.75%
		3	713	
Matla	3600	6	600	67.56%
Medupi	3970	5	794	62.19%
	14470			

Camden	1561	3	200	49.64%
		1	196	
		2	195	
		1	190	
		1	185	
Hendrina	1140	6	190	57.11%
Kendal	4116	6	686	46.05%
Kriel	3000	6	500	53.97%
Kusile	2397	3	800	24.25%
Tutuka	3654	6	609	34.34%
	15868			

EAFF Range
75-80
80-74
30-55

- OFF-LINE Inspections:**
- The main work impacting plant reliability and predictability is carried out during Minim General Overhauls and General Overhauls
 - There are on average 20 MGO's and GO's p.a. for coal fired power stations
 - There will be a 3 year lag period to have completed MGO's or GO's on the coal fleet units
 - YEAR 1: Imbed processes, standards, governance and practices, track KPI improvement and identify and track areas for continuous improvement actions
 - YEAR 2: Tackle second third of total units to drive excellence and consistency in Outage Excellence and Effectiveness (reduction in gas usage)
 - YEAR 3: Complete full fleet MGO and GO cycle and track uniform consistent fleet performance and predictability. (Confidence is minimizing load shedding and Gas usage)

The expected trend above can be realised if funding for reliability maintenance is secured. As we stand, these funds are NOT budgeted for FY23 &24.