

## **NUM SUBMISSIONS TO THE DPE AND MRE** **PORTFOLIO COMMITTEES**

A heartfelt warm welcome and greetings to management and comrades as well as all the honourable members that have taken time to grace us with their presence today. Believe me the NUM does not take light the time you have allocated for this session. We appreciate the Honour of being in great presence. Without wasting time. Let's unpack the issues troubling the NUM.

It seems like yesterday when we as the NUM were on our management's case when we saw a huge exodus of our nuclear plant licenced operators, it was in our Business unit forum meetings that we made serious noise around this. As usual it took management long to respond to our concerns to such a point that we were left with one extra operator in order for us to carry on producing electricity, that's how late we left it. Today we see that nefarious ugly history rearing its ugly past and we as the NUM will leave no stone unturned, in making sure that Koeberg does not fail you being here is one of those efforts.

The NUM believes that this station is at grave risk of forced shut down. Production is being prioritised above nuclear safety by deferring the last unit 2 SGR project, anyone who puts production over and above nuclear safety has no place in the nuclear business at all.

We could defer unit 2 with the hope of replacing the Steam generators in the next outage 226, not the best idea as far as we are concerned as the NUM. The upcoming unit 1 outage in KNPS to replace the unit 1 steam generators, is the only window we have for such work to take place, if the SGs are not installed, unit 1 will not start up. When the executives defer maintenance for the sake of

production, it leads to a fleet of unreliable Power stations. This has been alluded to by the very same executives in all the media briefings that they gave.

The current SGs are known to have a primary to secondary leak, containing radioactive water. Coupled with known tube degradation worsening this leak- rate with every cycle these units are running. Internationally this practise is not allowed in the nuclear environment.

The decision to defer SGR replacement on unit 2, has put the station and the people at risk. As the NUM we know that there is a real risk of people losing their jobs if the station cannot be maintained or it end up being shut down prematurely.

We know Unit 1 cannot run another cycle – as the number of tubes to be plugged is just too many. Internationally there are no stations that are still running with this type of steam generators especially with the ageing tubes such as the ones currently there. Hence they were meant to be replaced in 2018.

### **What has led to this decision to defer the project from outage 225?**

History – FRM was appointed as a contractor – under very questionable conditions – while Westinghouse was the preferred company from a technical point of view. After Westinghouse challenged the awarding of the tender to Framatome (AREVA). Eskom made a justification at the Constitutional Court that the real reason was because Framatome would be able to meet the project timelines. The constitutional court even indicated that the appointment of this contractor was justified as FRM was the only company that indicated they could deliver the project in 2018. Now 4 years down the line –the steam generators are still not installed by the same Framatome.

We believe the contract was signed in 2014 with Framatome.

In 2016 Eskom knew or it became apparent that SGs will not be delivered before 2021. This was shared at BUF again in 2017. During the manufacturing of the SG shells, one was dropped and got badly damaged and as a result those shells had to be scrapped. The x25 outages was then targeted.

6 months before the 125 outage a readiness assessment was performed in accordance with KLA-023, and it was reported to the BUF that 125 will not be met by the project as a result of the contractor's design, safety case, and site work packages (installation documents) not being completed and accepted by the NNR. In short – the contractor was not close to being ready for implementation. (It should be noted, at this point Eskom was also not ready – as the storage facility for the old generators was also not ready – ( That can be discussed later with the team)

It was also shared with us at the BUF around this time that management became aware one of the new steam generators for Koeberg was dropped in the Chinese plant – during manufacturing. This further complicates the matter and puts even the X26 outages in jeopardy. Meaning that that if it is not installed in outage 126 or 226 then we will not extend the life of Koeberg.

The outage for unit one was supposed to start in October as we know it. Not one steam generator for this outage is on sight, this is concerning and very worrisome for the NUM, and should be concerning for everyone sitting in this room.

The project team recommended that the Steam generators be replaced in outages 126 and 226 (based on the risk to the station if we don't do 126). The COO and NEXCO insisted that the SGR installation will take place in 225. It also transpired during the internal grievance meeting with the team – the team confirmed the COO instructed installation in 225. The COO also stated in a News24 media statement in October last year that the team was 98% ready

for the installation of the project in outage 225. A decision was taken to weld the elbows to the SGs by NEXCO, with them knowing these SGs will then be specific to Unit 2 and replacement of SGs in outage 125 will not take place.

We were also made aware that the project was struggling to get support from the station to deliver this project. Despite engagement with management at several engagement. There is various support that the project needed – review by the station for the engineering documents – safety analysis, rigging reviews, IMS for the commissioning documents, Operating review on accident analysis procedure changes etc. Meetings with PSM (Bakardien), with SLA (Service level agreements that was proposed and drafted by the project) on how the project should be supported. How can it be expected that this project should succeed if the basic support is not provided? No support no reviews. Same meeting with Bakardien – as CNO and Velaphi as PSM. Only in 125 when Jan Oberholzer started threatening people – That is when the involvement from the station was received. It was however too late – as all the reviews were performed by the SGR team and external contracted specialists. It seems like this project team was left to do this project on their own, without the support from the station.

Talk about interference.

There were some risks leading up to Outage 225. In the outage meetings it was noted the OSGISF, and the designs and safety case were the main declared risks. This was known and declared to the entire organization including the COO and GCE. There were also delays on Containment Access Facility were as a result the contractor's insistence of moving the CAF readiness was documented. There was also an issue of the Hot Workshop that was not complete but contingency plans were in place for this.

The OSGISF was initially the teams project until Jan decided to take it away from them and give it to ERI, ERI then ran with it appointing WBHO as a company of choice, and that alone has got its own problems because it is believed that the company was given the tender without following Eskom Processes. There is also a huge belief that the CEO of ERI might have been conflicted in terms of WBHO. The CEO of ERI has since resigned so he might not be here to answer on that except maybe his colleagues. We believe the project is complete now or very close to completion as we speak.

Outage 225 started on 17th of Jan. The project team started with confidence in implementing the project. During the pre-outage activities – welding of elbows, the teams worked well together. At the beginning of the outage – it is after some time that strange development in the attitude and work ethic started. Instead of finding solutions to issues, the contractor started looking for problems. Early Feb (3rd or 5th) the FRM Vice president came to site.

There were a couple of incidents that caused some delays on the outage critical path, the SG team can talk to those, Despite these the Framatome VP had no interest in fixing the issues causing the delays on the critical path, her only focused was on the Eskom facilities completion and indicating that the outage synchronization would be 2 months later than planned. It is also during this visit that the SGR Team were informed that the installation duration has now been doubled, and synchronization will take place end of August.

**How can Eskom management allow a contractor to dictate the terms of when the plant will synchronize? When this Contractors scope was originally 55 days of a 135-day outage. Giving us a plan that the OCC should be determining?**

**It is not normal for a contractor to dictate to Eskom business, Can this be explained? The head of projects as employer's representative should answer this question.**

The decision to defer the project:

The original project optimistic simulation showed early July would be the date that the unit could be synchronized. This after having meetings with the contractor as instructed by Jan during this time. It was therefore a surprise that the decision was made to defer to a next outage.

After this decision, the project team was blamed for the deferral. In what they term as a heated confrontational meeting (Grievance raised – no resolution – to CCMA, will probably go to labor court).

It was in this very same grievance that the NUM became aware that not only is the deferral of the project putting the station at risk it is going to be very costly probably to the region of R1bil in compensation events Which then brings in the question of the reasoning behind the decision.

The most disturbing decision is that Nexco seem to be the final decision makers around this deferral, but before the SGR team gets to know about the decision a meeting with the contractor takes place between the COO the CNO and the VP of framatome at the airport, and the team are the last to know.

The NUM also notes that our members were put under enormous pressure to pay Framatome two payments that they didn't agree with, and we have also reason to believe that the company might have run into financial difficulties and when the team didn't agree with the payments it could be that this deferral was just another way of making sure that they get paid via compensation events especially if we as Eskom are going to own the blame for the deferral. The team can also elaborate more on the issue of payment.

We need an in-depth investigation on these issues and we were hoping that the committees will assist in moving forward with these issues.

The honourable members will appreciate the fact that our members might not have been in a position to give details on monetary values but we have reason to believe that if we are going to pay compensation events it might be in the region of a Billion Rands. We are expected to pay this when these guys have not done anything as yet.

I thank you.

We have been hearing on the corridors that there is a financial deal between Eskom and FRM. Can this be confirmed by the project team?

Questions:

1. Who made the decision to defer the SGR project? (Amoeba probably say NECXO)
2. Was this a collective decision that was derived (or voted on), or was it noted (made outside and confirmed)?
3. Who are the principal members of NEXCP? (Riedewaan?)
4. Is Jan a principal of NEXCO?
5. Does he sit in NEXCO?
6. Was Jan part of the NEXCO that lead up to make this decision?
7. Riedewaan - How many NEXCO meeting were held for this decision? Are minutes and recordings taken of these important meetings?
8. NUM has knowledge that the decision was noted at NECXO – the principals (the nuclear experts) were not in agreement that the decision should be to remove the project from the outage.
9. We believe the decision was made at the airport between Jan and the Contractor – Riedewaan – were you present?
10. Frikkie Was a press release already drafted and agreed before this meeting and this NEXCO decision?

11. Riedewaan – we are aware that there were executive discussions with the NNR a week before the deferral. Was the NNR informed that the project will be deferred?

12. Who was present at the NNR meeting?

13. Did the NNR agree - object or raise a concern related to this deferral?

14. JG and TB – since you are the lead on this project, were you involved in these decisions? What was your involvement and recommendation at these meetings?

15. JG - TB– are you aware that the cost involved because of this decision? Can you venture a figure?

**Who**

**is the employer in this situation?**

**It appears this contractor is control.**

16. TB + JG– Have you seen the financial simulation results done by finance)?

17. TB + JG – Was this cost analysis available before the decision?

18. TB + JG – what were the other options available?

19. TB + JG - Was the deferral the preferred option in line with the financial model?

20. TB +JG – was this discussed in NEXCO. Will the results be shared with this meeting?

21. We hear from members that certain discussions around this modeling was stopped by the COO.
22. This team wants the minutes, recordings, and reports of all these NEXCO meetings since this decision has been made - to be issued to the committee.
23. For us it seems clear that this decision was made by the COO. Riedewaan - The question is now – is – has he considered the risk of early station shutdown as the license expires in 2024.
24. Seeing that your decision was a matter of Eskom readiness for 225, are you ready to execute the outage in 126 – in the license period?
25. What is the start date of the outage? (Its sept and looking to move later)
26. Will the new SGs be here in time for this outage?
27. What are the requirements for the readiness for the outage – in terms of equipment to be on site – and to perform the preparation activities?
28. Riedewaan - Documents in the press indicated that these SGs are interchangeable. Is this true?
29. (If he says yes – then he is lying – then it must be asked: What informs this – was a study available before this decision was made?
30. If he says no – then it must be asked why this statement was made to the public, and why a study was commissioned after the fact.
31. So SGs are not interchangeable, and the SGs will be late – so outage 126 is at risk.
32. Same question to JG: What is your view on 126 readiness? Have you outlined this to management? - Grave risk, lock down in China, Delivery in Dec, we cannot delay our outage until the end of Dec. We

are very reliant on these existing SGs to be used, but the study for this has not been performed – this was not known at the time of the decision.

33. Riedewaan/team: For this decision – what is the consequence on the nuclear safety rating of the PowerStation taken into consideration. What will this decision do to rating?

34. Is there any risk to the existing generators – are they deteriorating? Is there contamination leaking from the primary side to the secondary side?

35. Our reporting from Eskom is that this project was planned to be completed in 2018. Why is this contractor allowed to still not install the project, while 3 of the 6 generators are still not on site?

36. Frikkie - How is that such a critical project is allowed to be this late? (Maybe he will say facilities and the Eskom project team etc. etc.) – bring the question back – from a senior management team – how is this allowed from a Contractor?

37. Justice - On this project what is the cost overruns to date?

38. Justice - As a result of this decision - What is result of implications?

39. Justice - What is the value of these compensation events?

40. In the media – COO indicated that the lateness of the facilities is the reason for deferral – specifically the storage building for the old steam generators.

41. Frikkie – take us through decision making with these original steam generators and where they will put it. How can this organization not deliver this building for the last 10 year? (But justice will probably have to answer because Frikkie will not know)

42. Does the Project Manager concur with the?
43. Riedewaan – how many contracts does this French contractor have at Koeberg? What are the costs?
44. Riedewaan – when were these contracts awarded?
45. Riedewaan – how can you keep on placing more contracts with this Contractor if they are not delivering on a project that will stop the operation of the nuclear plant?
46. We have been informed that the project team (below the PM) has been blamed for the project being deferred? Is this true? (Jan or Riedewaan)
47. Is there no responsibility at senior management or executive level for this?
48. Has the senior team been informed? Of all the issues prior to the outage?
49. Jan – Has there been financial arrangement or agreements been made between executives of Framatome and Eskom. (We discussed finance and the contractor is in trouble, and I did say we will look at finances and cash flow and I will investigate – so that is the only thing that I agreed)
50. Justice – have you been influenced or requested by senior managers or FRM to make payment outside the rules of your contract?
51. Justice – have you done this?
52. Justice – are you subjected to various investigations to find where you made faults?
53. Justice – do you believe that all the investigations are linked to the refusing to perform these payments?

We can see Eskom is struggling, Contractors are not performing, and we are paying contractors money that the project team is saying is unfounded.