

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 1261**

1261. Ms N W A Mazzone (DA) to ask the Minister of Public Enterprises:

(1) What are the reasons that Eskom has failed to recapitalise its tied mines resulting in a drop in coal supply;

(2) whether Eskom has negotiated any contracts with non-tied mines to fill the coal- supply shortfall over the past 12 months; if so, (a) which companies have been contracted, (b) what was the cost of each ton of coal, (c) what is the total number of tons that will be supplied and (d) what are the details of the term of the contract;

(3) whether Eskom will be entering into any future contracts with non-tied mines; if so, what is the name of each company?

**REPLY:**

**According to the information received from Eskom**

**(1)**

Eskom had Capital constraints post Multi Year Price Determination 3 (MYPD3) award in 2013. Eskom prioritised allocation of capital for the New Build program and thus very limited capital was made available for the cost plus mines expansion and equipment replacement projects.

FY2017 Eskom recommitted capital investment in the cost plus mines. However Eskom is still faced with further funding constraints and this affects its capital allocation for cost plus mines.

 **(2)**

Yes, over the past 12 months Eskom has negotiated contracts with non-tied mines to fill the coal-supply shortfall.

**(2)(a)(c)(d)**

Table 1 provides the name of the suppliers that have been contracted; total number of tons that will be supplied to Eskom; and the start date of each coal supply agreement (CSA).

Table 1: Details of contracts with non-tied mines

|  |  |  |  |
| --- | --- | --- | --- |
|  No. | Name of the supplier (a) | Total Quantity in tons (c) | CSA start date(d) |
| 1 | Sudor Coal (Pty) Ltd – Halfgewonnen | 20 960 000 | 2017/05/01 |
| 2 | Silverlake Trading (Pty) Ltd – Uitgevalen |              3 000 000  | 2017/05/01 |
| 3 | Izimbiwa Handling Systems (Pty) Ltd - Doornrug |                 350 000  | 2017/05/01 |
| 4 | Iyanga Mining (Pty) Ltd - Leeuport, Klipfontein & Mooifontein  |                 480 000  | 2017/05/01 |
| 5 | Keaton Mining (Pty) Ltd – Vanggatfontein |                 100 000  | 2017/06/01 |
| 6 | African Exploration Mining and Finance Company - Chilwavhusiku |              9 000 000  | 2017/09/01 |
| 7 | Izimbiwa Coal (Pty) Ltd -Graspan (Previously Shanduka) |              1 050 000  | 2017/06/01 |
| 8  | Exxaro Coal Mpumalanga (Pty) Ltd – NBC  |              1 020 000  | 2017/07/01  |
|                 420 000  |
| 9  | Cathoros Commodities (Pty) Ltd -  Wescoal Processing Plant   | 120 000 | 2017/07/17  |
| 280 000 |

|  |  |  |  |
| --- | --- | --- | --- |
|  No. | Name of the supplier (a) | Total Quantity in tons (c) | CSA start date (d) |
| 10 | Iyanga Mining (Pty) Ltd – Klipfontein | 4 800 000 | 2017/08/01 |
| 11 | African Exploration Mining and Finance Company - Mzimkhulu | 29 800 000 | 2017/10/01 |
| 12 | Tshedza Mining Resources (Pty) Ltd – Manungu | 720 000 | 2017/09/01 |
| 13 | Keaton Mining (Pty) Ltd – Vanggatfontein | 200 000 | 2017/10/01 |
| 14 | Stuart Coal (Pty) Ltd - East Block | 1 200 000 | 2017/11/01 |
| 15 | Overlooked Colliery (Pty) Ltd | 504 000 | 2017/12/01 |
| 16 | Rirhandzu Colliery (Pty) Ltd | 790 000 | 2018/01/01 |
| 17 | Ntshovelo Mining Resources (Pty) Ltd | 550 000 | 2018/01/01 |
| 18 | Liketh Investments (Pty) Ltd - KK Pit 5 | 750 000 | 2017/12/18 |
| 19 | Cathoros Commodities (Pty) Ltd - Nndanganeni Colliery | 450 000 | 2018/01/01 |
| 20 | Exxaro Coal Mpumalanga (Pty) Ltd - NBC | 780 000 | 2018/01/01 |
| 21 | Hlagisa Mining (Pty) Ltd -  Wildfontein | 2 000 000 | 2018/03/01 |
| 22 | Izimbiwa Coal (Pty) Ltd (previously Shanduka) - Graspan | 3 600 000 | 2018/03/22 |
| 23 | Wescoal Mining - Elandspruit | 480 000 | 2018/04/01 |

**(2)(b)**

Please note that prices cannot be disclosed as they are confidential and commercialy sensitive.

**(3)**

Yes, to satisfy its demand Eskom will be entering into any future contracts with non-tied mines through the approved procurement mechanisms.

The names of the suppliers who are involved in the ongoing procurement processes cannot be revealed as this would compromise the processes, while those who will be engaged in the future are not known at this stage.