**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**FRIDAY, 6 MARCH 2020**

**DUE DATE: 20 MARCH 2020**

**297. Mr V Zungula (ATM) to ask the President of the Republic:**

1. In view of his announcement during his State of the Nation Address on 13 February 2020 to allow municipalities that are in good standing to procure electricity from independent power producers and that mines are also allowed to self-generate electricity, what has he found will be the financial impact of the specified decision on Eskom;
2. whether this decision will cause Eskom to seek bail-outs in the near future; if not, how did he reach this conclusion; if so, has the National Treasury made provisions in this regard;
3. whether he has found that Eskom will not face foreclosure by creditors; if so, what are the relevant details?

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**REPLY**

1. The decision to allow self generation by municipalities, industries and households is based on the fact that Eskom has insufficient capacity to generate enough energy to meet the needs of the economy. Its ageing power stations suffer regular breakdowns, which has resulted in load shedding. This has resulted in the need for additional energy.

The introduction of distributed electricity generation by industries and households mainly through renewable energy will lower demand for Eskom, thereby reducing its revenue. However, there will be a strong reliance on Eskom for the provision of base load.

The availability of reliable, lower cost electricity will contribute to greater economic activity and job creation, which, in turn, will increase demand for energy. It is therefore essential that Eskom is restructured and repositioned as a sustainable company within a transformed energy sector.

1. No further provisions have been made since the announcement last year by the Minister of Finance of a government support package of R230 billion over the next 10 years to provide Eskom relief and assist in servicing its debt.
2. Foreclosing Eskom is not part of Government’s plans.