

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: PQ 993**

**QUESTION**:



**933. The Leader of the Opposition (DA) to ask the Minister of Public Enterprises:**

With reference to the commitment made in 2019 to unbundle Eskom and the urgent imperative of inadequate transmission capacity that must be resolved, what (a) progress has he made with the unbundling process and (b) are the reasons for his delay? **NW1039E**

**REPLY:**

**According to the information received from Eskom**

Eskom is continuing to work on implementing the legal separation of the transmission entity (or unbundling), which remains a key strategic priority and aspect of Eskom’s Turnaround Plan envisaged under the Department of Public Enterprises (DPE) Roadmap.

According to the roadmap:

* The corporatisation of Transmission was completed in December 2021. A legally binding merger agreement was entered into between Eskom and its wholly-owned subsidiary, the National Transmission Company South Africa SOC Limited (NTCSA).
* Reasons for the delays in unbundling Transmission substantively relate to external dependencies such as obtaining lenders’ consent, acquiring electricity licences, and designation of the Transmission Entity as a Buyer.
* The next step is to operationalise the NTCSA, and this is subject to the satisfaction of certain suspensive conditions, which include, but are not limited to:

1. the National Energy Regulator of South Africa (NERSA) granting all applicable licences required for NTCSA to operate the Transmission business; and
2. Eskom obtaining all applicable creditor consents to the transaction.

Future phases of the legal separation will be dependent on legislative changes, which are currently being driven by the Department of Mineral Resources and Energy (DMRE) and the DPE. These changes include the amendment of the Electricity Regulation Act (ERA) regarding licensing and the Electricity Pricing Policy (EPP) of the South African Electricity Supply Industry. The amended Electricity Regulation Act (ERA) is expected to be in place during 2023.

Efforts to accelerate the addition of new Transmission capacity through expansion of the grid are being addressed through the implementation of the Transmission Development Plan (TDP) with the support of the government through, among others, the NECOM structures.

Since the launch of the DMRE Independent Power Producer (IPP) programmes (Bid Windows 1 – 4), close to 6.1 GW of new generation capacity has already been integrated into the power system. Following the announcement of the preferred bidders for Bid Window (BW) 5 / 6, there have been IPPs that participated in the private procurement process, who quickly secured grid capacity, mainly in the Western, Eastern and Northern Cape areas. The Transmission network capacity in these areas has been taken up, as per grid code requirements, which require Eskom to provide non-discriminatory open access to the grid. This has resulted in network constraints, and this will require substantial augmentations before new generation capacity can be connected to the system.

To address this, the 10-year TDP 2022, identified the new infrastructure that would be required to implement the IRP 2019 and Eskom’s 2035 Corporate Strategy. However, it takes time to establish new transmission infrastructure (especially the building of long lines and substations) mainly due to servitude acquisitions and constructability challenges. Eskom is aware of these challenges and is making every effort to expedite the build programme by engaging key stakeholders in government, as well as the private sector.

**Remarks: Approved / Not Approved**

**Jacky Molisane PJ Gordhan, MP**

**Acting Director-General Minister**

**Date: Date:**