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Presentation to the  
PORTFOLIO COMMITTEE ON PUBLIC  
ENTERPRISE

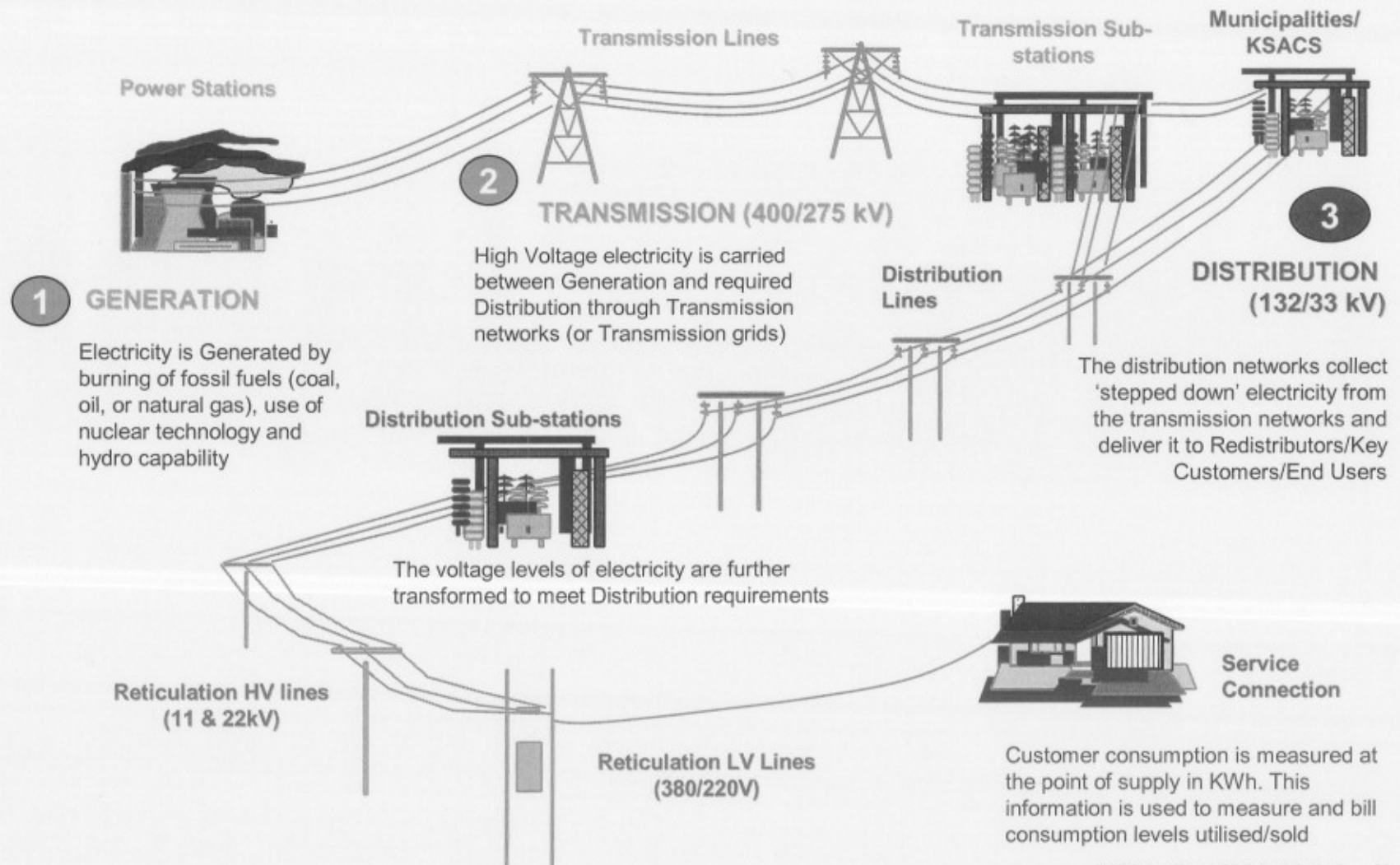
**17 June 2009**

**Mr. Fani Zulu**

**Eskom Holdings Limited**

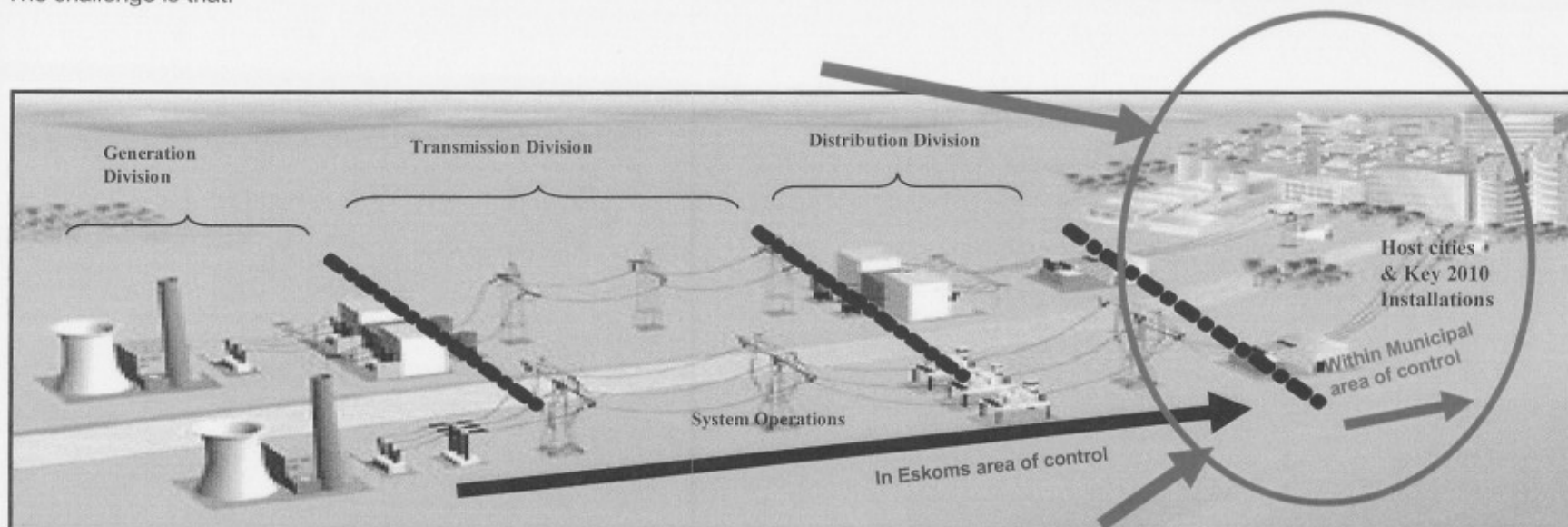
# Overview

# Electricity supply chain



# 2010 FIFA World Cup SA

The challenge is that:



## The Road to Black January- our 911

- Policy indecisions on new build for generation
  - Ineffective industry planning
- Ineffective operational risk management and contingency planning

*Resulting in.....*

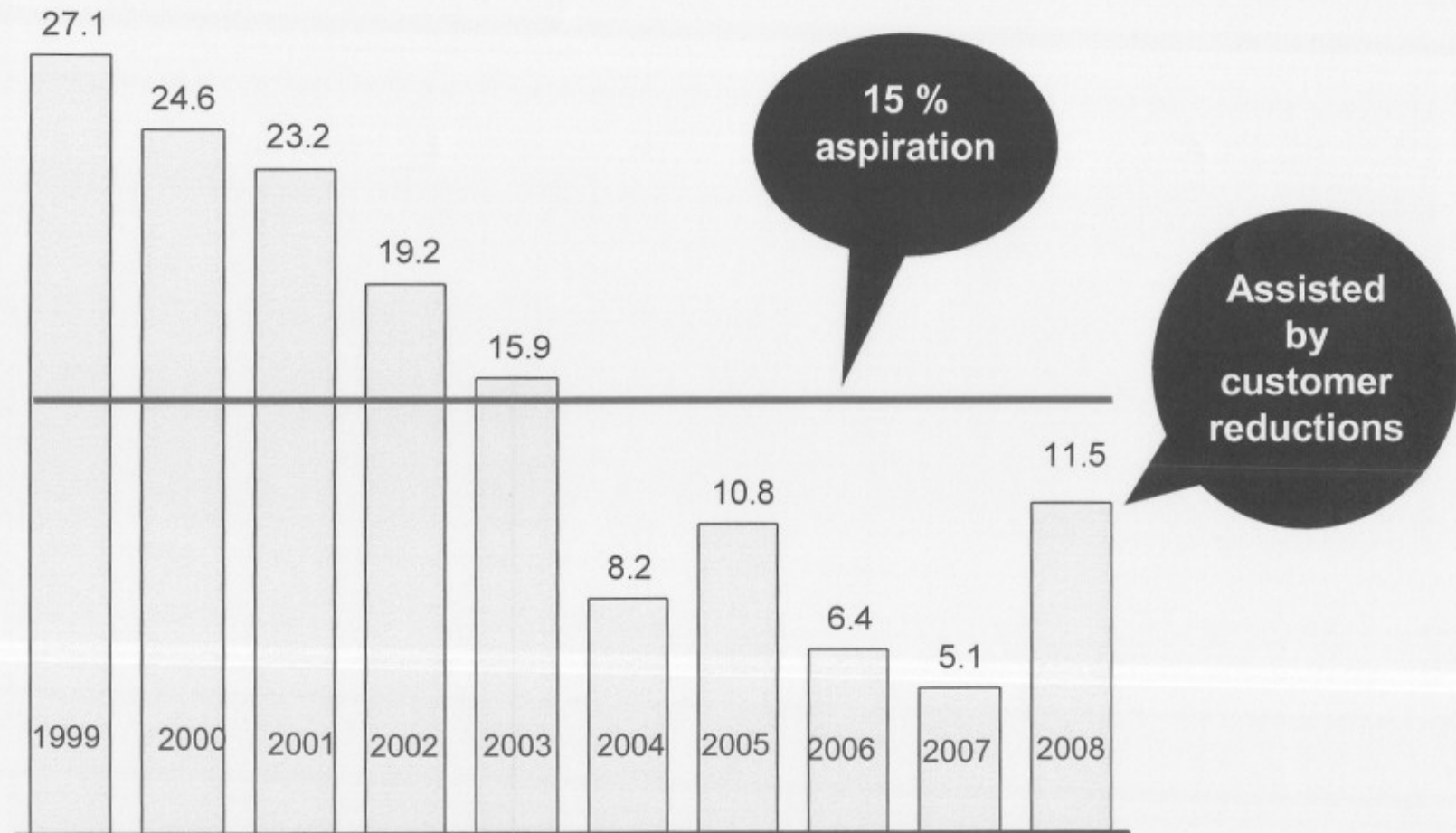


- Low reserve margin
- Unstable grid and load shedding!!!!



# Context – Declining reserve margin

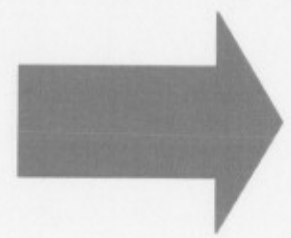
Net Reserve Margin (%)



# Fundamental transition in the power industry

**From**

**Abundant and  
cheap  
electricity**



**To..**

**Constrained reserve  
margin  
and increasing cost**

## **Constraint Reserve Margin drives everything**

- **Reliability of supply- load shedding of past 18 months**
- **Increased use of more expensive generation options**
- **High cost of maintenance due to high usage**
- **Increased cost of primary energy**
- **Increased capex cost for new capacity**
- **Accelerated DSM to mitigate reserve margin constraint**



# Our Value Proposition

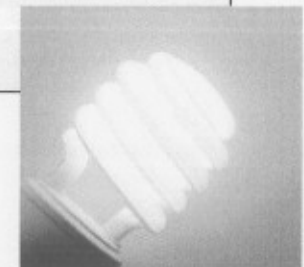
- **Providing power to all of South Africa**
  - power is like oxygen to the economy
  - this is our fundamental role
- **The current operation's has substantial macro-economic footprint**
  - It supports other industries
  - It creates jobs in the total value chain
- **The capital expansion programme is a major economic stimulus**
  - R385 billion over the next five years
  - Mitigating the global economic crisis
- **Ensuring adequate power for the future**
  - Confidence for future supply key for economy to grow

...and will represent the most ambitious infrastructure investment South Africa has ever undertaken

### HEADLINE FIGURES

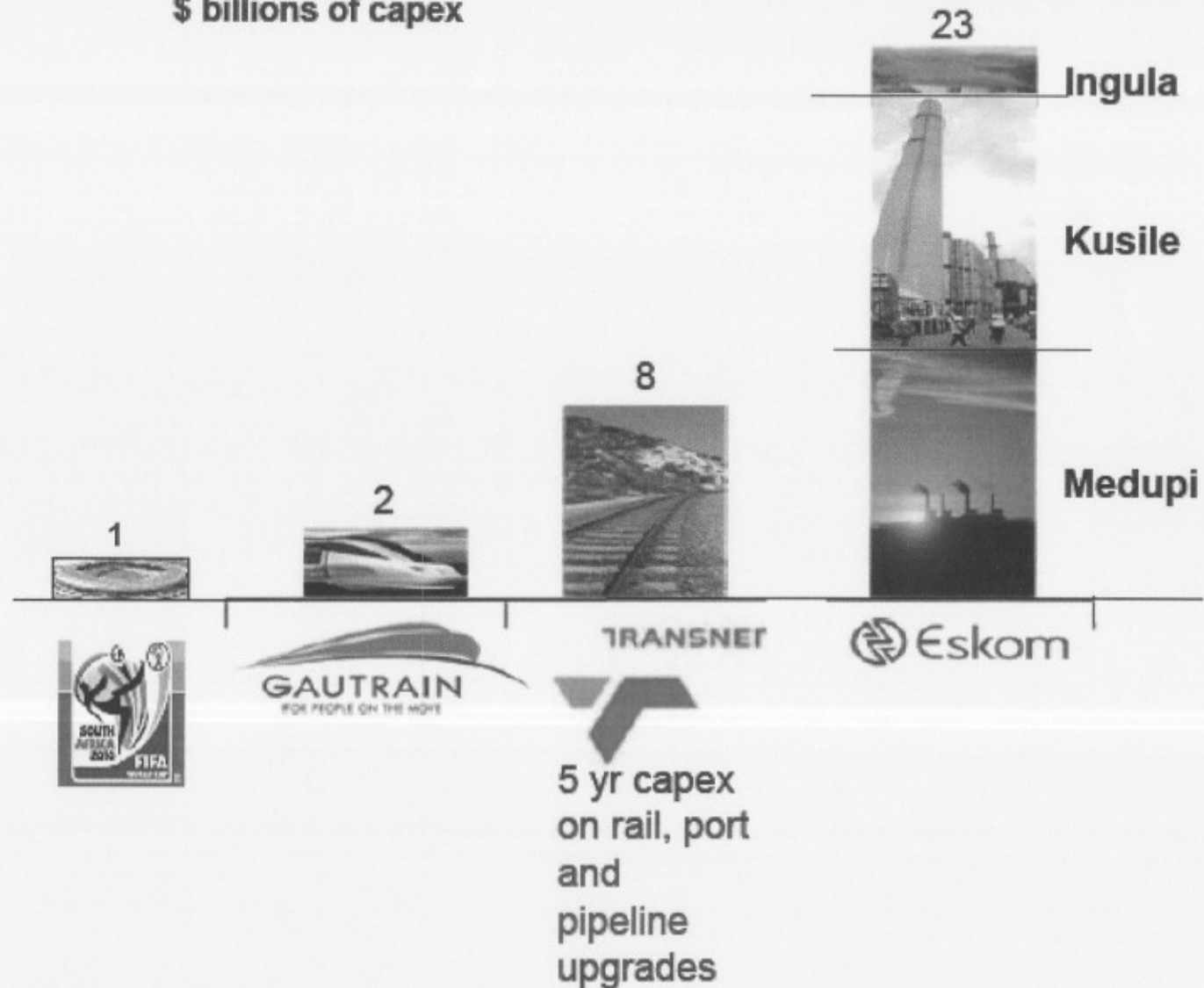
- **Funding required:** R248bn (local & offshore)
- **Capacity increase as % of Eskom's installed base:**
  - Base load increases from Medupi and Kusile 25% (+9,564 MW)
  - Peaking capacity increase from Ingula 30% (+1,332 MW)
- Will be **4<sup>th</sup> and 5<sup>th</sup> largest** coal plants in the world and **19<sup>th</sup> largest** pumped storage scheme
- **Direct construction employment:** 20,000
- **People directly impacted by Medupi, Kusile and Ingula** ~ 155,000
- Pace of build of Medupi and Kusile is **30% faster** than previous Eskom coal builds

.....plus they will keep the lights on for all of South Africa!



The capex for Eskom's 3 largest new build projects ranks among the world's largest construction projects...

\$ billions of capex



# Medupi Power Station's potential impact on SA Inc. -supporting infrastructure

