



MINISTRY
PUBLIC ENTERPRISES
REPUBLIC OF SOUTH AFRICA

DPE AFFIRMS COMMITMENT TO RESTRUCTURING Eskom TO SECURE SOUTH AFRICA'S ENERGY FUTURE

PRETORIA, 10 August 2023 – The Department of Public Enterprises (DPE) is hereby correcting the misinterpretation and mischievous propaganda arising from a technical letter sent to the Eskom Board:

1. The facts are: The intention to restructure Eskom was first pronounced by the President in the 2019 State of the Nation Address, whereby he mandated the process to transform the structure of our electricity industry to better serve the needs of the country, saying “To bring credibility to the turnaround and to position South Africa’s power sector for the future, we shall immediately embark on a process of establishing three separate entities – Generation, Transmission and Distribution – under Eskom Holdings”.
2. The implementation of the Eskom Roadmap and current legislation before parliament will result in a restructured electricity industry.
3. Globally the energy sector is rapidly changing due to new technologies, changing customer behaviours and climate change policies. Eskom’s current structure is no longer suitable to meet the country’s energy needs.

What does the implementation of the restructuring require?

- a) Currently Eskom Holdings owns all Generation, Transmission and Distribution assets -- 100 percent of these assets are owned by the State.
- b) The reform of Eskom requires the “restructuring of Eskom”. This means establishing three separate companies housing Generation, Transmission and Distribution businesses -- 100 percent owned by the State.
- c) In order to implement the above, corresponding assets need to be transferred from Eskom Holdings to each of the new companies.
- d) This requires approval in terms of the Public Finance Management Act (PFMA) Section 54 (2), (c) and (d). In terms of this section, the consent of both Ministers of Finance and Public Enterprises is required for the transfer of these assets into the newly established Distribution company.

The letter to the Board contains the consent of the Minister of Public Enterprises for the transfer of assets from the Holding company to the newly established Distribution company. Further work still needs to be done and agreed upon in relation to the business and the financial model of the newly established Distribution company.

The restructuring process is a crucial part of ensuring energy security in the future for all South Africans. The DPE and government are fully committed to the implementation of the Roadmap and in retaining 100 percent control of these entities.

The public needs to be mindful that there are many vested interests who seem to be intent on undermining energy security and the restructuring process – both of which will be disadvantaging 60 million people. This is through misinformation and deliberate distortions aimed at undermining public confidence in the process. This is not in South Africa's interest.

ENDS/

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