



NUM-NUMSA Submission to the Portfolio Committee on Energy and the Portfolio Committee on Cooperative Governance and Traditional Affairs on the Possible Restructuring of the Electricity Distribution Industry (EDI)

31 July 2012, Parliament RSA

The Labour Movement & EDI (1)

- Num/Numsa are Cosatu's two biggest unions – about 600 000 out of the federation's 1,9-million membership
- Both unions organise the majority of the 14 164 employees in Eskom distribution business
- Num/Numsa organise in intensive energy sectors such as mining, smelting and heavy engineering which are dependent on security of supply

The Labour Movement & EDI (2)

- Numsa has membership in companies that manufacture transformers, switchgears and cables
- The two unions have participated in fora on EDI restructuring going back to the National Electrification Forum (NELF) in the early 1990s right up to the EDI Holding Co.

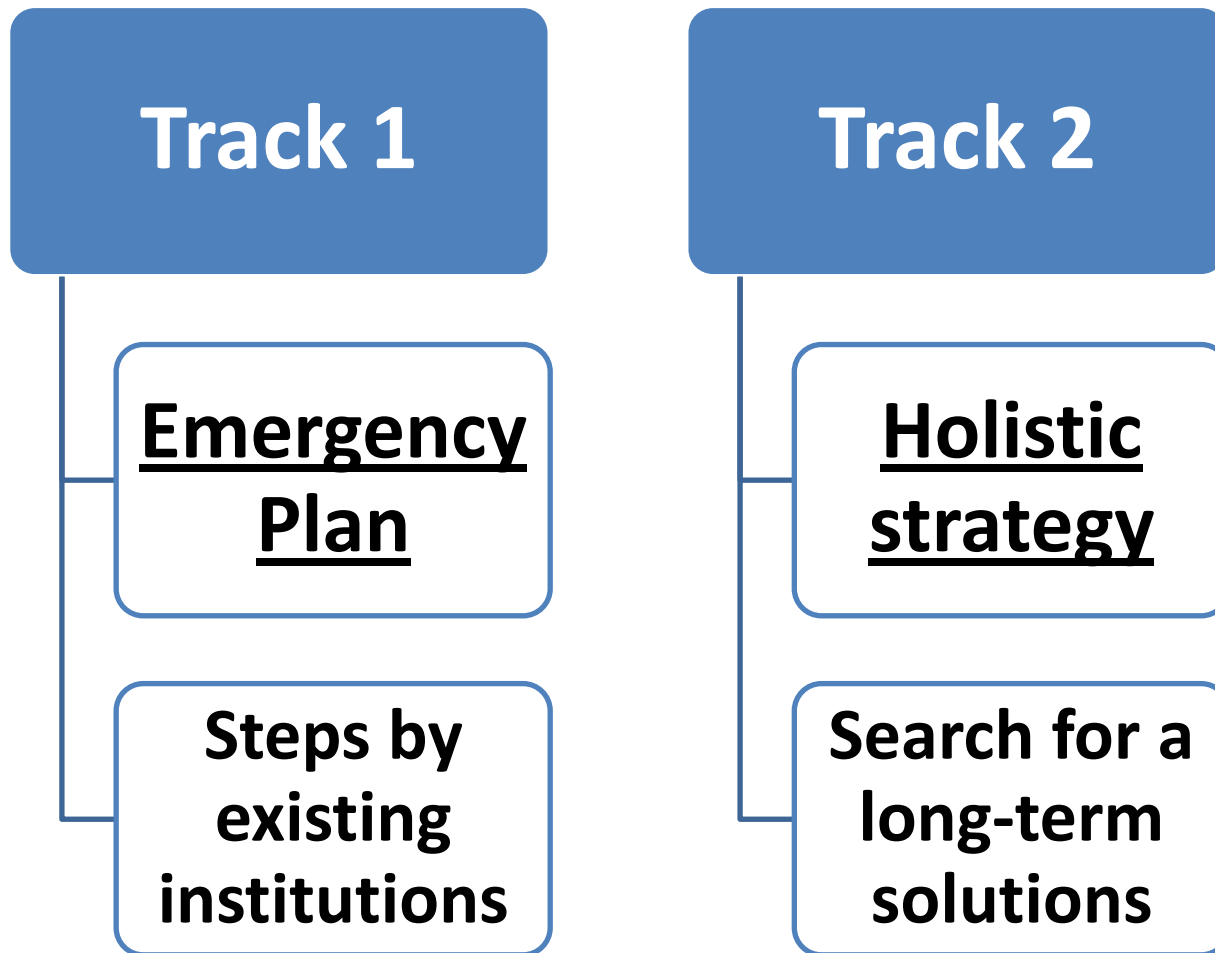
EDI Challenges

- Shortages and backlog of investments.
- High level of fragmentation in terms of investments, sharing of facilities, services and people development.
- Inadequately maintained networks, resulting in maintenance and refurbishment backlogs giving rise to high cost of interruptions.
- Inequitable treatment of consumers, resulting in a wide range of tariffs for the same or similar groups of consumers and also unfair discrepancies between Eskom and municipalities.
- Variation in the electrification performance for various areas.

State of Emergency

- Differentiated tariffs and service between Eskom and municipalities are becoming a significant trigger of service delivery protests
- Little movement from DoE since the 2010 Cabinet to wind up EDI Holding Co and attempts to set up REDs
- Deterioration of customer service to poor communities
- Decline of EDI component manufacturing sector

Need for a Twin-Track Strategy



EDI Emergency Plan (1)

- Update ADAM and continue the ringfencing exercise
- Programme for maintenance and refurbishment
 - *Link maintenance with distribution licences*
 - *Establishment of a National Refurbishment Fund with a grant system*
- Human Resource Development (HRD) Plan

EDI Emergency Plan (2)

- EDI workstream within the Municipal Infrastructure Support Agency (MISA)
- Rejuvenation and Localisation Strategy for the electricity distribution component manufacturing sector
- Strategy to deal with electricity losses
- Determination of norms and standards on electricity surcharges by Minister of Finance

Track 2 - Long-term Strategy

- Work towards the establishment of a statutory Electricity Council
- Preliminary discussions on:
 - *vision & end state for EDI*
 - *objectives for restructuring*
 - *instruments to be utilised*