



MEDIA STATEMENT

Eskom serves notice of power interruption against City of Johannesburg and City Power

Thursday, 07 November 2024: Eskom today served a notice of intention to interrupt power supply to the City of Johannesburg (CoJ) and City Power at certain pre-determined times of day in accordance with the Provision of Promotion of Administrative Justice Act (PAJA).

The CoJ and/or City Power currently owe Eskom an amount of R4.9 billion, excluding the current account of a further R1.4 billion which will become due and payable at the end of November 2024.

Despite all the avenues that Eskom explored and efforts to accommodate the CoJ, the matter has reached a point where Eskom can simply no longer afford to accommodate the CoJ without putting further financial strain on and harming its own business. In terms of the Constitution and the Intergovernmental Relations Framework, the CoJ is supposed to cooperate and assist Eskom with fulfilling its mandate of ensuring that citizens have access to affordable electricity. The CoJ has breached these obligations by not paying Eskom for the bulk electricity it supplies, making it almost impossible for Eskom to fulfil its mandate.

When entities like the CoJ fail to pay Eskom timeously or at all, it forces Eskom to borrow additional money at premiums to fund operational costs. Operational costs should be funded by revenue generated from electricity sales and not by borrowings. Borrowing money to fund operational cash shortfalls caused by the failure of municipalities such as the CoJ to pay Eskom for bulk electricity increases the costs of providing electricity exponentially. The failure to pay by the CoJ is contributing to the growing municipal debt which, as at the end of September 2024, stands at R90 billion.

Eskom's financial sustainability and ability to supply electricity at affordable prices is contingent upon its ability to improve its balance sheet by increasing revenue and reducing expenses. Revenue can only be increased by collecting electricity debts and/or increasing electricity tariffs.

The CoJ has acknowledged its indebtedness to Eskom, but it refuses to pay the full amount of its monthly bill. The CoJ alleged, without substantiating their claim, that Eskom is overbilling it on some of its supply points. It is for this reason that the CoJ is applying set-off against the monthly bills raised by Eskom, which is contrary to the electricity supply agreement and the agreements reached with its Chief Financial Officer (CFO), Rendani Sadiki, and the Chief Executive Officer (CEO) of City Power, Tshifularo Mashava, and City of Johannesburg Management. In more than one meeting, it was agreed that the CoJ would continue to pay whilst the alleged overbilling is investigated; this undertaking has been renegeed on.

For the reasons mentioned above, on 8 November 2024, Eskom will be issuing a public notice inviting all interested and affected parties to submit written representations,



comments, and/or submissions indicating why Eskom should or should not proceed to interrupt electricity supply to the points mentioned in the PAJA notice.

A final decision on whether Eskom will proceed with the interruption will be communicated after a review of the representations received through the PAJA process on 12 December 2024.

Eskom will keep the media and the public updated throughout the process as significant developments arise.

ENDS