

# PUBLIC NOTICE

## ESKOM Bulk Electricity Interruption

### MEDIA STATEMENT

**26 October 2020**

Eskom and the municipality have been battling for a long time to find common ground. Efforts were made to enter payment arrangements with Eskom which are suitable to both Eskom and the Municipality, but to no avail.

The Municipality is in dispute with Eskom on matters that have remained unresolved and cannot enter into an agreement forced upon the municipality if disputes are not resolved. The following issues was brought under the attention of Eskom:

#### **1. Change in Eskom Tariff needed (Jansenville Bulk Supply Upgrade)**

The Jansenville supply point needs to be upgraded from 1MVA to 2MVA, as various penalties were being implemented by Eskom due to the maximum demand being exceeded. From August 2017 to October 2018, penalties amounted to R585 105, which cannot be collected from consumers. Eskom has requested a hefty deposit for the upgrade to be done, but due to financial constraints, the upgrade cannot be done. Eskom refuses to enter in to discussions on the write off of penalties and interests accumulated since inception of DBNLM in August 2016.

#### **2. Wheeling Agreement**

The Municipality entered into a wheeling agreement with Eskom during March 2018. The wheeling agreement relates to the provision of electricity by Eskom in two areas namely Umasizakhe and Lotusville within DBNLM. Eskom is utilizing the infrastructure of the Municipality to provide electricity to these areas. The Municipality could not see any credits being passed on the bulk accounts until August 2018. The Municipality is of the opinion that this agreement should have been effective from date of amalgamation, and credits are due to the Municipality.



DBNLM is aware that these wheeling agreements existed for the last 20 years, however no evidence can be obtained in the municipality's records that the municipality was repaid for the buyback of electricity. Eskom requires the municipality to solely rely on their word. We received the necessary expert advice and assistance, however engagements with Eskom as to what is due to the Municipality is not being entertained. The other question will be, what reason there would be for Eskom to be the licensed holder, if the municipality are the bulk supplier to them in the boundaries of DBNLM. There is no clarity on what we are supposed to bill Eskom, as this was never formalized. Therefore, Eskom is at liberty to charge whatever they desire, knowing we are in no position to verify their actions.

### **3. Sustainable Repayment Plan**

DBNLM must put a repayment plan in place that will be sustainable for the long term. A plan that we will be confident will not be defaulted on. Three repayment proposals since inception of the municipality was made to ESKOM but was rejected. A repayment plan was eventually entered, but due to our financial position could not be maintained. A redrafted plan has been provided by Eskom, which is unaffordable to the municipality, and is not incorporating or resolving the disputes at hand.

On 28th August 2020, Eskom issued a notice of intent to interrupt bulk electricity supply to areas within DBNLM jurisdiction. It came as a surprise, as everyone has been affected by the impact of Covid-19 including the municipality whose revenue had decreased notably during the national lock-down months, however the municipality acted swiftly to schedule engagements with the power utility, and the interruption was discontinued. Eskom has now again issued a notice of interruption of bulk electricity supply to be affected from 23 October 2020, in the following towns, namely: Willowmore, Steylerville and Jansenville. The municipality has attempted to intervene, but no positive response has been received.

In the master agreement with Eskom there is also a clause indicating that no action can be taken by the power utility in the case of a pandemic. Unfortunately, this clause has never been considered by ESKOM as they have implemented bulk electricity interruption since Friday, 23 October 2020. We were therefore left with no other option but to apply for an urgent court order to prevent Eskom from proceeding with electricity supply interruptions. The legal processes are in progress for a court of law to enforce discussions between Eskom and the Municipality on matters unresolved. The matter is sub judice and any additional information will be provided as and when it becomes available.



DBNLM is acutely aware of its financial obligation and not disputing payment to Eskom, as their service is being utilized. The Municipality has not stopped making payments to Eskom, thus from the monthly R12 million due, R10.5 million was paid over to Eskom in the month of September 2020.

We humbly apologize for the inconvenience caused and ensure residents that the municipal council will do everything in its power to ensure interruptions are discontinued.

Residents will be kept informed regarding any development on this matter.

Regards

DR. E. M. Rankwana  
**MUNICIPAL MANAGER**

CHURCH SQUARE  
PO BOX 71  
GRAAFF-REINET  
TEL: [049 807 5700](tel:0498075700)  
FAX: 049 892 4319  
EMAIL: [municipality@bnlm.gov.za](mailto:municipality@bnlm.gov.za)  
[www.bnlm.gov.za](http://www.bnlm.gov.za)