

# DPE affirms commitment to restructuring Eskom



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Government is fully committed to the implementation of the Eskom roadmap and the state retaining 100% control of the three separate entities - Generation, Transmission and Distribution, said the Department of Public Enterprises (DPE).



Image source: Sergey Sukhanov – [123RF.com](https://www.123RF.com)

“The DPE is hereby correcting the misinterpretation and mischievous propaganda arising from a technical letter sent to the Eskom Board,” it said in a statement on Thursday.

The department reminded citizens that the intention to restructure Eskom was first pronounced by President Cyril Ramaphosa’s 2019 State of the Nation Address (Sona) when he mandated the process to transform the structure of the electricity industry to better serve the needs of the country.

The President announced the process of establishing three separate entities – Generation, Transmission and Distribution – under Eskom Holdings.

“The implementation of the Eskom roadmap and current legislation before Parliament will result in a restructured electricity industry.”

Globally, the energy sector is rapidly changing due to new technologies, transforming customer behaviours and climate change policies.

“Eskom’s current structure is no longer suitable to meet the country’s energy needs.”

## **Asset ownership and transfer**

According to the department, Eskom Holdings currently owns all Generation, Transmission and Distribution assets, of which these assets belong to the state.

“The reform of Eskom requires the ‘restructuring of Eskom’. This means establishing three separate companies housing Generation, Transmission and Distribution businesses – 100% owned by the state,” the statement read.

“To implement the above, corresponding assets need to be transferred from Eskom Holdings to each of the new companies.”

The department said this requires approval in terms of the Public Finance Management Act (PFMA) Section 54 (2), (c) and (d).

In terms of this section, the department said 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 department believes that 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 to retaining 100% 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,” it said.