MYPD 6 Application

NERSA Public Hearings

Durban

21 November 2024

The Eskom Strategic turnaround is based on four strategic objectives to deliver the organisation's dual mandate

Commercial mandate
Providing electricity in an efficient and sustainable manner

Our Mandate

Social mandate
Lower the cost of doing business in South Africa, enabling economic growth

Our Vision
Sustainable power for a better future

Our Purpose
Powering growth sustainably

Strategic objectives

Pursue financial and operational sustainability

- Implement Gx recovery plan - EAF to 70% by March 2025
- Reduce arrear debt & energy losses
- Rebase costs, achieve profitability
- Improve controls to address fraud, corruption and criminality
- Leadership stability, skills development

Facilitate a competitive future energy industry

- Operationalisation of Dx; followed by Gx
- Fine-tune Gx and Dx business models
- Accelerate clean energy project development

Modernise our power system

- Accelerate TDP execution incl. alternative funding models
- Modernise Distribution network development inc. smart meters and microgrids
- Increase flexibility of power system infrastructure

Strive for net zero emissions by 2050

- Accelerate Komati, Grootvlei, Hendrina, Camden repowering and repurposing initiatives
- Implement optimised emissions reduction technology to achieve MES compliance
- Participate in Distributed Energy Resources and drive e-mobility

Create high-performance ethical culture	Use data analytics to create value and enhance decision making	Improve procurement & governance processes	Obtain unbundled tariffs approval (NERSA)	Drive socio-economic transformation

OUR VALUES: Zero Harm · Integrity · Innovation · Sinobuntu · ★★★ Customer Satisfaction · Excellence

Basis of Eskom revenue application

Background

- The Multi-Year Price Determination (MYPD) 5 revenue determination period comes to an end on 31 March 2025
- **Revenue applications are guided by the Electricity Pricing policy (EPP), Electricity Regulation Act (ERA) and NERSA's MYPD methodology (2016)**
  - Must enable an efficient licensee to recover the full cost of its licensed activities, including a risk adjusted return
  - Ensure Eskom's sustainability as a business and limit risk of excess or inadequate returns, while providing incentives for new investment
  - Eskom is required to make a compliant application in terms of the MYPD methodology
- Eskom wishes to be in a position to continue to provide an electricity service to customers
- Based on forecasts which serve as assumptions that correspond to a revenue requirement
  - **Eskom has motivated the application using the latest projections**
- Revenue determination is made by NERSA based on assumptions
  - Variances between determinations and actuals are addressed after the FY through the Regulatory Clearing Account (RCA)
  - In practice, the RCA process has risks with recovery of efficient variances 3 to 6 years after expenditure incurred
- **Have considered impact on consumer by phasing of return on assets for migration towards cost reflectivity at revenue level**
- Have made ringfenced revenue applications for Generation, NTCSA (Transmission) and Distribution
  - Expect NERSA to make ringfenced revenue determinations to facilitate unbundling
- The Electricity Regulation Amendment Act (ERAA) has been signed into law by the President on 16 August 2024, and is awaiting announcement of the effective date
  - Await NERSA transitional arrangements to plot way forward
- The Retail Tariff Plan to restructure the tariff is currently being consulted on

Eskom's application is only for efficient costs

The guiding legislation (ERA) allows only for the recovery of efficient costs

NERSA has various requirements to ensure that only efficient costs are applied for

- NERSA requires the MYPD methodology to be followed and provides detailed guidance on how an application is to be made
- NERSA requires the prudency assessment criteria to be applied, as applications are made
- Eskom provides detailed information that supports its application

NERSA makes assessments for efficient costs

- These are based on the MYPD methodology and prudency criteria
- It is expected that NERSA will also make decisions within these regulatory frameworks and provide the relevant benchmarks, comparisons and motivations
- NERSA also provides reasons for its decision

Corruption and fraud continues to be addressed

- Eskom is making every effort to ensure that processes are in place to address possible fraud and corruption
- NERSA has provided guidance on addressing any recoveries

NERSA methodologies allows Eskom to recover only efficient costs through tariffs to be charged to customers

Regulatory framework for tariff determination

Revenue Level

1 MYPD (decision Dec-24) + RCA

Determination of the required level of annual revenue, typically known as the revenue requirement

- Cost + return Gx, Tx, Dx and retail
- Volume
- Average price and price increase

Tariff Structure

2 Cost to serve/supply

Apportionment of revenue among customers with distinctions made between customer-, demand- and energy-related costs classes

- Cost to serve
- Cost functionalisation Gx, Tx, Dx and retail
- Cost causation and cost drivers
- Cost reflective unbundled unit costs

Tariff Level

3 ERTSA (decision Mar-25

Individual prices, formally known as tariffs or rates, are designed in order to collect the assigned level of revenue from each class

- Tariff design
- EPP, Codes, Strategic provides direction
- Design - unbundled or bundled, affordability
- Once approved by NERSA implementation

Retail Tariff Plan – restructure of tariffs to best reflect the costs for each function (**decision expected Jan-25**)

NERSA's MYPD methodology requires Eskom to provide costs in terms of this allowable revenue (AR) formula

$$AR = (RAB \times WACC) + E + PE + D + R\&D + IDM + L\&T$$

Return on Assets	Operating expenditure (incl R &D)	Primary Energy (incl imports and DMP)	IPPs	Depreciation	Integrated Demand Management	Tax & Levies	Revenue

Return on assets = % cost of capital allowed X depreciated replacement asset value

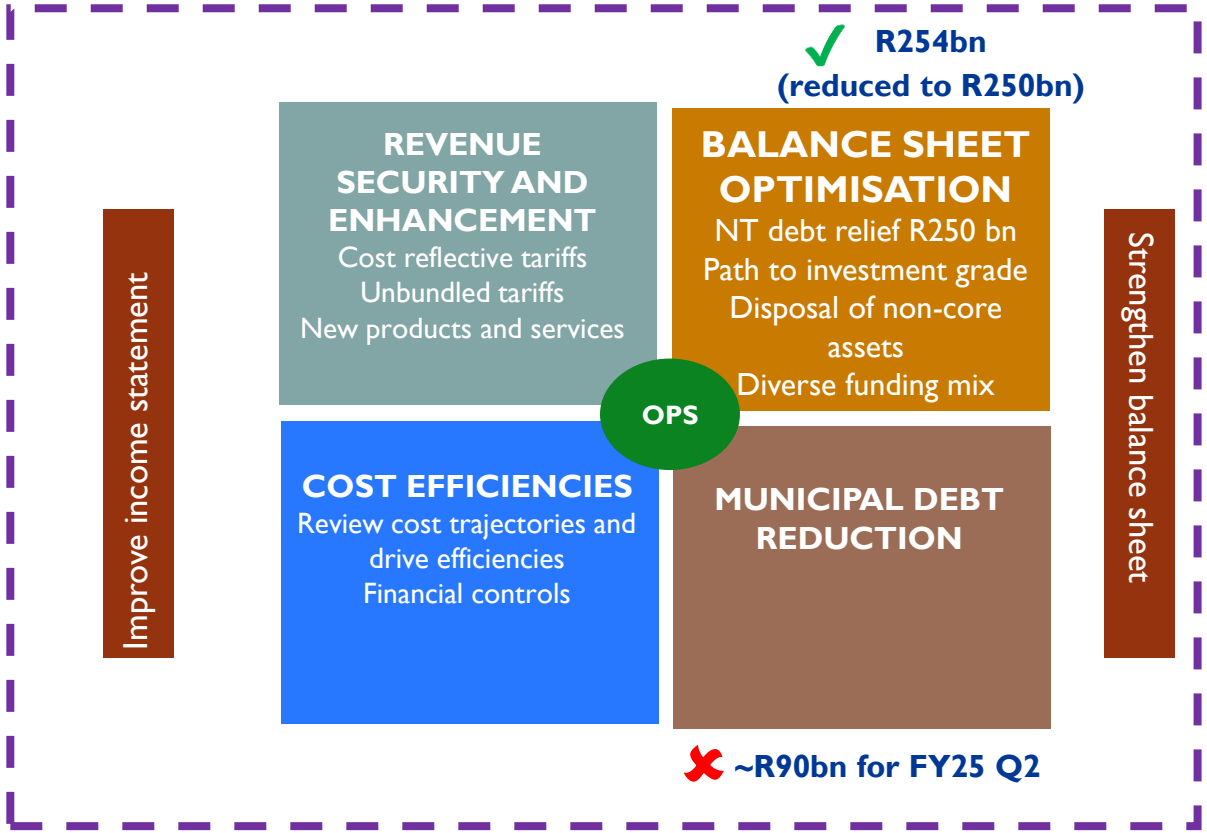
This internationally recognised methodology, if implemented (even in a phased manner) would allow for recovery of efficient costs and a fair return

Eskom allowable revenue required to supply electricity for the period FY2026 to FY2028

Allowable Revenue (R'millions)	AR	Formula	Decision FY2025	Application FY2026	Application FY2027	Application FY2028	Post Application FY2029	Post Application FY2030
Regulated Asset Base (RAB)	RAB		988 345	1 066 724	1 192 878	1 219 244	1 243 078	1 278 277
WACC %	ROA	X	1.58%	4.00%	5.00%	6.00%	7.47%	9.69%
Returns			15 616	42 669	59 644	73 155	92 908	123 916
Primary energy	PE	+	92 816	128 000	133 061	128 869	129 492	134 119
International purchases	PE	+	9 334	10 262	9 737	13 656	11 853	12 387
IPPs	PE	+	76 970	66 633	77 640	109 820	135 510	140 943
Environmental levy	L&T	+	6 503	6 539	6 279	5 337	4 781	4 767
Carbon tax	L&T	+	-	5 534	21 291	19 895	19 274	20 948
Arrear debt	E	+	-	8 914	9 917	10 752	12 037	13 310
Operating costs	E	+	61 442	93 315	93 834	97 864	100 152	105 100
Depreciation	D	+	73 376	66 931	69 952	77 431	79 685	85 961
MYPD6 Allowable Revenue			**336 057**	**428 798**	**481 355**	**536 778**	**585 691**	**641 450**
Add: Approved RCA/court order for liquidation	RCA		16 109	16 765	14 000	-	-	-
TOTAL MYPD6 Allowable Revenue	**R'm**		**352 166**	**445 563**	**495 355**	**536 778**	**585 691**	**641 450**

The tariff increase is a key component to achieving Eskom's financial turnaround

Pillars of our financial strategy



Key risks

1. **Tariff**
2. **Gx plant performance**
3. **IPP delays**
4. **Municipality non-payment**
5. **Unsustainable borrowings on the balance sheet**

Insights

- Four pillars to financial recovery: (1) **Revenue security, (2) debt reduction, (3) cost containment and (4) reduction in municipal non-payment**
- We have implemented **cost efficiencies** in our cost base, for the last 3 financial years. To date operational performance has led to reduce diesel expenditure.
- The **debt relief** allowed the business to manage its high debt service costs and cash, to allocate the financial resources needed for Generation (to address the maintenance backlog and adequately prepare for outages). This served as the critical precursor for improved plant performance and financial recovery
- **Limited success with the Municipal Debt Relief programme** with low adherence to the debt relief conditions. Municapal debt including metros **growing by more than R12 bn/annum**
- All four pillars need to be addressed at the same time if Eskom is to become financially independent

8

Externally driven factors that significantly influence electricity sales in South Africa

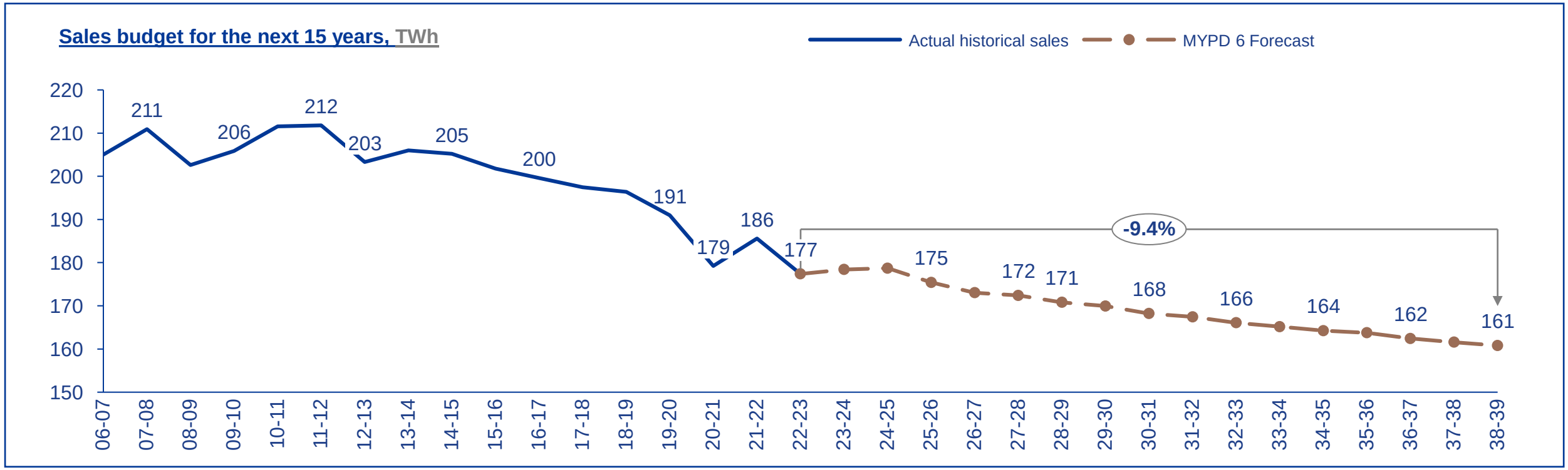
Dominant factors and drivers of electricity demand and thus sales volume

- Overall **national economic growth**; commodity prices;
- Structural changes to the economy (e.g. reduction of mining and manufacturing and growth in services),
- Technological changes, electricity intensity levels.
- Population growth,
- Weather patterns,
- **Policy drivers on investment** choices have been found to be paramount.

Other operational factors that impact sales of electricity in South Africa

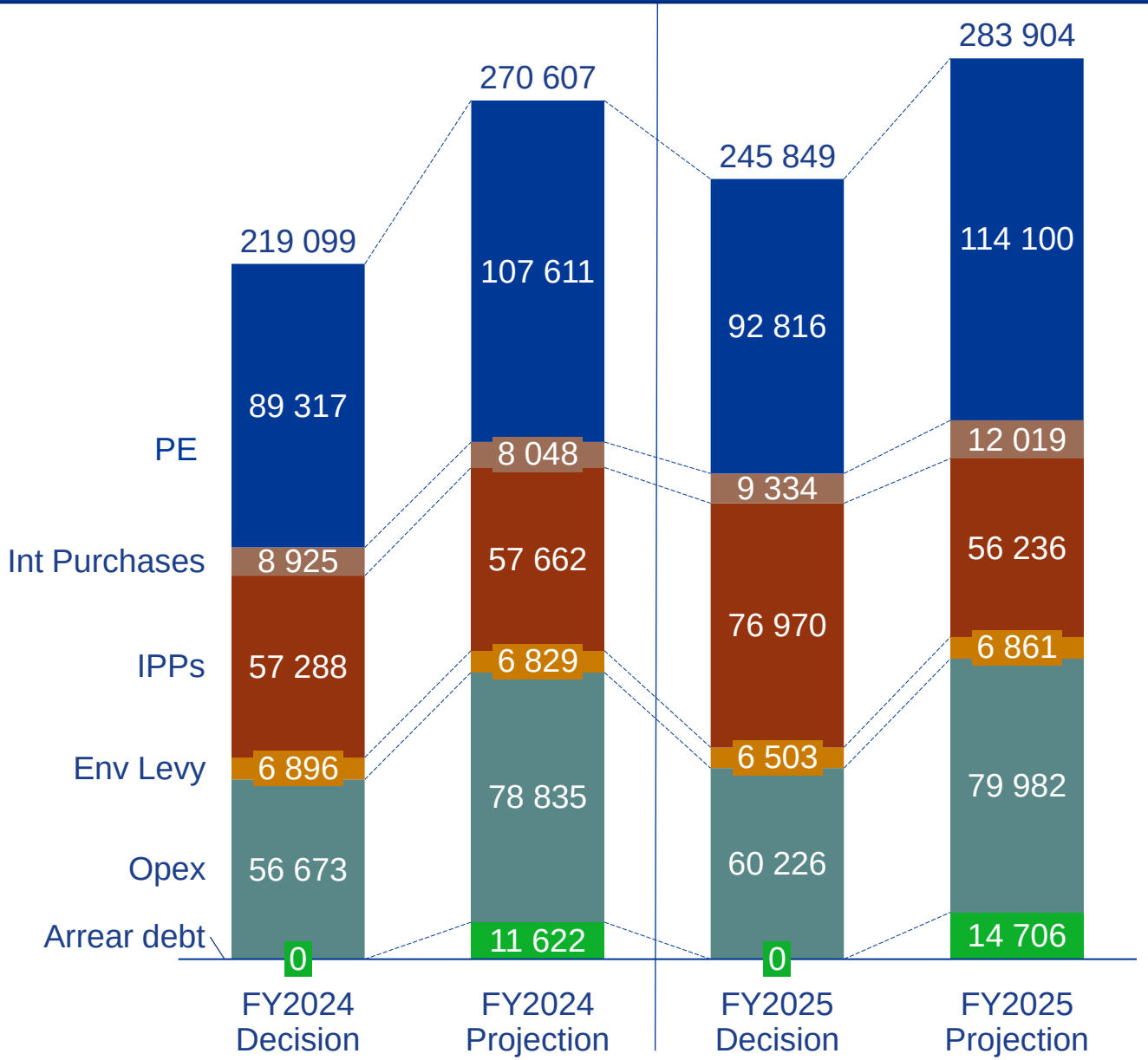
- Low **international economic growth**
- Commodity market volatility
- Rapid evolution of technology in the energy industry
- Some **large power users** have been **liquidated** or applied for **business rescue** due to **financial vulnerability** and low competitiveness
- Some industries that have shut down operations and **relocated to Asia due to incentives offered** in those countries
- Voluntary contribution to the energy reduction strategies during load shedding accelerated energy efficiency and self-reliance
- Opting to export un-beneficiated ore due to high market prices
- **Labour costs** and labour relations
- Reliability and cost of logistics

The MYPD 6 sales forecast based on externally sourced information



- The decline in sales can generally be attributed to large power users as a result of low competitiveness, high ore extraction costs, and volatile commodity markets – particularly in the ferrochrome, steel, gold, and platinum industries.
- It is important to emphasise that the South African economy had shown signs of significant distress prior to the onset of the pandemic and its associated lockdowns
- Although South Africa is still viewed as an emerging market, several factors have contributed to the decline in underlying economic growth of the country. These include finite natural resources, low investor confidence, infrastructure bottlenecks, labour unrest, load shedding, rising local debt, and unemployment

Spike in FY2026 application due to FY 24 & 25 reality being different compared to the NERSA decision



- A gap is seen between NERSA decision and realistic projections for FY2024 and 2025
- Eskom is required to continue to provide electricity to the extent possible – whether NERSA decisions support or not
- If NERSA's previous decisions were insufficient – this shortfall requires catch-up in FY 2026
- Main drivers:

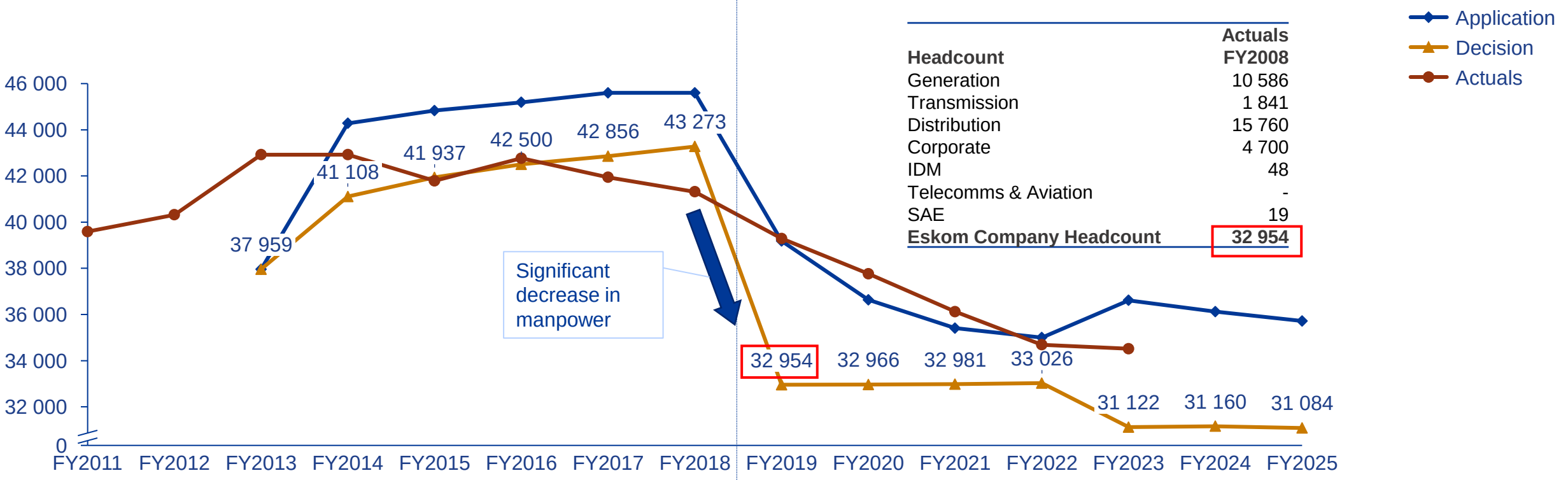
  Coal
  - Coal production was 14TWh more than the FY25 NERSA decision to FY25 projection. Filling the gap for IPPs
  - Mining inflation and related cost drivers are different to general inflation
  - Replacement of coal supply from contracts that have ended, or reserves mined out creates a step change in pricing
  - Amortization of capital expenditure for long term agreements where the remaining tenure is now shorter compared to past

  Start-up gas and oil
  - Increased utilisation to minimise load shedding

  Opex
  - Employee requirements to meet business needs
  - Further maintenance required in accordance operational recovery plan
  - Other opex decision did not cater for operational sustainability

- **This contributes to the spike for FY 2026 application**

Employee numbers have reduced since over last few years , there is a gap in FY 2023

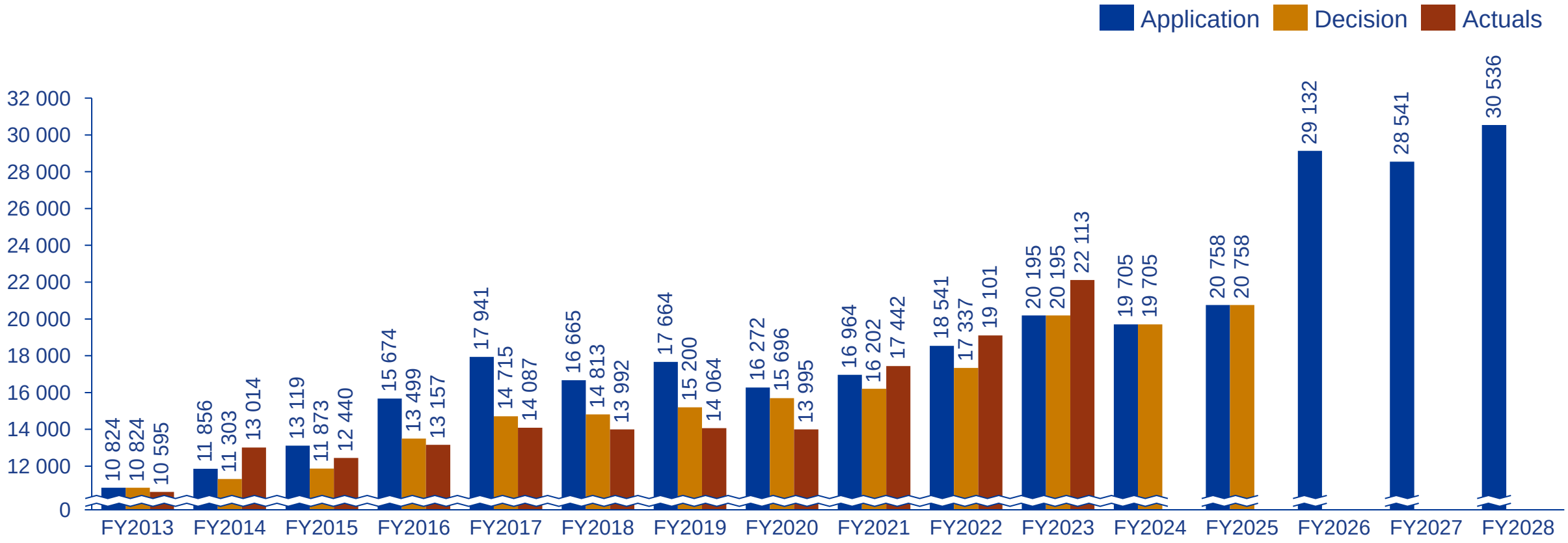


Headcount	Actuals FY2008
Generation	10 586
Transmission	1 841
Distribution	15 760
Corporate	4 700
IDM	48
Telecomms & Aviation	-
SAE	19
Eskom Company Headcount	**32 954**

- Over the MYPD 2 NERSA allowed for employee numbers to increase in line with new build programme
- Over the MYPD 3 this reasoning was maintained for GTD
- However, in this period Eskom restructured to centralised business functions which resulted in an increase in corporate manpower which NERSA did not allow in MYPD 3

- In the FY2019 decision, NERSA reverted to FY2008 as a basis for assessment on manpower, note this is pre-new build programme
- The significant drop in manpower was unrealistic for Eskom to meet especially considering that these are contracted positions approved in MYPD 3
- Eskom successfully reviewed this in the High Court
- However, subsequently NERSA have maintained a similar outlook on employee numbers and have kept it consistently low

Maintenance is required to sustain operations
NERSA has allowed this in their MYPD5 decision

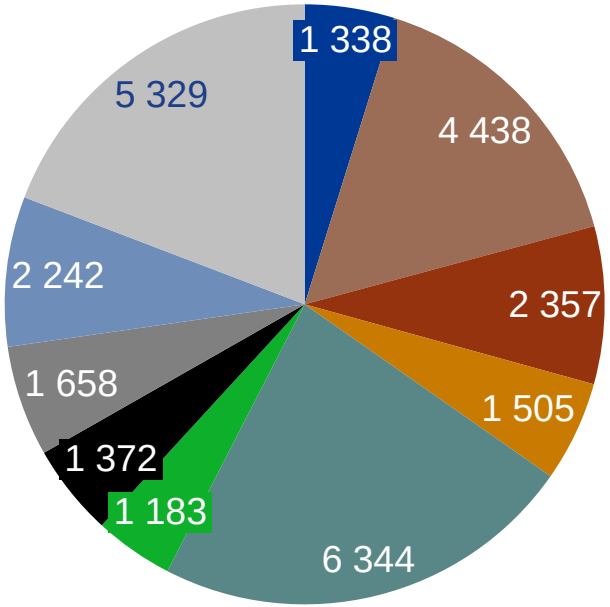


- Further maintenance required in accordance Generation operational recovery plan – 8 priority stations
- Requirement for continued operations –move from shift from “shut down” of older power stations
- More Kusile units operational
- Koeberg long-term outage

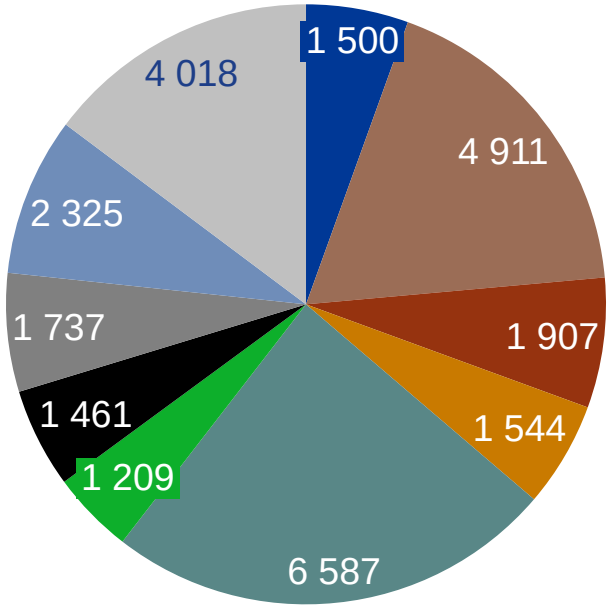
Other operating cost split into cost items (Rm)

Cost splits are only items that are greater than R1 billion

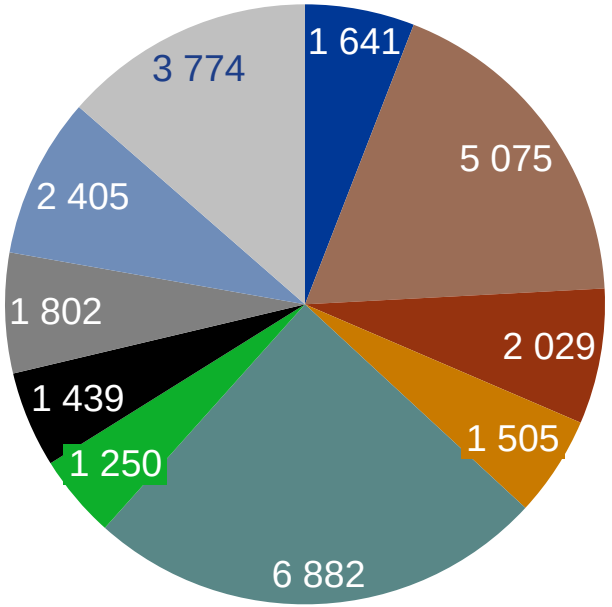
FY2026



FY2027



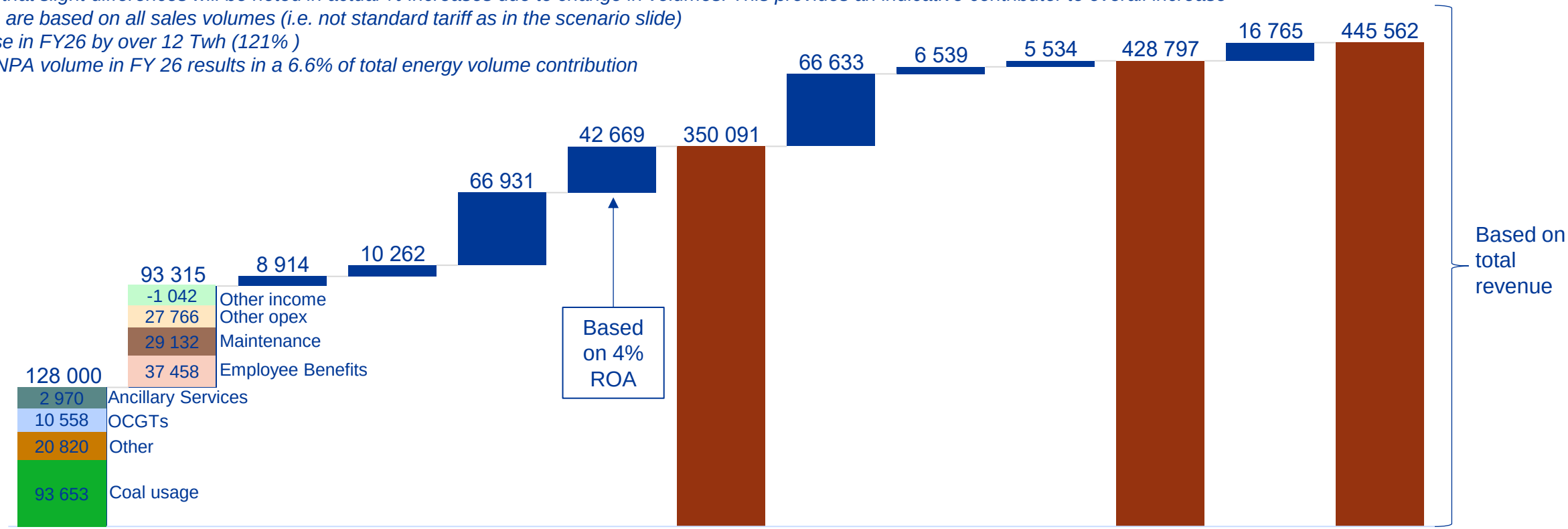
FY2028



- Internal Electricity costs
- Service costs - plant, equip, property
- Contractor Costs
- Materials Expenses
- Net insurance expense
- Cleaning materials and services
- Security services
- Software annual licensing fee
- Travel and subsistence
- Other

FY2026 revenue build-up and contributions to total price increase

- *The FY26 % increase is in comparison to the FY 25 NERSA decision*
- *Please note that slight differences will be noted in actual % increases due to change in volumes. This provides an indicative contributor to overall increase*
- *Calculations are based on all sales volumes (i.e. not standard tariff as in the scenario slide)*
- *NPA increase in FY26 by over 12 Twh (121%)*
- *Increase in NPA volume in FY 26 results in a 6.6% of total energy volume contribution*



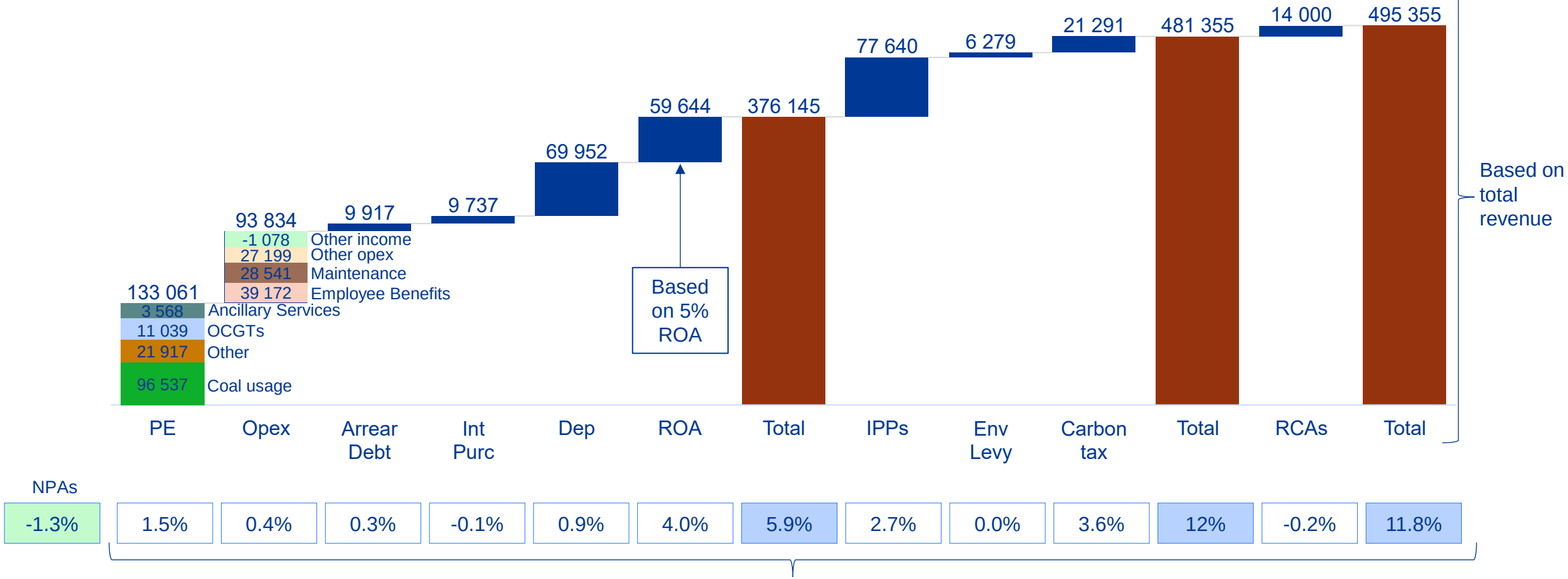
NPAs													
5.7%	11.2%	10.3%	2.6%	0.4%	-1.2%	7.9%	36.9%	-2.3%	0.1%	1.6%	36.3%	-0.2%	36.2%

Year-on-year % contributions to price increases based on standard tariff revenues and volume

Note: 1) Primary Energy (PE) includes Ancillary Services; 2) Int Purc - International Purchases; 3) Dep – Depreciation 4) ROA – Return on Assets; 5) IPPs – Independent Power Producers; 6) Env Levy – Environmental Levy; 7) RCAs – Regulatory Clearing Account

FY2027 revenue build-up and contributions to total price increase

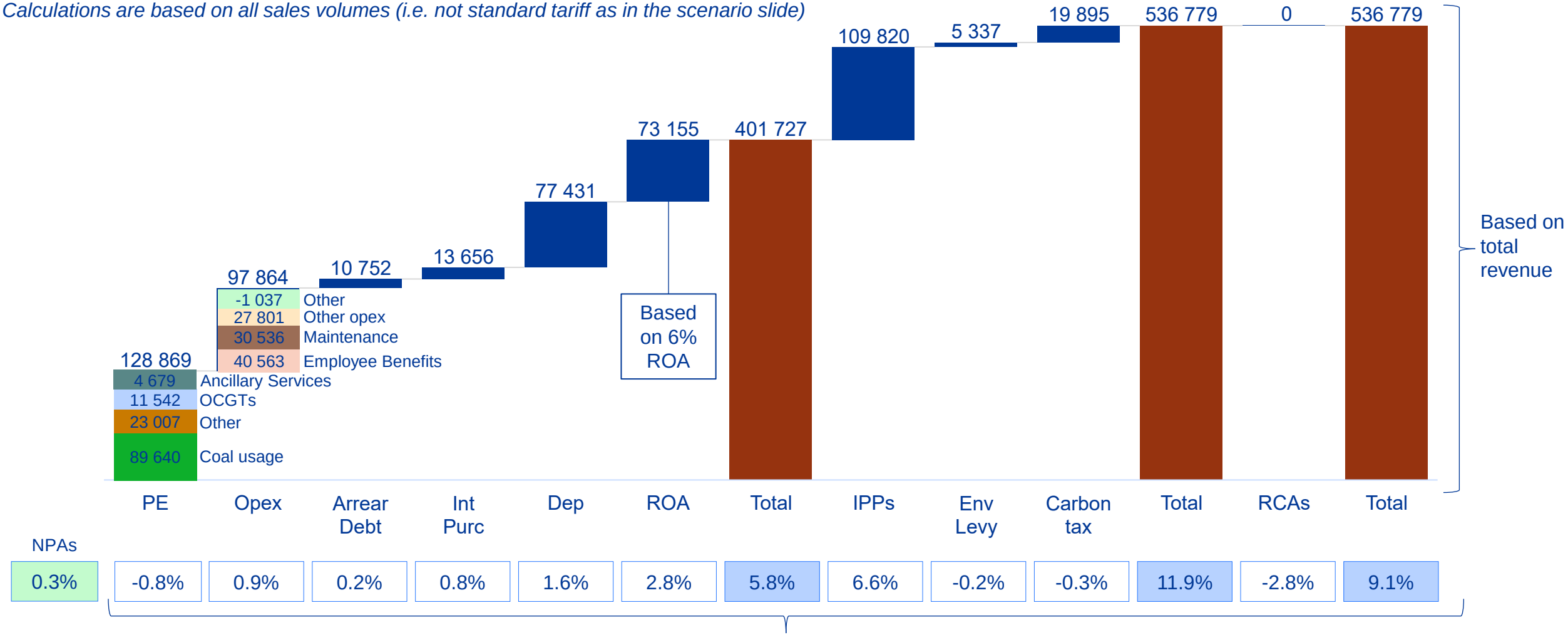
- *The FY27 % increase is in comparison to the FY 26 NERSA decision*
- *Please note that slight differences will be noted in actual % increases due to change in volumes. This provides an indicative contributor to overall increase*
- *Calculations are based on all sales volumes (i.e. not standard tariff as in the scenario slide)*



Note: 1) Primary Energy (PE) includes Ancillary Services; 2) Int Purc - International Purchases; 3) Dep – Depreciation 4) ROA – Return on Assets; 5) IPPs – Independent Power Producers; 6) Env Levy – Environmental Levy; 7) RCAs – Regulatory Clearing Account

FY2028 revenue build-up and contributions to total price increase

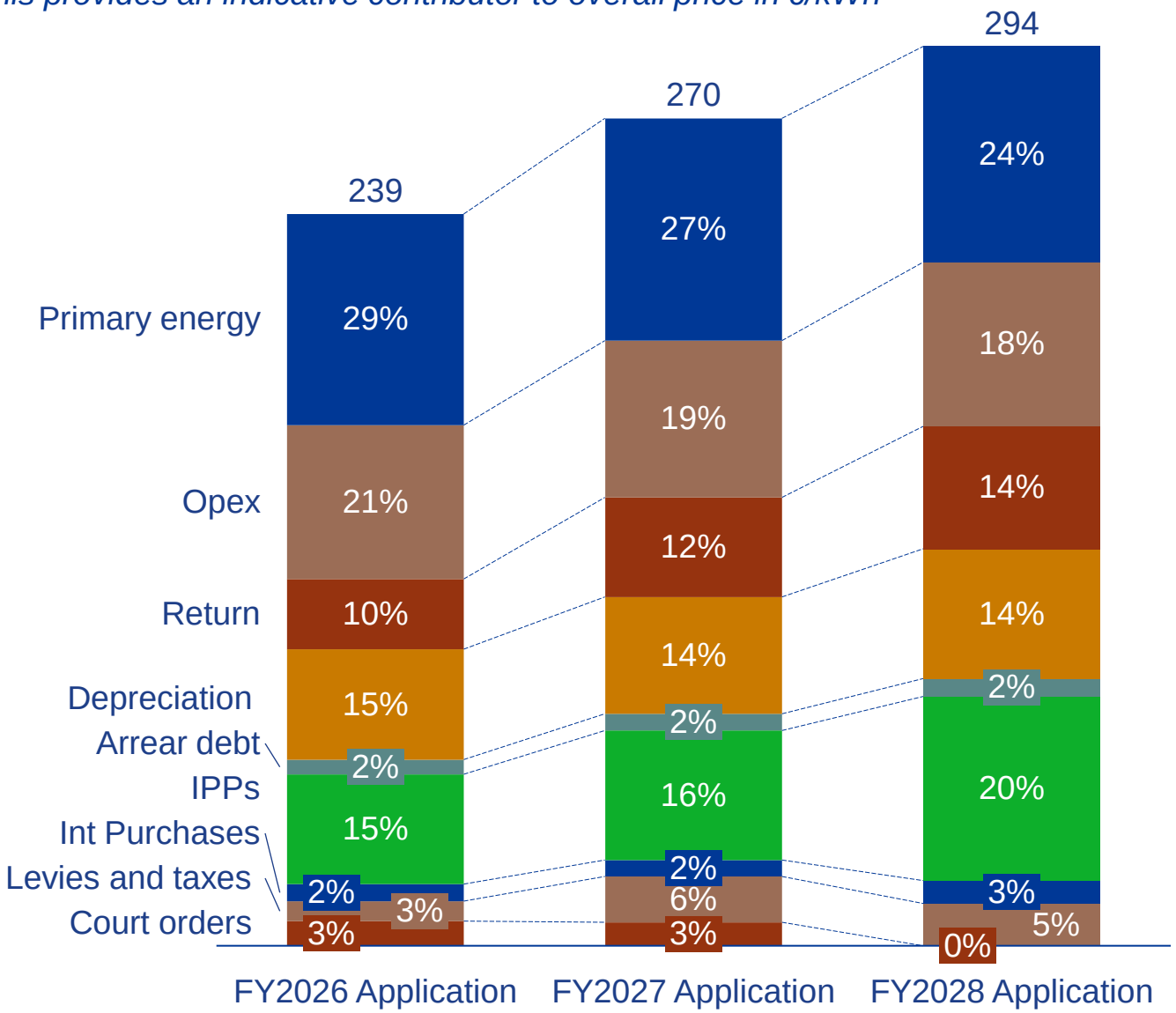
- *The FY28 % increase is in comparison to the FY 27 NERSA decision*
- *Please note that slight differences will be noted in actual % increases due to change in volumes. This provides an indicative contributor to overall increase*
- *Calculations are based on all sales volumes (i.e. not standard tariff as in the scenario slide)*



Note: 1) Primary Energy (PE) includes Ancillary Services; 2) Int Purc - International Purchases; 3) Dep – Depreciation 4) ROA – Return on Assets; 5) IPPs – Independent Power Producers; 6) Env Levy – Environmental Levy; 7) RCAs – Regulatory Clearing Account

Cost contributors to c/kWh and percentage of average tariff

NB: This provides an indicative contributor to overall price in c/kWh



- Eskom management has a role to play in ~50% of the total costs
  - Within the 50% - are many multi-year contracts (prudently undertaken eg coal, employment, maintenance) legislative impacts (regulated diesel, water, fuel oil costs)
- Externally decided costs are:
  - Depreciation - based on NERSA formula
  - ROA - based on NERSA formula and does not reach Eskom WACC
  - IPPs - Govt programme
  - Environmental levy
  - Carbon tax
  - NERSA Court decisions
  - Arrear debt - mainly Munics

Measures for low-income households to have access to affordable electricity

The Government electrification programme

Facilitation of access (cost of connecting a house) to a 20A (low consumption) electricity supply.

- This complements an already subsidised tariff.

Free basic electricity (FBE)

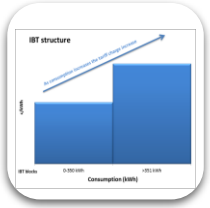
Social grants provided directly to customers through Free Basic Electricity of 50 kWh per household per month by national government to the indigent through the Equitable Share Fund

- Eskom provides FBE to customers in their area of supply as an agent for the municipalities

Subsidised Eskom tariff

For the MYPD3 period and subsequently the increase on the Homelight 20A customers (lifeline tariff) was lower than the average increase. Lower than 18% by 8% at 10%. Includes affordability subsidy (price level) and ERS subsidy (networks)

- Subsidised by direct Eskom large urban customers through the **affordability subsidy**
- The continual implementation from this lower base allows for extension of an effective subsidy
- Average Homelight 20A subsidy in FY25 was 144c/kWh of total 334c/kWh - a 43% subsidy. (Source FY2025 CTS study)



NERSA Inclining Block Rate (IBT)

The IBT was implemented by NERSA to cushion low-income households that use very little electricity.

- Eskom believes that the IBT as it is currently structured does not sufficiently target low-income households and places an unsustainable subsidy responsibility on urban customers
- IBT lowers the price and the key issue is the stepped increase above 350kWh that also makes it difficult to understand

Protecting the poor residential customer – Implementation requirements

Ensuring that Government policies are implemented

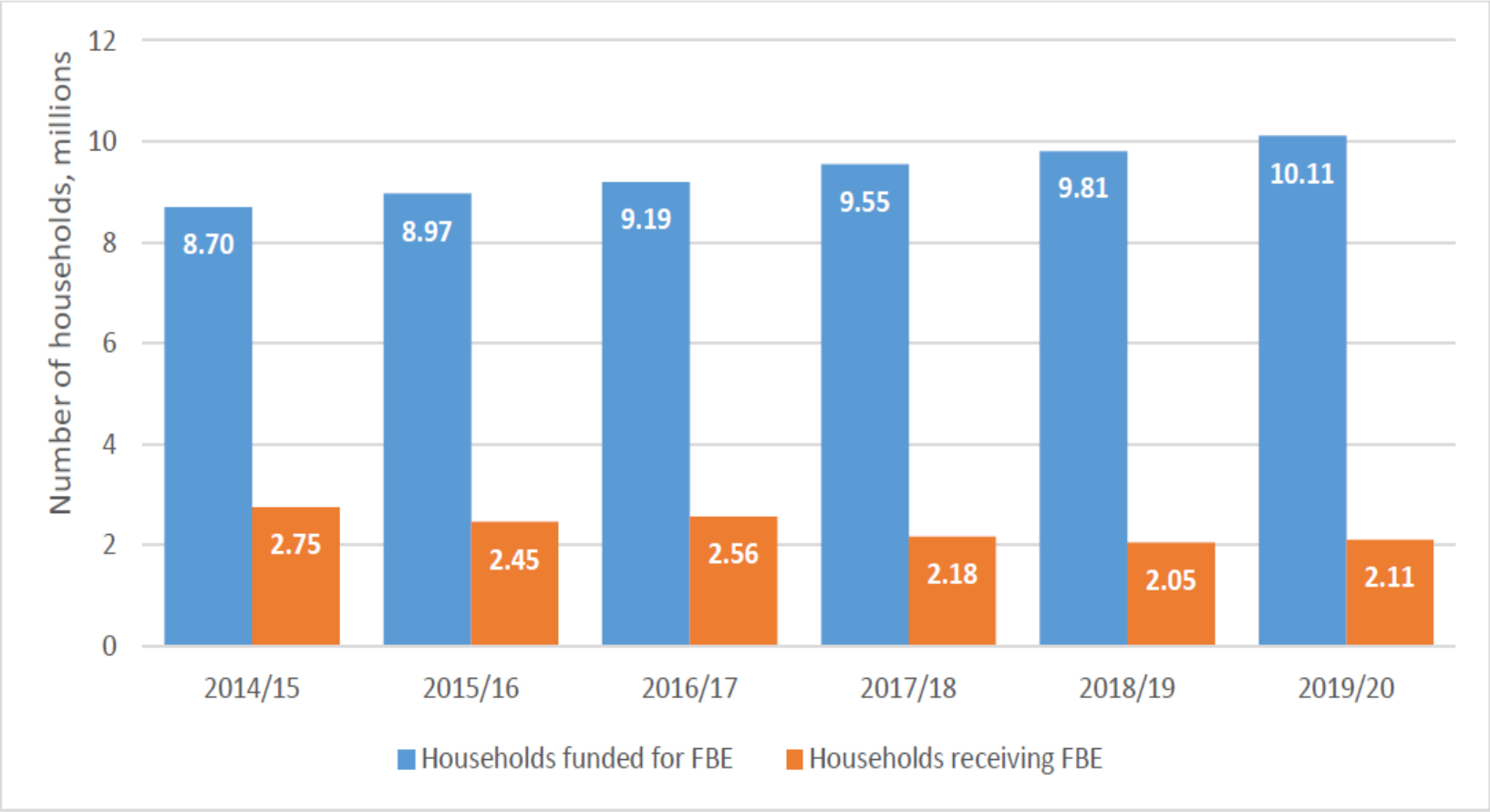
- The electrification programme is still underway
  - Government has a detailed programme in place to ensure that further areas are electrified
- It has been reported that the FBE of 50kWh is not being implemented to all relevant recipients
  - The Reserve Bank study indicates that only about 2 million recipients of a potential 10 million receive their FBE (2021)
  - Only Municipalities determine eligible recipients (indigent registers) – even if Eskom customers
  - Additional efforts are required to ensure that further recipients are identified
  - This is potentially a priority for NECOM to consider
  - The Government Departments will also have a role to play

Possible further policy changes that could be considered

- Eskom's Retail Tariff Plan (RTP) has made proposals to changes to the Inclining block tariff
  - To improve the benefit to poor residential customers, Eskom proposes **removing the IBT structure** and replacing it with a single energy rate charge for Homelight 20A customers.
  - This implies that converting the residential lifeline tariff, Homelight 20A into a single c/kWh energy rate.
  - This will protect the poor where an increased rate will not be paid by poor residential customers (for the second block)
  - This will further support poor residential customers
- The Government has indicated that protecting the poor is priority – other initiatives could be considered

Majority of FBE customers who should qualify are not being served by municipalities

Figure 15: Underspending in free basic electricity



Source: Ledger (2021).

- Municipalities are responsible for recognition & administration of customers who qualify for FBE for Municipal and Eskom customers
- Municipalities have only recognized ~20% of qualifying customers. Majority customers who should qualify are not being allocated by municipalities
- Eskom provides FBE to customers identified for FBE by Municipalities
- In subsequent years situation has worsened
  - FY 2021 – 1 654 160 households
  - FY 2022 – 1 753 091 households

(Source: Non-financial census of municipalities for year ended 30 June 22, published by Stats SA, 26 March 2024)

Conclusion

- Eskom's application **is in accordance with the 2006 Electricity Regulation Act (ERA), Electricity Regulation Amendment Act 38 of 2024 and the prevailing Multi Year Pricing Determination (MYPD) methodology**. It is based on efficient and prudent costs and Return On Assets (ROA) that is increased to allow for cost of capital but still minimising the impact on consumers.
- **Eskom's generators** have again been called upon **to fill the gap** caused by the **unavailability of IPPs** of various technologies
- **Eskom management has a role for about 50% of electricity production costs**, which are mainly contractual and depend on regulated decisions like water and fuel. The other 50% of costs, such as depreciation, Government programmes, and taxes, are externally determined.
- **Eskom's electricity price is lower than in most countries** due to prices not covering the efficient cost of production for providing an electricity service
- Eskom is making a **total revenue application of R446bn, R495bn and R537bn for FY2026, FY2027 and FY2028** respectively
- The key drivers for the Eskom revenue application include:
  - **Enabling the strategic role** played by Eskom
  - Ensuring the **efficient costs and a fair return to Eskom** to continue to provide an electricity service in the form of Generation, Transmission and Distribution services
  - **Migrating towards** recovering an ROA equal to the **weighted average cost of capital**
  - Striving to become self-sufficient and **not continue to be dependent on support from the fiscus**
- For Eskom to be financially viable it needs:
  - Cost reflectivity at revenue and tariff level, balance sheet support by Government, cost exemplarity and collection of billed revenue

Generation Overview

21 November 2024

Reflections: Eskom's performance has improved significantly since April 2024, setting a good base to build on

238 days

of NO loadshedding

(As at 20 November 2024)

R15+ bn

In reduced diesel spend (1 April – 13 November 2024 vs same period last year)

~5GW

Reduction in unplanned load losses (16GW to 11GW)

62.8% EAF

Nov MTD - improved from 57% as at April MTD by leveraging Original Equipment Manufacturers, People and Processes

Skills Growth

Staff turnover down to 1.5%
Staff morale index up from 3.6 to 3.9
2000+ learner pipeline across Eskom, 80% technical (artisans, engineers, operators and technicians)

11.9%

Planned maintenance, compared higher year-on-year than the previous two years

(As at 20 November 2024)

Acronyms: NECOM - National Energy Crisis Committee; OCGT- Open Cycle Gas Turbine; MTD – Month-to-date; EAF – Energy Availability
Sources: 1: 20240729_REPORT_Daily report; 2: Eskom GPSS Official indicator report extracted 2 Aug 2024; 3: Eskom Media Statement 7 Aug 2024

Improved results - Disciplined Execution of the Generation Recovery Plan

Implementation complete | Implementation in progress

1 Set up for success

- **Set-up the enabling structures**
  - Turnaround plans
  - Generation recovery office
  - Key enablers
- **Guard performance** at current **flagship stations**
  - Medupi, Lethabo, Matimba and Peaking
- Focus on the **Priority stations**
  - Tutuka, Duvha, Majuba, Matla, Kendal, Arnot, Kriel
  - Kusile removed from priority list
- **Execution of Koeberg 1 Outage**
- **Source external specialized skills**

2 Execute excellence

65%[1] EAF

Actions for FY24

- **Successful execution of Koeberg 1**
- **Sustain Excellent Medupi performance**
- **Embed principles of Operational Excellence**
- **Address internal skills gaps**
- **Prevent outage slips**
- **Return of Kusile 1, 2 and 3**
- **Synchronisation of Kusile 5**
- **Review plant shutdown dates based on system requirements**

3 World class performance

70%[1] EAF

Actions for FY25 onwards

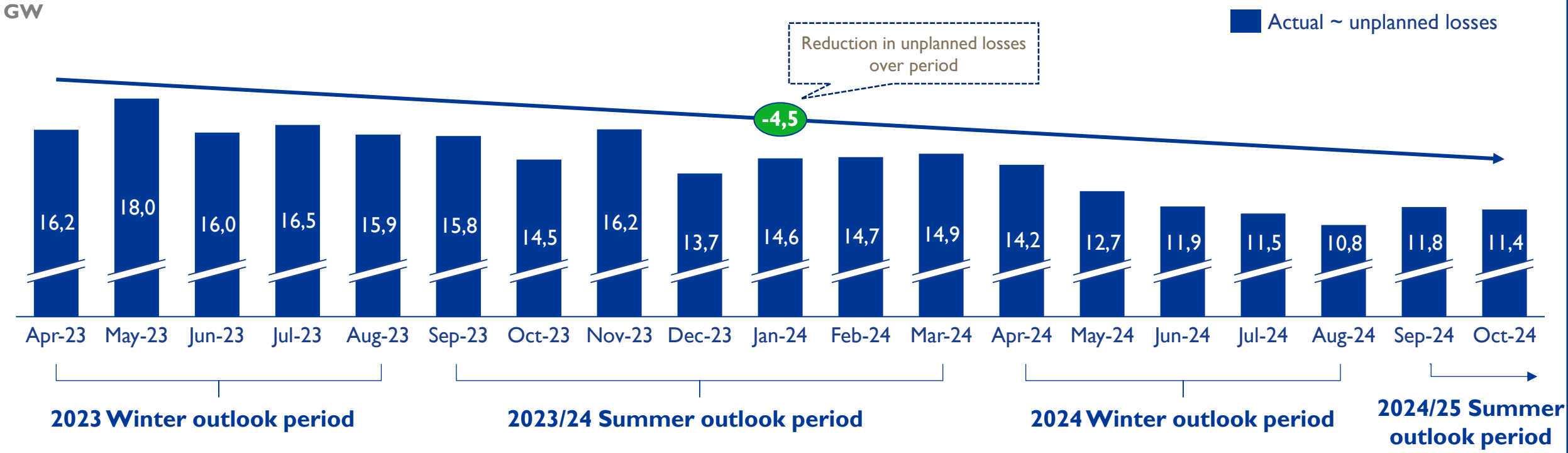
- **Return of Medupi 4** from long term forced outage
- **Commercial operation of Kusile 5**
- **Synchronisation of Kusile 6**
- **Continuous focus on current and future skills**
- **Ensure successful implementation of Koeberg 2 steam generator and long-term operating projects**

Continuous execution of Culture transformation and Strategic Levers as per the Generation recovery plan

Note: 1. MTD for March 2024 and March 2025

Consistent decline in unplanned load losses due to disciplined execution of maintenance

Eskom Gx actual performance on unplanned losses[1]



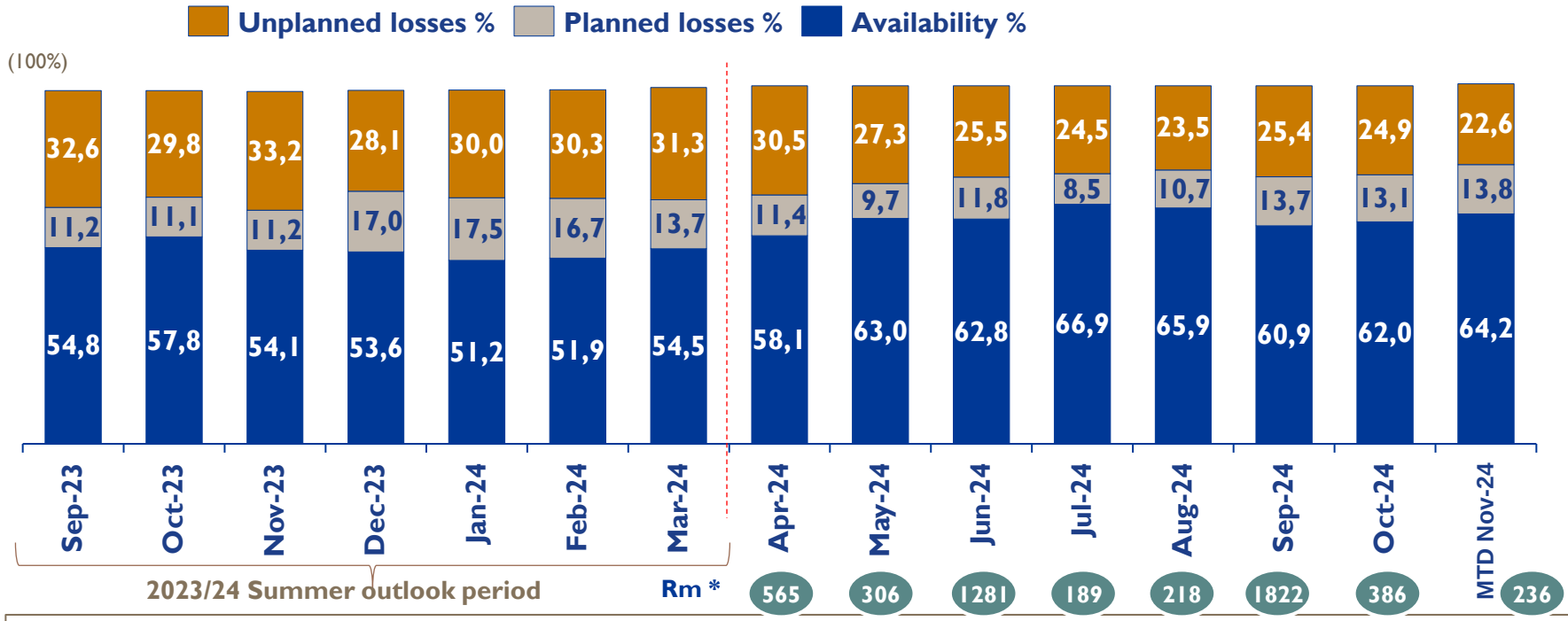
- **Downward trend** observed in unplanned losses, specifically driven by **priority 8 stations** (Tutuka, Majuba, Kusile, Kendal, Matla, Duvha, Arnot and Kriel)
- **Current unplanned losses of ~11.7GW for Oct 2024** are better than anticipated in the Summer outlook, as a result, no loadshedding is required
- Comparing the **average load losses in Sep-Oct 2023 (15.2GW) vs. same period 2024 (11.8 GW) shows an improvement of approximately 3.4GW,** which further illustrates that the **reduction in loadshedding is a result of improved plant performance**

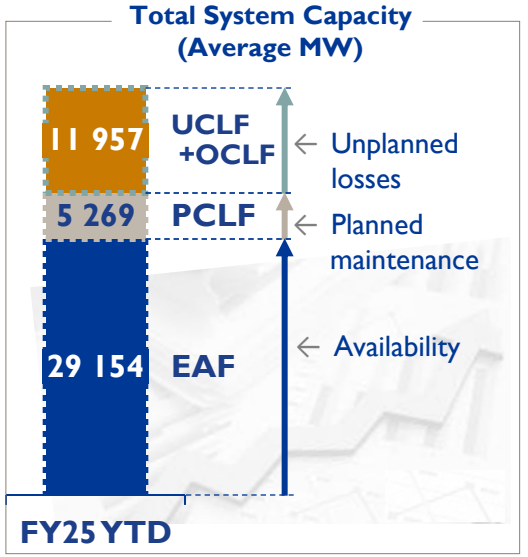
Source: State of the system outlooks; Eskom GPSS KPI listing (All stations) as of end Oct 2024; S&P BI analysis
Note 1. UCLF+OCLF, Numbers vary marginally over reports as data is refined ; Acronyms: Gx – Generation, UCLF – Unplanned Capability Loss Factor; OCLF – Other Capability Loss Factor; MTD – Month-to-date

10% increase in plant availability in just 12 months – billions saved in diesel

Denotes MTD figures for Eskom Diesel spend

Gx overview of monthly and YTD performance



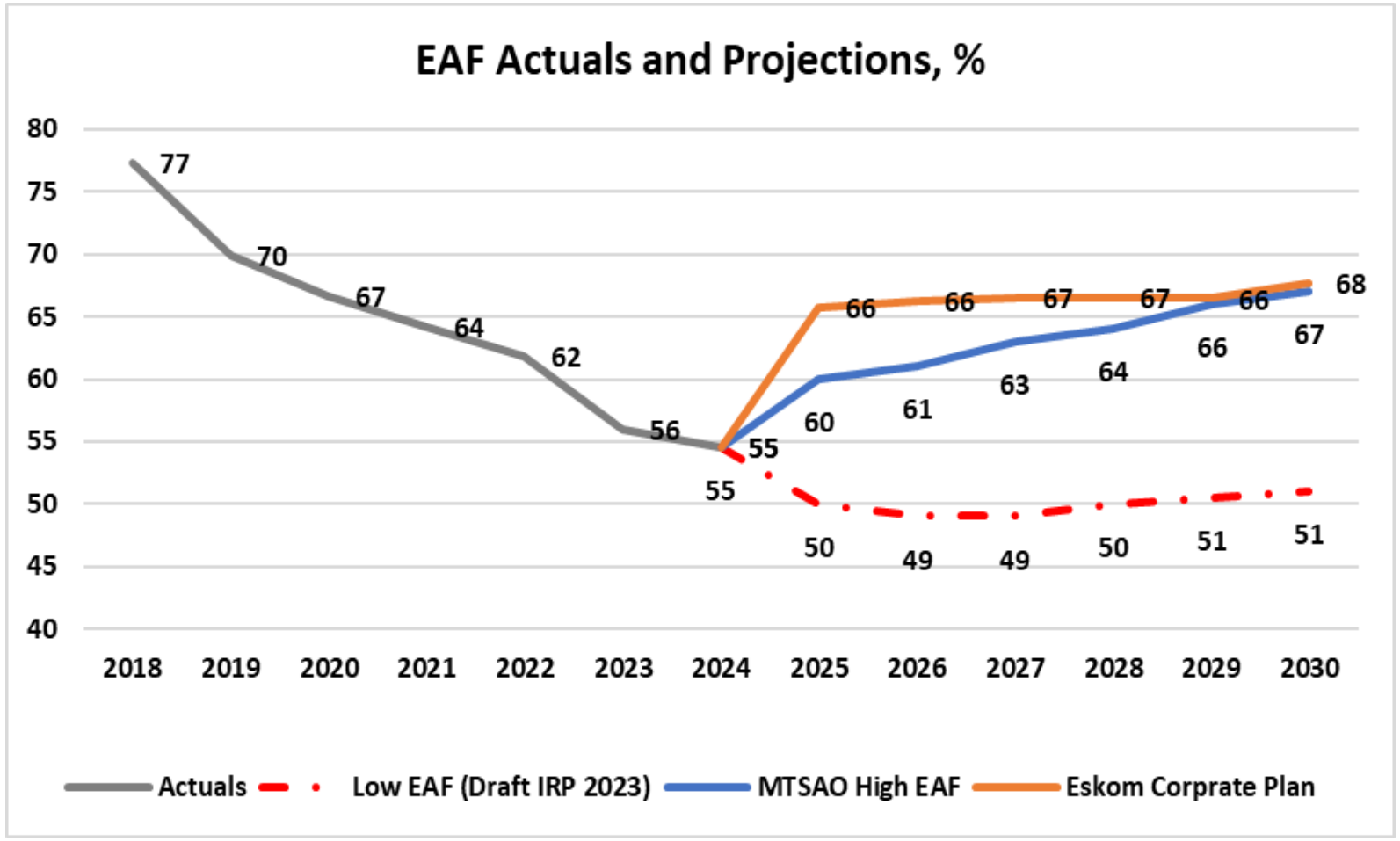


- Eskom Generation's **plant availability** has been **trending upwards**, since **the beginning of FY25**, supported by **decreasing unplanned losses**
- The increased availability has resulted in **decreasing spend** on **expensive OCGT generation –** OCGT's are part of the energy mix utilised for meeting peak demand as required by the System Operator
- Generation has **been able to maintain the unplanned losses** below ~14 000MW throughout the winter period (to date) **while leveraging the improved performance** to conduct additional **short-term PCLF**
- **Two (Kendal & Kriel) out of three stations (incl. Tutuka) that have performed well in the last 6 months are led by women**
- The **fleet is in a more stable setting** going into the summer period of 2024, **compared to the summer of 2023**

Figures as at 11 Nov 2024. Acronyms: YTD – Year-to-date; MTD – Month-to-date; OCGT – Open Cycle Gas Turbine; EAF – Energy Availability Factor: UCLF – Unplanned Capability Loss Factor, OCLF – Other Capability Loss Factor; PCLF – Planned Capability Loss Factor

Annual average EAF performance is ahead of plan

Historical and forecasted EAF performance for Eskom's existing fleet



Source: Gx assumptions submission

Insights

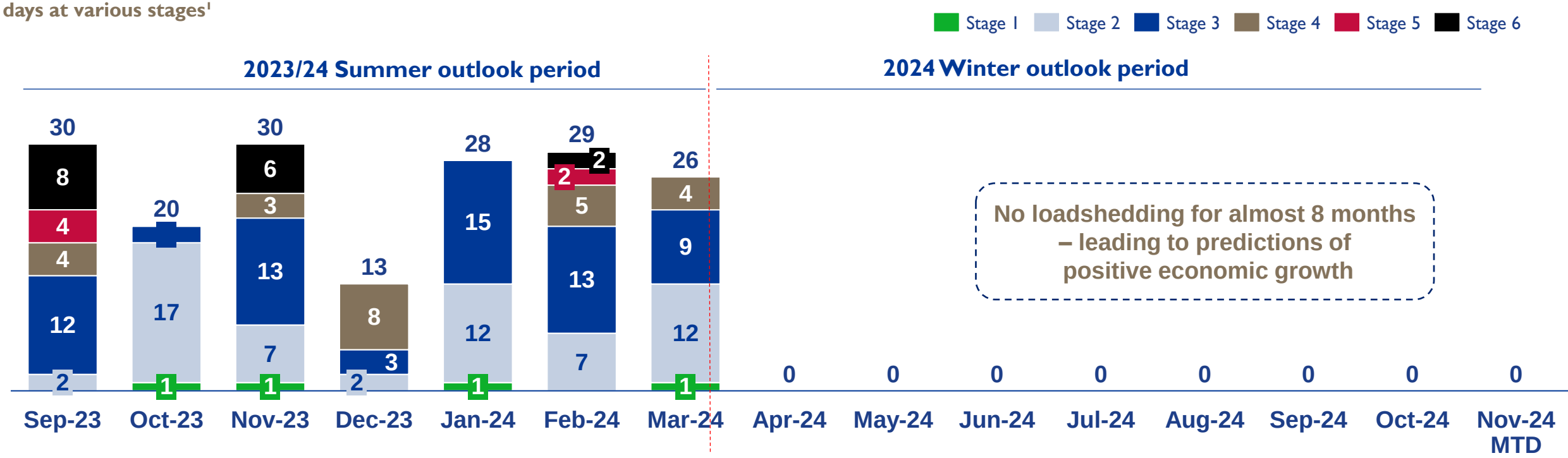
Sustained Energy Availability Factor (EAF) improvement:

- The year-to-date (1 April 2024 to 14 November 2024) EAF is at 62.8%, a significant improvement of ~7.3% compared to the same period last year (55.6%).
- The weekly EAF has improved from 57.0% at the beginning of the financial year to 61.4% from 1 to 14 November 2024, an improvement of 4.4%.
- This improvement is primarily due to a drop in unplanned outages (UCLF and OCLF) of the generation units.

Structural improvement in plant performance has resulted in 238+ days of continued no loadshedding

Overview of loadshedding intensity and frequency between Sep 2023 and Nov 2024

of days at various stages[1]

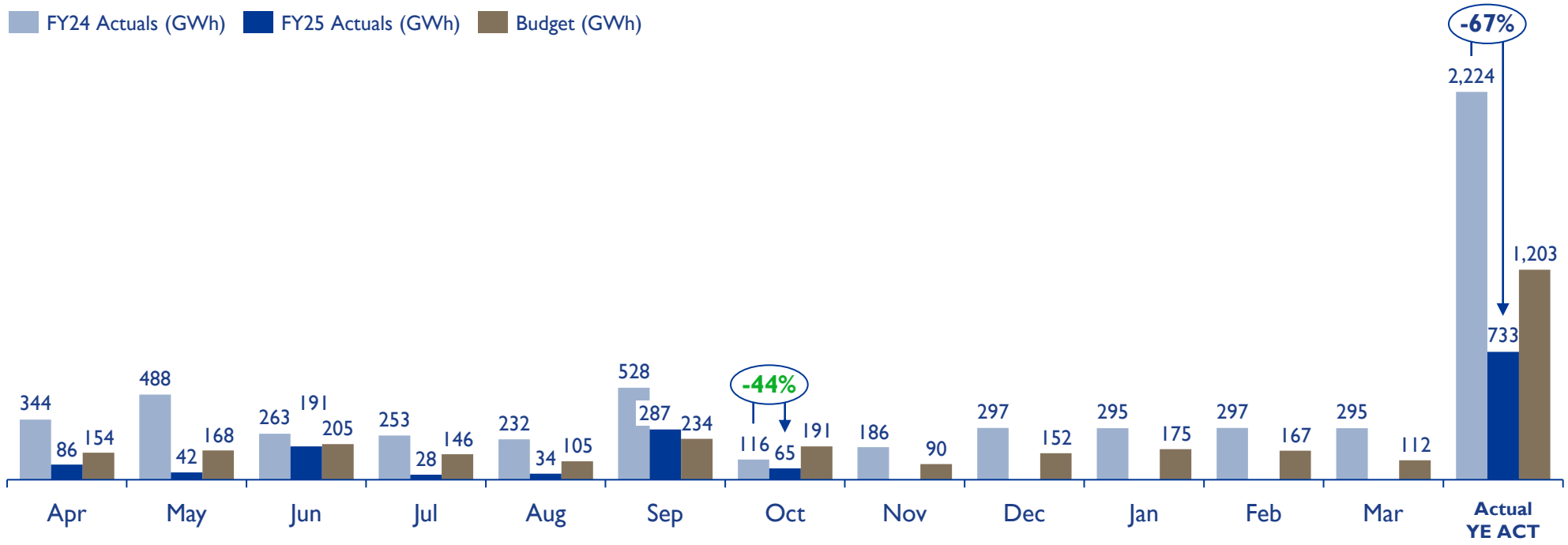


- An **average 17% month-on-month reduction in unplanned losses** during the Summer 2023/24 period, as well as the return of units - as part of Eskom's recovery plan - resulted in **no loadshedding being implemented since March**
- This performance has been **sustained throughout the winter period, with unplanned losses falling to a 12-month low of 8.2 GW in Oct 2024**
- Between March and November 2024, **Tutuka, Kendal and Kriel showed the greatest improvement in reducing load losses**
- **Growth in Renewables** – estimated 9.6 GW to 11 GW over the last year

Source: 2023/2024 Load Shedding and Curtailment events Notes: 1: Indicates maximum stage per day

Month-on-month Eskom plant OCGT usage – R15.16 billion year on year savings

Eskom OCGTs performance as at end October 2024



	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Actual YE ACT
LF (%)	4.97	2.33	11.01	1.58	1.88	16.57	3.63						5.93
Rm *	565	306	1281	189	218	1822	386						4768

Key Insights

- Year-on-year diesel savings of R15.16 billion
- 69.9% less than the R21.69 billion spent during the same period last year.
- The October OCGT **load factor** at **3.63% (65 GWh)**, decreased by ~44% compared to the same period last year.

* Eskom only OCGT excl. Environmental Levy
Source: Eskom Generation, as at end October 24

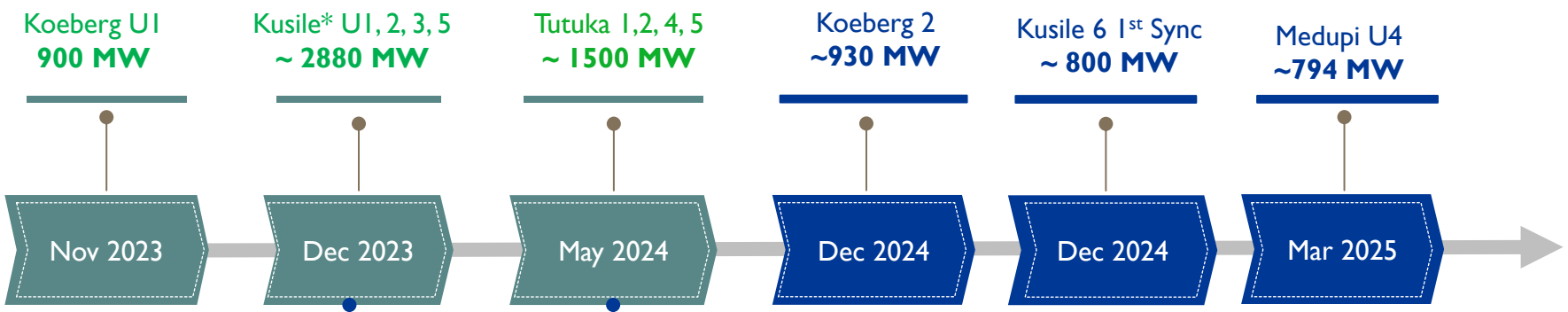
LF – Load Factor

xx Denotes MTD figures

Additional ~2500 MW capacity expected by the end of the financial year will contribute to security of supply (greater than 2 stages of loadshedding)

Units on long term outage - return to service dates

xxx Complete



- Units 3, 1 and 2 have been returned to the grid and are providing power up to 2160 MW
- Unit 5 commercial operation achieved on 30 June 2024

- Unit 1 completed on 12 Jan 2024
- Unit 2 returned on 27 December 2023
- Unit 4 returned on 22 April 2024
- Unit 5 returned on 7 July 2024

Key insights

Kusile - Kusile U5 synched to the grid on 31 December 2023. Commercial Operation achieved on 30 June 2024 – Completed

Tutuka RTS dates

- Unit 4 planned outage for LP turbine rotor and HPH replacement - Completed
- Unit 5 on Major outage - Completed

Despite some delays, three units are still expected to return to service by the end of the financial year:

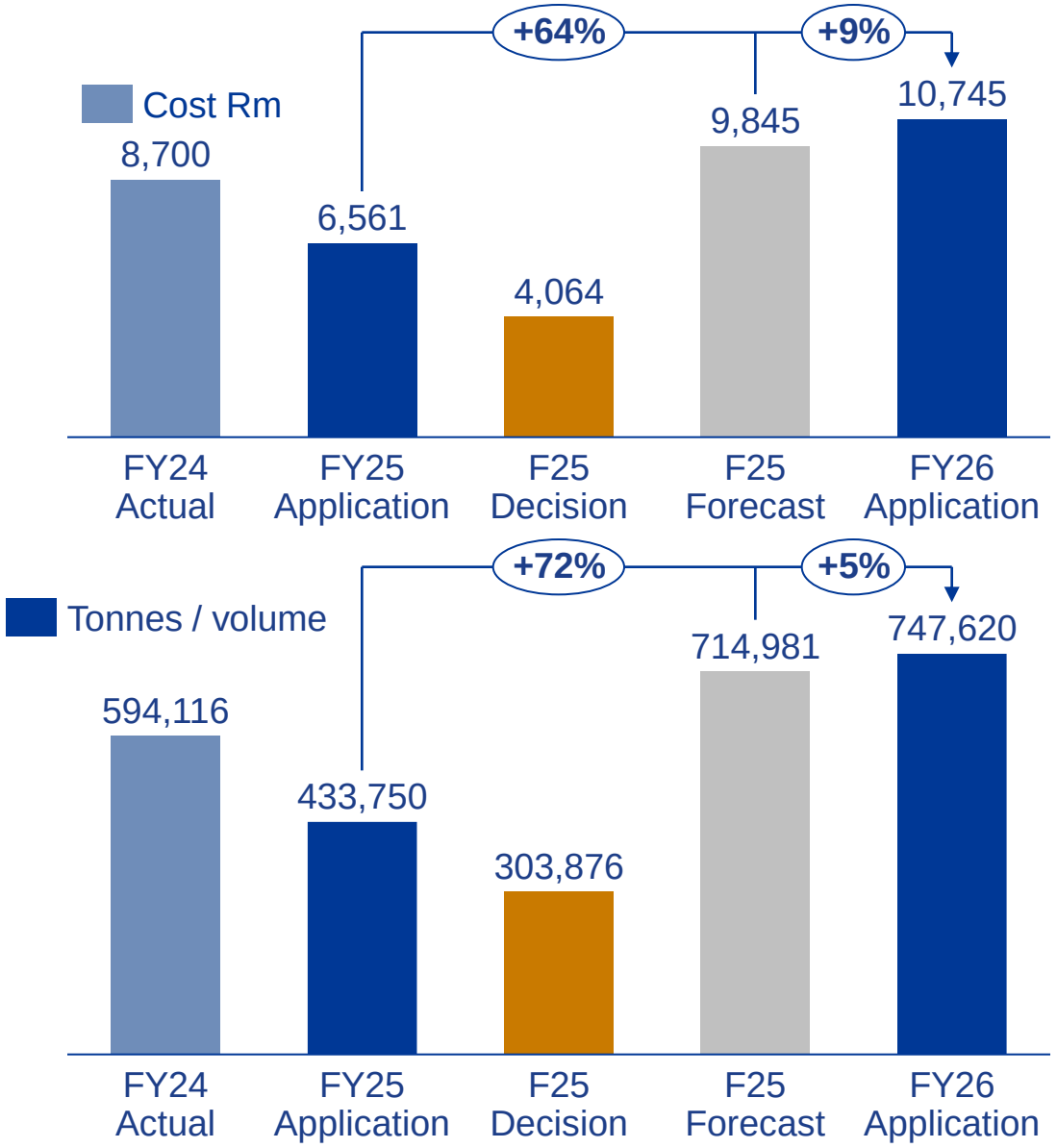
Kusile U6 sync experiencing some delays due to material availability and delays in acid clean. Current forecast for 1st sync date is Dec 2024

Medupi U4 - due to unexpected design issues related to second hand, RTS should be achieved by March 2025

Koeberg U2 weld defects on the main steam pipes requiring additional inspection and weld repairs. Revised date to cater for discoverables during commissioning

1. Data as at 12 Aug 2024. Acronyms: U – Unit; RTS – Return to Service

Fuel oil volume increases required to meet security of supply and continue EAF improvements



Fuel oil is essential for unit startup/shutdown, combustion support, safety and maintenance

Volume increases from FY25 application to FY25 forecast due to:

- Strategy change – **more units running for security of supply**
  - **17 more units** at Camden, Grootvlei and Hendrina
- **More planned maintenance** for continued **EAF improvement**

Increase from FY25 forecast to FY26 application is 9% on cost and 5% on volume

Note: All figures are unaudited

MYPD6 energy forecast to meet demand forecast for South Africa

Electricity output GWh	Projection FY2025	Application FY2026	Application FY2027	Application FY2028
Power sent out by Eskom stations, GWh (net)	186 036	177 260	170 156	145 802
Coal-fired stations (incl. Pre-Commissioning), GWh (net)	170 108	159 704	149 556	126 241
Hydroelectric stations, GWh (net)	832	779	616	830
Pumped storage stations, GWh (net)	4 522	4 242	4 055	4 188
Gas turbine stations, GWh (net)	1 266	1 266	1 266	1 266
Wind energy, GWh (net)	307	304	304	304
Nuclear power station, GWh (net)	9 001	10 965	14 359	12 973
IPP purchases, GWh	23 856	31 364	35 214	57 259
Wheeling, GWh	2 826	2 723	2 723	2 831
Energy imports from SADC countries, GWh	9 776	6 601	6 449	8 573
Total Gross Production , GWh	222 493	217 948	214 543	214 464
Less Pumping	5 901	5 539	5 294	5 464
Total Net Production , GWh	216 592	212 409	209 249	209 000

- OCGT load factor of 6% – equivalent to approx.**1½ hours per day –** OCGT used as designed for **mostly peak time**
- The EAF improves over the application years – from 63% to 65%
- Significant projected increase in IPP energy in FY2028 – off-sets coal fired energy

Thank you