

Eskom unbundling is not a step to privatisation

Reconfiguring and splitting Eskom into three divisions is not aimed at privatising the embattled power utility, but these measures are rather aimed at stabilising the utility and getting it back on its feet.



President Cyril Ramaphosa

“Eskom is going to continue being owned by our government, said President Cyril Ramaphosa, while addressing Eskom workers and contractors at the Medupi Power Plant in Lephalale in Limpopo. He is in the area for the launch of the third leg of the District Development Model.

The plan is to split Eskom into three entities focusing operations, distribution and transmission. “This has been done all over the world. China has done it, Brazil has done it, a number of countries in Africa have done it, some countries in Europe have done it. They have done the focus areas of the business so that they can maximise and get people to pay, so that they operate efficiently. And that is precisely what we are seeking to do,” he said.

He also used the platform to underscore that coal would continue to play a major role in the country’s energy generation.

“We want to modernise Eskom so that Eskom can operate better, so that Eskom can be in line with new technologies, in line with modern times. Eskom must be able to compete with other electricity generating companies around the world.

Financial risk

The president pointed out that while South Africa was the biggest energy producer on the continent, this had come at huge financial cost.

“One of the biggest challenges is the debt that we have had to build Medupi and Kusile. In building these power stations, we have had to go and borrow a lot of money and today Eskom owes over R400bn, which is a debt that the government has to carry,” he said.

Because of that debt and other factors, the country’s economy has suffered the consequences.

“But we are addressing this problem. The government has decided that we are going to continue to support Eskom. We aren’t going to let Eskom go down. Eskom is too important, we are going to support Eskom, even though we have got a huge debt,” he said.

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