

**Version 2**  
**Revised Eskom Social Compact Implementation Plan**

High level summary of actions and responsibilities

This document is a high-level implementation plan setting out what social partners will collectively undertake to give practical expression to the Framework Agreement for a Social Compact on Supporting Eskom for Inclusive Economic Growth. Each section of the plan directly references the agreements contained in the Social Compact. Based on these agreements the plan sets out the key actions and deliverables, responsibilities, the time within which the deliverable must be achieved and the risks.

This plan provides a set of timelines and deliverables which have been adjusted with due regard to the Covid19 pandemic and the passage of time since the agreement has been negotiated.

The implementation of this plan will be co-ordinated and monitored by social partners through the implementation of the Economic Recovery Action Plan. ~~They~~ They will ensure that risks are managed and that where challenges arise these are speedily addressed.

	Areas in Framework	Key actions and deliverables	Responsibility	Time frame	Risk	Update/comments
2.1	Managing current load shedding / electricity shortages					
2.1.1	Communication and transparency to reduce uncertainty of load shedding	<p>A plan is in place that guides the communication of the load-shedding schedules.</p> <p>A mechanism is established to elicit feedback from stakeholders around the effective communication of the plan and its adequacy</p>	Eskom and municipalities working with SALGA, business and community	<p>One month after the signing of the agreement</p> <p>Monthly feedback on whether communication is taking place</p>	<p><b>Risks</b></p> <p>Unplanned outages that undermines communication</p>	<p>Eskom indicated that a system operator guideline for supplier constraints has been developed so that the first deliverable has been met (to confirm)</p> <p>Eskom to indicate if it can report monthly</p>

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2.1.2	A review of the load-shedding schedule to minimize disruption	Mechanisms to review load shedding schedules and regularly engage are established between NERSA, affected businesses, municipalities, Eskom and all other social partners.	NERSA enables the mechanism and business and community are responsible for providing feedback about the schedule (is the plan working)	One month after the signing of the agreement	<b>Risks</b> Mechanism not established timeously. Competing demands from electricity consumers resulting in disputes	Eskom proposes that this is done through Energy Intensive User Group
<b>2.2 Procurement of additional energy generation:</b>						
2.2.1	Procurement of REIPPPP (bid windows 3.5 and 4) and connect these to the grid over the next 18 months.	Progress update on BW 3.5 and 4 projects to monitor whether procurement proceeds according to plan	DMRE	Quarterly	<b>Risk</b> Unforeseen events delaying the connection of capacity to the grid Inadequate delivery on IPP projects	
2.2.2	Kusile and Medupi	Progress reports to monitor Kusile and Medupi capacity / EAF to add 2,400MW within the next 24 months  Regular updates are provided by government on improvements in the efficiency of Kusile and Medupi	DPE/Eskom provide reports to social partners on progress	Quarterly	<b>Risk</b> Inadequate information from Eskom Kusile and Medupi not meeting EAF targets, resulting in insufficient generation capacity	Eskom reported that Kusile has added 800 MW and a further 1600MW are on track.
2.2.3	Procurement of new generation in terms of the IRP	Obstacles to the efficient implementation of the IRP are highlighted and are addressed	Social partners will highlight obstacles. If these emerge, within this Technical Team that can be to be	Quarterly	<b>Risk:</b> The combined impact of COVID-19 and the downgrade on the cost and	

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			addressed with the DMRE		availability of financing and therefore the ability to fund capacity expansion.  Obstacles identified are not addressed, resulting in generation capacity not meeting IRP targets	
2.2.4	Finalising regulations to enable wheeling for self-generation/own use	Government to report on progress of finalizing necessary legislation and regulations and removing barriers to implementation	DMRE/DPE/Eskom	Within 2 months of the signing of the agreement  Quarterly	<b>Risk:</b> Regulatory obstacles are not addressed. resulting in generation capacity not meeting IRP targets	
2.2.5a	Increased capacity	Business outlines its plan to self-generate 2500 MW and provides regular progress reports	Business DMRE	Within 2 months of the signing of the agreement and then  Quarterly progress reports	<b>Risk:</b> Impact of COVID19/downgrade on companies planning for self-generation.  Lack of consensus between government and business plans for self-generation	

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2.2.5b		DMRE progress reports on procurement of 2500 MW through DMRE emergency procurement processes	DMRE	Quarterly Updates	<b>Risk:</b> The regulations are not effectively implemented.	
<b>Managing Tariffs-by reducing costs</b>						
2.3.1	The recovery of prudently incurred costs and an appropriate provision for future capital investment	A review of Eskom's cost-structures is completed and the report is made available to social partners.	Eskom	One month after the signing of the agreement	<b>Risks</b> Tariffs are not cost reflective Inflated tariffs to recover costs not prudently incurred  Revenue shortfalls related to Covid-19 if recovered from tariffs could mean that electricity become unaffordable	Eskom indicated that they have reviewed their cost structure, which report will be made available.  Discussions on the link between costs and tariffs should then be engaged at 2.3.6. below.
2.3.2 and 2.3.3	Review by Eskom of all material contracts entered into by Eskom with private and public sector providers.	Review of Eskom contracts to identify corrupt, irregular or onerous contracts  Report on actions taken	DPE/Eskom plus working with social partners to ensure confidence in this process	Quarterly reports – starting within 2 months of the signing of the agreement	<b>Risk:</b> Process gets stalled by legal action	Eskom reported that a supply review committee was established and internal controls have been improved
2.3.4	Mechanisms to re-negotiate contracts	Updates on review of IPP and coal contracts including mechanisms that have been put in place to reduce cost drivers	DPE/Eskom with IPPs/ DMRE	Within 2 months of the signing of the agreement	<b>Risk:</b> Risk of litigation	
2.3.5	Free basic electricity	Review of the Free Basic Electricity provision undertaken	NT will be the lead and will working with Finance and Fiscal	Within 3 months of	<b>Risk:</b>	

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			Commission in consultation with DCoGTA, SALGA, and community	signing the agreement	The competing demands on the fiscus.	
2.3.6	Managing tariffs	Plan to manage tariffs tabled.  Finalise the negotiated pricing agreements as agreed in the Jobs Summit.	All  NERSA working with Eskom / Business	Ongoing  Within 1 month of signing the agreement	<b>Risk:</b> The inability of Eskom to absorb costs	Meeting agreed that discussion on Eskom's tariff trajectory including in relation to its cost structure should take place in this forum notwithstanding formal submissions to Nersa by interested parties.  To confirm if negotiated pricing agreements are resolved.
<b>Debt Recovery</b>						
2.4.1	Efforts to ensure that the debt owing to Eskom is recovered	All consumers make a commitment to repay debts on agreed terms	DPE/Eskom/SALGA with all social partners	Quarterly	<b>Risk:</b> Impact of COVID19 and the downgrade on the economic circumstances of Eskom customers.	Eskom provided a brief report on work being done in this regard.  Eskom to engage business on whether Tamdev can assist with municipal capacitation
2.4.2	Debt recovery	Plans to support Eskom's debt recovery plan are developed  The Community constituency will lead the revival of the <i>Masakhane</i> campaign including inter alia smart tech and influencers	Community, business and labour  Community	Within 2 months of signing the agreement	<b>Risk:</b> Impact of COVID19 on ability to roll out mass campaign.	

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2.4.3	Municipal electricity revenue	A review is commissioned of the municipal electricity collection and payment system and its conclusions tabled for social partners to consider.	SALGA/DCoG	Within 1 month of signing the agreement to be completed 3 months  Monthly reports on progress	<b>Risk:</b> The review is not completed in the agreed upon time frame and recommendations not implemented	
2.4.4	Remove illegal connections	A plan is established for social partners to work collectively to address illegal connections	DCoGTA, Eskom, SALGA and community	Quarterly	<b>Risk:</b> Community protest to disrupt the disconnection of illegal connections	Eskom to table draft programme and social partners will interrogate collectively including identifying other relevant roleplayers and their plans so that an integrated collaborative plan can be developed.
2.4.5	Pre-paid meters	Rollout plan for the installation of prepaid meters as well as a local pre-paid meter equipment manufacturing industry is developed.	SALGA and community with Business and DTIC	Within 2 months of signing the agreement	<b>Risk:</b> Households and communities do not support the installation of prepaid meters  Insufficient buy-in from business to develop a local pre-paid meter industry	Separate small team to be established to take this forward.

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Clean Governance and Management						
2.5.1	Board and Executive Management	Government to present the protocols, that have been developed to improve governance, for engagement with social partners	DPE	Within 2 months of signing the agreement	<b>Risk:</b> That social partners do not sufficiently trust the process	
2.5.2	Tackling corruption and wasteful expenditure	Updates provided on the implementation of forensic audit recommendations implemented (including lifestyle audits)	DPE/Eskom	Quarterly	<b>Risk:</b> Limited capacity to implement recommendations	Eskom indicated that they have established an anti-fraud and corruption meeting and can provide reports in due course.
Tackling corruption						
2.6.1	Zero tolerance with respect to corruption	Social Partners develop mechanisms to hold respective constituencies accountable and report back in respect of zero tolerance ethos and practice.	All social partners.	Each social partner to develop a plan within 1 month of signing agreement.	<b>Risk:</b> There is reticence amongst some members to tackle challenges where they arise	
2.6.2 and 2.6.3	Report corruption	Social partners encourage the reporting of corruption	Eskom, labour, business, community members contractors	Quarterly	<b>Risk:</b> There is uncertainty about the extent to which individuals that report corruption will be protected	
2.6.4	Anti-corruption mechanisms including protection of whistle blowers	Report provided on mechanisms that have been put in place to enhance anti-corruption mechanisms including support for whistle blowing, disciplinary processes and recovery of stolen assets.	Eskom/DPE	Within 1 month of signing the agreement and then quarterly from then onwards	<b>Risk:</b> That mechanisms to protect whistle blowers are not upheld	Eskom indicated that they have set up whistle blowing procedures

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2.6.5	Capacity of law enforcement	Plan is provided to resource law enforcement agencies to tackle corruption in Eskom  Progress reports on actions taken on the basis of forensic investigations	NT/SAPS/Department of Justice and Constitutional Development  (DPE to report)	TBD	<b>Risk:</b> Dedicated resources for this purpose cannot be found.  Lack of capacity of NPA and Eskom to take action	
<b>Eskom Operating Model</b>						
2.7.1	Management structure, and associated costs	Assessment of management and staff capacity, measured against requirements coupled with clear recommendations in the context of Eskom's overall reorganization/restructuring.  Report on implementation of recommendations including re-skilling or appropriate deployment	DPE/Eskom	Within 2 months of signing the agreement and then Quarterly Updates	<b>Risk:</b> Social partners not being satisfied with the results of the assessment.  Organised labour within Eskom not supportive of process	Eskom indicated that they are convening a Eskom Strategic Forum which has restructuring on the agenda.
2.7.2	Partnerships	Report provided on efforts made by business to support the capacity needs of Eskom	Business (TAMDEV) on the basis of Eskom's requests	Quarterly	<b>Risk:</b> That this support will not be requested	Business to share information about Tamdev with Eskom
<b>Financial viability</b>						
2.8.1, 2.8.2 and 2.8.7	Business Model	Eskom will present its revised business model to social partners to enable engagement  Eskom and DPE will present progress to give effect to Cabinet's Eskom Roadmap Paper of splitting Eskom into three entities	Eskom and DPE	Within 2 months of signing the agreement	<b>Risk:</b> Business model does not enjoy support from social partners	Eskom indicated that the new model had been approved by their EXCO in July and its work in progress.



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2.8.1, 2.8.2 and 2.8.7	Reducing Eskom's debt level	Strategy developed to reduce Eskom's debt level collectively with social partners	Eskom working with NT  Social partners	Within 1 month after signing the agreement	<b>Risk:</b> Impact of downgrade and COVID19 may mean assumptions regarding funding requirement and availability of finance no longer hold	
2.8.3, 2.8.4, 2.8.5 and 2.8.6	Mobilize financial resources	Social partners develop plans to mobilise adequate financial resources for Eskom	Business and Labour working with NT	Within 1 month after signing the agreement	<b>Risk:</b> Impact of downgrade and COVID19 may mean assumptions regarding availability of finance no longer hold	
<b>Impact Investment</b>						
2.9.1 & 2.9.2.	Infrastructure funding	Development of projects that enable the mobilization of funds	Eskom and DPE working with Presidential Infrastructure Investment Committee	Within 2 months on the basis of an Eskom plan	<b>Risk:</b> Delays in infrastructure development related to COVID-19	To identify links with Economic Recovery
<b>Just Transition</b>						
2.10.1	Clean energy	Reports are provided on the measures that are being taken to support the transition to clean energy and on mechanisms for coordination	DPE (in alignment with other structures including NPC/PCCC/DMRE)  Eskom also to report on their efforts	Within 1 month after signing the agreement	<b>Risk:</b> Delays in the implementation of these measures	

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2.10.2. 2.10.4 and 2.10.6	Mitigate any possible adverse effects of transitions	<p>Projects and processes put in place within specific geographies and that support worker and community participation and social ownership within the renewable energy sector</p> <p>Report a study that addresses how decommissioned power stations can be repurposed.</p> <p>Report provided on progress made on the initiation of pilot projects to stimulate economy in communities affected by the transition from coal</p>	<p>DPE working with Eskom and Department of Environment Affairs provide a report on projects that have been put in place and the role that is being played by different social partners</p> <p>Eskom with all social partners</p>	Quarterly	<b>Risk:</b> Capacity to implement these interventions	To follow up on pilot project with Community Constituency
2.10.3 and 2.10.6	Portfolio of renewable energy	DMRE provides a plan to expand the expansion of Eskom's portfolio of renewable energy sources.	DMRE	Within 3 months of signing the agreement and then quarterly	<b>Risk:</b> Disagreements about the proposed plans	
2.10.5	Manufacturing Industry	<p>Updates will be provided on local renewable energy manufacturing including through the development of masterplans</p> <p>Report on usage of locally produced and installed solar energy panels in public facilities and private households</p>	DTIC, Business and DMRE, Eskom	Within 2 months of signing the agreement	<b>Risk:</b> Designation does not take place timeously.	
2.10.7	PCCCC	Plan provided for the establishment of PCCC (clear timelines and roles and responsibilities)	DEFF to report	Within 1 month of signing the agreement	<b>Risk:</b> Delays in the establishment of the PCCC	
Regulator						

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2.12.1	Capacity	Report provided on the review of NERSA's capacity and the electricity regulatory system	DMRE	Within 4 months of signing the agreement	<b>Risk:</b> Reluctance to provide a detailed review of the capacity challenges	