

26 June 2017

Weekly projects and energy updates in South Africa

How Dongfang won ZAR4bn “cooked” Eskom tender

General Electric and Murray & Roberts have gone to court accusing Eskom of rigging a ZAR4 billion tender to go to state-owned Chinese firm Dongfang.

A series of internal Eskom documents and reports by audit firm KPMG, which was appointed to conduct an independent review of the procurement process, provide a paper trail of how the deal was allegedly cooked.

The story begins in March 2014, when one of Duvha’s six boilers blew up, yanking 600 MW off the national grid at a time of rolling blackouts.

Business Day, 26 June 2017

Respected Eskom insider gets the top job on eve of meeting

Power utility Eskom has appointed Johnny Dladla as its new acting group CE on the eve of its annual general meeting at which the board is expected to be removed.

Dladla had 22 years’ experience at Eskom, 17 of them in various nonregulated businesses and five years as CE for Eskom Enterprises and its subsidiaries, said acting CE Zethembe Khoza.

It is understood that several attempts were made by some senior executives and Eskom board members to introduce Dladla to the Gupta family, but that he declined.

Business Day, 22 June 2017

Eskom seeks balance-sheet aid from the Treasury

Eskom has approached the Treasury for a form of “soft support” to give it the balance sheet capacity to sign power purchase agreements with independent power producers (IPPs).

This is pending the outcome of its application to the National Energy Regulator of SA for a tariff adjustment under the revenue-clearing account that, if approved, will come through only next year.

Business Day, 21 June 2017

Government will review nuclear plans, Mmamoloko Kubayi says in Moscow

The South African government would review its nuclear plans as part of its response to the recession, Energy Minister Mmamoloko Kubayi said in Moscow, Russia, on Wednesday.

Kubayi, in Moscow for the AtomExpo nuclear conference and leading a delegation from South Africa, also said that she viewed nuclear energy as part of a diverse energy mix, including renewable resources and coal.

However, it was too early to say when a procurement process could restart for South Africa's nuclear project, she told a news conference.

Business Day, 21 June 2017

Outa outraged by NECSA chairman's pronouncement on nuclear time frame

Nuclear Energy Corporation of South Africa (NECSA) chairman Kelvin Kemm recently told a conference in Moscow that Eskom's proposed new nuclear power stations would be a done deal by end-2017, and Russia's Rosatom would probably get the contract.

"It is unfathomable where Kemm gets the right to make pronouncements on decisions that still need to happen and public engagements which still have to occur," Organisation Undoing Tax Abuse (Outa) energy director Ted Blom said on Wednesday.

"Alternatively, Kemm is telling us the decisions have already been made, which is the message the public has been whispering since 2013."

The government's plan to build nuclear power stations able to produce 9.6 GW of electricity was sent back to start again when the Western Cape High Court on 26 April overturned two Department of Energy determinations on the need for nuclear power and its procurement, and three intergovernmental agreements - with Russia, South Korea and the U.S. - due primarily to lack of public consultation and transparency, Outa said in a statement.

Business Day, 21 June 2017

The above reflects a summary of certain news articles published during the preceding week. It is not an expression of opinion in respect of each matter, nor may it be considered as a disclosure of advice by any employee of Hogan Lovells.

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