Eskom's seventh decade

"Electricity for all"

ESCOM's seventh decade was one of its most momentous. While the country underwent massive political and social change, ESCOM itself was transforming, too. In fact, ESCOM's leadership seemed to anticipate the direction the country was taking and made a very serious attempt to be part of that change – in effect, to change things from the inside.

In the early 1980s, ESCOM planners were predicting electricity demand to grow at 7 to 8% a year. At that rate, thanks to the nature of compounded growth, you have to double capacity every decade or so. To meet the expected demand, ESCOM started plans on three large power stations: Matimba, Kendal, and Majuba. Even though things were slowing down in the early 1980s, ESCOM's Chairman – Jan H Smith – saw it as temporary and so carried on full steam ahead with building large power stations.

In 1983, matters reached a low point for ESCOM. Its power stations were running at an average availability of 72%, and interruptions in supply were commonplace. Consumers were becoming increasingly impatient with ESCOM, which was seen as wasteful and unreliable. In May 1983, the government appointed a Commission of Inquiry (the De Villiers Commission) into "The Supply of Electricity in the Republic of South Africa". At the time, ESCOM had other things to worry about besides fending off attacks on its inner workings. In 1983, South Africa was in the grip of a major drought. Power stations are thirsty animals, and at the time, a unit of electricity used about two-and-a-half litres of water. The KwaZulu-Natal power stations were affected, as were those that relied on the Vaal Dam. Of particular concern was the level of the Grootdraai Dam, which supplied water to Kriel and Matla power stations. To get water to Grootdraai, an emergency plan was hatched to pump water 200 km back up the Vaal River from the Vaal Dam to the Grootdraai Dam. To do so, weirs were used to raise the level of the water, and new power lines had to be constructed to drive the pumps. The emergency plan (a joint effort between ESCOM and the Department of Water Affairs) worked, and disaster was averted. In October of 1983, heavy rains fell throughout the country and broke the drought.

But still the heat remained on ESCOM. With the De Villiers Commission starting to investigate matters relating to costs, planning, and plant performance, ESCOM management decided to seek out their own expert advice. A firm of American consultants, Ernst & Whinney, did a study on ESCOM and concluded, in a preliminary report, that the economics of electricity supply had indeed changed, but that ESCOM ought still to stick to its original purpose of ensuring reliable supply for the country. The report did, however, warn that the tariff increases necessary to keep supply going were "likely to lead to extreme customer discontent with resulting press and government action". As is the case today, back in 1983, ESCOM was trying to balance its commitment to current customers with its commitment to the long-term security of the electricity system. However, economies change, technologies change, and environmental and social concerns undergo a revolution. Then, as now, ESCOM had to take all these matters into account in plotting its next move.

In late 1984, the government announced that it had received, and accepted, the recommendations of the De Villiers Commission. ESCOM was to be run by a two-tier structure, consisting of a board of control and a management board. It also revisited that old ESCOM chestnut, "profit". The commission recommended that ESCOM recover, in revenue, 5% more than expected expenditure. It recommended that the idea of undertakings be done away with and that tariffs had to be more differentiated and cost-reflective.

In line with the recommendations, the Cabinet announced the establishment of a board of control, which was to be known as the Electricity Council. It consisted of 15 people and included government bureaucrats, independent experts, and representatives of consumer organisations. The Electricity Council would see to it that the recommendations of the De Villiers Commission were enacted.

In Britain, the 1980s are remembered for cheesy synth-pop music and Margaret Thatcher. In South Africa, Sipho Mchunu and Johnny Clegg helped break down racial barriers by forming a band called Juluka and singing about the mysterious "Scatterlings of Africa". One man who was not listening was a certain Pieter Willem Botha. PW Botha was South Africa's Prime Minister from 1978 to 1984 and then state president from 1984 to 1989. For all PW Botha's sins as leader of a lost cause, he did at least confer on ESCOM the wise appointment of John Maree. In 1985, John Maree took over as the Chairman of the newly created Electricity Council. He did so on condition that he could be his own man and make his own decisions. As per the recommendations of the De Villiers Commission, the Electricity Council was responsible for policy and planning, while the Management Board was responsible for running ESCOM's "day-to-day affairs on sound business principles and within the guidelines, policy, and objectives determined by the council" (Symphony of Power, p. 249).

PW Botha did well in choosing John Maree, a strong communicator and proven businessman, as Chairman of the new Electricity Council. But in other matters, his judgement proved very faulty. In August of 1985, he was widely expected (including by his own Cabinet members) to announce the end of apartheid in a major policy speech. Instead of "crossing the Rubicon", he warned the world (with that wagging finger) not to "push us too far". The world did not listen and instead disinvested from the country, sending the rand spiralling down and forcing the government to freeze foreign debt repayments.

Not for the first time, or the last for the matter, ESCOM had to try and fix a major problem that was not of its own making. As a major borrower of overseas capital, it was now under pressure to reduce expenditure. In some ways, it was good timing. The projected growth of 8% had not materialised, and ESCOM no longer needed all the capital equipment it had ordered. Contracts were, as far as possible, delayed or cancelled, and capital expenditure was significantly reduced.

Meanwhile, John Maree put his much-vaunted communication skills to work by going around the country and speaking to small groups of ESCOM managers. More correctly, he "listened" to the managers. Maree, who had started his professional life as a furniture salesman, knew that the best way to sell change was to convince employees that they were active participants in it. His discussions revealed that morale was low and that ESCOM was out of touch with the South African public. He made it his business to change the public's perception of ESCOM. He made Ian McRae Chief Executive, and together, the two (dubbed I&J by some) formed a formidable tag team intent on turning ESCOM's fortunes around.

A conference of ESCOM's top leadership (the Top 30, as it became known) resulted in a mission: "To provide the means by which customers' electricity needs are satisfied in the most cost-effective way, subject to resource constraints and the national interest." In all matters, ESCOM would be guided by a corporate strategy: "To develop ESCOM as a business that maximises the value of its products and services to South Africa." John Maree was primarily a "numbers man", a very successful businessman who had studied commerce and believed that the numbers did not lie. He had taken up the job of leading ESCOM partly out of a sense of duty to country and partly because he loved a challenge. To him, ESCOM could combine the best of both worlds; it could drive efficiency and innovation by following strict business guidelines, and it could do so in the interests of nation building and national economic development. One set of numbers Maree did not like was the number of employees. When he took over, there were 66 000 of them, and management had projected an increase to 72 000. Maree had a hunch (backed up by evidence, no doubt) that ESCOM would be no less efficient with fewer people. By the end of 1986, he had reduced the staff complement to 60 800; and by the early 1990s, he had got it down to 50 000.

Cutting numbers was just one way in which Maree was transforming the organisation. An Equal Opportunity Committee was established in 1986 to "investigate and remove discrimination" (Eskom publication: "Five Years On"). The organisation duly addressed itself to no fewer than 150 issues that had been identified as obstacles to becoming a non-discriminatory employer. ESCOM committed itself to the education and training of black entrants to the workforce and accepted the challenge of substantially increasing the number of black managers. Further, in line with the new policy of equal opportunity, all employees were put on unified salary scales.

Restructuring ESCOM along business lines was (and still is) no simple matter. The answer back in the mid-1980s was to create "strategic business units" (SBUs) and separate them into three distinct categories: cost centres, profit centres, and profitability centres. The difference between a profit centre and a profitability centre is that a profit centre manages revenues and costs, while a profitability centre manages revenues, costs, and assets. In business, the customer is king, and ESCOM started becoming more customer-focused. ESCOM's transformation to a business took another leap in 1986 when legislation was introduced to scrap the "no profit, no loss" principle. In 1987, the Electricity Act was revised, and a new "Eskom Act" was published. ESCOM (EVKOM in Afrikaans) was renamed Eskom, and accounting practices were brought in line with standard business procedure. Eskom, with its bold new icon, was starting to look and feel like a brand.

With all the structural changes going on, one would be forgiven for thinking that Eskom (as it will now be called in these articles) had forgotten about building power stations. But things were progressing on that front, too. In April 1984, the first unit of Koeberg was synchronised onto the grid, and then Unit 2 followed suit in 1985. Koeberg boasts the largest turbine generators in the southern hemisphere and is also the southern-most nuclear power station in the world.

Another Eskom giant, Tutuka power station (near Standerton) came on line in 1985 and was fully operational in 1990. The Palmiet pumped-storage scheme, a peaking generation power station, was a joint venture between Eskom and the Department of Water Affairs. In 1990, it added 400 MW to the grid, as well as water to the City of Cape Town.

Given that the South African economy was slowing rather dramatically at the time, power generation itself was not the problem, and in fact, Eskom had a surfeit of electricity. What it did not have was a robust economic environment to drive demand and take up the slack. In 1987, only 40% of the population (fewer than 13 million people) had access to electricity, and the vast majority of black people were without power. Eskom, under the guidance of Maree and McRae, reckoned that it could contribute to economic growth and social improvement by supplying electricity to the homes, businesses, and clinics of millions of black South Africans. The challenge and excitement created by the need to meet that challenge were well summed up in the Eskom slogan "electricity for all", which emerged in 1989 as the rallying call of an organisation that had found renewed purpose.

So it was that Eskom embarked on an electrification process that hit full steam in 1992 when it made 145 000 connections (219 000 if you include the efforts of the municipalities). Electrifying poor households was crucial for socio-economic upliftment, but it did not solve the problem of excess power, particularly during off-peak times. In 1987, Eskom had adopted a policy that allowed it to use price incentives to attract new sales. One of the offshoots of the policy was to displace somewhat inefficient power generation at the major municipalities with Eskom power.

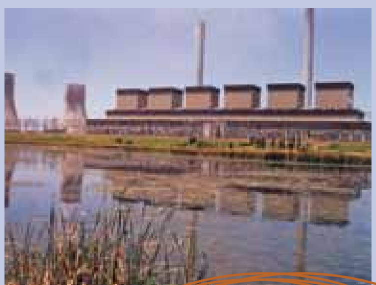
The policy encouraged energy-intensive industries to flourish, most significantly in the ferro-alloy and aluminium sectors. Out of this new market-driven policy came the idea to develop sub-brands to promote electricity use in various fields. Agrelek helped farmers switch to electricity; Industrelek focused on industrial applications; Elektro Wise promoted the safe use of electricity in townships and squatter camps; and Elektro Serve was dedicated to the service and hospitality industries. UtiliMark targeted bulk retailers, including municipalities.

In 1990, Eskom could claim a fair bit of success in improving its reputation and making itself relevant and appreciated by the South African public. In a publication from that year ("Five Years On"), it boasted that, since 1985, it had achieved a 32% rise in electricity sales, a 20% improvement in productivity per employee, a 15% decline in the real price of electricity, more effective use of water and coal in the production of electricity, greater financial discipline, more recognition of employees' achievements, better environmental management with emphasis on clean air, and a "no lost potential" programme that educated employees and encouraged them to develop. It was an impressive list of achievements and anticipated rather nicely the core issues the organisation would face for some years to come. In February 1990, Nelson Mandela's long walk to freedom entered the final bend, as he was released from prison to negotiate a transformation to democracy.

Eskom's electrification drive, as well as its bid to boost black management, was now more essential than ever. With a new South Africa emerging, the organisation would face new challenges, as well as a somewhat expanded mandate.

In the next decade...

The ANC comes to power; the establishment of the National Electricity Regulator; Eskom faces non-payment issues; Maree hands over the baton; and government calls for cheaper electricity.



Did you know!?

- In 1985, ESCOM had a total installed capacity of 25 716 MW.
- From 1981 to 1986, ESCOM experienced an 85% increase in the cost of fuels.
- In 1985, ESCOM was the sixth largest power utility in the world. Today, it is the 11th largest in terms of generating capacity and the 9th in terms of sales.
- Majuba power station (begun in 1983) is ESCOM's only power station that is not linked to a specific mine, but receives its coal from various sources.
- In 1986, Matla power station set an accident-free world record of 11 847 026 man-hours – it stands to this day.
- Eskom published its first dictionary, *Eskomwoordeboek vir Kragontwikkeling en Verspreiding/Eskom Dictionary for Power Generation and Distribution,* in 1987.
- Jan H Smith (ESCOM Chairman from 1980 to 1985) was nicknamed "Mr Kilowatt-hour" because of his uncanny ability to reduce a difficult problem to the cost effect it had on a kilowatt-hour of electricity.
- In 1989, black Eskom employees were debarred from receiving housing loans.
- By 1989, about 70% of Eskom's employees belonged to a union.
- In 1986, Eskom's Chairman, Dr JB Maree, reduced Eskom's staff complement from 66 000 to 60 000. In 1990, it was down to 50 000.

Eskom's eighth decade

"Powering transformation"

In the 1990s, the winds of change were gusting across the southern part of Africa, as the last vestige of white rule in Africa began the tricky task of negotiating its own demise. Fortunately, there was enough goodwill between South Africa's two main political organisations (the African National Congress and the National Party) for their respective leaders to be jointly awarded the Nobel Peace Prize "for their work for the peaceful termination of the apartheid regime, and for laying the foundations for a new democratic South Africa" – as the official wording had it.

That was in 1993, the same year in which Kendal power station was completed. Kendal was the world's largest indirect dry-cooled power station, boasting chimneys 275 m high. After Kendal came Majuba power station (another dry-cooled giant), which first went into service in 1996 and was only completed in 2013. In those intervening years, as Eskom focused on electrifying the country and on coming to terms with its new political masters, there was very little work done in the way of new generation. In 1993, it was announced that Allen Morgan would take over from Ian McRae as Chief Executive. Morgan is described, in "A Symphony of Power", as "a distribution man through and through". He is also, in the same book, described as "a people person" and "a staunch advocate of Eskom's electrification programme, which he regards as pivotal in the developing society for improving the quality of life and enhancing the potential for small business development".

Morgan's thinking was certainly in line with that of the new government. With democracy came huge political pressure to bring electricity to the people … all of them. The word "power" has various connotations – and in South Africa, it was used to galvanise support against apartheid, usually in the phrase "power to the people", or "Amandla – Awethu".

In the 1990s, Eskom made a herculean effort to play its part in bringing power to the people. In 1993, there were 300 000 electrifications countrywide (two-thirds done by Eskom and a third by various municipalities). By 1995, the combined (both Eskom and municipalities) number of connections was 450 000, and in 1997, it was half a million. If you assume that the average family consists of six people, then, every year, some three million South Africans were being connected to the grid and enjoying the improvement in living standards that went with it.

However, putting millions of poor people onto the grid creates its own problems; for a start, how are these people expected to pay for the service? To make matters worse, in 1994 (besides committing to electrifying 1.75 million homes by 2000), Eskom had committed to bringing down the real price of electricity. What did not help matters was that Eskom's Distribution business was fractured, with wide disparities in cost, tariffs, and service levels. To think that there were over 120 municipalities, each with fewer than 1 000 customers. Many of them were in poor financial shape, and many used the sale of electricity to raise funds. There were also disparities in what customers paid for electricity: for example, mines in Gauteng got their power more cheaply than those in Mpumalanga, even though the latter were closer to the power stations. In short, apartheid had made a mess of local government and service delivery, including the service of electricity.

With a new democratic order, local government became more integrated, that is, poorer black townships were combined with wealthier (formerly) white areas to form transitional local councils (TLCs). There was massive political pressure for the poorer areas to catch up with the richer ones (in terms of services), but there simply was not enough money to pay for it. As municipalities (particularly smaller ones) ran out of cash, they defaulted on their Eskom bulk accounts. Eskom offered to take over distribution in certain municipalities, but the offer was rejected, as, for municipalities, the sale of electricity was (and still is) a lucrative generator of much-needed income. The more things change, the more they stay the same. Eskom proposed that, at the very least, municipalities had to de-link electricity cost and supply from other services and start charging cost-reflective tariffs. The state of municipal distribution was a hornet's nest, involving the competing (and sometimes intersecting) interests of municipalities, town councils, civic groups, provinces, and the big mother ship … Eskom. Something needed to be done.

In the early 1990s, Eskom knew which way the political winds were blowing and had begun serious discussions with the ANC on the future of the electricity industry. It ignored protestations (and governmental decrees) not to engage the ANC, and talks led to the inauguration of a National Electrification Forum (NELF) in September 1993. The NELF did not have any real power to make policy, and inevitably, it became a talk shop. It disbanded itself in 1995, but not before submitting a final report to government. The report argued that there were too many distributors and proposed that the smaller municipal undertakings had to merge with Eskom. It also proposed that a National Electricity Regulator (NER), with broad powers to regulate the industry, had to replace the Electricity Control Board and that its first task had to be to implement the findings of the NELF.

Eskom came up with counterproposals on the thorny issue of distribution: consensus on the matter was proving elusive. Less controversial was the idea of a National Electricity Regulator, which was established towards the end of 1994. In 1995, after an amendment to the Electricity Act, it replaced the Electricity Control Board and was given sweeping powers to regulate the electricity industry.

Perhaps it was hoped that the NER would mediate competing interests and come up with a solution to the distribution problem. Municipalities were aggrieved that Eskom's own distributors paid less than they did for electricity. On the other hand, Eskom wanted the municipalities to separate their electricity undertakings from the rest of their services.

In late 1994, Thabo Mbeki (Deputy President at the time) was making noises about privatising state assets. Public enterprises and unions were required to set up committees to look into "restructuring". Nothing came of it, and nothing came of the recommendations of the government's own restructuring committee, known as ERIC. Although everyone agreed that the industry needed to be restructured to ensure its financial sustainability and to move towards a fair (if not completely cost-reflective) pricing system, consensus could simply not be reached. It is difficult to say whether this was one of the main causes of the 2007 debacle when the country ran out of power, but when Eskom needed to be putting up power stations, it was bogged down in an intractable wrangle over distribution – and all in a climate of pressure to electrify millions of households.

It also did not help that the NER, which should have been making the tough political decisions and driving change, lost its Executive Chairman (Ian McRae) in 1997, to be replaced by Magate Sekonya, whose reign coincided with the rapid decline of the NER. After he was got rid of, it was decided to separate the positions of Chairman of the Board and Chief Executive, and in 1999, Dr Enos Banda became Chairman and Dr Xolani Mkhwanazi Chief Executive. Eighteen months of valuable time was lost in the process, and still the much-needed restructuring did not take place – and to compound it all, non-payment was reaching crisis proportions. In 1994, Eskom was owed R920 million in arrears, and by 1999, Eskom's customer arrears (which included individual customers as well as municipalities) stood at R2 billion. It would take some years to sort out the problem and help municipalities reverse the tide of non-payment. To this day, there is controversy around the distribution of electricity and the levies municipalities put on electricity charges. However, currently, municipalities account for over 40% of Eskom's sales – and Eskom works closely with them on a range of issues, including payment arrangements and energy saving.

In 1997, John Maree retired as Chairman, to be replaced by Eskom's first black Chairman – Reuel Khoza. Khoza was (and still is) many things: an intellectual, a businessman, a linguist, a humanist, a composer and lyricist, and an entrepreneur. In the 1980s, he consulted to companies on issues of management development, strategy, and corporatisation. He was perhaps one of the first South Africans to talk about an African philosophy of management, a philosophy that stressed human values and, particularly, the value of connectedness – or Ubuntu.

In 1986, he began attending the Eskom Top 30 meetings, first as an observer and later as a consultant. John Maree and Ian McRae saw him as a reliable and credible mediator between the black and white worlds of a rapidly changing South Africa. Perhaps it was Khoza's love of music and languages that had blessed him with a finely tuned ear; he was a good listener who was open to different opinions. He also placed a high value on lifelong learning and improvement. These qualities would come in handy over the ensuing years, as Eskom sought to transform itself.

Amid many unsolved issues of restructuring of the industry and the problems of distribution, the government set Eskom a range of goals: reduce the electricity price (by 15% between 1995 and 2000), electrify 1.75 million homes (by 2000), implement a far-reaching programme of affirmative action, and upgrade the skills of employees. Further, Eskom also undertook to operate the business in a spirit of transparency and even to consult workers in decision-making. Those were indeed the heady days of democracy.

Eskom showed the government that it was serious about transformation by delivering on these commitments. By the end of 1999, almost half of all managerial, supervisory, and professional staff were black, coloured, or Indian. In 1995 alone, the organisation created 500 small, medium, and micro enterprises (SMMEs), and in 1999, it spent almost R1 billion on black-empowered companies. On the training front, Eskom dramatically increased the literacy of its workers and supported thousands of bursars and trainees (for example, there were 480 black bursars and trainees who graduated in 1999).

The organisation also committed itself to helping employees buy their own houses; by 1999, the recently created Eskom Finance Company had loaned out R2.2 billion to home buyers. It is easy to gloss over the figures and to bemoan the "lack of real change". The fact is that people's lives were being transformed in ways difficult to imagine for those used to First-World comforts. The veteran journalist and author Allister Sparks put a human angle on the government's programme of social upliftment in his book Beyond the Miracle: Inside the

New South Africa. In it, he quotes a Mrs Malala, whose life has been greatly improved by electricity and indoor plumbing. She has more time for leisure, she can refrigerate her food, and she can watch television. As Mrs Malala says, "I have got time to rest and I've got more time for my church work".

As it turned out, Eskom reached the magic number of 1.75 million connections in 1999 (a year ahead of schedule), and it also managed to bring down the price of electricity, so that the government could proudly proclaim South Africa as having the cheapest electricity in the world. Eskom certainly was playing its part in giving hope to a people who were longing for release from the bonds of poverty.

Eskom's leadership understood that the organisation needed to put its considerable resources to work in making a real difference to those living on the margins of what was an unequal economy. In 1998, the Eskom Development Foundation was established to integrate the organisation's various CSI initiatives, including small business development and the electrification of schools and clinics. In 1999, Reuel Khoza could announce that, in the 90s, his organisation had spent R800 million on social investments. But it was not all good news, for it was around this time that Eskom made submissions to government that, unless there was some rather urgent and large investment in new power stations, the country would experience electricity shortages in 2007.

One of Maree's major drives, and something continued by Khoza, was efficiency. From 1985 to 1995, the ratio of gigawatt-hours (GWh) sold per employee rose from 1.7 to 2.7. In 2000, it was up to 5.1 GWh sold per employee. In 1983, Eskom power stations had a unit capability factor (UCF) of 72%. The UCF measures a power station's availability and gives an indication how well plant is operated and maintained. This 72% was not a good rating, and although it had improved to 80% in 1993, it needed to get a lot better for Eskom to achieve its goal of world's lowest-cost producer of electricity. Under the guidance of the Executive Director of Generation, Bruce Crookes, Generation set itself the target of 90:7:3 – 90% availability, 7% planned outages, and 3% unplanned outages. In 1998, Eskom's UCF hit 92.7%; plant efficiency was up, and there was a large reduction in water usage (down to 1.25 litres a kWh).

Reuel Khoza and Allen Morgan were showing that it was possible for South Africans to work together in a spirit of understanding and mutual benefit. Racism and resentment were dead-end streets that would condemn the country to more strife.

In 1997, Eskom's management, in the spirit of national healing and nation building, and with much encouragement from Reuel Khoza, made a submission to the Truth and Reconciliation Commission (TRC). The submission covered the years from 1960 to 1994 and made it quite clear what Eskom's mistakes were: "Until the late eighties, Eskom did very little to improve the plight of black people in South Africa … As an employer, its employment practices were largely discriminatory." Eskom even went so far as to acknowledge some guilt in the injustices of apartheid. The organisation apologised to all South Africans for "not taking active steps to facilitate the demise of apartheid and racial discrimination. Also, for not using its links with the government to influence its thinking and apartheid-based policies".

With the advent of democracy, a refreshing change of attitude came to Africa. Reuel Khoza, along with many other captains of industry, saw Africa (and its lack of development) as a major opportunity. In 1995, the Southern African Development Community (SADC) established the Southern African Power Pool (SAPP): a common grid and a common market for electricity in the region. The year 1996 saw the commissioning of a transmission line from Matimba power station (in Limpopo province) to Bulawayo in Zimbabwe; the line supplied much-needed electricity to both Botswana and Zimbabwe. That same year, Eskom entered into a partnership with Electricidade de Mozambique (EdM) and the Swaziland Electricity Board to construct two 400 kV transmission lines from Arnot and Camden power stations to a substation near Maputo. The lines would supply the Mozambique Aluminium Smelter (MOZAL), which was founded in 1998 and is currently the second largest aluminium producer in Africa.

South Africa's (and Eskom's) increasing integration into Southern Africa created various opportunities. Eskom's services were in demand, and there were partnerships on projects in Tanzania, Mozambique, Zambia, and Namibia. Reuel Khoza was excited by the opportunity to leverage the scale and capability of Eskom to help unlock Africa's growth. He wanted to position Eskom as the "pre-eminent African utility with global aspirations".

At around the same time, Eskom was dealing with the issue of whether to privatise certain Eskom services not directly related to the core business of providing electricity, for example, IT, construction, aviation, and the servicing and maintenance of equipment. In 1999, Eskom Enterprises was registered as a wholly owned subsidiary of Eskom and would focus on Eskom's non-regulated business activities in South Africa, as well as look for opportunities to do business on the rest of the continent. Reuel Khoza now had a vehicle to help Eskom make the most of the opportunity of South Africa's integration with Africa.

Khoza's vision was crystallised into a strategic intent "to be the pre-eminent African energy and related services business of global stature". In its first year, Eskom Enterprises exchanged business contracts with a host of African countries and identified opportunities in hydropower, mining, refurbishment of turbines, and the upgrading of power systems.

In late 1998, the government showed its intention to restructure the energy industry by releasing a White Paper (an authoritative report that commits the government to certain policies) on a comprehensive energy policy. The White Paper answered some key questions around Eskom's function and identity, namely, "Who owns Eskom?", "Should Eskom pay taxes and dividends?", and "How should the electricity supply industry be structured?". The Eskom Amendment Act took its cue from the White Paper and was passed at the end of 1998, making Eskom a limited liability company with share capital and falling under the Companies Act. This conversion of Eskom took effect in 2002 when the Eskom Conversion Act was signed into law. Eskom was now run not as a public enterprise, but a public company with share capital. A Board of Directors was appointed by the relevant minister to replace the two-tier governance structure of the Electricity Council and the Management Board. This Board of Directors now presided over the affairs of Eskom Holdings Limited (Eskom's new official title). Reuel Khoza was appointed Chairman of this Board.

Meanwhile, in 2000, Thulani Gcabashe had been chosen to succeed Allen Morgan, who was retiring, as Chief Executive, with effect from April 2001. Gcabashe had been with Eskom since 1993 and was responsible for the electrification programme in KwaZulu-Natal. He then ran Eskom's London office, before becoming Senior General Manager for Customer Services.

He joined the Management Board and Electricity Council in 1999. Allen Morgan left the company with a parting gift – the publication "A Symphony of Power". These articles in Eskom News have relied heavily on this book, which was written by Jac Messerschmidt and Steve Conradie (both former employees of Eskom).

Eskom's efforts to electrify the country did not go unnoticed on the world stage, and in December of 2001 at the Global Energy Awards ceremony held in New York, Eskom was presented with the Power Company of the Year Award. That same year, Eskom embarked on a makeover; a new corporate identity and logo were approved in 2001 and implemented in 2002.

South Africa's integration back into the world had its benefits, and in 2002, Eskom co-hosted the World Summit on Sustainable Development, which was held in Johannesburg. The summit brought together tens of thousands of international participants drawn from governments, NGOs, businesses, and other groups to focus attention and action on meeting the world's challenge to improve lives and conserve natural resources. Eskom had a role to play beyond simply providing electricity, and the leadership of the organisation was aware that its aims and goals were aligned to those of Government. The idea of leadership and, particularly, African leadership was a matter close to the heart of Reuel Khoza, so it was apt that Eskom should throw its weight behind the new African Leadership Programme.

In 2002, President Thabo Mbeki inaugurated this Eskom-sponsored programme when he unveiled bronze statues of Oliver Tambo, Robert Sobukwe, Steve Biko, and Nelson Mandela at Megawatt Park. Those statues stand in the atrium of Megawatt Park and serve as a powerful reminder as to how far the country, and Eskom, have come in the past few decades.

In the next decade…

Work begins on Ingula, Medupi, and Kusile – but it is too late to stave off power interruptions as Eskom struggles to keep up with demand; there is a shuffling of leadership positions before things settle down; a line in the sand is drawn; and the organisation restructures for a shift in performance and sustainable growth.

Did you know!?

- Majuba power station (fully operational in 2001) is the only power station in the world that combines wet and dry cooled technologies.
- On commissioning in 1993, Kendal power station became the world's largest indirect dry-cooled power station.
- In 1997, Reuel Khoza replaced John Maree as Chairman of the Electricity Council, making him Eskom's first black Chairman. In 2002, when Eskom became a public company, Reuel Khoza was appointed Chairman of the Board of Directors.
- In 2002, construction began on the Klipheuwel Wind Facility in the Western Cape. These were the first wind turbines in sub-Saharan Africa.
- The Eskom Conversion Act was signed into law in 2002, which meant Eskom ceased being a public enterprise, and became a public company with share capital.
- After the 1994 elections the government set Eskom the target of electrifying 1 750 000 homes by the end of 2000. The target was reached with a year to spare.
- Reuel Khoza (Chairman from 1997 to 2005) wrote the lyrics for several songs about Eskom, which were performed by Eskom choristers.
- In 1999, Eskom achieved its employment equity target of 45% black staff in managerial, professional and supervisory positions.
- In 2000, Thulani Gcabashe replaced Allen Morgan and became Eskom's first Black Chief Executive.
- Eskom published its first glossary of energy terms (English/Sesotho/Sepedi/IsiXhosa/IsiZulu) in 2001. It was authored by Sipho Neke, Rose Diale, Zama Bekeweni and Nto Rikhotso.
- In 2001 Kumo Radebe was appointed to head up Matimba Power Station, thus becoming Eskom's first female power station manager.
- In 1993 the Electricity Council became much more representative of Eskom's stakeholders when 3 members were appointed to represent the unions, and two black women were appointed: Ellen Kuzwayo and Nozizwe Majija.
- In 1993 Dawn Mokhobo was appointed Senior General Manager of Growth and Development – the first such senior appointment of a woman in Eskom, black or white.
- Allen Morgan, who became CE of Eskom in 1994, was (from 1983-1985) the Western Cape Region's Eastern Distribution manager, and the Hex River Power Station manager. Thus he was the only person in Eskom to hold the job of distribution manager and power station manager simultaneously.

Eskom's ninth decade

"Shift performance and grow sustainably"

Eskom's final decade to date has in many ways been its most tumultuous. Its reputation hit a new low, and there were serious concerns that South Africa's famous power utility had done itself irreparable harm. The rolling blackouts that began towards the end of 2007 cast a gloom over the country, and the economy took a hit, as mines were forced to tap back on production, losing out on the potential gain when palladium and platinum prices hit record highs in early 2008. Even though President Thabo Mbeki apologised for not heeding Eskom's call for capital expansion, this did little to erase the perception that Eskom was at fault. It would take a change in Eskom's leadership, and some serious soul-searching by the organisation, to turn perceptions around and put the organisation back on the front foot.

In the current political climate, where state-owned companies (SOCs) are seen by the government as "strategic instruments of industrial policy", it is easy to forget that, in 2000, the talk was of privatisation. In fact, government actually announced its intention to privatise all SOCs by 2004. There was talk of creating an electricity market in South Africa to be modelled on something like Nord Pool Spot, Europe's leading power market. The market would allow for independent power producers (IPPs) to go directly to large customers and enter into contracts with distributors. For various reasons, the plan was deemed unviable and shelved in 2004. Instead, Eskom was to remain at the centre of South Africa's electricity industry, with IPPs augmenting supply. However, there was (and continues to be) a move to "corporatise" Eskom. Corporatisation is "the transformation of state assets or agencies into state-owned corporations in order to introduce corporate management techniques to their administration" (Wikipedia). This is a worldwide trend and has been used in New Zealand and Australia to reform the electricity markets. In a 2000 interview, Jan de Beer, CEO of Eskom Enterprises, mentions that "Eskom will probably be corporatised soon". Many of the changes that have taken place at Eskom in this last decade should be seen in the light of the drive to bring business techniques and imperatives to the running of the organisation. Furthermore, the controversy around electricity price rises can also be seen in this context; a fundamental rule of business is that "there is no such thing as a free lunch", and in Eskom's case, the cost of the lunch includes the electricity it took to make it.

Interestingly, in that same interview, Jan de Beer states, "if you had to sell Eskom power stations today in an overcapacity situation, obviously the value would be different to that if you had to sell it seven years from now when you would be experiencing a shortage of power". How right he was, and the government's failure to finance new build has been put down to the fact that it could not raise the necessary money from the private sector. In some ways, this speaks to that old Eskom chestnut: "profit". The recent MYPD3 application has elicited some angry responses from pro-poor and pro-worker organisations that do not see why Eskom should make such a handsome profit; why not forego that profit and use it to subsidise poor consumers? The problem with that argument is that South Africa is reliant on foreign capital to fund infrastructure expansion. The government would love to spend money on its own terms, but it does not have that luxury; it needs overseas financing. But it costs money to borrow money, and reputation counts for a lot when seeking favourable financial terms.

Hence, it is important that both Eskom and the country itself strive for good investment ratings in order to keep the cost of borrowing as low as possible.

One of Eskom's strategic objectives is "ensuring our financial sustainability". For that to happen, your financials need to show healthy profits. It is not as if profits are going to rich shareholders or are being splurged on inflated corporate salaries; they are being reinvested in the company to ensure that future generations of South Africans enjoy security of electricity supply.

One of the major pitfalls of state-run companies is underinvestment. It is very tempting for governments to divert surpluses towards social spending, instead of investing in the industry. In a way, this was South Africa's problem in the early 2000s. The political pressure for social spending meant that infrastructure spending was neglected. Jan de Beer (in the same interview) proved prescient about the effects of underinvestment in South Africa's electricity system: "Something to remember is when the electricity demand exceeds the current overcapacity, this will require huge investment, and whether you privatise or not, the electricity price will have to go up."

In 2003, it was clear that South Africa would indeed face an electricity shortage, and Eskom's Board of Directors took "a final decision" to return three power stations to service: Camden, Grootvlei, and Komati – none too soon, as peak demand jumped from 31 928 MW in 2003 to 34 195 MW in 2004. Yet the political momentum at the time was not behind beefing up generation, but in connecting more people to the grid. By 2004, thanks to this electrification drive, millions of South Africans were enjoying better lives.

In March 2004, some 7.8 million households had been connected, a massive jump from the three million households connected in 1990. Partly in recognition of this achievement, in 2004, Eskom won the Markinor Sunday Times Grand Prix Award for having done the most to uplift the lives of South Africans. It was also identified, in that same year, by Markinor Sunday Times, as South Africa's most admired brand.

This probably would have been the ideal time for the government to ease off on the electrification programme and put all its effort into helping Eskom avert a looming generation crisis. But that is not what happened; instead, the drive to achieve "universal access" to electricity continued apace. In 2004, in his State of the Nation address, President Mbeki stated that universal access was a policy goal to be achieved by 2012. The problem for Eskom was that, by around 2003, most of the low-hanging fruit had been plucked, formal urban settlements had been electrified, and electrification efforts would focus more on rural areas. Electrification in rural areas is somewhat costlier and requires more bulk infrastructure by way of extended transmission networks and transformers; understandably the rate of electrification slowed. In 1997, there were half a million connections; in 2006, there were just over 150 000. The government's desire for universal access was also somewhat complicated by changes in policy. Up to 2001, Eskom paid for electrification through cross-subsidies from its major customers. When Eskom's price compact with government expired, the National Energy Regulator (NER) introduced a more transparent pricing system, which made cross-subsidising unviable. Further, since Eskom started paying taxes in 2001 (as part of the corporatisation process), it was felt that government (as part of its welfare and development function) and not Eskom should be subsidising the electrification programme. So, from 2001, the capital cost of new connections was funded directly from the fiscus. In 2002, the Integrated National Electrification Programme (INEP) was set up, and in 2005, it was established within the Department of Energy (at the time, it was the Department of Minerals and Energy). Yet, even though the budget came from government and was channelled through INEP, it still fell on Eskom to do the bulk of the actual work of electrification. Although municipalities played their part, Eskom was, and continues to be, responsible for the vast majority of connections.

In 2012, Eskom's CE, Brian Dames, stated that, "more than 83% of South African households now have access to electricity". Clearly, President Mbeki's target of universal access by 2012 was not reached; however, 83% is still a great achievement and is in line with some of the most optimistic predictions from earlier in the decade.

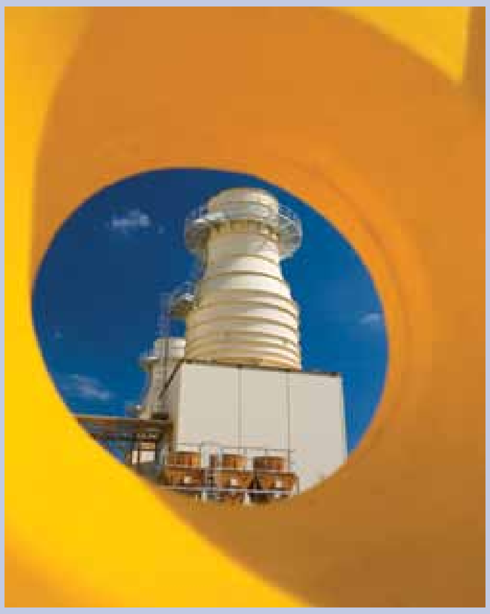
In 2007, academic researchers at UCT's Management Programme in Infrastructure Reform and Regulation wrote, in an assessment of South Africa's electrification programme, "it is difficult to underestimate the significance of the electrification programme on the welfare of South Africans". Making allowances for the necessarily constrained tone of academic papers, the endorsement rings loud and proud.

In that same paper, the researchers noted that the DoE's target of 80% electrification by 2012 would require "strong political backing, hugely increased electrification budget allocations, and a dramatic step-up in terms of capacity". Clearly, there are people within Eskom and government who, in the past five years, have gone beyond the call of duty to keep the electrification drive going. Of all South Africa's transformational stories, electrification is one of the most compelling. To think that, in just over two decades, the provision of electricity has gone from a service reserved for a privileged minority to an instrument of poverty alleviation that has improved the lives of tens of millions of South Africans.

The achievement is even more extraordinary given the leadership ructions Eskom went through during the decade. In 2005, Reuel Khoza's term of office expired, and Mohammed

Valli Moosa succeeded him as Chairman of the Board of Directors. Khoza left an organisation that had undergone rapid transformation during his tenure. A respected figure, he had sought to underpin his efforts with a very strong commitment to tracking results. The 2005 Annual Report ran to 400 pages and listed just about everything Eskom did (and did not) achieve, including attendance records of directors and board meetings. While Khoza had enjoyed a high profile as Chairman, Moosa sought to reduce the public visibility of his office. He felt that, as a non-executive Chairman, his most important function was that of neutral and objective oversight. His low-key approach came under attack when, in late 2007, the country experienced rolling blackouts, and Eskom was forced (in early 2008) to introduce load-shedding to protect the integrity of the grid. The quietly spoken Valli Moosa now took flak from the media for not being more visible during the crisis. But he defended his stance, saying that should he need to interrogate the executive team, he could do so without a pre-ordained agenda and in a spirit of fairness and fact seeking. He felt it was important for the executives to take the lead and for the Chairman to remain independent.

That executive team was headed by Jacob Maroga, who had succeeded Thulani Gcabashe as CE in mid-2007. Valli Moosa had overseen the "rigorous process", as he called it, involving 270 candidates and ending in Maroga's appointment to one of the most important jobs in the country. Maroga had joined Eskom as an engineer in 1995 and had then worked his way up the ranks to become a managing director in 2000, before landing the top job. Maroga and his executive



team (which included the likes of Brian Dames, Erica Johnson, and Steve Lennon) had a lot to contend with. In 2007, Eskom's reserve margin had shrunk to between 8 and 10%, well below Eskom's desired 15%.

Construction had started on the Ingula pumped-storage scheme in 2006 and on Kusile and Medupi coal-fired power stations in the following year, but it would be some years before they could send power to the grid.

Although two gas turbine plants, Ankerlig (Atlantis – near Cape Town) and Gourikwa (Mossel Bay), came into commercial service (first phase) in 2007, it was not nearly enough to avert the shortfall. The stations had been designed to deal with peak demand in the Western Cape and to use an open-cycle gas turbine (OCGT), which ran off diesel – a very expensive source of fuel.

In 2007, Eskom warned that, over the next five or six years, the system would be constrained and called for a collaborative effort from all stakeholders to minimise the likelihood of power interruptions. President Mbeki helped take some heat off Eskom by acknowledging blame for the oversight in planning. On 12 December 2007, he made a public apology, stating "Eskom was right, government was wrong".

Nonetheless, it was still Eskom's problem to fix, and in order to avoid repeating the mistake of underinvestment in capital expansion, Eskom would have to get South Africans used to the idea of paying cost-reflective tariffs. Moosa left the organisation in July 2008 (after his contract had expired), but not before helping Eskom move towards cost-reflective tariffs by devoting time and energy to the NERSA price application. In December 2007, there was a 14.2% increase, which was shortly followed by a 13.2% increase.

Moosa was replaced by the chairman of Business Unity South Africa (BUSA), Bobby Godsell. On his appointment, Godsell called for a "Team South Africa" approach to the electricity crisis: "This is a national crisis, and we need a national effort to respond to it."

Godsell called for lessons to be learnt from the failure to heed the warnings of a 1998 White Paper that had predicted that South Africa would run short of power. But he argued that it would be unhelpful to simply seek out scapegoats. Godsell's appointment coincided with a global financial crisis that hit South Africa's growth rate and led to a significant drop in demand for electricity. This took some pressure off the country's tight power system.

Godsell, who was a former head of AngloGold Ashanti and a former president of the Chamber of Mines, had a reputation for mediating the interests of labour and capital. He was well regarded by the mine unions for his work in Anglo American's employment practice policies, which began in 1974 when he worked as a labour relations expert. His considerable negotiating skills were, however, not enough to avert a nasty spat with Jacob Maroga towards the end of 2009. On 28 October, Maroga presented his vision for Eskom (in the form of a strategy document) to txhe Board. Godsell made it clear that it did not accord with his vision for Eskom and presented an opposing vision, which listed "41 concerns" with the way things were going. Both documents had been sent (six days earlier) to the Board members, who made it clear that they preferred Godsell's vision. Both Maroga and Godsell offered to resign over the clash, and the matter was put to the Board – who discussed it in the absence of the two parties concerned. The Board elected to keep Godsell and accept Maroga's resignation. Godsell then announced to the general staff that Maroga had tendered his resignation. This was denied by Maroga, who carried on his duties as CE.

Although the Eskom Board is ultimately answerable to its shareholder (who is represented by the Minister of Public Enterprises), it should, according to Eskom's corporate governance structure, function independently and without prejudice in doing what is in the best interests of the company and of the country. On 9 November, Godsell resigned, saying that the government did not uphold the Board's decision. Hogan appointed

long-standing Board member, Mpho Makwana, to act as Chairman with executive authority – "de facto interim executive chair". Maroga left the organisation on 11 November, and the Board immediately began searching for a new CE.

But there were some highlights in 2009. In September of that year, Eskom won the Golden Key Award for Public Body of the Year – an award given by the South African Human Rights Commission and the Open Democracy Advice Centre for promoting openness and compliance with the provisions of the Promotion of Access to Information Act (PAIA).

Meanwhile, the process of settling on a new CE was delayed, while the matter surrounding Maroga's departure was mulled over by the High Court. On 1 July 2010, Eskom finally put the sorry saga behind them when Mpho Makwana was confirmed as Chairman and Brian Dames was made Chief Executive. The two wasted no time in charting a new direction for Eskom.

For Dames, becoming CE constituted the crowning moment in a career at Eskom that had begun in 1987 when he had joined as a graduate in training at the age of 22. Dames was born in Britstown in the Northern Cape and holds a BSc (Hons) in Physics. He held various positions at Eskom, including Power Station Manager, Engineering Manager, GM for Nuclear, and CEO of Eskom Enterprises. While at Eskom, he earned a Graduate Diploma in Utility Management from Samford University (USA) and an MBA.

Clearly, this nuclear physicist, whose first Eskom pay check was R1 440, had been identified from the start for a major leadership role in the organisation. He was appointed just shy of his 45th birthday, which made him Eskom's youngest-ever CE. In a world of corporate imperatives, public transparency, and the unyielding bottom-line demands of jittery global capital, Eskom needed a person at the helm who understood not only the science of electricity, but the exigencies of business.

In a 2006 interview, Dames described his management style as "no surprises, set tough targets; clear leadership-behaviour expectations, and then let leaders get on with it". He described his personal philosophy as "treat everybody with honesty and respect". It seems that Dames has lived by this maxim, and he took over the hot seat with the support of both major unions, Solidarity and NUM. His first move was to strike an open, matter-of-fact tone. In an interview with the press, conducted in October 2010, he stated, "We need to draw a line in the sand, leave the past behind, and work on building the organisation". He further noted, "We don't want to go back to load-shedding. We want to keep the lights on in the next seven years, but it will be tight, especially in the next two years". At that same meeting with the press, he noted, "The key thing for the Board is that the CEO has the full backing of the executive committee … We now look forward with excitement as our strategy is created".

Dames and Makwana had been doing plenty of groundwork to change "the smell of the place" from the stifling air of leadership intrigue to the fresh winds of transparency and consultation.

Perhaps reminiscent of John Maree and Ian McRae going out to the regions and speaking with managers, Makwana and Dames made it their business to find out what Eskomites on the ground were thinking. (They also got input from business, organised labour, customers, and other stakeholders.) They identified four critical concerns that employees had about Eskom: keeping the lights on, safety, leadership, and reputation. They also identified the behaviours employees felt were most damaging to the organisation: unethical behaviour, negative attitudes, and negative operational behaviour. Then, at a Management Committee meeting in August 2010, Eskom's leadership defined, and aligned themselves to, a common purpose: to provide sustainable electricity solutions to grow the economy and improve the quality of life of people in South Africa and the region.

On 20 and 21 October 2010, a further step was taken to "define a new and brighter future for Eskom", when a strategic review was discussed at a "Board breakaway". From this meeting, various resolutions were confirmed that would have a significant impact on the direction Eskom was to take. The meeting was held just a few months after South Africa's successful hosting of the FIFA World Cup, where Eskom had managed to keep the lights on. The resolutions reflected a spirit of expansive optimism, covered a wide range of issues, and laid down a

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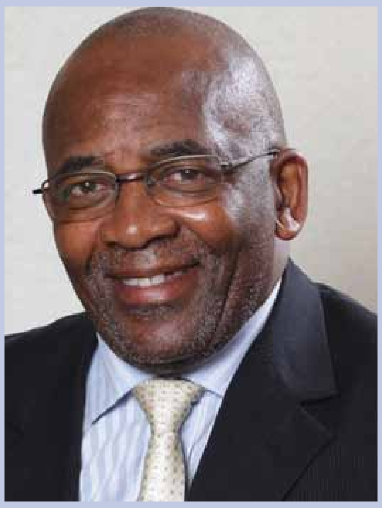
very clear direction for Eskom. The resolutions dealt with a host of issues, including vision, values, aspirations, strategic objectives, and organisational restructuring. There was particular focus on reducing carbon emissions, improving performance, becoming more customer-focused, developing leadership, driving a "step-change" through a delivery unit, and of course "keeping the lights on".

While there have been tweaks, modifications, additions, and subtractions to the October resolutions, they nonetheless formed the foundation of Eskom Holdings' comprehensive six-year Corporate Plan. Subsequent divisional and annual reports have been structured in such a way as to address the direction and priorities as outlined in the plan. The plan provides leadership with a roadmap to guide the organisation and a set of goals and aspirations against which they can measure their success. (The 2012 Annual Report even provides green and red arrows to show exactly where the organisation is letting itself down.)

The approval of the plan was somewhat delayed, as Minister of Public Enterprises Malusi Gigaba initiated a Board shake-up mid-2011. He explained that it was necessary to change the boards of Eskom and Denel "as part of President Jacob Zuma's plea to reshape public policy and usher in a developmental state" (Moneyweb). The minister stated, "A developmental state requires the state to take a longer-term view of investment and infrastructure development". He went on to note, "The implementation of the developmental state agenda requires a paradigm shift on the role of SOCs in the economy from trading strictly within the constraints of their balance sheets to exploring innovative ways to fund infrastructure development, including partnership or cooperation with the private sector". He made it clear that government would, in future, get more involved and that a new shareholder management model for SOCs would see more active participation by the shareholder representative in the areas of policy, planning, strategic direction, and oversight.



So it was that, on 1 July 2011, Zola Tsotsi took over from Mpho Makwana as Chairman of Eskom. Tsotsi had headed up the boards of the Lesotho Highlands Development Authority and the Lesotho Electricity Corporation and had successfully served out his tenure as head of the Lesotho Electricity Authority. He also had extensive experience working for Eskom. From 1995 to 1997, he had served as Corporate Environmental Affairs Manager and, thanks to his pioneering work, had helped Eskom win the Industry Award for Environmental Reporting in 1996. From 1997 to 2000, he was Corporate Strategy Manager at Eskom and was primarily responsible for monitoring and analysing the performance of Eskom's core business. From 2000 to 2004, he was a corporate consultant for Eskom and played a major role in positioning the organisation in terms of leadership in energy supply on the African continent.

In his speeches to Guardians (as employees have come to be known), Tsotsi has emphasised the importance of transforming Eskom and of aligning itself to the government's objectives to "unlock growth, create jobs, and develop skills". The new Board approved the Corporate Plan in September 2011.

For his part, Dames, in his public utterings, has sought to align the dual functions of Eskom 1) as high-performing, bottom-line-driven utility and 2) as a key governmental strategic instrument of growth and development. He has placed emphasis on Eskom's extensive bursary and training programme (5 715 students in the learner pipeline) and has alluded to the 129 000 people for whom Eskom provides employment, either directly or indirectly, who, in turn, sustain some 516 000 South Africans. The CE has also noted that Eskom's new build programme is stimulating business and industry with its R340 billion spend to 2018, which includes the building of two of the world's largest dry-cooled, coal-fired power plants. Unsurprisingly, the major criticism of Eskom that Dames has had to face is around the issue of rising electricity prices. On this matter, the CE has been firm: the only way to secure sound financing for Eskom is by moving towards cost-reflective tariffs. He has argued that subsidising certain businesses or industries, through lowered electricity tariffs, is not part of Eskom's mandate. Dames has pointed out that Eskom's demand-side interventions are helping businesses and individuals decrease their electricity bills. Eskom's Energy Efficiency and Demand-side Management (DSM) Programme began in 2003. In 2010, an Integrated Demand Management (IDM) Division was established to deal with all Eskom's demand-side initiatives. Managing demand is a major part of Eskom's strategy and involves, among other things, the 49M campaign, the distribution of power-reduction equipment, and the Energy Conservation Scheme, which sets energy allocations for the country's 500 largest electricity users.

It is reckoned that, since 2005, Eskom has saved 2 997 MW through various demand-side initiatives. That equates to five units' (of a typical power station) worth of output.

Dames and his team have remained true to their commitment to deal openly and honestly with all stakeholders, and this is borne out by a string of awards. The country and Eskom have come a long way since the days when Dr Van der Bijl and his team could get on with their business with little or no interference from the press, government, or the public. Eskom was under pressure to operate in a spirit of transparency; and Eskom chose to make the most of the challenge. Why not turn transparency into strength – a potent tool for turning around public perception, motivating employees, securing resources, and warding off risks? In 2011, Eskom won a Squirrel Award from the Investment Analysts Society (IAS), a first for a non-listed company and for a state-owned company. The award was for excellence in financial reporting and communications. As Eskom itself noted on the website, "as a state-owned entity we are ultimately owned by all South Africans – so the standards that we set ourselves for

transparent and timely communication must be at least as high as those governing listed companies". Eskom also won awards from Ernst & Young for its reporting: firstly, for excellent corporate reporting (September 2011), and then, Eskom's Integrated Report for 2011 was placed second (behind the Bidvest Group) in the Ernst & Young Sustainability Reporting Awards (October 2011). There was also the JSE Spire Awards, where Eskom was awarded "Best Issuer" for its commitment to transparency and the sharing of information. In the beginning of 2012, Eskom was awarded the gold medal in the "Sector Excellence: Energy and Minerals Sector" category at the Public Sector Excellence Awards. The year 2012 also saw the Eskom Finance Company (along with ABSA Capital) pick up the EMEA Finance Award for its R5 billion residential mortgage-backed securitisation programme, Nqaba Finance I Limited.

But it was not all planning and reports; there was also the business of running Africa's biggest power utility to worry about. Some key milestones give some indication of Eskom's progress in that regard.

In July 2010, construction on the first 765 kV line structure between Majuba and Umfolozi was completed. On 19 November 2011, the Minister of Public Enterprises, Malusi Gigaba, and Brian Dames attended a key erection milestone for the boilers at Kusile power station. On 8 June 2012, President Zuma initiated the final phase of the pressure test on the boiler of the first unit of Medupi power station, and on 31 October, the Minister of Energy, Dipuo Peters, announced that her department had entered into 20-year agreements with 28 preferred independent power producers (IPPs) for the supply of 1 425 MW of renewable energy into the grid.

She also announced a host of ministerial determinations regarding IPPs that would, in the words of the Daily Maverick, "mitigate the risk of a single supplier (Eskom), diversify generation technologies away from the current overdependence on coal, and slow the rise of carbon emissions".

It is difficult to ascertain exactly how well an organisation is doing at the current moment. Eskom certainly has its fair share of challenges: MYPD3, getting Medupi's first unit online, achieving Zero Harm, and achieving operational excellence, to name but a few. But the signs are good that the organisation is poised for great things. Eskom can point to a clean sweep of ticks on key performance areas in its shareholder compact with government. It can also point to a RepTrak study, which shows that Eskom's reputation has improved markedly since 2010. In the latest Annual Report, there are many more green arrows than red arrows, and significantly one of those arrows is for 4.2 million homes electrified since 1991. Universal access is no longer a far-off dream, but an impending reality. As for the "heart of Eskom", the people who go into work each day and serve the organisation in whatever capacity they can are no longer referred to as "Eskomites", but as "Guardians". It is they who are faced with those tough little decisions each day, the decisions that collectively determine the success of the organisation. Eskom's success equates to South Africa's success, and it is the Guardians who hold the future of this country in their hands. It is they who, on a daily basis, in the words of the late Bruce Crookes (Executive Director of Generation), fulfil that "bigger mission in life … and that's powering this country day and night".

Did you know!?

- Eskom uses over 90 million tons of coal per year.
- Eskom relies on coal-fired power stations to produce approximately 90% of its electricity.
- The cost of coal mining in Europe is almost four times what it is in South Africa.
- On completion, Medupi will be the world's biggest dry-cooled power station.
- All six of Medupi's units will be retrofitted with flue gas desulphurisation (FGD) technology, which will result in a 90% reduction in sulphur dioxide emissions.
- It is estimated that the waterways of Southern African could, if properly harnessed, produce as much as 80 000 MW – enough to power the region for some years to come.
- The Eskom Dictionary for the Electricity Supply Industry/ Eskomwoordeboek vir die Elektrisiteitsvoorsieningsbedryf (JD Posthumus, revised by S de Wet (1998), and commissioned by Zama Bekeweni) won an ATKV Award in August 2006.
- In 2004, the Markinor/Sunday Times Top Brands Survey identified Eskom as South Africa's most admired brand. That same year, Markinor/Sunday Times also presented Eskom with the Grand Prix Award for the company that had done the most to uplift the lives of South Africans.
- The USA is the biggest consumer of electricity in the world at 3.8 trillion MWh per year, compared to South Africa at 241 million MWh. That means that America consumes almost 16 times as much electricity as we do. Its per capita consumption is around five times higher than South Africa's.
- The Ingula pumped-storage scheme (near Ladysmith in KwaZulu-Natal) was begun in 2006 and is being constructed entirely underground – 150 m below the surface.
- In 2009, Eskom won the Golden Key Award for Best National Department. This award, given by the South African Human Rights Centre and the Open Democracy Advice Centre, recognised Eskom for its transparency and openness in terms of complying with the Promotion of Access to Information Act.
- From 1991 to 2013, Eskom electrified 4.2 million households.
- On the evening of 31 March 2012, millions of South Africans observed Earth Hour by switching off lights and electrical appliances. Eskom ascertained that the initiative saved 402 MW – enough electricity to power Mangaung (Bloemfontein).
- Gariep, Vanderkloof, Palmiet, and Drakensberg hydropower stations are peaking power stations and can come online within three minutes, making them ideal for rapid reaction to emergency demand.
- Eskom generates about 45% of the electricity consumed in Africa.
- In 2009, Eskom's revenue was lower than its operating costs; the last three years have seen that situation reverse, and in 2011/2012, Eskom reported a profit of R13.2 billion – much-needed revenue that can go into financing the new build programme.
- Eskom provides direct and indirect employment to around 129 000 people, and it is estimated that 516 000 South Africans are directly or indirectly supported by Eskom.