Eskom's seventh decade

"Electricity for all"

1983 - 1993

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 by 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 chairperson of the time, 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. 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". 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. 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. The De Villiers Commission was investigating matters relating to costs, planning, and plant performance. 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 1985, John Maree took over as the chairperson of the newly created Electricity Council. 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, pg 249).

As a major borrower of overseas capital, ESCOM was now under pressure to reduce expenditure.

Maree put his much-vaunted communication skills to work by going around the country and speaking to small groups of ESCOM managers. 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.

When Maree 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, it was down to 50 000.

An Equal Opportunity Committee was established in 1986 to "investigate and remove discrimination" (Eskom publication: "Five Years On"). 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

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. 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 standards.

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.

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. So 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). In 1987, Eskom had adopted a policy that allowed it to use price incentives to attract new sales.

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, and a 15% decline in the real price of electricity, among others In February 1990, Nelson Mandela's long walk to freedom entered the final bend and with a new South Africa emerging, the organisation would face new challenges, as well as a somewhat expanded mandate. •

1983 to 1993

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.

DID YOU KNOW?

In **1985**, ESCOM had a total installed capacity of **25 716 MW.**

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.

From **1981** to **1986**, ESCOM experienced an 85% increase in the cost of fuels.

Jan H Smith (ESCOM chairperson 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 1986, Eskom's chairperson at the time, Dr JB Maree, reduced Eskom's staff complement from 66 000 to 60 000. In 1990, it was down to 50 000.

Eskom published its first dictionary, Eskom woordeboek vir Kragontwikkeling en Verspreiding/Eskom Dictionary for Power Generation and Distribution, in **1987**.

In **1986**, Matla power station set an accident-free world record of 11 847 026 man-hours – it stands to this day.

In **1989**, black Eskom employees were debarred from receiving housing loans.

By **1989**, about 70% of Eskom's employees belonged to a union.