

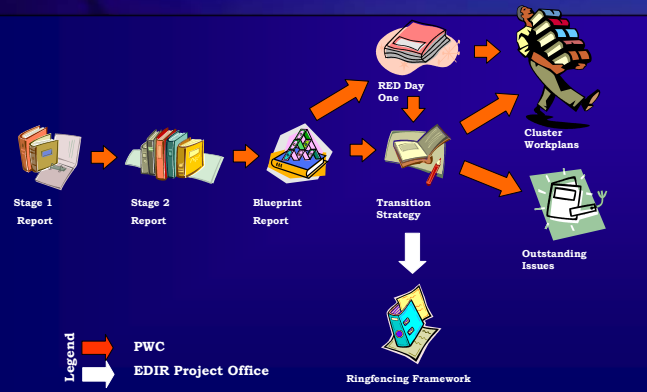
EDI RESTRUCTURING PROGRAMME

Integrated Transition Strategy

By
EDIR PROJECT OFFICE
 30 September 2002

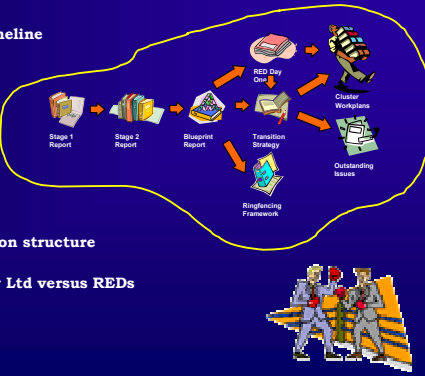


2. Background

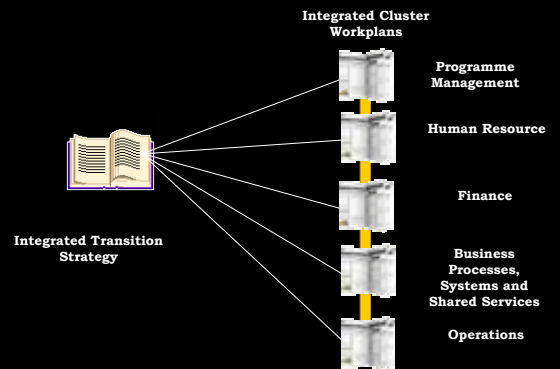


3. Issues and conflicts

- EDI holdings Pty Ltd timeline
- Transition period
- Restructuring phases
- Absorption strategy
- RED Day One
- RED Day One organisation structure
- Role of EDI holdings Pty Ltd versus REDs
- Etc



4. The objective of the Integrated Transition Strategy



5. Integrated Transition Strategy Document Layout

- SECTION 1: INTRODUCTION
- SECTION 2: INTEGRATED TRANSITION STRATEGY
- SECTION 3: ABSORPTION STRATEGIES FOR EDB'S
- SECTION 4: STRATEGY FOR CREATING REDS
- SECTION 5: RED DAY ONE
- SECTION 6: RINGFENCING FRAMEWORK
- SECTION 7: INTEGRATED PLANNING TIMELINE
- SECTION 8: LOG OF ISSUE, CONFLICTS AND RESOLUTIONS



6. Section 1: Introduction

- Background
- Purpose of this document
- Document layout
- Definitions

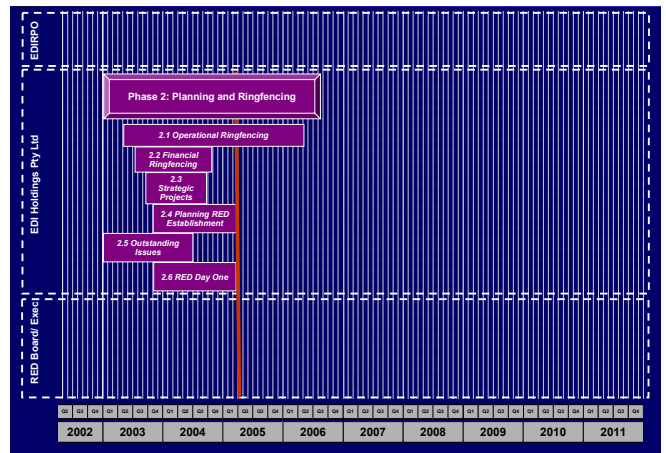
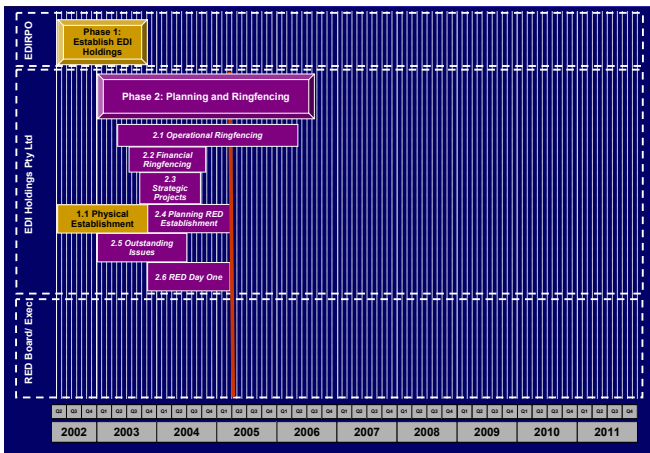
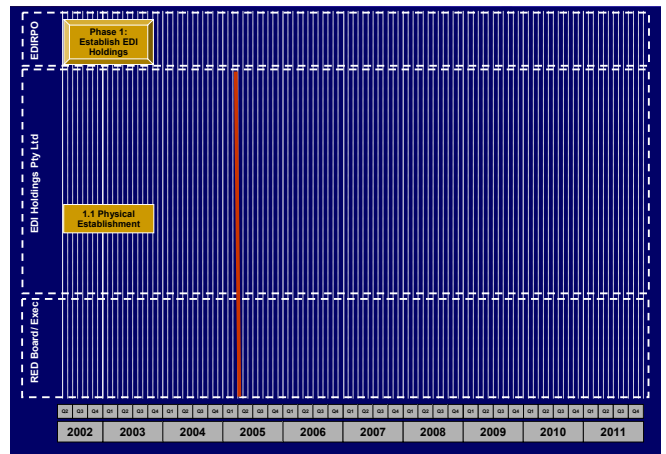
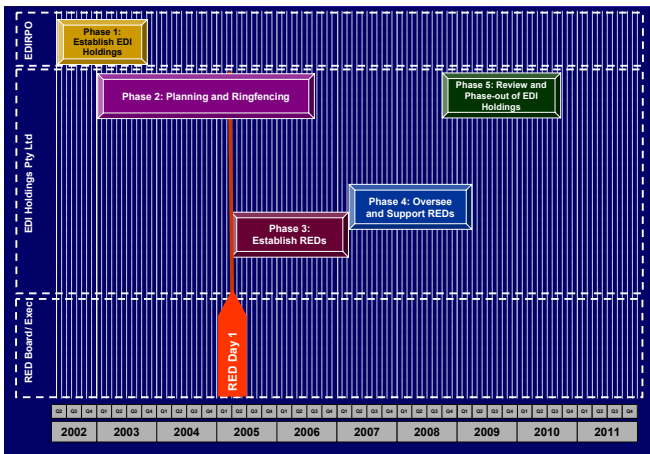
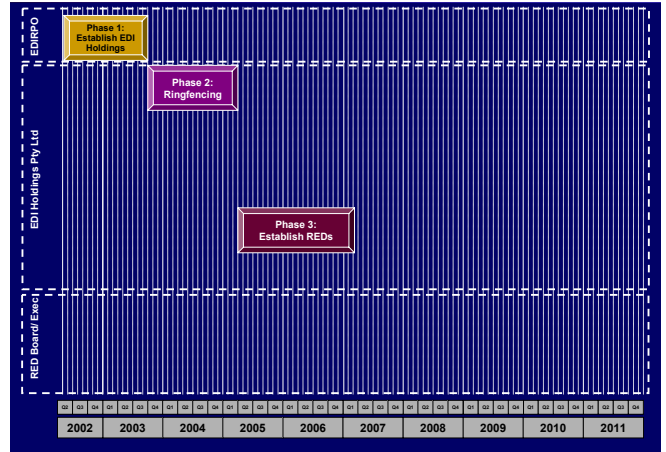


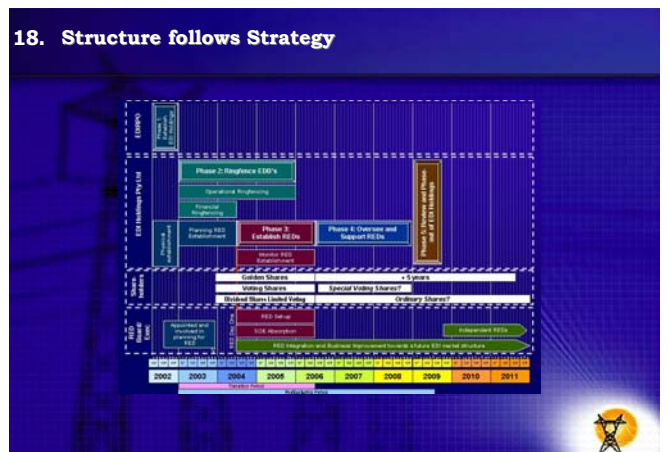
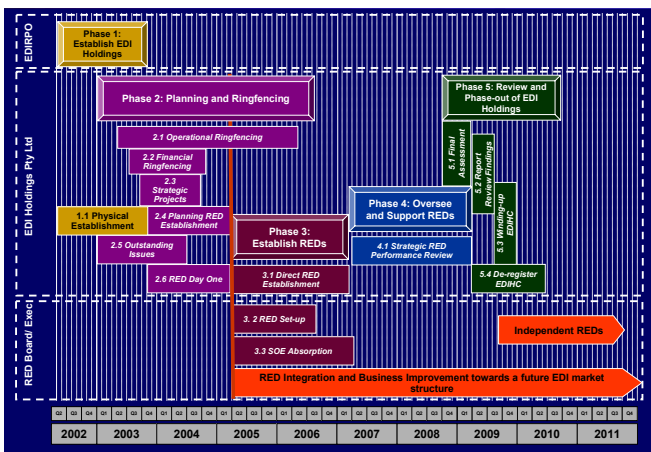
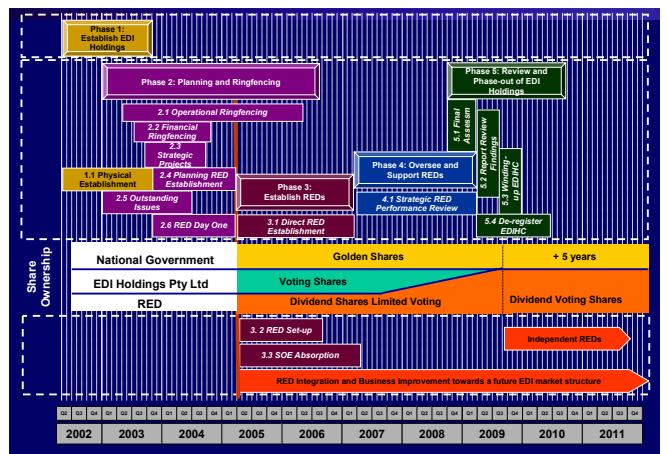
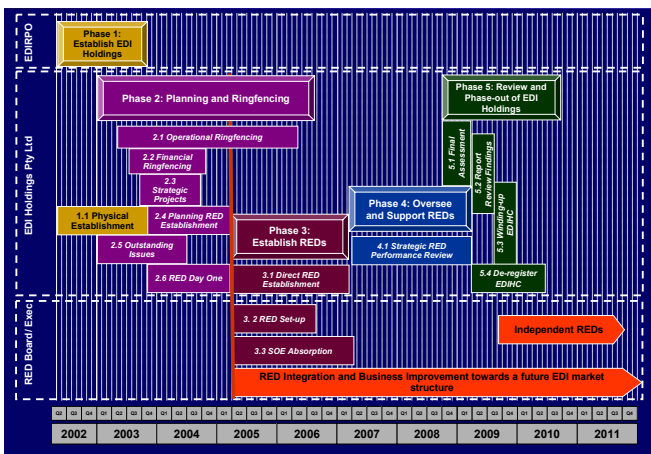
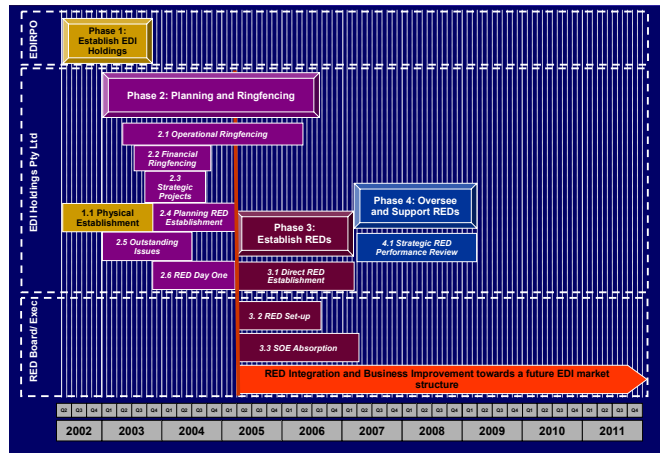
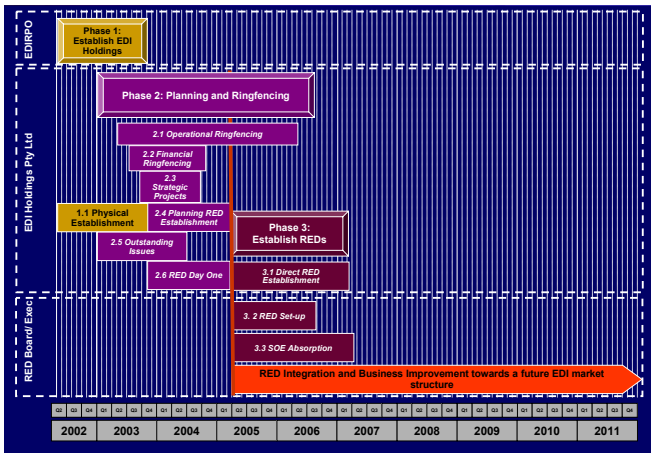
7. Section 2: Integrated Transition Strategy

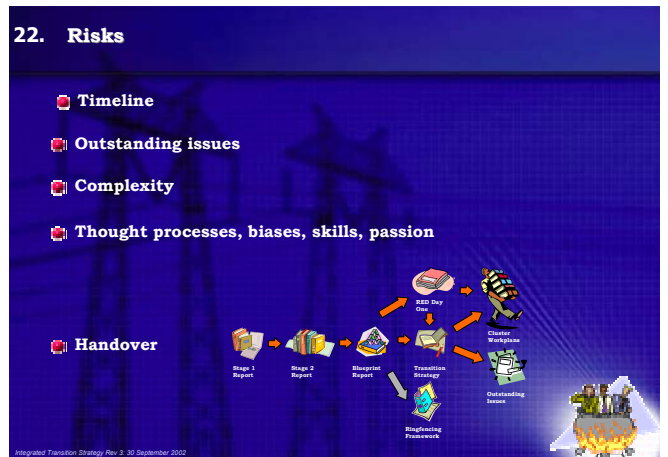
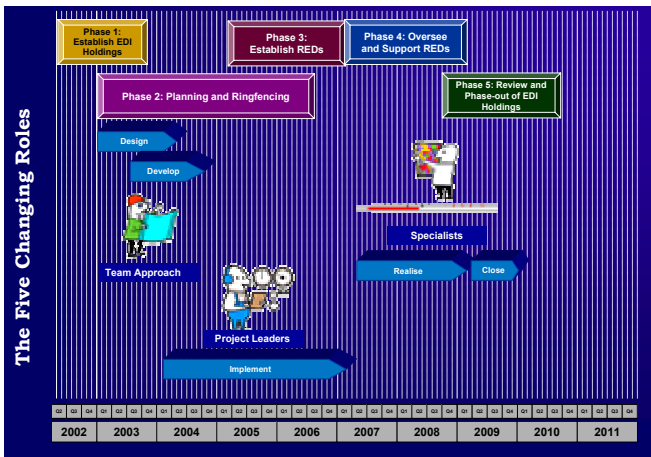
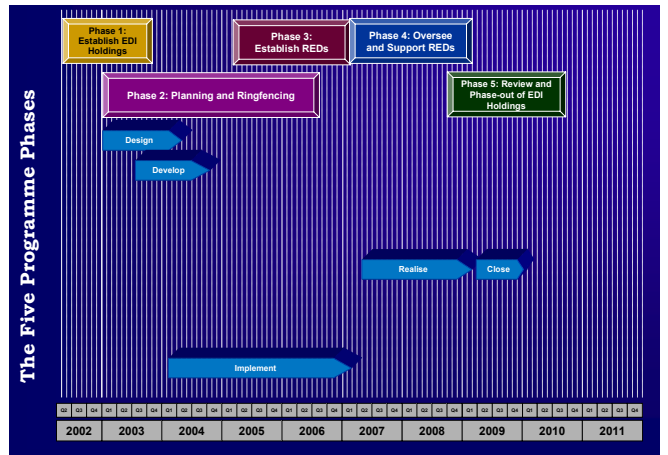
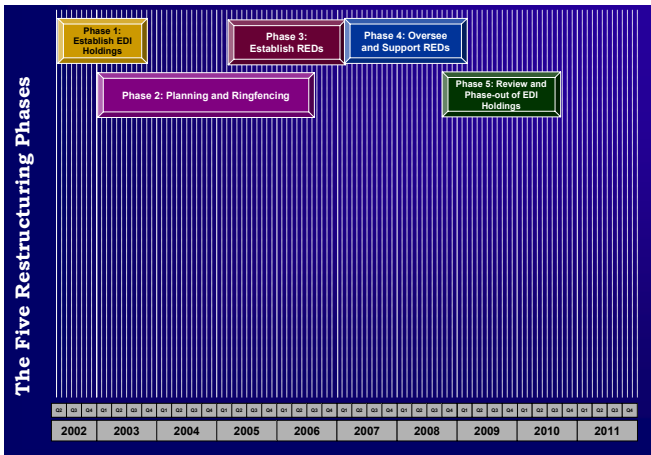
- EDI Restructuring Objectives and Priorities
- Transition Management Principles
- Transition Strategy
- The Integrated Transition Strategy in Detail



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23. Section 3: Absorption Strategies For EDBs

- Key Issue
How does a RED absorb EDBs?
- Blueprint Recommendations
- Two Approaches
Phased versus Complete Absorption
- Evaluation Criteria and Scoring
- EDB Absorption Strategies
- Evaluation of the Two Absorption Approaches
- Impact of Phased Absorption Approach
- EDIR Project Office Conclusions and Recommendation
Phased Absorption Approach

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24. Section 4: Strategy For Creating Reds

- Key Issue
Do we create all the REDs on the same day or do we phase them?
- Two Approaches
Phased versus Simultaneous Creation Approach
- Evaluation Criteria and Scoring
- Conclusion
Simultaneous Creation Approach

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25. Section 5: Red Day One



RED Day One

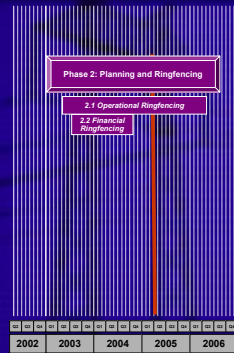


General Clean-up

- Definition
- Philosophy
- Organisation Structure
- Characteristics
 - Authority
 - Absorption
 - Tariffs
 - Customer agreements
 - Contestability

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26. Section 6: Ringfencing Framework



OBJECTIVE

To prepare the Electricity Distribution Businesses (EDB) of Eskom and the Municipalities for absorption into the RED's

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27. Key ringfencing strategies

- ❑ Not part of the Municipal Ringfencing Exercise
- ❑ Lowest cost approach
- ❑ Minimum requirements for absorption into REDS
- ❑ Standard and uniform approach
- ❑ No reconfiguration of legacy systems. Introduce a new basic system layer
- ❑ Source for EDI Holdings Pty Ltd planning information requirements
- ❑ Project managed from EDI Holdings Pty Ltd
- ❑ Utilisation of external specialists

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28. Contextual Framework For Ringfencing

- ❑ Commonly, ringfencing is pursued through five forms of separation:
 - Operational separation
 - Financial separation
 - Legal separation
 - Ownership separation
 - Physical separation
- ❑ The framework supports the following two forms of separation
 - Operational separation
 - Financial separation



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29. Ringfencing Framework

- ❑ Part 1: Introduction
- ❑ Part 2: EDI Restructuring Programme and the Ringfencing Exercise
 - Blueprint
 - Context
 - Operational ringfencing
 - Financial ringfencing
 - Accountabilities
 - Deliverables
- ❑ Part 3: Operational Ringfencing
- ❑ Part 4: Financial Ringfencing
- ❑ Part 5: High Level Project Management Guidelines

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30. Section 7: Integrated Planning Timeline



OBJECTIVE

An integrated project master plan for all the EDI Holdings Pty Ltd projects

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