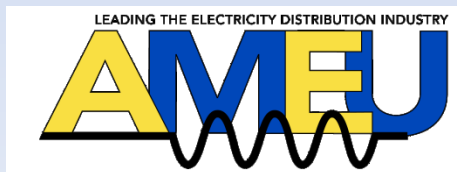




Summary of 2010 Convention Proceedings

Peter Fowles

29 September 2010





2010 Champions???





Affiliates Sports Day

- Golf, Bowls and a hike
- Much fun
- Sports prize giving and dinner at Moyo's, Spier
- Many thanks to Affiliates





Opening Session

- Scene set by the lovely rendition of our anthem and the music of the Cape Choir
- Welcome by our President
 - Stressed the many issues being addressed
- Mr Ompi Aphane, DoE - keynote address
 - Issues raised during 2009 address
 - Disparities in service levels (bad debt, tariffs etc)
 - Well managed during 2010 – why not always?
 - Infrastructure maintenance – critical issue
 - Lack of regulatory enforcement





Opening Session



- Warm welcome by Ald Cyril Jooste
– Leave with a `sense of returning`
- 23rd Technical Convention 2011 – invitation from Ald Justus of the City of Cape Town
- Honorary membership conferred on Robert Wallis, Jan Coetzee and Ockert Bothma
- Induction of new President, Michael Rhode
- Support from Drakenstein, Clr Sishuba



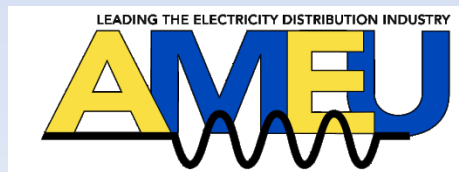
Opening Session

- Induction of President Elect, Silas Zimu
- Nomination of new Vice-President Elect, Vincent Kobuwe from Tshwane
- Hand over of social contribution to Mr Ndlebi, Headmaster of Makupula High School



1st Session – Day 1: Asset Management

- Anton Booyzen - Asset Management Regulatory Compliance Challenges
 - AM is not about single assets – it is a function
 - Process of providing the public with a cost-effective service through certain actions
 - Many legislative drivers but munics focus on compliance rather than performing the work
 - Recommended establishment of AMEU workgroup





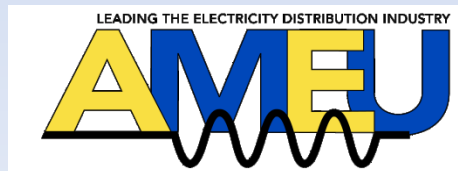
1st Session – Day 1: Asset Management

- Mark Damm - International Practices and Trends for managing and Utility Infrastructure
 - RSA challenges similar to other countries
 - AM aims to improve performance and reduce life cycle cost
 - Smart metering driving change in a number of regions
 - Innovation driven by funding shortages, growth, ageing infrastructure, changing demographics



1st Session – Day 1: Asset Management

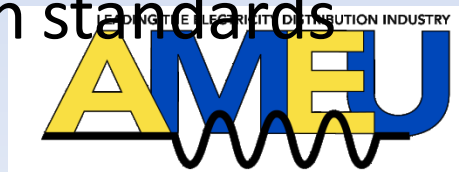
- Willem de Beer - Asset Management: An Executive Perspective
 - ‘Other peoples troubles do not get me out of trouble’
 - Dealt with components of AM – not holistic
 - Leadership needed – issues with procurement, installation then maintenance
 - Leaders who understand their business find solutions to the effective AM constraints





2nd Session – Day 1: New Technology

- Harold Hayes - Smart Meters
 - Migration of current technologies to smart metering
 - Use of Remote Access Terminal (RAT)
 - Report of meter or RAT events (tamper or failure)
 - STS compliant
 - 2-way communication to assist with load management and revenue protection
 - AMEU user group for local user group for common communication standards





2nd Session – Day 1: New Technology

- Leon de Nysschen - Metering in various aspects of Municipal Distribution
 - Overview of metering in a municipal environment
 - No one technology is the answer
 - Services offered include load profiles, TOU tariffs, monitoring and service information, SCADA and control systems
 - NRS057 guideline



2nd Session – Day 1: New Technology

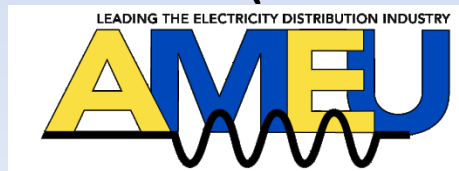
- Vic Lawrence - Utility Load Manager (ULM)
 - Supply constraints until generation capacity increases
 - System control will control
 - Real time and bi-directional
 - Not in home but change customer behaviour
 - TOU capability
 - Potentially no load shedding or black outs
 - National implementation – 6750 MW





Final Session – Day 1: Safety

- Ron Millard - More Regulation! But what price Safety?
 - Munic engineers to safeguard safety of staff and public in significant risk environment (old assets)
 - Hide behind shortage of skills and funding
 - Example of Australian safety regulator and audit of 5 distributors
 - Move from prescriptive legislation to safety management schemes (ESMS – process based regulation)





Final Session – Day 1: System Performance

- Barry Gass – Substation Explosion (Case Study)
 - Details of serious substation explosion
 - One thing to identify the hazard, another thing is what to do about it
 - Risk assessment did not take into account all possible hazards (arc flash but not force of explosion)



Social Activities – Day 1

- Ladies treated to a most enjoyable day on the Easy Ride Wine Tour – thanks to Powertech
 - Wine and cheese tasting at Delheim & Boschendal
 - Lunch at Essence Restaurant and a Chocolate Factory demonstration at Franschhoek Town Hall
- Well attended Civic Reception at the Stellenbosch Town Hall
 - Welcome from Ald Jooste
 - Entertainment





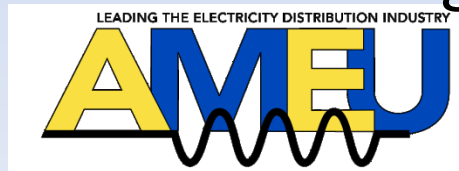
1st Session – Day 2: Management Challenges in a Municipal Environment

- Visvin Reddy – Political impact on Municipal Electrical Services Delivery
 - NGC – renewed passion to drive service delivery
 - Political objective to achieve universal access
 - Service delivery protests becoming violent
 - Councillors receiving backlash
 - Illegal connections resulting in deaths
 - eThekweni losses – R120m per year



1st Session – Day 2: Management Challenges in a Municipal Environment

- Adrian Vermaak - Effective Leadership and Skills Development
 - Singapore leadership – next generation?
 - Statistics – emigrants want prof environment
 - NMBM strategy to reverse trend
 - Organisation structure for skills development
 - Professional development (contracted mentors)
 - Increase trainees
 - Leadership to create a learning culture





1st Session – Day 2: Management Challenges in a Municipal Environment

- Dennis Mokoala - Skills Development and Retention
 - National problem –talk about, doing what?
 - Skills Development Act - Legislation to increase investment in education and training
 - Polokwane loss of 22 artisans in 5 year period
 - What can be done to retain staff?



1st Session – Day 2: Management Challenges in a Municipal Environment

- Rob Zietsman - Provision of Bulk Municipal Infrastructure by Developers
 - Service contributions by developer towards cost of shared bulk infrastructure (shared external services, HV lines, substations etc)
 - Required in advance of IDP + no munic finding
 - Special funding model required (NRS 069 not suitable for primary infrastructure)
 - 3 models analysed



1st Session – Day 2: Management Challenges in a Municipal Environment

- Stephen Delpont - Metering Spreadsheet to compare Metropolitan Municipality's Tariffs
 - Complexity of tariffs not understood
 - Higher emphasis on energy charges since 2009
 - Should municipalities follow this bulk price trend
 - Need 'energy specialists', not 'account specialists'
 - Developed spreadsheet – import data for proper tariff comparisons



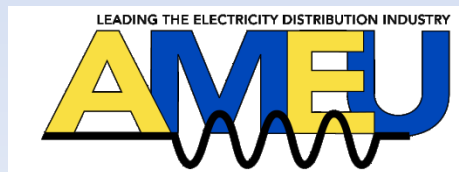
1st Session – Day 2: Management Challenges in a Municipal Environment

- Hendrik Barnard - An Analysis of Municipal Tariff Determination
 - Scary!!!!
 - Impact on over recovery by munics on surplus
 - Low increase to poor means higher increases to larger customers
 - Munics not replicating price signals inherent in Eskom tariffs
 - IBT should not be applied to all domestic customers



1st Session – Day 2: Management Challenges in a Municipal Environment

- Leon Kritzingler - Municipal Tariff Challenges
 - Incorrect design and application of tariffs could lead to munic collapse
 - Cash flow implications of payment of Eskom account
 - Average 34% Eskom increase resulted in 48% increase in Centlec account – July 2009. Structural change not announced
 - Require fair tariffs to cover costs
 - Residential customer base 98% produces 48% of income





2nd Session – Day 2: Management

Challenges in a Municipal Environment

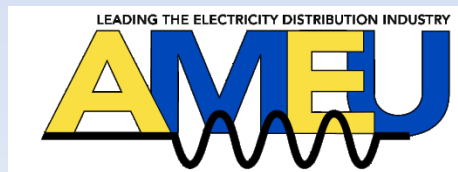
- Sandile Maphumulo – Measures to Address Skills Shortages - an eThekweni Perspective
 - Centralization of functions – one set policies, strategies, procedures for elec, water, civil
 - Electricity performance – hours; HR in years!
 - Made critical skills a strategic priority
 - Create attraction (salaries, conditions, training)
 - Aggressively advertise
 - Increase training pool
 - Employer/ employee relationship





2nd Session – Day 2: Management Challenges in a Municipal Environment

- Rob Ferrier - Challenge to City Growth due to area of supply disputes
 - Problem arises – areas rezoned to become integral part of City
 - Need for municipal services in these areas to be equitable and sustainable (consolidated bill)
 - consolidated bill, common service centre, BCM network standards
 - Examples of disputes with Eskom on rights of supply





Final Session – Day 2: Energy loss management & theft of materials

- At van der Merwe/Louis Fourie – Energy Loss Management - utility financial sustainability
 - Financial sustainability – cash returns \geq expenses
 - Losses value chain – need to determine quantum and value of losses (estimated 20 to 25%)
 - Can save R4.5bn per year – fund ADAM?
 - Tariffs will be higher than necessary if not addressed.
 - Losses management an holistic approach



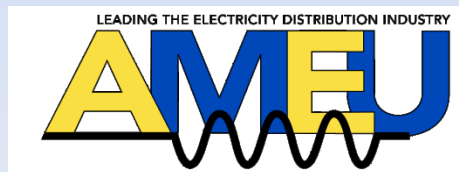
Final Session – Day 2: Energy loss management & theft of materials

- Maboe Maphaka – Overview of the Eskom Energy Losses Management Programme
 - Introduction of Operation Khanyisa
 - dealing with deep rooted societal issues
 - Need to change perceptions by addressing moral fibre
 - Losses increase 4 – 6% from 2002 – 2005
 - Want to assure customers they are acting on the issue before tariff increases



Final Session – Day 2: Energy loss management & theft of materials

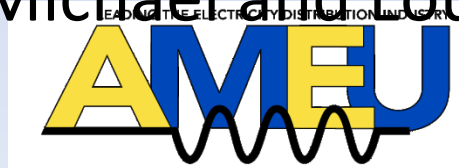
- Silas Zimu – Combating Conductor Theft in the City Power Areas
 - Big increase in incidents since 2004
 - Pilot project measures to combat
 - Cable safe, monitoring, touch sensors, joint operations with SAPS, cable identification
 - Gangs – strong, armed and mobile (employee involvement)
 - Partnerships – ADT, JMPD, SAPA etc





Social Activities – Day 2

- Ladies started their day with a light breakfast
 - thanks to CBI Electric
 - Took part in activities involving Olives, Arts & Crafts, Pottery
 - Picnic lunch followed by an Isa Carstens reflexology demonstration at Delvera's Hall
- Gala Evening at Bloemhof School Hall
 - Speech from Michelle
 - Conrad Koch, Michael and Louis Blom





1st Session – Day 3: System performance

- Willem de Beer - Benchmarking in the South African EDI Context
 - Measure performance against comparable utilities
 - Used to enhance business performance
 - Establish baseline performance – balanced scorecard
 - Municipalities willing to participate in a pilot programme



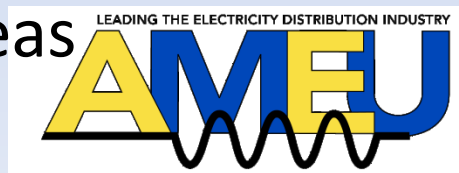
1st Session – Day 3: System performance

- Claudio Pierini - System Performance (Quality of supply, load shedding challenges)
 - Issues to improve the utilities SAIDI, SAIFI, CAIFI, CAIDI indices
 - Power system performance influenced by many factors
 - Load density. Environmental, geography, weather
 - Suggest - back to basics to improve performance
 - Protection and reducing outage times



1st Session – Day 3: System performance

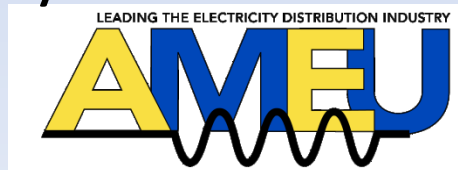
- Corrie Visagie – Scenarios for Supply/ demand balance
 - Everyone needs to contribute to energy efficiency
 - No clear industry acceptance of problem
 - Energy problem – demand side solutions
- Amal Khatri - Eskom Research into future energy sources for South Africa
 - Operations and strategic research
 - 18 research areas
 - R230 m spend





2nd Session – Success stories

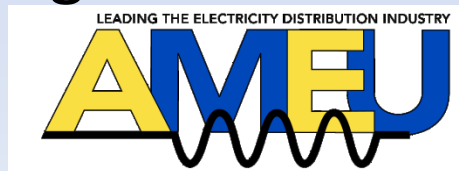
- Clinton Carter-Brown - Electricity Supply Challenges and Lessons Learnt from the 2010 Soccer World Cup
 - Highlights/lowlights
 - Key lessons learned
 - Use of independent stadium operators worked well
 - Ban construction work
 - Cooperation between Eskom and municipalities
 - Legacy – industry wide collaboration effort





2nd Session – Success stories

- Deon Kallis - Removing Obstacles for Emerging Contractors
 - Electrification contract in Langrup informal settlement, Franschhoek
 - Main contractor required sub-contractor with good project management skills – problem
 - Breakeven point assessment critical for performance of sub-contractor
 - No understanding of cash flow/no access to capital





Thank you



- Thank you to all the presenters
- Thank you to the Affiliates for the Sports Day, sponsorships and Exhibition
- Thanks to the AMEU Secretariat
- Thank you to the team from Stellenbosch Electricity and all who have contributed to an enjoyable and very interesting Convention