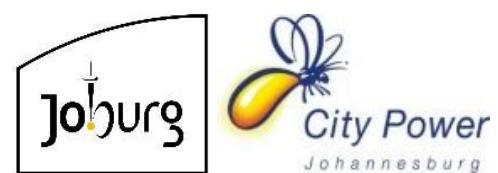




**2ND DRAFT CITY POWER JOHANNESBURG (SOC) LTD
BUSINESS PLAN
(July 2021- June 2022)**

Subject to NERSA Approval of the Tariffs





OFFICIAL SIGN OFF

It is hereby certified that this Strategic Plan:

- Was developed by management of City Power SOC Ltd under the guidance of the Chief Executive Officer (CEO)
- Considers all the relevant policies, legislation and other mandates for which City Power SOC Ltd is responsible
- Accurately reflects the strategic outcomes and objectives which City Power SOC Ltd will endeavour to achieve over the period 2021 – 2022

Sign Off:

Designation	Name	Signature	Date
Chief Executive Officer			
Sector ED			
Sector MMC			

Company Details

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Company Registration Number:
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Phone Number:
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LIST OF ACRONYMS

Acronym and Description	
AA – Affirmative Action	ISO – International Organisation for Standardisation
ADMD – After Diversity Maximum Demand	LED – Light Emitting Diode
AMI – Advanced Metering Infrastructure	LPU – Large Power Users
AMR – Automated Meter Reader	LV – Low Voltage
AMP – Amperes	MDMS – Meter Data Management System
BBBEE – Broad Based Black Economic Empowerment	MFMA – Municipal Finance Management Act
BSC – Balanced Score Card	MOE – Municipal Owned Entity
Bn – Billion	R&M – Repairs and Maintenance
c/kWh – Cents per Kilowatt Hour	MSA – Municipal Systems Act
CAIDI – Customer Average Interruption Duration Index	MV – Medium Voltage
CAIFI – Customer Average Interruption Frequency Index	MVA – Mega Volt Amperes
CAPEX – Capital Expenditure	MW – Megawatt
CEF – Central Energy Fund	NDP – National Development Plan
CO2 – Carbon Dioxide	NERSA – National Energy Regulator of South Africa
BRT – Bus Rapid Transit	NPR – Network Performance Related
CFL – Compact Fluorescent Light	OECD – Organisation for Economic Co-operation and Development
CLO – Community Liaison Officer	OPEX – Operating Expenditure
COJ – City of Johannesburg	OSH – Occupational Safety and Health
CIMS – Capital Investment management System	PPA – Power Purchase Agreement
CP – City Power	PL – Public Lighting
DIFR – Disabling Injury Frequency Ratio	PV – Photovoltaic
DSD – Developmental Service Delivery	R&CRM – Revenue and Customer Relationship Management
DSM – Demand Side Management	RAC – Risk, Assurance, Compliance
EE – Employment Equity	RATS – Remote Access Terminal System
EIA – Environmental Impact Assessment	RDP – Reconstruction and Development Programme
EISD – Environment and Infrastructure Services Department	RS – Retail Services Group

Acronym and Description	
EO – Engineering Operations Group	SAIDI – System Average Interruption Duration Index
EPWP – Expanded Public Works Programme	SAIFI – System Average Interruption Frequency Index
ES - Engineering Services Group	SAPS – South African Police Service
ESP – Expanded Social Package	SBA – Sale of Business Agreement
FBE – Free Basic Electricity	SCADA – Supervisory Control and Data Acquisition
FY – Financial Year	SDA – Service Delivery Agreement
GE – Gender Equity	SDBIP – Service Delivery Budget Implementation Plan
GDS – Growth & Development Strategy	SEA – Strategic Environmental Assessment
GHG –Green House Gases	SHEQ – Safety, Health, Environment, Quality
GRAP – Generally Recognised Accounting Practice	SMME – Small, Medium and Micro Enterprises
GwH – Gigawatt Hours	SMS- Short Messaging System
HR – Human Resources	SOC – State Owned Company
HV – High Voltage	SPU –Small Power Users
JMPD – Johannesburg Metro Police Department	SSM – Supply Side Management
IT – Information Technology	STEP - Service Delivery, Transformation, Excellence, Performance
KPI – Key Performance Indicator	SWOT – Strengths, Weaknesses, Opportunities, Threats
kV – Kilo Volt	TBA – To Be Announced
kWh – Kilowatt Hour	TOD – Transit Oriented Development
KWH – KiloWatt Hour	TOU – Time of Use
ICT – Information, Communications Technology	VUCA – <u>Vision</u> to keep lights on, <u>Understanding</u> the sustainability game plan, <u>Customer Confidence</u> re-gained, <u>Agility</u> of our People
IDP –Integrated Development Plan	
IRP – Integrated Resource Plan	

1. EXECUTIVE SUMMARY

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

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2. STRATEGIC OVERVIEW

2.1 Vision

The vision of City Power is aligned to the vision of our shareholder, the City of Johannesburg:

City Power's vision is to be "A world class energy utility"

2.2 Mission

The mission of City Power Johannesburg SOC is to meet the expectations of our customers and stakeholders by: City Power provides quality energy and electricity in a sustainable manner.

- Providing sustainable, quality, affordable, safe and reliable energy supply,
- Providing prompt and efficient customer services,
- Being the preferred equal opportunity employer by developing and incentivising our employees,

Undertaking our business in an environmentally acceptable manner.

2.3 Values

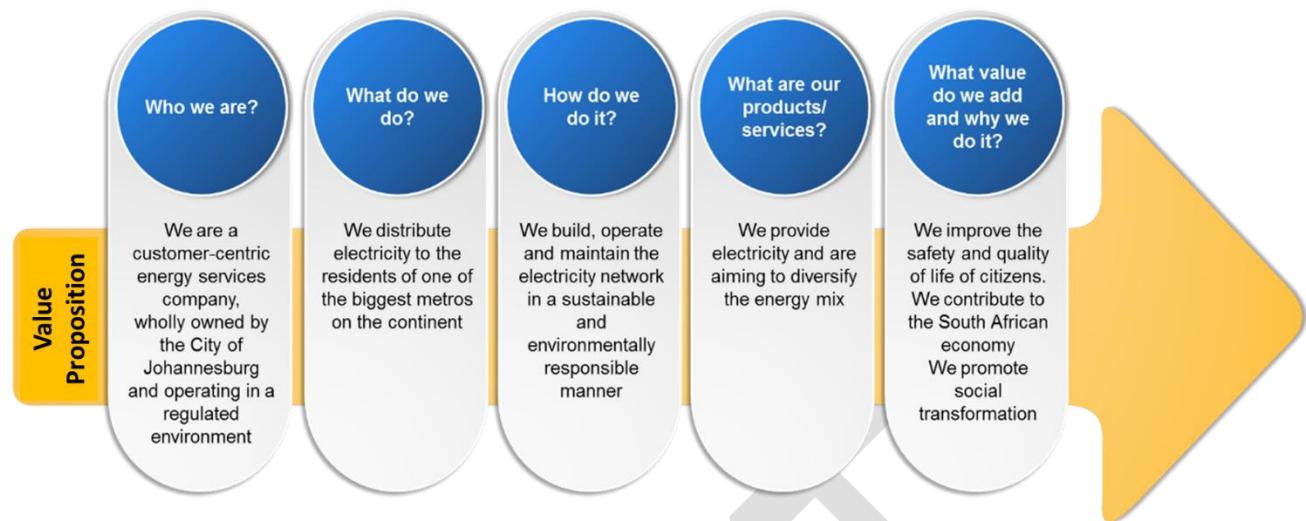
The aspirited values of City Power are to be:

- Resourceful,
- Resilient,
- Reliable,
- Respectful,
- Service delivery with integrity.

2.4 Value Proposition & Aspirations

2.4.1 Value Proposition

City Power's value proposition is centralised around on providing all stakeholders with excellent service in the delivery of our product and service offering. Our approach to doing business enables all stakeholders to have a full appreciation of our value-add in the supply of energy.



2.4.2 Aspirations

City Power aspires to go beyond being solely a reputable electricity distributor, but to rather be recognised as an energy provider of choice. City Power aspires to be a “best in class” African energy utility that is characterised by the following:



2.5 Core Mandate/Purpose

The mandate of City Power is to provide reliable supply of energy to the City of Johannesburg. This is done through the strategic use of a mix of technologies and energy sources, whilst maintaining the sustainability of the business.



To provide quality of energy supply to citizens of Johannesburg

- ✓ Operate, maintain and restore
- ✓ Network strengthening

To manage our assets in a cost effective and sustainable manner

- ✓ Revenue management
- ✓ Metering and accurate billing
- ✓ Cost management
- ✓ Exploring additional revenue streams

The aim of City Power is to assist the City of Johannesburg to address the South African challenge of security and quality of electricity supply in the short term, and energy supply in the medium to long term. It is to enable consumers, who reside under the City of Johannesburg jurisdiction, to have continuous access to electricity and other sources of energy, with the acceptable quality and reliability standards, yet at affordable and transparent rates. In parallel to this objective, City Power will also be required to ensure the sustainability of the business through the achievement of certain agreed to financial, social and environmental goals.

2.6 Overview of the Organisational Statistics

Table 1 below presents a snapshot of City Power's statistics; these highlight the key information about the company at a glance.

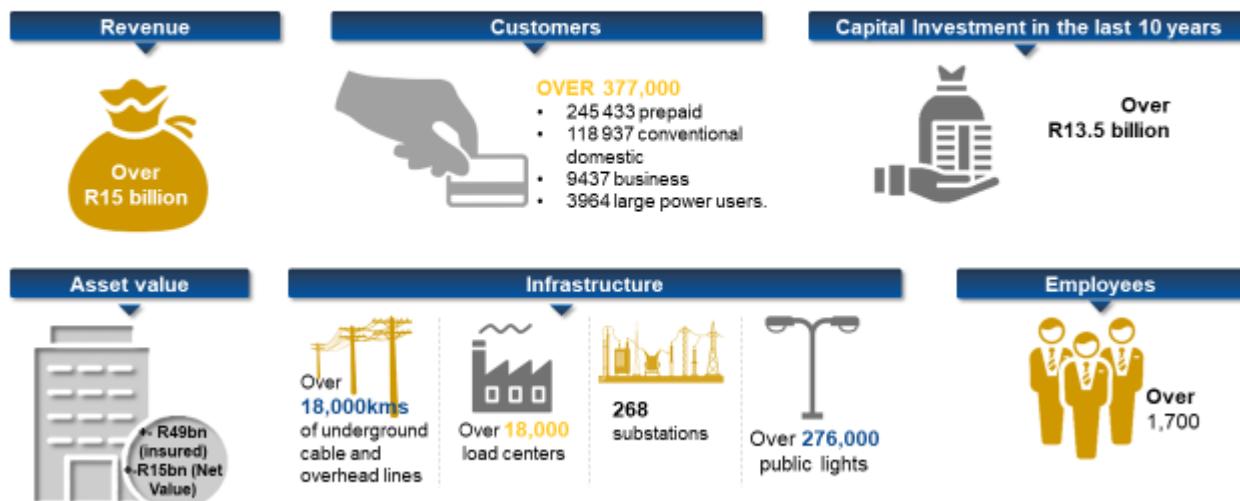


FIGURE 1 - CITY POWER ORGANISATIONAL SNAPSHOT

It can be gleaned from the table above that City Power is a relatively large entity, with a revenue base that is comparative with large companies that are listed in the top 300 on the JSE, albeit the entity is not publicly listed. The customer profile indicates that the company has to provide specialised services to each category of customers, in order to provide an all-round satisfactory customer experience. The nature of the network and the workforce numbers highlight the importance of resources in the delivery of services; the optimal, efficient and sustainable deployment of these resources continues to be our priority.

2.7 City Power's Background

Following the first democratic elections that took place in 1994, and the local government election that followed in 1995, eleven local authorities were amalgamated to form the Greater Johannesburg Metropolitan Council. By mid-1997 it became apparent that the new structures were not optimally effective, and the Councils of Greater Johannesburg were facing a severe financial crisis. It was then agreed that a unified, metropolitan-wide initiative was necessary to focus specifically on the critical problems facing the City. This led to the inception of the i-Goli 2002 plan; this was essentially a three-year strategic plan. It involved the structural transformation of Metro functions with the view to ensuring enhanced and more cost-effective service delivery. It achieved this by reducing fragmentation, eliminating duplication, improving accountability, focusing on human resource development and improving performance incentives. From an organisational perspective, the i-Goli 2002 Plan put in place optimised structures that delivered at greater levels of efficiency.

The i-Goli 2002 Plan envisaged that the City would work through a combination of new political governance structures, agencies and corporatised entities. A key element of the i-Goli 2002 strategy for service delivery was the establishment of utilities, agencies and corporatised entities now called the municipal owned entities (MOEs). One of the entities established was City Power Johannesburg (SOC) Ltd, 100% owned by the City of Johannesburg (CoJ), and established in terms of the Companies Act, on 30 November 2000. The National Energy Regulator of South Africa (NERSA) granted City Power a license to trade on 19 December 2001. City Power is not the sole provider of electricity services for the City, as some areas are serviced by Eskom. City Power is however responsible for providing and maintaining public lights in the entire City of Johannesburg, including the Eskom supply areas. The map below depicts the split between the City Power and Eskom areas of electricity supply across Johannesburg.

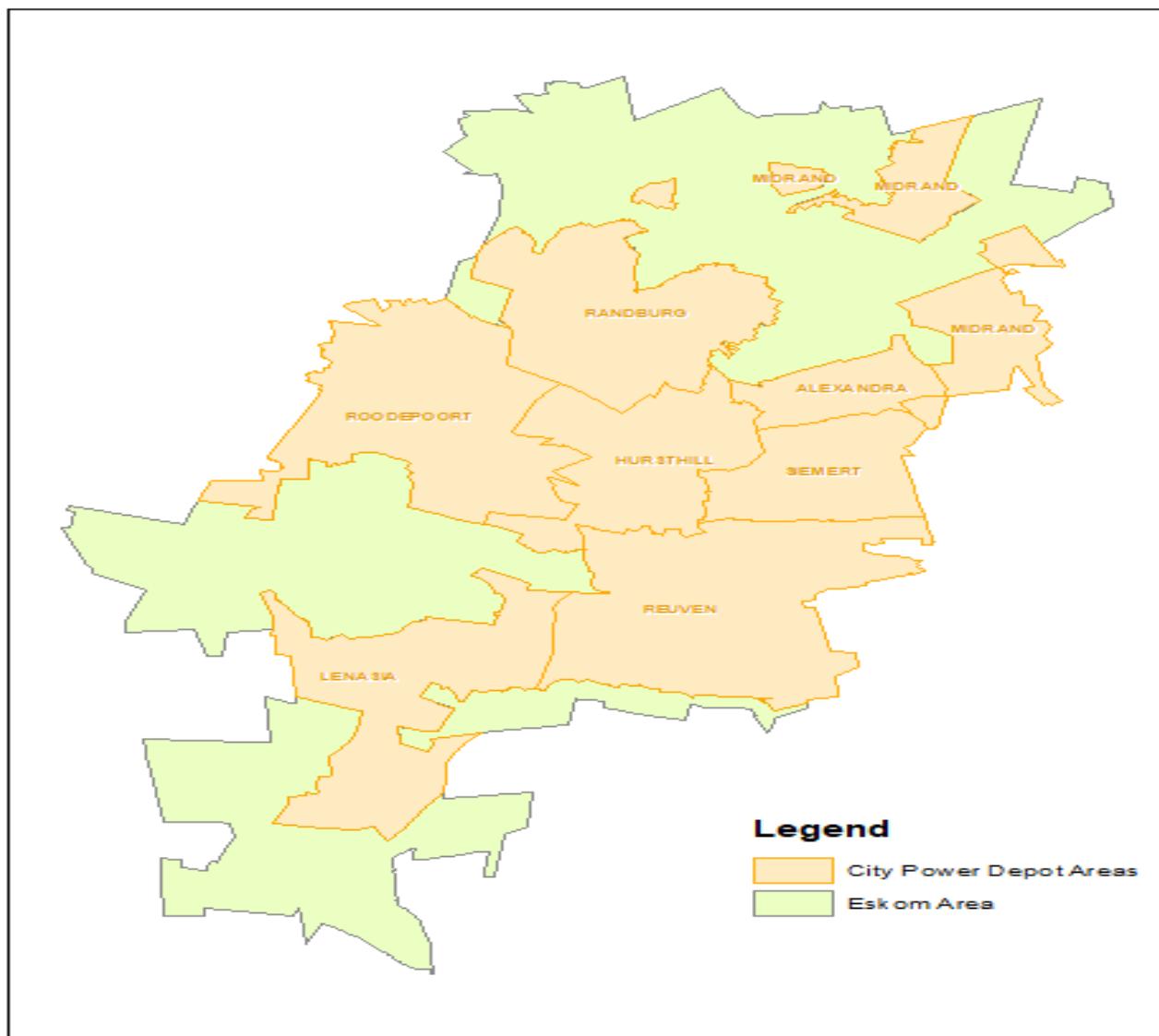


FIGURE 2 - CITY POWER AND ESKOM AREAS OF SUPPLY WITHIN JOHANNESBURG

The figure above shows the City Power electricity supplier areas that are serviced by a specific depot, as highlighted in the yellow colour, while the Eskom supply areas are highlighted in the light green colour.

City Power is wholly-owned by the City of Johannesburg. In line with the establishment of City Power Johannesburg (SOC) Ltd, the Council assigned the Environment and Infrastructure Services Department (EISD) to oversee performance and Group Governance to oversee the governance of the company, as well as to regulate it. In this regard various agreements were concluded during the establishment of the company. Two of these agreements are the Sale of Business Agreement (SBA) and the Service Delivery Agreement (SDA).

The relationship maintained with the City of Johannesburg is one of Service Authority and Service Provider. City Power Johannesburg (SOC) Ltd is the preferred Service Provider for the Service

Authority, the (Johannesburg Council). City Power Johannesburg (SOC) Ltd is the Energy Distribution Service Provider to the Service Authority (Johannesburg Council). The core competency of the business is to purchase, distribute and sell electricity within its geographical footprint of business. The Council, by means of a Service Delivery Agreement, regulates the service in respect of the following: financial matters (such as tariffs and capital expenditure), human resource matters (such as skills development), delivery targets (maintenance of assets and addressing assets), and standards of customer service.

2.8 Legislation and Policy Environment

City Power is committed to the establishment of a workplace environment that is characterised by compliance to relevant Legislation, Regulations, By-Laws of the City of Johannesburg and City Power Policies. Compliance by City Power is an imperative issue for consideration taking into cognisance section 214 of the Companies Act No.71 of 2008, which explicitly prohibits false statements, reckless conduct and non-compliance by companies. Consideration of compliance is further imperative to maintain a good reputation and a high level of corporate governance practice.

Compliance by City Power relates to the attainment of strategic objectives in terms of the VUCA 2022 strategy, and the management of operations within the legislative and regulatory framework. The VUCA 2022 is expounded in great detail in another section of this plan. High levels of compliance influence complete alignment to principles of corporate governance and conducting business in a responsible and accountable manner.

2.8.1 Compliance Risk Management Process

City Power has adopted a compliance process that ensures that compliance risks are effectively identified, assessed, managed, monitored and reported on. Our compliance process encompasses compliance risk identification, compliance risk assessment, compliance risk management and compliance monitoring together with appropriate reporting on the results of these activities. This plays an essential role in assisting management to discharge its responsibility to comply with applicable compliance obligations. The figure below depicts the four phases that make up the compliance process.



FIGURE 3 - COMPLIANCE RISK MANAGEMENT PROCESS

The four phases of the compliance process are discussed briefly hereunder:

Phase 1: Compliance Risk Identification

- Identifying the compliance obligations that apply to the business.
- Verification of all the compliance obligations that have been identified from the regulatory universe of City Power.
- Detailed analysis of all the compliance obligations.

Phase 2: Compliance Risk Assessment

- Prioritisation of the compliance obligations by rating each according to their risk.
- Classification of requirements into high, medium and low risks.

Phase 3: Compliance Risk Management

- Development of control measures that will ensure compliance and facilitate the implementation thereof.
- Assigning responsibility for all the chosen control measures.
- Implementation of the control measures in line with expectations and set timelines.

Phase 4: Compliance Risk Monitoring

- Monitoring of all the controls that have been implemented to determine the level of compliance and
- Testing of the effectiveness of the controls.

2.8.2 The Regulatory Universe

City Power has a regulatory universe that consists of over **84** pieces of legislation, regulations, by-laws and policies that have been identified as having a direct effect on the City Power business. Although some pieces of legislation may not have a direct implication on City Power, secondary

impacts of these must still be considered. For example, service providers, subsidiaries and associates may be required to implement certain legislation and City Power may be held ultimately accountable for compliance with such legislation e.g. supply chain / sub-contracting and outsourcing of services.

This financial year will be focused on developing Compliance Risk Management Plans (CRMPs) for core and high risk legislations and the monitoring plans thereof.

The 13 top or key pieces of legislation that City Power has prioritised include the following:

- Electricity Regulation Act, 4 of 2006
- Companies Act 71, of 2008
- Municipal Finance Management Act, 56 of 2003
- Occupational Health and Safety Act, No. 85 of 1993
- National Environmental Management Act, 107 of 1998
- Basic Conditions of Employment Act, 75 of 1997
- Labour Relations Act
- Municipal Systems Act, 32 of 2000
- Broad Based Back Economic Empowerment Act, No. 53 of 2003
- Construction Industry Development Board (CIDB) Act, 2000 (Act No. 38 of 2000)
- Disaster Management Act, 57 of 2002.
- Protection of Personal Information Act, 4 of 2013
- Compensation for Occupational Injuries and Diseases Act, 1993

The following include some of the Regulations, Industry Codes and Best Practice have also been prioritised by City Power:

- National Energy Regulator of South Africa (NERSA's NRS 047, NRS 048 and NRS 057 Standards)
- National Treasury Regulations and MFMA Circulars
- Municipal Supply Chain Management Regulations
- South African Grid Code – The Metering Code
- King IV Code
- Directive IRO COVID – 19 Occupational Health and Safety Measures in Workplaces, 2020
- General Safety Regulations published under OHSA
- Facilities Regulations issued in terms of OHSA
- The Environmental Regulations issued in terms of OHSA
- Regulations in terms of section 27(2) of the Disaster Management Act
- Regulations relating to Protection of Personal Information

NOTES ON LEGISLATION CHANGES DUE TO COVID - 19

- Municipal Finance Management Act

Emergency procurement by municipalities and municipal entities must comply with the relevant provisions of their own supply chain management (SCM) policies, which in turn must comply with the existing SCM regulations governing emergency procurement. The National Treasury had issued MFMA Circular 100 to speed up procurement of goods required by municipalities and municipal entities to reduce and control the spread of COVID-19.

- Protection of Personal Information Act

Organisations may need to collect COVID-19 information to comply with their own legal obligations and to keep staff and others safe. This may include, for example, travel information and information about the health status of an individual (data subject) including whether they tested positive or negative, information about individuals who have self-isolated, and in certain instances, information about family members who have self-isolated or who have shown symptoms. This type of information will be personal information under the South African Protection of Personal Information Act 4 of 2013 (**POPIA**). Health data, in particular, is considered as a category of sensitive personal information under POPIA.

- Occupational Health and Safety Act
 - OHSA imposes a duty on employers to ensure, as far as reasonably practicable, a safe and healthy working environment for their employees.
 - Safe return to work
 - The General Safety Regulations published under OHSA prohibit an employer from permitting a person to enter a workplace where the health and safety of such person is at risk.
 - Any third parties who enter the workplace including, but not limited to, clients, service providers, and/or contractors, should be required to complete an information register detailing, among others, their names, telephone numbers, address, e-mail address, and identity number, as well as disclosure/s on recent international travel as well as any other reasonable apprehension of having been exposed to COVID-19.
 - If there exists a reasonable apprehension that the individual may have been exposed to COVID-19, temperature checks may be conducted. The privacy of the individual should be respected in conducting the test, and the test must be done with the individual's informed consent.
 - In terms of the Facilities Regulations issued in terms of OHSA, employers must provide sanitary facilities in accordance with the National Building Regulations and, importantly: provide soap or a similar cleansing agent free of charge to its employees.
 - The Environmental Regulations issued in terms of OHSA provide, *inter alia*, that the employer must ensure that the premises are ventilated in such a way that the air breathed by the employees does not endanger their safety.
 - Organisations with more than 20 full-time employees must designate health and safety representatives whose functions include identifying potential (health) hazards at the workplace, inspecting the workplace, with a view to the health and safety of employees, and making representations to the employer on general matters affecting the health or safety of the employees at the workplace. This will generally provide a basis on which employers can request health information from employees, customers and visitors.
- Disaster Management Act
 - Regulations in terms of section 27(2) of the DMA (the Regulations) regarding the steps necessary to prevent an escalation of the disaster.
- Companies Act
 - Many businesses will be facing some form of financial distress as a result of the economic and social consequences of COVID-19. In many instances some form of restructuring will be required, be it operational restructuring or financial restructuring.

- Chapter 6 of the Companies Act introduces the concept of business rescue, which involves proceedings to facilitate the rehabilitation of a company that is financially distressed by providing for clearly defined and specific measures and interventions.
- Compensation for Occupational Injuries and Diseases Act, 1993
- Protects the employer from delictual liability in respect of an employee who contracts an illness during the course and scope of her/his employment. An employee who contracts an occupational disease can claim compensation from the Compensation Fund without having to prove the employer's negligence. However, if the employer was in fact negligent, the employee may receive increased compensation and the cost of such increased compensation may be passed on to the employer in the form of increased assessment rates. COIDA only protects employers against claims arising out of injuries or diseases contracted by their employees in the course and scope of employment.
- Basic Conditions of Employment Act
- The Basic Conditions of Employment Act (the BCEA) recognises certain forms of leave, which may, depending on the circumstances, be applicable to the employee's absence as a result of COVID-19. If an employee is able to work remotely, s/he would not require leave. S/he would continue to work and would continue to be paid.

2.8.3 Compliance to Environmental Regulations

City Power took a strategic decision to adopt and implement an Integrated SHERQ Management System in order to control its process risks and continually improve its performance. City Power is certified by the South African Bureau of Standards (SABS) in the implementation of the Integrated Management System based on the following ISO Standards:

- ISO 14001: 2015 – Environmental Management
- OHSAS 18001: 2007– Occupational Health and Safety
- ISO 9001: 2015 – Quality Management

Sustainable Environmental Plan

City Power participates in the CoJ Sustainable Environmental Development Strategy as outlined in the GDS 2040. Some of City Power's key environmental considerations that will be enforced to ensure compliance to environmental laws and standards are shown below:

- Energy Sustainability: the replacement of High Pressure Sodium (HPS) with LED street lights, as well as the use of energy efficient solutions in City-owned buildings
- Renewable Energy Sources: Reduction of Carbon Dioxide emissions, through exploring the use of renewable energy sources as part of the City Power Energy Mix, to ensure environmental sustainability.
- Environmental Impact Assessment (EIA) – Authorisation: All Capex Projects are subjected to screening for EIA Authorisation purposes, this will alleviate negative environmental impact from our projects.
- Waste Management: City Power's waste management strategy is effectively implemented in the management of all types of waste generated from the business processes.

- Oil Regeneration process: The process involves the recycling of the transformer oil after an intense process of testing so that it can be used again, this reduces overall oil consumption as well as reduction of disposed used oil.
- City Power participates in special calendar activities as an integral part of an effective management program (e.g. Earth Hour; World Wetlands Day etc.)

The ISO 14001: 2015 caters for all environmental management activities and this results in the sustenance of an effective framework which is also compatible to other programs, that enable the continuous improvement of the management system.

2.8.4 Governance

To ensure that accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA supports the requirements of Section 18(1) (d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and Section 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

City Power has comprehensive governance structures, systems, policies and procedures in place – underpinned by a sound set of values and ethics to support the Company's operations. These structures enable a clear separation of policy making, regulation and implementation. City Power is part of the City's objective to create focused, specialised and non-bureaucratic processes for efficient service delivery.

The Board of City Power ensures that high standards of Corporate Governance throughout City Power are upheld for the delivery of the company's strategic objectives, whilst ensuring shareholder value and the long-term protection of stakeholder interests. City Power is committed to the highest standards of business integrity, ethics and professionalism. The Board and Management of City Power are committed to maintaining high standards of corporate governance.

The entity works closely with the Shareholder's Group Governance Department to ensure compliance with all material aspects of corporate governance. The company is therefore committed to fulfilling its mandate in a manner that is in keeping with governance best practices and in particular with regard to accountability, transparency, fairness and integrity as advocated by the King Report on Corporate Governance (King IV). The principles, as enunciated in King IV are entrenched in the internal controls, policies and procedures governing corporate conduct. The Board will continue to ensure that every effort is made by Management to comply with all material aspects of King IV.

2.9 Strategic Objectives

South Africa is governed through a three-tier system of government, which comprises National Government, Provincial Government and Local/Municipal Government. The long term strategic plan of the country influences the long term planning at Provincial level, and this in turn shapes the long

term strategic plans for municipalities. The municipal plans inform and drive the short, medium and long term plans of municipal departments and municipal-owned entities.

The City of Joburg's long term strategic plan is the Growth and Development Strategy (GDS) 2040, and this plan is informed and shaped by the NDP 2030 and the GGT 2030. The GDS 2040 is currently under review, however indications are that it will continue to focus on four main outcomes with possible amendments and additions to the key outputs that will contribute to each of the outcomes. The Integrated Development Plan is derived from the GDS 2040, and it also incorporates input that is gathered from various stakeholders of the City through the IDP consultation process. The City's departments and MOEs individually and collectively contribute to the successful delivery of the GDS 2040 outcomes through their strategic programmes, projects and initiatives. The City is prioritizing the basics, in its implementation of the Accelerated Service Delivery Action Plan. Ultimately the City endeavours to improve the lived experiences of its citizenry, while creating an environment that will support economic recovery post the Covid-19 pandemic. The City must be heard, seen and felt by all strata of society, and City Power is aligned to and is focused on the attainment of this aspiration. The customer centric approach by City Power embodies the City's focus on its customers across various constituencies.

The President of the Republic, in his State of the Nation Address (SoNA) indicated that it is time for government to break away from the silo mentality of working and went on to introduce a new approach called the **District Development Model (DDM)**. It is an operational model for improving Cooperative Governance and adopted by cabinet on the 21st of August 2019.

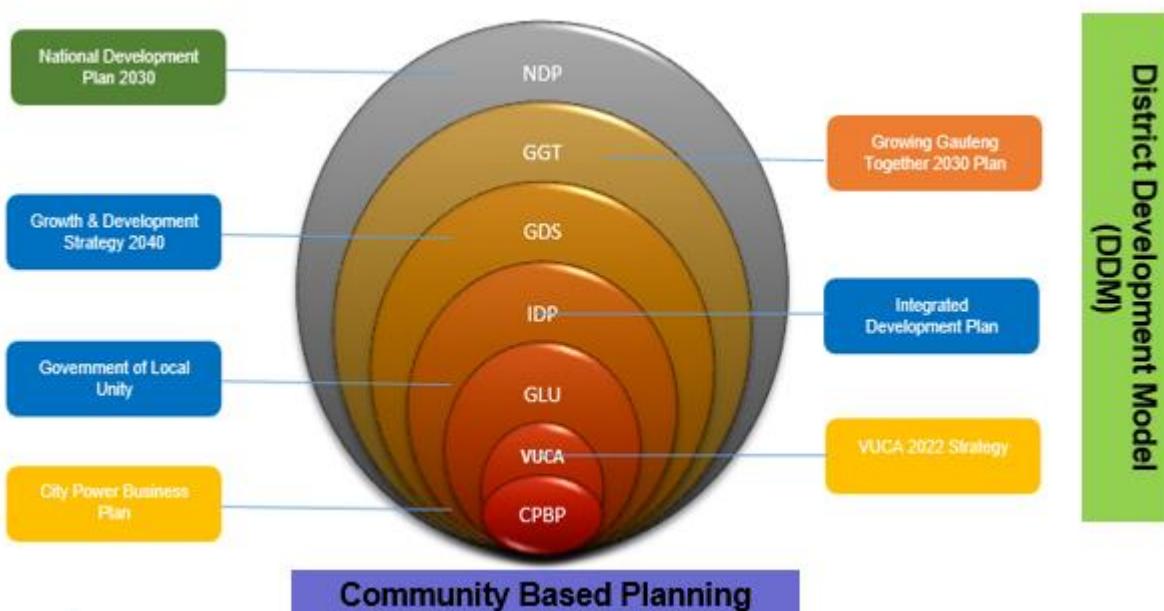


FIGURE 4 - ALIGNMENT OF NATIONAL, PROVINCIAL, COJ AND CITY POWER STRATEGIES AND PRIORITIES

The business plan is developed and executed by the Board, EXCO, Management and the entire City Power workforce, in cooperation with COJ to ensure alignment with Shareholder's expectations. Furthermore, the business plan ensures that the business is sustainable in its pursuit to meet the needs of all current and future customers, including consumers and prosumers, as well as to meet other stakeholders' expectations.

City Power is responsible for providing one of the most critical services within the City of Johannesburg, within the Sustainable Services Cluster. It is imperative that the company takes cognisance of the Shareholder's requirements and expectations when crafting its corporate strategy and in the setting of its strategic objectives. Alignment of our Business Plan to the City's Growth and Development Strategy (GDS) 2040, the Integrated Development and Plan, the Government of Local Unity (GLU) Strategic Priorities is a critical component of our strategy formulation. The table below provides an overview of the alignment of our strategy to the key strategic drivers of the Country, Gauteng Province and the City of Joburg.

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National Development Plan 2030 Outcomes	Growing Gauteng Together 2030 Priorities	GDS 2040 Outcomes	IDP Priorities	Government of Local Unity Priorities	City Power VUCA 2022 Indices	City Power Strategic Objectives
<ul style="list-style-type: none"> Improved quality of basic education A long and healthy life for all South Africans All people in South Africa are and feel safe Decent employment through inclusive economic growth A skilled and capable workforce to support an inclusive growth path An efficient, competitive and responsive economic infrastructure network Vibrant, equitable and sustainable rural communities with food security for all Sustainable human settlements and improved quality of household life A responsive, accountable, effective and efficient local government system Environmental assets and natural resources that are well protected and continually enhanced Create a better South Africa and contribute to a better and safer Africa and World An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship 	<ul style="list-style-type: none"> Economic, Jobs and Infrastructure Education, Skills Revolution, and Health Integrated Human Settlements, Basic Services, and Land Release Safety, Social Cohesion and food Security Building a Capable, Ethical and Developmental State A better Africa and the Better World Sustainable Development for future generation 	<ul style="list-style-type: none"> Improved quality of life and development-driven resilience for all. Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region. 	<ul style="list-style-type: none"> Employment creation, investment attraction and retention Informal Economy, SMME and Entrepreneurial support Green and Blue economy Transforming sustainable human settlements Smart City and Innovation Financial Sustainability Climate Change and resource resilience Building safer communities Active and engaged citizenry Agriculture and food security Repositioning Joburg in the global arena Good governance 	<ul style="list-style-type: none"> Good governance Financial sustainability Integrated human settlements Sustainable service delivery Job opportunity and creation Safer city Active and engaged citizenry Economic Development and Growth Sustainable environmental development Smart city COVID 19 Response 	<ul style="list-style-type: none"> Financial Sustainability Index Revenue and Collection Index Reputation Index Sustainability Index Security of Supply Index Governance Index Network Reliability Index Smart City Power Index Human Capital Index Transformation Index 	<ul style="list-style-type: none"> Improve, stabilise and sustain a positive financial position Diversify City Power's Energy Mix Develop and Maintain a Reliable Network Infrastructure Asset Invest in innovation and smart utility technologies Foster a transformed and conducive work environment for high performance Provide a positive customer experience

TABLE 1 – ALIGNMENT OF STRATEGY TO NATIONAL, PROVINCIAL AND COJ KEY DRIVERS



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Business plans need to drive progress in operational programmes and activities that seek to deliver on the GDS output interventions in the short and medium term. These strategic directives are represented as outputs below:

Outcome 1 related outputs	Outcome 2 related outputs
<ul style="list-style-type: none"> • Reduce poverty and increase productivity • Food security that is both improved and safeguarded • Access to knowledge and lifelong learning • A society characterised by healthy living for all • A safe and secure city • A city characterised by social inclusivity and enhanced social cohesion 	<ul style="list-style-type: none"> • Sustainable and integrated delivery of water • Sustainable and integrated delivery of sanitation • Sustainable and integrated delivery of energy • Sustainable and integrated delivery of waste • Improved eco-mobility • Sustainable human settlements • Climate change resilience and environmental protection
Outcome 3 related outputs	Outcome 4 related outputs
<ul style="list-style-type: none"> • Job-intensive economic growth • Promotion and support to informal and micro businesses • Increased competitiveness of the economy • A ‘Smart’ City of Johannesburg, that is able to deliver quality services to citizens in an efficient and reliable manner (cross cutting output) • A spatially just and integrated City 	<ul style="list-style-type: none"> • Partnerships, intergovernmental & international relations • A responsive, accountable, efficient and productive metropolitan government • Financially sustainable and resilient city • Meaningful citizen participation and empowerment • Guaranteed customer and citizen care and service

TABLE 2 – STRATEGIC DIRECTIVE

The GDS 2040 is the City’s long term strategy, which seeks to ensure the sustainable development of the City leading up to the year 2040. The GLU Strategic Priorities outline the key areas of special focus for the GLU’s term of office, and these focus primarily on service delivery imperatives. The City Power VUCA 2022 Strategy was crafted in order to support the City’s Priorities and Programmes while ensuring the sustainability of the organisation, taking into account the ever-changing environment of the South African energy and technological landscapes. The strategic objectives crystallise the VUCA 2022 Strategy into actionable goals, which will be pursued through a mixture of operations, projects, programmes and other supportive initiatives.

The operations, projects, programmes and all initiatives that are in the 2021/22 plan are informed by the alignment strategy that is informed by the key drivers outlined above. There is no undertaking that the company will pursue which is not aligned with or is not driven by one or more of the City’s strategic drivers and imperatives.

In an effort towards the realisation of the four (4) GDS outcomes, the City has identified eleven (11) strategic priorities with the eleventh one addressing the COVID-19 pandemic. The business plan seeks to drive performance towards the attainment of all these outcomes, priorities and other strategic imperatives.

Priority 1: Financial Sustainability	Priority 2: Good governance
<p>The fundamental principles that the City views as underpinning the achievement of this priority include a focus on:</p> <ul style="list-style-type: none"> • Optimising the use of the City's resources; • Improved productivity (including doing more with less and managing human resources efficiently); • Ensuring a customer centric approach; and stabilisation of the City's revenue base. • Sustaining healthy financial ratios and guarding the City's status • The revision and implementation of the City's Financial Development Plan 	<p>For the past five years, the City has attempted to attain and maintain its good governance principles. Therefore, this priority focuses on:</p> <ul style="list-style-type: none"> • The attainment of a clean audit, • Running a functional administration that is corruption free with deterrent mechanisms for possible occurrences, • Optimising City resources, increasing productivity and focusing on service delivery. • Preserving shareholder value in Municipal Entities <p>Lastly, this priority will focus on professionalising local government to ensure that the citizens' experience with the City is that of quality and care in all City facilities.</p>
Priority 3: Integrated sustainable human settlements	Priority 4: Sustainable Service Delivery
<p>The City has identified the following measures towards spatial balance:</p> <ul style="list-style-type: none"> • Sustainable and integrated delivery of water, sanitation, energy and waste; • Ensuring eco-mobility through the promotion of mass public transportation; and • Creating sustainable human settlements through spatial planning, economic and social investment. <p>The "corridors of the freedom" initiative attempts to also breach the social divide by:</p> <ul style="list-style-type: none"> • Creating inclusive communities through mixed-income developments and rental housing. • Hostel development • Gap-market accommodation • Access to social and economic opportunities to communities 	<p>The City will accelerate visible service delivery and re-introduce co-production in the delivery of basic services through the following:</p> <ul style="list-style-type: none"> • Provision of bulk services • Repairs and maintenance (planned and unplanned maintenance – maintenance mix ratio 40/60) • Stability of network - Reduction in networks outages • Improved reliability and quality of supply • Infrastructure upgrade and development; electricity cables installed, water pipe replacement program • Mitigate against losses(technical and non-technical) • Improved cleanliness levels in the city (RCR level 3 to level 1) • Expand Separation at Source (S@S) • Clearing of illegal dumping spots • Facilities converted into integrated waste management facilities • Rehabilitation of polluted sites (rivers) • Increased capacity for WWTW and reservoir storage • Water conservation and demand management programme • Alternative waste treatment technologies programme

Priority 5: Economic development	Priority 6: Safer City
<p>It is geared towards developing Johannesburg as an attractive destination for investors. Key areas of focus include:</p> <ul style="list-style-type: none"> • Investment by firms needs to be attracted to the City • Existing businesses need to be encouraged to reinvest, • Entrepreneurship needs to be supported and developed • Small and medium sized enterprise needs to be encouraged • Informal sector activities should be helped to provide livelihoods given the high levels of unemployment. • To address tourism economic potential 	<p>This programme aims to bring metro police officers closer to communities through ward-based deployment, and aims to strengthen the engagement with communities on policing issues and solutions. Programmes that will ensure that people will feel safe and protected are:</p> <ul style="list-style-type: none"> • Safety through Urban Design, management and governance • Policing of public spaces • Creation of a law abiding and regulated city
Priority 7: Job opportunity and creation	Priority 8: Active and engaged citizenry
<ul style="list-style-type: none"> • The City strives to increase economic growth rate and to bring down unemployment with special focus on youth. • The priority of 'job opportunity and creation' targets amongst other things the provision of support to Small, Medium and Microenterprises (SMMEs) and entrepreneurs. • The city will address the factors that enable SMMEs and entrepreneurs to easily access markets, earn a sustainable livelihood and expand thereby, contributing to increasing employment opportunities. 	<ul style="list-style-type: none"> • The promotion of the active and engaged citizenry focuses on the fundamental principles of good governance, which include accountability, accessibility, transparency, predictability, inclusivity and a focus on equity, participation and responsiveness to people's needs • There is a need to draw on the diverse skills and expertise of professionals, community members and residents. • Through mutual co-production, the City aims to continue working with communities to produce better outcomes.
Priority 9: Sustainable Environmental Development	Priority 10: Smart City
<p>Environmental sustainability and climate change is concerned with advancing towards a sustainable, resilient and liveable city, with focus on the following;</p> <ul style="list-style-type: none"> • Reducing consumption of natural resources, • Reducing carbon emissions, • Minimising environmental pollution – air, water and waste to land • Protecting the City's natural environment (and related ecosystem goods and services). 	<p>Through the recently revised Smart City Strategy the city seeks to promote:</p> <ul style="list-style-type: none"> • Smart Citizen: • Smart Services • Safe City: • Liveable, Sustainable and Resilient City • Connected, Intelligent City • Smart Governance • Smart Institution • Smart, Digital Economy
Priority 11: Minimising the impact of COVID 19	
<p>The response plan which is driven by the political leadership proposes six (6) strategic pillars and administratively supported by the Incident-War Room Task team</p> <ul style="list-style-type: none"> • Pillar 1: Comprehensive Health Response • Pillar 2: Food Security Response • Pillar 3: Enforcement and Compliance Measures • Pillar 4: Economic impact and mitigation measures • Pillar 5: Social mobilization and solidarity • Pillar 6: Continuation of Municipal Services 	

TABLE 3 – CITY POWER STRATEGIC PRIORITIES

2.10 The VUCA 2022 Strategy

In the 2018/19 financial year City Power adopted the VUCA 2022 Strategy to provide the foundation for the company's overarching strategic direction for the remainder of the IDP period of 2016 to 2021, the financial year of 2021/22 is the final in the VUCA 2022 journey, hence it is critical that all outstanding milestones be delivered successfully in this year. The VUCA Strategy recognises that City Power operates in an environment that is increasingly **Volatile, Uncertain, Complex and Ambiguous**, and this requires the organisation to be innovative, adaptable, responsive, resilient yet agile. The City Power take on the VUCA is that our **Vision** must always be to keep lights on, by **Understanding** the sustainability game plan, to ensure that Customer **Confidence** is re-gained, through the **Agility** of our People, in all areas of our business. The VUCA 2022 high level journey map is presented below.

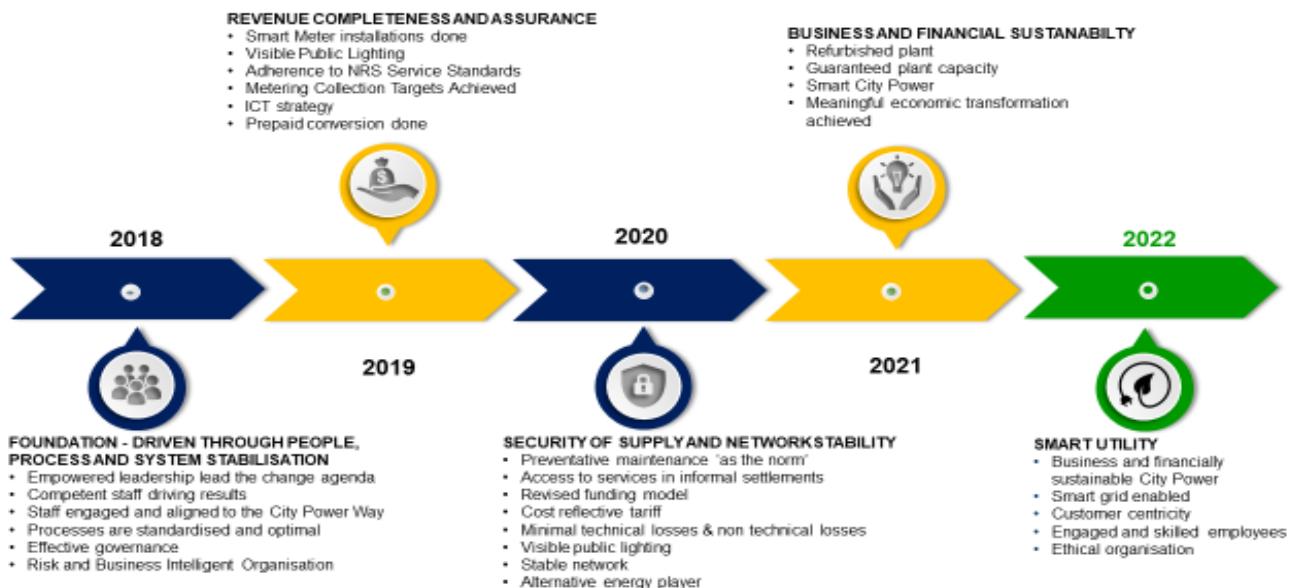


FIGURE 5- CITY POWER'S VUCA STRATEGY JOURNEY MAP

The VUCA 2022 journey map uses incremental and progressive attainment of key milestones at different time periods. Perhaps more critically, the approach ensures that milestones that have been achieved are embedded and operationalised within the organisation in order to sustain the gains, and to ensure that what is achieved is maintained and sustained even beyond 2022. The delivery of the VUCA 2022 Strategy requires continuous monitoring, adjustment and realignment in order for it to remain relevant and responsive to City Power's internal and external environments. The VUCA 2022 journey has reached its halfway mark, and this has necessitated a mid-journey reflection and review which will inform the shape and form of the strategy for the remainder of its lifespan. The lessons learned in the first half of the journey will serve as a catalyst for an accelerated improvement in the company's performance trajectory across the various performance areas.

The VUCA 2022 Key Performance Areas (KPAs) are summarised into the Key Performance Indices as listed in the table below:

Item	Key Performance Areas
1.	Financial Sustainability Index
2.	Revenue and Collection Index
3.	Reputation Index
4.	Sustainability Index
5.	Security of Supply
6.	Governance Index
7.	Network Reliability Index
8.	Smart City Power Index
9.	Human Capital Index
10.	Transformation Index

TABLE 4 – CITY POWER VUCA 2020 KEY PERFORMANCE AREAS/INDICES

The success of City Power's strategic plan is measured against how the organisation performs on each of the Indices listed above. This success is depended on availability of all resources that are required to ensure that there is quality output at the required intervals throughout the strategic journey.

2.11 Strategic Objectives for 2021/22 Financial Year

City Power operates in an environment that is beset with often conflicting and complex priorities as well as expectations from a variety of stakeholders. The situation is exacerbated by resource constraints and the need to do more with less. All these place a demand on City Power to plan for the year 2021/22 financial year with clear and precise outcomes in mind. To this effect City Power formulates strategic objectives as the foundation upon which the company's strategy would be built.

There are six strategic objectives that will inform our strategy and operations in the 2021/22 financial year. The company has completed the exercise to review the strategic objectives from the 2020/21 Business Plan, this review was informed by all the internal and external factors that are confronting the business. This second draft of the business plan provides the updated set of strategic objectives. The new strategic objectives are presented below:



FIGURE 6- CITY POWER STRATEGIC OBJECTIVES FOR 2021/22

City Power continues to be confronted with a precarious financial position. It is for this reason that Objective 1 above, which relates to our finances, continues to be given first priority and this is linked with how we want to improve our customer experience, through the delivery of our services in a customer-centric and personalised manner. We recognise that it will not be possible to improve and sustain our financial position, if we do not collaborate more closely with our customers in order to meet and even exceed their expectations. Customer centricity is at the core of City Power's service offering and value proposition.

The improvement in our customer relationship and our financial performance will serve as catalysts to unlock financial constraints, and this will in turn provide us with the opportunity to fast track the achievement of the remainder of our objectives. With the limited financial and non-financial resources at our disposal we will continue to ensure that all the objectives receive some form of allocation. All our efforts will be undertaken in compliance with the relevant legislation, regulations and policies.

2.12 Environmental Analysis

The City of Johannesburg's Growth and Development Strategy 2040 places a clear responsibility and expectation that the City's departments and entities are to conduct their business in a manner that engenders environmental sustainability for future generations. The correct balance must always be



struck between present and future needs of the scarce and finite natural resources that are at our disposal.

There is currently a threat of the second wave of the Covid-19 pandemic in the world, entities such as City Power must be proactively respond to any eventually and build the necessary resilience to survive further economic storms. The energy sector is expected to provide the necessary support as one of the key drivers for economic recovery strategy as outlined by the President. Whilst energy is key to unlocking the economic and socio-economic development objectives, unchecked consumption of coal-based power will increase carbon emissions and energy intensity, and these would threaten economic and environmental sustainability and the quality of living within the City. It is with this in mind that City Power has welcomed the new allocations for renewables generation capacity to municipalities, and this will result in a diversified and environmentally friendly approach to the sourcing of energy.

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3. STRATEGIC ANALYSES

3.1 Service Delivery and Infrastructure backlog challenges, past performance and future outlook

3.1.1 Status of Challenges on Service Delivery and Infrastructure Investment

As the country's biggest metropolitan economy, Johannesburg is the largest single metro contributor to national economic product, generating 15% of SA's wealth and around 44% of Gauteng's economic output. Between 1996 and 2017, Johannesburg's average growth rate was 3.6%, marginally higher than both the provincial (3.0%) and national (2.7%) economies.

Johannesburg's strong economic fundamentals and structure enabled the City to grow at a faster rate than the rest of the country. There has been a 92% expansion in the city's economic output since 1996. All sectors have grown, with the financial and business services sectors being particularly strong. The City of Johannesburg has recently introduced several key interventions to ensure continued economic growth, despite the challenges of uneven global growth and electricity supply constraints among others. These include:

- Improving service delivery for businesses;
- Creating Priority Economic Zones and Business Clusters;
- Fast-tracking decision-making and processing of all large, job-creating investments into the City;
- Establishing SME Hubs across the City.

The statistical figures from 2018 indicated that there is a backlog of 134 200 households without connection to the electricity mains, and this was based on a total of 1.734 million households in Johannesburg. Based on the recent number of households recorded by StatsSA of around 1.85 million, and considering the fact that City Power has only been able to electrify around an additional 6000 dwellings (excluding residential complexes that are bulk-metered), an increase in the number of households will invariably require an expansion of the electricity network. There have been limited resources to maintain, refurbish, upgrade and expand the electricity infrastructure, over the past ten years. City Power will continue to collaborate with the City and other stakeholders to find solutions that can unlock the provision of energy to underserviced communities.

3.1.2 Current Levels of Access to Services and Electricity

It is a constitutional mandate for the City of Johannesburg to ensure that all households have adequate access to basic services. Provision of basic services to the community of Johannesburg is comparatively high with the majority of households (both formal and informal) enjoying access to piped water (98.5%), sanitation (95.8%), and electricity (>90%). The latest figures reveal that there is around 215 informal settlements across Johannesburg, this reflects unprecedented growth in recent years. Furthermore, the City has been experiencing high population growth and migration; and these have seen the number of households in the City increasing by an average annual rate of 3% in the 2006 to

2016 decade. The population grew from 2.59 million people in 1996 to over 5.1 million people in 2019, this reflects that the population has doubled in less than 25 years. As the number of households increase, the demand for electricity and energy increases, and City Power and the City continue to explore innovative solutions to service these households through an optimal and efficient mix of energy sources.

In 2018 there was a total of 1.734 million households in the city. Of these, the following service¹ backlogs were noted:

Service	Households Serviced %	Approximate Backlog in Households	Backlog %
Electricity²	92.3%	134 200	7.7%

TABLE 5 – ELECTRICITY BACKLOG WITHIN THE CITY OF JOHANNESBURG

According to the General Housing Survey of 2018 by StatsSA 1.586 million (92.3%) households have electricity which they use for multiple purposes, while 13 797 (0.87%) households have electricity for lighting only. These figures include households that use solar or alternative energy sources. However, 134 200 households (7.7%) have no electrical connection. Although, access to electricity in the city remains relatively high (>90%), the City's target to attain a target of 97% access to electricity continues to be elusive, due the continuous population growth in the region. The City and City Power will continue to conduct research on the demographic makeup of the population growth, as this will serve as an input for better planning of services, and this provides City Power with potential sources of additional revenues.

The indication from the 2019 General Housing Survey reveals that there are now 1.9 million households in Johannesburg, this is mainly as a result of migration to Johannesburg as the economic hub of the country, and to a large extent, of the continent as well. A concerted and well-coordinated investment in infrastructure maintenance, refurbishment and expansion must be pursued in order to stem the infrastructure backlogs that may have an adverse impact on the ability by the City to provide energy services. Informal settlements will continue to be given special focus since these settlements have been growing in recent years. The current trends indicate that these communities may continue to grow as people continue to seek employment and other economic opportunities in the major urban centres such as Johannesburg. The economic pressures as a result of the Covid-19 pandemic will unfortunately push considerable numbers down the economic ladder, and this can result in an even higher increase in population within informal settlements. The City and City Power will continue to work in close collaboration, in order to be proactively responsive to the needs and expectations of our communities.

¹ Serviced figures sourced from StatsSA General Household Survey 2018, target figures sourced from City of Johannesburg Annual Report 2016/17

²Source: IHS Markit Regional eXplorer version 2070

3.2 Environmental Analysis

3.2.1 SWOT Analysis

The Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis provides City Power with the tools to identify and evaluate situational factors that will have direct and indirect impact on the organisation. Our internal strengths and weakness as well as the opportunities and threats that are external of our organisation, need to be managed effective in order to ensure the continued sustainability of our business. City Power is still a viable business and we will continue to leverage and build on our strengths and take the opportunities that are available to us; while protecting ourselves from the threats and turning our weaknesses into strengths. The section below is an in-depth SWOT Analysis of our organisation.

Strengths <ul style="list-style-type: none"> Established Network Asset and Capacity Sound technical knowledge and understanding of the business Manage the biggest components of the CoJ assets R49bn (insured value) Well established governance structure and processes Functioning Emergency Response Control Centre ICT Infrastructure that enables staff to work remotely Maintains fair employment equity. Industry knowledge and expertise Secure customer base / limited competition 	Weaknesses <ul style="list-style-type: none"> Declining gross margin Weak revenue management systems and processes Certain components of the ICT infrastructure are ageing and inadequate Long restoration times on some of the outages Limited SCADA coverage Ageing electricity network infrastructure Inability to trade capacity Lack of cost-reflective tariffs High energy losses Poor liquidity Ratios Disjointed value Chains resulting in disintegration and delays in service delivery Frequent changes in leadership (CEO) position Delay in implementation of energy mix programme Ineffective stakeholder management and collaboration Reactive maintenance programme Weak disaster recovery and business continuity plans High number of safety incidents
Opportunities <ul style="list-style-type: none"> Diversification of energy sources and security of supply Public-Private-Partnership projects and reduce operations costs Improved technology and digital efficiency (4IR) Implementation of cost reflective tariffs Operational cost savings with work from home approach Smart utility realization Investment in energy management systems Partnerships for investments and delivery of energy solutions Energy Storage Introduction of wheeling and trading tariffs Marketing the value of City Power grid Increasing demand of energy supply Taking ownership and control of more of the value chain with the unbundling of Eskom Increased compliance with regulatory and legislative requirements 	Threats <ul style="list-style-type: none"> Increasing tariff prices Economic downturn (i.e. contraction of GDP as well as global economy) Illegal connections Impact of Elections and political manifestos Infrastructure theft and vandalism Declining customer base – Off grid solutions Dramatic increase in the cost of key resources i.e. labour and materials High levels of coal usage leading to increased GHG Inadequate funding for renewable energy projects High debt level in South Africa (Inability to Pay), linked with a culture of non-payment Restrictive regulatory and legislative framework Policy and regulatory uncertainty COVID-19 economic recovery impact on consumer's ability to pay Corruption and maladministration Security and safety of staff in operational areas Increase of informal settlements on vacant land Loss of Large Power Users to other energy suppliers

TABLE 6 - SWOT ANALYSIS

3.2.2 PESTLE

City Power operates in an environment that has to contend with external factors and forces. The analysis of the Political, Economic, Social, Technological, Legal and Environmental, is referred to as the PESTLE Analysis in short. The PESTLE Analysis provides us with the ability to adequately analyse these factors as well as to provide the necessary response to each of the factors in order to safeguard our existence and relevance within the prevailing conditions. The table below highlights the key PESTLE factors and the strategic responses by City Power to each of the factors.

FACTORS	DESCRIPTION	CITY POWER STRATEGIC RESPONSE
Political	<ul style="list-style-type: none"> • 2021 Local Elections and their Outcome of USA recent elections may affect various policies ie: (trade and tariffs) • Plans to unbundle Eskom into three divisions – generation, transmission and distribution to optimise energy supply • National Policies are shifting towards sustainable development, including the transition to a greener and more environmentally sustainable economy • Declaration of the national state of the disaster due to Covid-19 pandemic 	<ul style="list-style-type: none"> • Re-alignment of the City Power Strategy with the incoming leadership. • City Power is reviewing its cost of supply model and in parallel assessing risks to security of supply • City Power is investigating leveraging PPPs, optimised utilisation of network asset, and strategic collaboration with sister entities for energy supply • Reduction in CO2 emissions and adoption of alternative energy sources • Establishment of the City Power Covid-19 Recovery Plan
Economic	<ul style="list-style-type: none"> • The impact of COVID-19 on the economy has resulted in Job losses, closure of business affecting customers' ability to pay. • Economic growth is expected to remain in the 1.1% to 1.5% in 2020 and peaking around 2.1% in 2021 • The reduction in energy consumption is set to continue due to economic pressures • Energy prices have increased sharply in the past ten years, and continue to grow annually. 	<ul style="list-style-type: none"> • City Power is at advanced stages in investigating alternative sources of electricity, this is also assist in provision of competitive prices. • City Power is seeking to partner with its Large Power Users in order to provide sustainable energy mix solutions so that we can retain and grow revenue base in the long run. • City Power will focus on cost reduction and overall reduction of losses in order to improve our financial position. • City Power aims to enable consumers, who reside in the City of Johannesburg jurisdiction, to reliably purchase electricity at a defined quality and at affordable transparent rates
Social	<ul style="list-style-type: none"> • The City's population growth is projected at 2.6% and this may require additional energy supply. • The unemployment rate may lead to an increase in the indigent customer base, with an increase in Free Basic Electricity demand. • Employment creation, acceptance of renewable energy and business practices • The Covid-19 pandemic has led to a significant increase in the unemployment rate, as companies have had to retrench more and more workers in order to survive • Covid-19 has also led to a disclosure of some companies, especially SMME's. 	<ul style="list-style-type: none"> • City Power needs to collaborate closely with the City and Housing Department in order to alignment of priorities • City Power will continue to support SMMEs and create short term employment and skills development through its Capex and Opex spend • Direct and indirect jobs can be created in the energy storage value chain • City Power needs to provide additional energy supply

	<ul style="list-style-type: none"> The COJ is the biggest Metro in S.A, more people are coming looking for a better life in the city. The population is increasing exponentially. 	
Technological	<ul style="list-style-type: none"> Technological advancements in ICT, which include the 4IR and Smart Utility technologies are placing increasing demands on City Power to innovate and manage complex systems with increased interaction with customers. Rate of Technological diffusion Complexities from customer requirements, in terms of personalised and technology-enabled solutions An increase in Battery Energy Storage (BES) is expected to triple over the next few years ICT infrastructure to support employees working remotely 	<ul style="list-style-type: none"> Acceleration and funding of the initiatives for ICT technologies, including 4IR, Smart Grid, Smart Metering and IOT Research on Data Analytics and Business Intelligence Training and development of our workforce to be effective in the smart workforce environment City Power will collaborate and benchmark with industry leaders to provide customized and personalised technology driven customer solutions City Power is currently assessing various energy options Continue to invest in ICT infrastructure in the form of maintenance and enhancements as budget allows
Legal	<ul style="list-style-type: none"> Constitutional requirements Legislation and regulation requirements (e.g., ISMO, Energy legislation and ISO-Health and Safety laws) Tariff regulations and related pressures The IRP 2010-30 is one of the main guiding policies and regulations and the Department of Science and Technology will develop an energy storage roadmap Requirements National state of the disaster regulations 	<ul style="list-style-type: none"> City Power is investigating feasibility of procuring energy from IPP's Considerations of the tariff structure and cross subsidization Scanning on regulatory framework to accommodate the changing customer demand Continue to pursue investments in Energy Mix technologies in line with IRP requirements Study all regulations and realign affected business areas in order to ensure compliance
Environmental	<ul style="list-style-type: none"> Drive to reduce consumption and carbon emissions, Laws regulating environment pollution Introduction of renewable energy sources The need to reduce reliance on coal and other fossil fuels for energy supply, Climate change and natural resource scarcity Changing Energy Mix and Distributed Generation Management of Waste City Power needs to reduce consumption and carbon emissions which are harmful to the environment 	<ul style="list-style-type: none"> City Power has to implement energy management to improve energy efficiency and reduce carbon emissions City Power is investigating feasibility of Energy Mix with a focus on cleaner sources that include gas and renewables with storage Investments to refurbish and expand grid assets that will improve network performance and minimize carbon emissions and losses Collaboration with Research institutions and funding partners Implement Waste Management in line with SHERQ policies and Environmental regulations Collaboration with sister company Pikitup City power needs to comply with the Paris agreement (which aims to strengthen the global response to the threat of climate change by keeping the temperature rise low

TABLE 7 – PESTLE ANALYSIS

The table above demonstrates the complex factors that City Power has to grapple with in order to remain in business, while maintaining strategic and operational success and sustainability in the long run. All these factors require City Power to think differently and innovatively on its future business

model, hence our approach seeks to address current pressing issues while preparing for a future which is increasingly becoming more complex every year.

The volatile external environment forces City Power to think creatively and innovatively with regards to funding, service delivery, adoption of technologies, and investment in human capital, while ensuring the continued sustainability of the business. The consumer spending pressure, consequently places added pressure on City Power to provide its services with an excellent value proposition, cost effectiveness, and reliable metering technologies.

3.3 Risk Assessment

3.3.1 Risk Management Background

City Power has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King IV report on Corporate Governance and Risk Management standards as applicable.

Oversight over the governance and management of risk in City Power is carried out by the Audit and Risk Committee which is a sub-committee of the Board of Directors. The Audit and Risk Committee meets on a quarterly basis and operates in accordance with approved terms of reference.

An annual risk assessment is conducted for both strategic and operational risks and aligned with the strategic planning process of City Power, these risks inform the annual audit plan where risk controls are then tested. The risks are documented accordingly and monitored on an ongoing basis in relation to risk treatment strategies, relevance of existing risks and the identification of additional and new/emerging risks.

Risk treatment plans are developed and implemented to ensure that strategic, business and operational (organisational) objectives and budgets are met. Each of the strategic risks is allocated to an EXCO risk owner to ensure accountability and ownership. Monitoring and review is done at EXCO with the Audit and Risk Committee exercising oversight as mandated by Board.

City Power aims to be a risk intelligent organisation and a Maturity ranking tool has been developed to assess the current status or stage of Enterprise Risk Management culture within the organisation.

The current state of maturity indicates that foundational risk management elements are in place but the organisation needs to transition from risk management to management of risk. Robust engagements with risk owners and increased accountability as well as, effective application of the framework as part of normal business will move the organisation to systemic and risk intelligent stages.

3.3.2 Risk Management Process

The company has adopted an ISO accredited Risk Management Process of Risk Identification, Monitoring and Review, Communication and Consultation as depicted in the diagram below:



FIGURE 7 – RISK MANAGEMENT RISK IDENTIFICATION PROCESS

ISO 31000 within City Power is to be applied within existing management systems to formalize and improve risk management processes and as part of strategic management implementation.

3.3.3 Key Strategic Risks

An annual risk assessment is conducted for both strategic and Operational risks and is aligned with the strategic planning process of City Power. The risks are documented accordingly and monitored on an on-going basis in relation to risk mitigation strategies, relevance of existing risks and the identification of additional and new/emerging risks.

The following table lists the key strategic risks with the residual risk ratings:

Risk Description	Residual Rating	Key Risk Treatment Plans include:
1. City Power may have insufficient funds to meet its financial obligations in the short term because of revenue decline and cash flow which may compromise business operations, service delivery and financial sustainability		<ul style="list-style-type: none"> • Implementation of a revenue enhancement plan • Recovery of grant funding • Verification of Eskom purchases • Reviewing data analytics capability and customer centricity • Operating cost efficiency drive
2. Escalation of theft and vandalism		<ul style="list-style-type: none"> • Implementation of a comprehensive security improvement plan
3. Cyber Security		<ul style="list-style-type: none"> • Upgrade the network to address OT requirements and IT requirements with new technology • Replacement of the legacy system with an up to date support system • Implementation of Network Access control • Replacement of all end life switches

4. Reduction of non-technical losses may not be realised, ultimately putting the financial stability and sustainability of City Power at risk.		<ul style="list-style-type: none"> Revenue enhancement plan Meter to cash value chain to ensure that all customers are billed, that they are billed accurately and that we collect revenue Disconnection of non-vending pre-paid meters
5. Inability to implement refurbishment, asset renewal and expansion due to inadequate capital budget may lead to poor network performance and service delivery.		<ul style="list-style-type: none"> Refurbishment of obsolete equipment or major parts thereof and Replacement of obsolete equipment in line with available 2021/22 FY capital budget and failed equipment is recycled as a source of spares. The percentage of Capex spent on refurbishment projects Technology to develop specifications for Security Systems
6. Increase in outages and poor technical performance due to network unavailability and equipment failure results in loss of supply to city power customers		<ul style="list-style-type: none"> Maintenance plan Demand acquisition plan to respond to critical network requirements Outage management plan Enhancement of the Business Continuity Plan Supervisory Control and Data Acquisition (SCADA) Response Strategy
7. Failure to capitalise on new market opportunities to ensure business sustainability		<ul style="list-style-type: none"> Mix energy solutions implementation Time of use has been implemented for Large Power Users Data collection of customers that have alternative energy sources Identify and invest in new set of skills for the business of the future Intensive engagement with customers to better understand their needs and customise solutions
8. Unethical business practices resulting in fraud and corruption activities		<ul style="list-style-type: none"> Training of managers on presiding and presenting disciplinary cases Develop a security (vetting) policy to cover employees and contractors Resolution of audit findings
9. Non-compliance to legislation and company policies due to lack of enforcement on policies and SOP's		<ul style="list-style-type: none"> Updating the regulatory universe on a quarterly basis Training awareness and enforcement of compliance matters Facilitate the development of Compliance Risk Management Assist Groups to develop or optimize management controls to enforce compliance
10. Insufficient capability, capacity and commitment to deliver on the organisational mandate		<ul style="list-style-type: none"> Operating model, structure and deployment strategy redesign Competency framework including capability requirements for technical professional and leadership depth Skills audit and enhancing identified gaps through PDP's, workplace skills plan and succession plans

TABLE 8 – KEY STRATEGIC RISKS

The strategic risk profile gives management and the City Power Audit and Risk Committee, the Board and the shareholder an opportunity to gain an insightful and holistic bottom-up view of key risks facing the organisation and to take note of the level of effectiveness in the management of those risks; in order to increase the likelihood that set targets and approved business plan objectives are achieved.

Emerging Risk

Based on current performance and analysis of the company, City Power is in the process of reviewing the entire risk profile to align with the changing business model and transition from an electricity distribution company to an energy company. The current profile is leaning more towards the old business and not so much the new business. This means the risk profile will most likely change in the final submission of the business plan.

Key trends that can influence City Power's strategy execution include:

- Shifting trends in the energy market towards renewables
- Renewable energy window of state support is increasingly closing and viability of these projects and technologies may be challenged
- 4th Industrial revolution
- Cyber security risks are on the increase together with an increased obligation to information security
- Potential competition for future market share is something that will likely continue
- Governance concerns on viability of partnerships mainly by National Treasury
- Eskom unbundling

3.3.4 Risk Financing

City Power is one of the entities insured through the City of Johannesburg insurance programme. From a risk financing perspective, the value and frequency of claims remains a concern especially because the intention for insurance is to cater for unpredictable losses. Similarly, internally a more efficient and streamlined approach to settle long outstanding claims is necessary to reduce the financial risk.

It must be noted that frequent incidents not only result in asset claims but negatively impact some of the customers especially if there is damage or injuries.

Some of the key drivers for insurance claims within the business include:

- Theft and vandalism (demand for copper)
- Unplanned maintenance as a result of network failures from electrical infrastructure that is old
- Unplanned outages as a result of theft and vandalism
- Third party damages and injuries
- High loss ratios

3.3.5 Business Continuity Management (BCM) Programme and Resilience

Business Continuity Management (BCM) is a process of planning for any disruptive incidents. It involves identifying potential threats to the organisation and analysing their impact on its day-to-day operations. City Power as an essential service provider is required to ensure the business provides

minimum acceptable service notwithstanding events of disruptions as customers are becoming increasingly intolerant of lapses in service. Therefore, business continuity management serves as a firewall system which manages the consequences of disruption which could lead to extensive operational delays that may well cause irreparable financial loss.

Business Continuity was identified as a major exposure in City Power and the work to establish this function began in June 2018. An Emergency Response team has been established to ensure that contingency plans are developed across the business.

Accepting that some identified risks could materialise, and that some unidentified risks could occur, there is a definite need to establish processes, structures, systems, skills, leadership and behaviours that support resilience at all levels within City Power. This is essential to arrive at organisation-wide application elements of resilience when major disruptive events occur.

The following figure represents the City Power BCM implementation roadmap

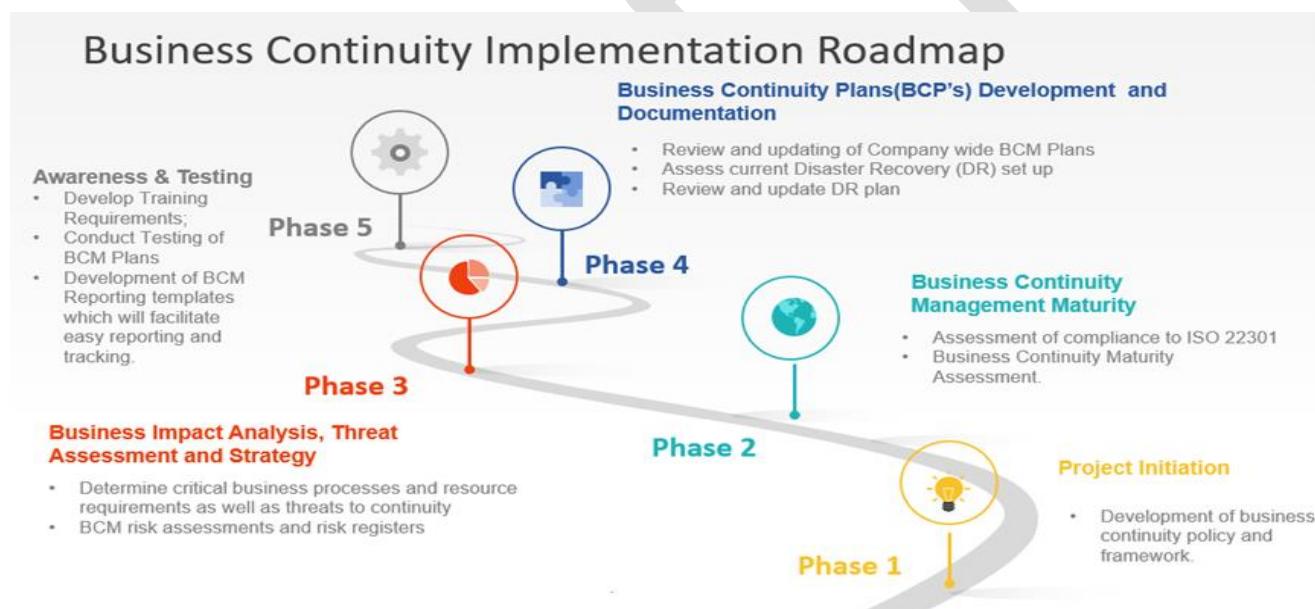


FIGURE 8 – BUSINESS CONTINUITY IMPLEMENTATION ROADMAP

3.3.6 Business Continuity Management (BCM) Status

Covid-19 pandemic as a disaster has presented the significance of integrating business continuity management as a reactive risk management function. The pandemic has heightened the focus on Business Continuity and Disaster Recovery across the nation and the organisation aims to be resilient to future business disruptions.

It has given the organization an opportunity to re-assess the entire BCM maturity. This exercise has assisted to identify major gaps and weaknesses to inform the plan as well as priority areas.

From the above diagram and challenges presented by COVID-19 we anticipate that the next financial year will focus on phase 4 and 5 of the roadmap.

The following activities have since been undertaken:

- Consolidated Covid-19 Risk assessment which informed the detailed COVID-19 response plan
- Maturity assessment completed
- BCM Policy updated and submitted for approval;
- Group Business Impact Assessments were reviewed

The next focus areas will include:

- Categorisation of business processes based on impact assessment
- Threat assessment - System or People or Resources that can threaten the continuity of the process/ function
- Review the Business Continuity Resumption plans
- Update Group BCPs
- Design and develop BCM Training and Awareness material / plan for the identified BCM champions for ease of reporting and performance monitoring
- Simulation of different disaster scenarios and allocating disaster topics to different Group Executives
- Testing of the plans
- Development of BCM reporting templates

3.3.7 Impact of COVID-19 on our Business Operations

COVID-19 has created unprecedented circumstances, it is characterized by uncertainty in a rapidly changing landscape and the number of people impacted worldwide is high. City Power provides electricity to the City of Johannesburg which is a critical and essential service. Various institutions primarily responsible for mitigation of the COVID-19 rely on stable electricity supply to execute their national disaster responsibilities. City Power has therefore aligned its essential business operations with the national lock down guidelines and regulations issued by the President of the Republic and/or National Authorities entrusted with same.

This required the organisation to continue keeping the lights on in a safe and sustainable manner for Johannesburg citizens.

The COVID19 pandemic had and will continue to have major economic implications as measures implemented will impede normal economic activity.

The pandemic has heightened the focus on Business Continuity and Disaster Recovery across the nation and the organisation aims to be resilient to future business disruption

Detailed Risk Register attached as **Annexure A**

4. STRATEGIC RESPONSE – Implementation, Performance

4.1 Key Performance Areas and an overview of our approach to strategy delivery

City Power delivers its strategy based on four critical considerations, namely, the Shareholder Expectations, National Treasury Requirements, the Organisational Strategic Imperatives and the External Factors in our operating environment. The City of Johannesburg as the Shareholder has provided a clear directive with regards to shareholder expectations, and this is articulated in the GDS 2040 and unpacked in more clarity in the GLU Strategic Priorities. Furthermore, the Shareholder is focusing on the Accelerated Service Delivery Programme, with a focus on high impact interventions that will improve the customer experience. The focused approach will ensure that the City is heard, seen and felt through the provision of services and being accessible to its communities and other stakeholders. City Power has articulated its strategic imperatives through the VUCA 2022 Strategy and its supporting and complementary strategic objectives, while taking into account all the relevant factors that affect and are affected by our operations, both in the industry and our country, as outlined in the SWOT and PESTLE Analyses.

Part of formulating the City Power VUCA 2022 Strategy in the year 2018 entailed a diagnostic health check of the organisation. There were a number of strengths and achievements that the company attained in 2017, and these have provided the foundation on which the company continues to build towards a sustainable future, that will be underpinned by excellent service, superior performance, as well as prudent investment of limited resources. The following are key strengths and achievements that the company is carrying forward from the 2017 performance:

- A positive cash position
- Integrated and seamless value chains
- Compliance to standards for restoration times
- Low Disabling Injury Frequency Rate (DIFR),
- Capex spending
- Electrification of formal and informal households,
- Roll out of new public lighting infrastructure
- Creation of EPWP job opportunities

There were some areas of serious concern in the performance of the company; and these had to be given special focus in order to attain an overall positive performance throughout the company by 2022. The figure below contrasts the areas of poor performance from the outcome of the organisational health check in 2017 versus the envisaged health status of the organisation in 2022.

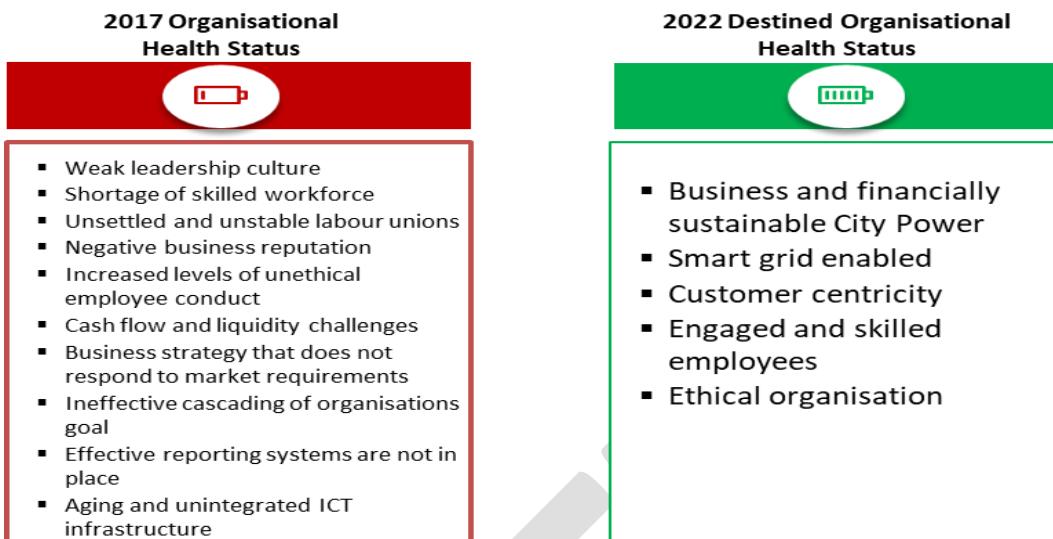


FIGURE 9- 2017 VERSUS 2022 ORGANISATIONAL HEALTH STATUS

City Power continues to pursue the desired organisational health in 2022, and this will be achieved through a multi-year effort that is deliberate, intentional, based on incremental and sustained performance through the various interventions that are planned for this period. The successful delivery of a healthy organisation by 2022 will depend on investments taking place in the required intervals throughout the journey. It is envisaged that in 2022 City Power will be that of a fully healthy, productive, profitable, technologically advanced organisation that incorporates a diversified energy mix which includes renewables.

The VUCA 2022 Strategy has been packaged into Key Performance Areas (KPAs) that are summarised into the Key Performance Indices as listed in the table below, together with the intended outcome of each:

Item	Key Performance Areas	Intended Impact/Outcome
1.	Financial Sustainability Index	Financially viable City Power by 2022.
2.	Revenue and Collection Index	Reduce non-technical losses by 13.5% by 2022.
3.	Reputation Index	Improve customer experience and satisfaction by 30% in the next three years.
4.	Sustainability Index	Enhance City Power's business model and value chains to current and future industry trends.
5.	Security of Supply	Initiate City Power's own electric generation in the next 5 to 10 years. Realisation of alternative income streams by 2022.
6.	Governance Index	Compliance with principles, standards and guidelines recommended by the Compliance Institute SA as applicable.
7.	Network Reliability Index	Refurbish and upgrade 85% of our network by 2022.
8.	Smart City Power Index	Re-align City Power's business model and value chains and network to be smart.

9.	Human Capital Index	Building a highly skilled and professional public sector
10.	Transformation Index	Meaningful social and economic transformation in line with BBBEE guidelines.

TABLE 9 – CITY POWER VUCA 2022 INDICES AND INTENDED IMPACT

4.2 Key Interventions for Successful Delivery of Government of Local Unity Strategic Priorities and City Power Strategy

In the second half of the 2019/20 financial year the Covid-19 pandemic and its related lockdown and applicable restrictions affected all sectors of the South African society in general and the economy in particular. City Power business was also affected by Covid-19 as the entity had to amend and realign its operations and processes in order to be able to deliver services, and enable collection of revenue for the rendered services even in the lockdown conditions. The company will continue to use the newly introduced hybrid work model, whereby employees whose functions and tools allow, will be permitted and encouraged to work from home or remotely. Service delivery will not be compromised as the required office and field resources will be made available, and this will ensure that there is continuous provision of electricity supply. The necessary Covid-19 protocols and observances will continue to be implemented in order to minimise the risk and exposure of our employees, contractors and customers to the Covid-19 pandemic.

The initiatives and interventions outlined below, will be delivered within the applicable Covid-19 restrictions during the course of the 2021/22 financial year, and the required adjustments will be made as and when necessary. The company will continue to operate as best as is practicably possible in line with our Business Continuity and Risk Management Plans as articulated in the Business Plan.

4.2.1 Good Governance

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	A responsive, corruption free, efficient and productive metropolitan government	Good governance	Combat corruption fraud and maladministration

The Governance Index is there to ensure compliance to principles, standards and guidelines recommended by the Compliance Institute SA as applicable. City Power is a registered company owned by the City of Joburg. The company is governed in line with best practice of corporate governance, as well as strict observance of the applicable legislation, policies and processes. The company operates under an electricity distribution license issued by NERSA, and its continuous existence is dependent upon continuous adherence to the license conditions.

All new City Power employees are taken through an induction programme which also provides a high-level overview into governance requirements within an MOE environment. Subsequently, a Skills Development / Training Plan for all employees is implemented to provide employees with the relevant governance requirements for their functional areas; employees are provided with training to ensure that they are able to discharge their functions in compliance with the applicable laws, policies and procedures.

City Power ensures that service providers that are awarded contracts also operate in full compliance with all applicable governance prescripts. All the applicable requirements for service providers are clearly articulated in the contracts. The company conducts targeted training interventions on Covid-19 health protocols, for internal staff and contractors as part of the interventions to bring awareness as well as to help curb the spread of the pandemic to and through our employees and contracted staff.

Good governance will reduce the risk of Irregular, Fruitless and Wasteful Expenditure, reduce audit findings and improve the company's performance and its sustainability. In addition, the company will be able to combat fraud, corruption and maladministration while encouraging and building a culture of ethical conduct by employees and service providers. The company will continue to operate in a manner that enhances and embraces good governance and sound risk management practices across all areas of the business as outlined in Section 2.9 of this document.

4.2.2 Financial Sustainability

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	Financially and administratively sustainable and resilient city	Financial sustainability	Improve and strengthen financial position

City Power continues to experience challenges in its financial performance, and the impact of Covid-19 has exacerbated the situation; this puts the company's financial sustainability at great risk. Furthermore, the mandate for City Power from the Shareholder was for the company to be continually profitable in order to contribute to the overall financial sustainability of the City, while at the same time extending services to indigent members of the community.

The company will give a special and heightened focus on implementing revenue assurance, enhancement and protection initiatives. The areas that have been identified as potential sources of additional revenues will be moving from investigation and feasibility to implementation, as some of these are only available during a definite window of opportunity. Furthermore, the company will continue to identify and implement austerity measures in order to reduce expenditure, so that the financial position of the company can improve in order to secure the financial sustainability of the business.

There are a number of initiatives that City Power will be undertaking, and these are mainly dependent on reliable data, that has to be cleaned up through data verification exercises and mapping of electricity customers to GPS coordinates and correct addresses. It is for this reason that all new service connections will only be deemed as complete once these have been updated on the GIS. There is also work underway to update all historical network and customer information onto the GIS, and this will improve asset data, ease of tracing of customers for power restoration, as well as revenue protection interventions. The section below provides details about initiatives that City Power will undertake to improve our finances as well as the company's and the City's financial sustainability:

- **Provision of Electricity**

Initiative 1	VUCA Objective	Alignment to GLU Strategic Priority
New Service Connections	Improve, stabilise and sustain a positive financial position	Financial Sustainability

This initiative entails the provision of electricity to customers who apply and pay for such a service. The customer applications include new service connections for customers who did not have supply, customers who are converting from post-paid to prepaid metering as well as customers who apply for an increase or decrease in the size of electricity supply.

City Power will derive revenue from the charges for the service connection at the point of customer application. In addition, where customers apply for service where there was none previously and where customer apply for an upgrade of an existing electricity supply, City Power will benefit from new or additional revenues respectively. The continued application for new services by customers will improve City Power's finances and secure the company's sustainability into the future.

The service connections will be implemented throughout the City across the City Power depot areas. This initiative has an indicative budget of **R 51 million** under the Recoverable Capex category.

- **Investment in Revenue Initiatives**

Initiative 2	VUCA Objective	Alignment to GLU Strategic Priority
Revenue assurance and reduction of losses programme.	Improve, stabilise and sustain a positive financial position	- Financial sustainability

The interventions in this category are primarily focused on generation, maintenance and enhancement of revenue. The success of these interventions will lead to a City Power that is financially secure, stable, resilient and sustainable, in the short, medium and long term. The investments in this category include the metering infrastructure, ICT systems and other supporting infrastructure. The initiatives also focus on providing customised, personal and excellent service to our customers, especially with regards to ensuring that energy usage is measured accurately and the vending and billing reflect this correctly.

The interventions that will be implemented include the following:

- Prepaid Smart Meter Rollout

This initiative will improve the prepaid meter vending performance. The smart meters can be monitored remotely and the new meter installation process will ensure that customer details are captured and updated correctly on the vending system. It will be easier to track and disconnect non-vending

customers and customers that tamper with meters. This initiative will have a positive effect on revenue collection.

- Smart Meter Rollout

City Power has made measurable progress over the years, to convert conventional postpaid meters to prepaid. This initiative will focus on converting the remainder of the manually read conventional meters to smart postpaid meters. The outcome of this will be automated and remote reading of meters and this will improve the meter reading performance, improve the billing accuracy and completeness and this should lead to improved revenue collection.

- Entrenching New Service Connections Process

City Power has adopted and it is implementing an enhanced and streamlined new service connection process in order to improve efficiency and the speed at which customer applications are processed. The focus going forward is to entrench and ensure compliance with the new process across the value chain. Adherence to the process will improve the customer experience, and this will encourage customers to use the services from City Power as opposed to opting for alternative sources of energy. The improved turnaround times will minimize loss of future revenues for City Power.

- Audit of Unmatched Stands

This initiative involves the audit of identified stands in order to ensure that all these sites are metered correctly. This initiative forms part of the critical exercise of cleaning and verification of customer data. The outcome of this initiative will be accurate customer data, accurate meter reading and billing. In addition, the revenue collection should improve, due to bills being sent to correct addresses and the ability to use the correct data for revenue protection interventions such as disconnections.

- LPU Technical Audits

This initiative focuses on identifying LPU customers that are billing at levels that are potentially below the norm. The solution includes site inspections, correction of the metering installations, system updates and rebilling customers based on the post-audit meter readings. The initiative will lead to improvements in revenue and collection, and this will reduce losses.

- Pre and Post Billing analysis

The pre and post analyses ensures that all customers are read and billed correctly. The pre-billing analysis verifies that all meters are read correctly prior to billing, while the post billing analysis verifies that all meter readings were used for billing and that the billing was done correctly. This initiative will assist to ensure that there is complete and accurate billing and this will provide revenue assurance.

- Alarms Monitoring and Response

The initiative involves timely response to alarms from smart meters, through monitoring all meters remotely, recording and analysing all received alarms and taking the necessary corrective actions. The revenue related alarms will be prioritised first for actioning in order to minimize revenue losses as a result of faulty or meters that have been tampered with. The timely response to alarms will assist with revenue assurance.

- Accurate Meter Reading (Read within the By-Law)

This initiative is aimed at ensuring that all meters are read within the By-Law requirements. This will improve meter reading and compliance as well as minimise adverse audit findings by the Auditor General of South Africa.

- Elimination of Nominated Maximum Demand Penalty Charges

The City Power electricity purchase agreement clearly articulates the maximum energy that can be consumed by City Power at each of the intake substations, and this is known as the Notified/Nominated Maximum Demand (NMD). Any exceedance of the NMD by City Power attracts a penalty charge from Eskom, and this is a cost that cannot be recovered. The initiative entails the reconfiguring of the network to eliminate the NMD exceedance charges, this will result in containment of such costs.

- Installation of Power Factor Correction Equipment

The supply of electricity results in reactive energy that cannot be used, however this attracts costs that must be paid to Eskom. The initiative involves the installation of power factor correction equipment which will help minimise reactive power and this will subsequently reduce costs payable to Eskom.

- Mock Billing and Energy Balancing

This initiative continues from the previous financial year. The initiative entails the installation of metering infrastructure at Eskom intake substations in order to verify the bills that are issued to City Power for electricity bulk purchases, as well as to perform energy balancing in order to account for energy that is purchased versus the energy that is dispatched from the intake points. This initiative will ensure that City Power is billed accurately by Eskom and this may contribute to an overall reduction in our losses, with a resultant improvement in our profitability.

- Vending Performance Improvement (Disconnects and Normalisation)

Prepaid metering environment is one of the areas that contribute considerably to the high non-technical losses that City Power is experiencing. There will be specialised focus on this customer category in order to stem the tide of losses. This initiative involves the monitoring of vending performance for prepaid meters. The focus is on identifying irregular vending patterns and implementing revenue protection interventions to address any transgressions. This initiative will lead to improved vending performance and revenue collection from the prepayment customers.

- Improvement in Revenue Collection

The initiative focuses on arresting the escalation of bad debt. This will entail segmentation of outstanding debt in terms of monetary value, type of customer and age of debt, and allocating the debt into priority groups for targeted actioning. The actions to be undertaken include, but are not limited to, payment arrangements, legal action and disconnections. This initiative will lead to improved revenue collection and this will have a positive impact to the company's liquidity and cash flows.

All the interventions, as outlined above, are focused on either sustaining current revenue, enhancing existing revenue, attracting new revenue, reduction of losses, and elimination of penalty charges and improving the vending and billing processes. These also have a benefit for our customers in how we will interact with them, minimise queries and improve query resolution time.

City Power appreciates the reality that adequate budget allocation for these initiatives is critical in order to ensure that these are implemented successfully and within the required timelines. A continued underinvestment in these initiatives will put our business profitability and sustainability at great risk. The City's strategic priority of financial sustainability will benefit greatly if these initiatives are implemented successfully.

This initiative has an indicative budget of **R 146 million** and **R50 million** under the Opex and Capex categories, respectively.

4.2.3 Integrated Human Settlements

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy	- Sustainable/integrated infrastructure services - Sustainable human settlements	- Sustainable service delivery - Integrated human settlements	- Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service - Impact the housing market including the integration; development and maintenance of hostels and flats - Combat illegal land invasion and promote regulated land use - Formalisation of informal settlements and accelerated rapid land release

City Power is one of the key contributors to ensure successful delivery of integrated human settlements with access to services. The integrated human settlements include the provision of housing, social and recreational amenities, educational and economic opportunities within reach of communities. One of the key services that communities require is electricity. City Power continues to prioritise the provision of electricity to communities and this includes informal settlements and low cost houses. The electrification projects will lead to improved quality of life as well as provide new economic and developmental opportunities for previously disadvantaged communities.

The initiatives that will be implemented under this GLU Strategic Priority of Integrated Human Settlements are outlined below:

- **Provision of Electricity Services**

Initiative 3	VUCA Objective	Alignment to GLU Strategic Priority
Electrification of Informal Settlements	Develop and Maintain a Reliable Network Infrastructure Asset	- Integrated human settlements

The City has prioritised integrated human settlements that are supported by sustainable service delivery. In aligning with and in support of this approach, City Power has prioritised the electrification of informal settlements throughout our area of supply within the City.

This initiative extends electricity services to informal settlements that are historically without electricity. This includes the bulk, reticulation and services connection networks as well as prepaid metering infrastructure.

There has been an increase in informal settlements in Johannesburg in the past few years, and this is set to increase as people continue to move to Johannesburg to seek educational, employment and entrepreneurial opportunities in the economic hub of the country and region. This has increased the backlog of provision of electricity, especially in informal settlements, and this initiative will require a considerable budget allocation going forward in order to accelerate the provision of electricity to these households.

This initiative has an indicative budget of **R 200 million** under the Capex category.

- **Provision of Electricity Services**

Initiative 4	VUCA Objective	Alignment to GLU Strategic Priority
Electrification of Mixed Development/Mega Projects	Develop and Maintain a Reliable Network Infrastructure Asset	- Integrated human settlements

The City is changing the spatial planning landscape to ensure that all members of the community are afforded the opportunity to live, work and play in shared and available economic nodes. Part of this approach entails special support to mixed development or Mega projects that allow communities from various income groups to live side by side in areas that are fully serviced with regards to public and private facilities and amenities.

The mixed development projects require new electricity infrastructure and this includes the bulk, reticulation and services connection networks as well as prepaid metering infrastructure. In the 2020/21 financial year there was no budget allocation for this initiative, however the allocation in the 2021/22 financial year will assist get this programme back on track. Some of the mixed development areas require new substations and high voltage overhead lines and cables to deliver the required additional electricity capacity.

This initiative has an indicative budget of **R 100 million** under the Capex category.

4.2.4 Sustainable Service Delivery

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy	- Sustainable/integrated infrastructure services	- Sustainable service delivery	- Accelerated and visible service delivery and re-introduction of co-production in the delivery of the basic service

The interventions in this category are primarily focused on providing visible, meaningful and measurable service delivery to our communities. The focus is in ensuring that all communities receive electricity services and this includes electrification of households and provision of public lighting as well as the maintenance thereof.

These initiatives contribute to the improvement of the quality of life for our communities. Visible service delivery is one of the ways that enables the city to practically demonstrate that it is a caring city by providing services that make a difference in people's lives. City Power exists to provide a quality, reliable, safe and affordable electricity supply to its customers, therefore our service delivery must lead to a positive customer experience. We also recognise that energy, and electricity in particular unlocks economic and developmental potential of individuals and communities, and we will continue to invest in initiatives of this nature.

The interventions in this category are primarily focused on maintaining and refurbishing existing, as well as expanding and creating new network infrastructure assets. The ultimate goal is to have sufficient network capacity to service the needs of our existing and future customers in a sustainable manner, in the short, medium and long term. The investments in this category cover the provision of electricity as well as the introduction of other sources of energy, in line with our vision to become an energy company. The initiatives that we plan to undertake will be responsive to customer needs and expectations, while at the same time protecting and enhancing our revenues. The service delivery initiatives that will be implemented are outlined below:

- **Initiatives for Electricity Supply Infrastructure (Primary Plant)**

Initiative 5	VUCA Objective	Alignment to GLU Strategic Priority
Upgrade and Refurbishment of Electrical Network Infrastructure	Develop and Maintain a Reliable Network Infrastructure Asset	- Sustainable service delivery

The Upgrade and Refurbishment of Electrical Network Infrastructure addresses all electricity supply network issues, challenges and possible opportunities that can be exploited. This category covers the entire spectrum of our network from low voltage, medium voltage and high voltage infrastructure. The key areas of the network that will be refurbished, upgraded or expanded include the following:

- Upgrade, Refurbishment and Construction of Substations (including increasing capacity, replacing obsolete equipment, optimizing performance of equipment)
- Upgrade and Refurbishment and Expansion of the Medium Voltage Networks (including cables, transformers, load centres, overhead lines and switchgear)
- Upgrade and Refurbishment and Expansion of them Voltage Networks (including service cables, replacement of overhead lines with ABC, LV circuit breakers)

Our approach for the above initiatives seeks to incorporate the Protection, SCADA, telecommunication as well as the security scopes of work on each project, as applicable. These technologies provide City Power with real-time visibility, and this enables remote operating of the network, access to data and

information in real time, in order to allow for timeous decision making. This further assists City Power to work more efficiently and to ensure that the refurbished, upgraded or new infrastructure is operated safely, correctly and protected; this is however dependent on availability of adequate budget.

This initiative is important in that it ensures that we are able to provide uninterrupted supply to our customers, and it also provides us with the capacity to supply the additional customer request in the form of new service connections or upgrade of existing supply. This is important for us in that it will assist in the effort to sustain our current revenues and also provide us with an opportunity to grow our revenue base.

This initiative has an indicative budget of **R 408 million** under the Capex category.

- **Initiatives Electricity Supply Infrastructure (Secondary Plant)**

Initiative 6	VUCA Objective	Alignment to GLU Strategic Priority
Upgrade and Refurbishment of Secondary Plant Infrastructure	Develop and Maintain a Reliable Network Infrastructure Asset	- Sustainable service delivery

The Upgrade and Refurbishment of Secondary Infrastructure addresses all protection and control, as well as security of our network assets. These are important components of our infrastructure in that these protect the primary plant equipment, such as the large transformers, switchgear and cables from catastrophic failures and prolonged outages. The fire and security systems protect our infrastructure from fire damage, unauthorised access and thereby reduces, theft, vandalism and illegal connections.

It is of little value if we invest large amounts of Capex and Opex into installing and maintaining Primary Plant equipment and fail to invest in the Secondary Plant equipment to support and assist City Power to operate and safeguard the primary plant infrastructure. Adequate and correct operating of secondary plant equipment will reduce unplanned and unforeseen network failures, improve restoration times, provide input into our planned maintenance programme, and reduce insurance claims with subsequent reduction in our insurance premiums. Most importantly the investments in secondary plant equipment will reduce the risks of injuries and fatalities, as the technologies that we invest in, allow the operators to operate safely, and in most instances at a safe distance from live equipment. Some of the technologies also provide City Power with the visibility of the network as well as the ability to operate it remotely from System Control at Head Office. Remote accessibility of the data and visibility of the network enable improved decision-making, and an improved customer experience.

The initiatives under this initiative include the following:

- Upgrade and Installation of Protection Equipment
- Upgrade and Installation of SCADA Equipment
- Upgrade and Installation of Telecommunication Network
- Upgrade and Installation of Fire and Security Equipment

- Upgrade and Installation of Support Systems for Control and Integration

It will not be possible to improve our customer experience, reduce losses and collect revenue, if we continue to under-invest in the secondary plant programme. This initiative has an indicative budget of **R 75.5 million** under the Capex category.

- **Provision of Expanded Social Services**

Initiative 7	VUCA Objective	Alignment to GLU Strategic Priority
Provision of Free Basic Electricity (FBE)	Develop and Maintain a Reliable Network Infrastructure Asset	- Sustainable service delivery

The City is intentional about addressing the hardships that are experienced by the less fortunate in society. The provision of free basic service is part of the Expanded Services Programme that seeks to cushion the indigent members of our society from the burden of paying for municipal services.

City Power contributes to this initiative by extending Free Basic Electricity (FBE) to all customers that qualify for free basic services within our area of supply. This is a social responsibility programme which also assists us to minimise the problem of energy theft and illegal connections.

This initiative has a budget of **R 6,324 million** under the Opex category.

4.2.5 Job Opportunity and Creation

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	<ul style="list-style-type: none"> - Job intensive economic growth - Promotion and support to small businesses - Increased competitiveness of the economy 	<ul style="list-style-type: none"> - Economic development - Job opportunity and creation - Smart city 	<ul style="list-style-type: none"> - Job opportunities and creation - Development and support of SMMEs

The City of Joburg is the economic and social hub of the country, and each year it attracts people that seek job, skills, education and other economic opportunities. The move to Johannesburg is not limited to South Africans from other parts of the country but it also includes people from the rest of the African continent and from other parts of the world to seek prospects of a better life. The City of Joburg has elevated job creation to one of its main priorities in the GLU term of office, and the departments and entities of the City have to contribute to this important endeavour.

City Power will continue to provide employment opportunities through our operations and projects. All the work that will be undertaken will be structured such that it creates maximum employment

opportunities. Network reliability and availability of capacity is an enabler to job opportunities, through the unlocking of economic activities that are dependent on electricity.

- **Short Term Employment Opportunities**

Initiative 8	VUCA Objective	Alignment to GLU Strategic Priority
Expanded Public Works Programme	Foster a transformed and conducive work environment for high performance	- Job opportunity and creation

City Power initiatives support the creation of short term Expanded Public Works Programme (EPWP) job opportunities and also support local SMMEs with sub-contracting and development opportunities. The job opportunities will also include training and upskilling opportunities in order to improve the employability of the EPWP beneficiaries going forward.

The EPWP budget is included in the overall budgets of the initiatives that City Power has earmarked for creation of job opportunities.

- **Youth Skills Programme**

Initiative 9	VUCA Objective	Alignment to GLU Strategic Priority
Internships, Graduate in Training and Bursar Programmes	Foster a transformed and conducive work environment for high performance	- Job opportunity and creation

The purpose of this intervention is to create a skills pool of young people that can be able to find employment in the City and in other sectors of the economy. This is an investment into the future of our country and region and it will assist the City to achieve its targets in terms of economic growth and creation of employment opportunities, especially for the youth demographic.

This initiative includes training and workplace development through Internships, Graduate in Training programme as well as support for Bursars.

The initiative has a budget allocation of **R 7,224 million** under the Opex category.

4.2.6 Safer City

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
Improved quality of life and development-driven resilience for all	<ul style="list-style-type: none"> - Reduce poverty and increase productivity - A safe and secure city - A city characterised by social inclusivity and enhanced social cohesion 	<ul style="list-style-type: none"> - Economic development - Job opportunity and creation - Smart city 	<ul style="list-style-type: none"> - Job opportunities and creation - Development and support of SMMEs

South Africa is a country with a myriad of social ills, and crime is one of these ills that have an impact on all sectors of the economy. The City of Joburg is also affected by these social ills, especially since it is the economic hub of the country. The City has included a Safer City as one of the GLU Strategic Priorities, because a safe city will improve quality of life, as well as attract investment and economic growth.

City Power has been experiencing an escalation in incidents of theft and vandalism of its network, and this has had a negative impact on service delivery and the economy of the region. Due to the danger of unauthorised access to electricity infrastructure some of the acts of theft and vandalism have sadly led to injuries and fatalities. City Power's initiatives to contribute to a safer city are provided below:

- **Maintenance of Public Lighting**

Initiative 10	VUCA Objective	Alignment to GLU Strategic Priority
Repair Public Lights	Develop and Maintain a Reliable Network Infrastructure Asset	<ul style="list-style-type: none"> - Safer City

Public lighting is one of the key visible service delivery initiatives of the city of Joburg and City Power. It is not sufficient to have public or street lights, of more importance is to have these lights functional and providing adequate lighting in the dusk to dawn periods of each day.

This initiative focuses primarily at ensuring that the public lights are functional in all areas, and that where lights are faulty these are restored within the expected turnaround times. City Power maintains street lights throughout the City, and this covers the City Power area of supply as well as the Eskom areas of supply within the City. There is currently in excess of 276 753 street lights that City Power is responsible for within the City.

The repairs of street lights include the logged faults as well as the spotting of faulty lights. The maintenance function is carried out by the seven City Power depots, with each depot responsible for street lights that fall within its boundaries. In addition, there are two depots that are solely dedicated to street lighting maintenance and these are the Bryanston and Klipspruit depots.

The street light maintenance will be carried out by dedicated City Power personnel, supported by specialised street lighting maintenance contractors. This will ensure that there is availability of resources to ensure that faulty street lights are repaired timeously.

This initiative has an indicative budget of **R 262 million** under the Opex category.

- Provision of Public Lighting**

Initiative 11	VUCA Objective	Alignment to GLU Strategic Priority
Installation of Public Lights	Develop and Maintain a Reliable Network Infrastructure Asset	- Safer City

The installation of public or street lighting is made up of two sub-programmes, namely, Bulk Luminaire Replacement and Installation of New Public Lighting Infrastructure. The Bulk Luminaire Replacement initiative focuses on replacing or retrofitting the old technology of street light lamps with new energy efficient lighting technology in the form of LED luminaires. The existing public lighting infrastructure such as poles and cables or conductor are retained, and this reduces the cost substantially as opposed to the cost of a completely new street light installation. This will be done per area so that the maximum impact can be achieved with regards to energy savings, ease of maintenance as well as uniformity of lighting, aesthetics and customer experience.

The Installation of New Public Lighting Infrastructure initiative, entails the provision of new street lighting infrastructure in areas that are currently without any street lights. The projects will be rolled out in both Eskom and City Power areas of supply within the City. Due to issues of theft, vandalism and illegal electricity connections in some areas, City Power has in recent years standardised the use of overhead conductors to supply street lights. The new street lights use the LED lamps as a technology that leads to energy savings, while providing improved illumination and aesthetics.

This initiative has an indicative budget of **R 60 million** under the Capex category.

4.2.7 Active and Engaged Citizenry

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
A high performing Metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region	<ul style="list-style-type: none"> - Responsive, accountable, efficient metro - Citizen empowerment and participation - Customer care and service 	<ul style="list-style-type: none"> - Good governance - Active and engaged citizenry 	Community based planning and enhanced community engagement, including Mayoral izimbizo

The City of Joburg involves the citizens through various engagements and interactions. The GLU has therefore included the engagement of the citizenry as one of its key strategic priorities. The members of the community and other stakeholders must be continuously engaged and informed about the City's initiatives and interventions. City Power will support and participate in the Mayoral Izimbizo and the City Power contribution will include man power, provision of information and electricity as required.

City Power will continue to be accessible to communities and all stakeholders through the use of a variety of platforms and channels that are relevant and user-friendly for all categories of stakeholders. Some of the initiatives that City Power will use to engage with and reach out to customers and other stakeholders are outlined below:

- **Stakeholder Engagements Initiatives**

Initiative 12	VUCA Objective	Alignment to GLU Strategic Priority
Develop and implement a customer communication and engagement strategy.	Improve, stabilise and sustain a positive financial position.	- Active and engaged citizenry

The interventions in this programme will provide us with better insights with regards to customers' expectations and requirements. This will help City Power to be responsive to customers in terms of how we engage with them and service their electricity needs in the short term and all energy needs in the medium to long term. The intervention will also be used to communicate with customers to encourage responsible behaviour such as safeguarding our networks and paying for services. The customer satisfaction survey will help us identify gaps and craft solutions to address those areas of shortfalls.

The following are the key programmes that will be implemented under this initiative:

- Community Izimbizo
- Customer Satisfaction Survey
- Key Customer Forums,
- Customer Education / Awareness campaigns,
- Develop and automated Query Management System
- Develop and enable enhanced Customer ease-of-access to City Power through Bi-directional Communication Channels
- Intensify Internal and external communication through newsletters, articles and website.

City Power's Social Media Presence

City Power currently uses its Twitter platform to engage with customers and other stakeholders. This platform is the preferred choice because of the following:

- Ability to respond to comments in a timely manner, which assures customers that their queries and complains are being attended to.
- Provides content that is relevant to the customers which includes load shedding, planned outages, maintenance and project work.
- Ability to receive feedback from customers, which allows City Power to improve its service and enhance the company's reputation

The other social media platforms such as Facebook and Instagram will be used mainly to disseminate current and relevant information, however these will not be used for interactive engagement with customers and other stakeholders.

There is limited funding for the Stakeholder Engagement Initiatives, and this may have a negative impact on its successful delivery.

4.2.8 Sustainable Economic Growth

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	<ul style="list-style-type: none"> - Job intensive economic growth - Promotion and support to small businesses - Increased competitiveness of the economy 	<ul style="list-style-type: none"> - Economic development and growth 	<ul style="list-style-type: none"> - Job opportunities and creation - Development and support of SMMEs

Johannesburg is the economic backbone of the country, as it contributes 15% of South Africa's GDP and around 44% of Gauteng's GDP. The City recognises the need for its economy to grow as this will improve the economic performance of GCR, the country and the continent. Economic development will support industries, provide opportunities for business as well as create much-needed employment opportunities across various sectors of the economy.

City Power supports and contributes to economic development both indirectly and directly. The indirect contribution entails the provision of electricity which then drives the economic activities within the various sectors of the economy. The direct contribution to economic development is through opportunities that City Power extends to companies to provide contracted services to the entity. The company will continue to partner with companies, including SMMEs in maintenance, refurbishment, upgrade and expansion of the electricity and energy networks, as well as through various support services such as the supply of goods and services across the company's value chain.

The City has reintroduced Co-production, and City Power aligns all its projects and initiatives to fully support Co-production and ensure its success for the new financial year and beyond. City Power has been exceeding its target of supporting SMMEs, and this will continue in the 2021/22 financial year, with a deliberate focus on community-based empowerment and support. To ensure economic transformation, City Power will ensure that local SMMEs are supported through specialised contracting including sub-contracting opportunities and co-production initiatives. The economic development interventions will also include capacity building for SMMEs in the form of training, mentorship and support.

The City Power business contributes to the manufacturing and logistics industries due to the procurement of various materials and equipment that are used to maintain and expand our network and non-network assets. City Power will continue to structure its contracts to encourage procurement from local suppliers in order to drive economic growth.

4.2.9 Sustainable Environmental Development

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
Provide a resilient, liveable, sustainable urban environment underpinned by smart infrastructure supportive of a low carbon economy	- Climate change resilience and environmental protection	- Sustainable environmental development	- Combat illegal land invasion and promote regulated land use

City Power aspires to be a “World class energy utility”, and it is for this reason that the company benchmarks against the best companies and seeks to adopt best practice in all areas of its operation and business. City Power is an ISO certified company and is subjected to the annual South African Bureau of Standards (SABS) Audits.

- **ISO Certification**

Initiative 13	VUCA Objective	Alignment to GLU Strategic Priority
Recertification for ISO Integrated SHERQ Management System	Invest in innovation and smart utility technologies	Sustainable Environmental Development

City Power is in the process for recertification on the latest revision of ISO Integrated SHERQ Management System. This initiative will enable City Power to achieve the following:

- To sustain the integrated ISO Certificates.
- To undertake the business in a safe and environmentally friendly manner without compromising quality.
- To inculcate a culture of good governance and ethical behaviour.
- To offer a reliable and quality service to all City Power staff and relevant stakeholders, through benchmarking and continuous improvement.
- To contribute to the sustainable environmental development agenda of the City

4.2.10 Smart City

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	- Increased competitiveness of the economy	- Economic development and growth	- Job opportunities and creation - Development and support of SMMEs

Johannesburg's vision is to become A world class African city. To attain this vision, the city needs to grow sustainably and continuously modernise its systems and infrastructure to be world class. The Smart City strategic priority seeks to ensure that the City operates at the cutting-edge of technology and innovation in how it is structured, how it functions, as well as how it delivers services. To this end, the Smart City Strategy of the City captures this aspiration as the "Leap Into our Future" and this is quoted as follows:

Leap Into our Future offers a way to think differently about how services can be delivered. It guides the creation of a Smart City by identifying the elements necessary to innovate across departments and achieve better integration, cost efficiencies, data sharing and broader delivery of services that positions Joburg as a "future-proof," Smart City. Technology creates new opportunities to monitor infrastructure networks, decongest highways, improve health care systems, create safer neighbourhoods, minimise energy consumption, expand essential infrastructure and leverage data to improve decision making and governance for better service delivery. The pursuit of a Smart City plays a critical role in the process of a city to Leap into the Future.

City Power supports the Smart City initiatives through its Smart Utility interventions, that seek to ensure that the company contributes to and benefits from technological advances in the energy sector. These initiatives are critical for the successful achievement of the Smart Utility and City of the future. The Smart City/Utility interventions that City Power will be undertaking are outlined below.

- **Smart Technology Initiatives**

These programmes support the following objectives of City Power:

- A technology and innovation-driven organisation.
- Improve, stabilise and sustain a positive financial position.
- Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin.

The interventions need to be implemented if City Power is to successfully achieve the objectives of a Smart Utility of the future that will be able to support a Smart City of Johannesburg. The Smart Utility/City Initiatives include the following:

Initiative/ Programme	Objective/risk to be addressed
Cloud Computing Infrastructure	Expand the existing Cloud environment to increase capacity to cater for the hosting of systems and applications.
Prepaid Vending (Suprima) High Availability Infrastructure	Provide High Availability for Prepaid electricity systems.
ADMS – Outage and Workforce Management System	Implementation of OWMS (Outage and Workforce Management Solution) to ensure OWMS compliance to MFMA.
ADMS – SCADA System Upgrade (Substation Automation)	Upgrade of the SCADA system for improved visibility and network security
Telco Network Implementation	Provide network connectivity to bring back information from the substations
Mobile Solutions	Provide access to business processes and systems through mobile devices.
Implement Network Access Control	To protect ICT Network Access from rogue equipment to reduce Security Vulnerabilities
Cyber Security	Upgrade ICT security to minimize/eliminate security vulnerabilities and protect City Power from Cyber Threats
Capacitate the Disaster recovery (DR) Site	The existing DR site is not adequate, the capacity at this site is not sufficient to cater for all critical applications
Customer Portal	Implement interactive customer website and portal
Business Intelligence Platform	Enhancement of the Business Intelligence Platform
Integrated ISO management System	For full compliance with statutory requirements.
Integrated Security System	To roll-out integrated security system for protection of all assets
Anti-cable theft sensors and alarm system	Implement cable theft detection solution
Protective Structures Alarm Monitoring Centre	Monitor and respond to Protective Structure alarms

TABLE 10 – UNFUNDED SMART UTILITY INITIATIVES

The delays in funding these initiatives pose a risk to our business continuity as some of the technologies that we would like to invest in depend on the currently unfunded initiatives listed above. The planned future programmes such as Mixed Energy, Demand Side Management and Energy Efficiency Initiatives, Smart Grids, Smart Metering, Innovative Tariffs, Customer Interface technologies, and new revenue stream, will not materialise until the Smart Utility/City Utilities are completed, hence the need to allocate budgets to these initiative in the very near future.

- **Smart Workforce Initiatives**

There are a number of interventions that will be implemented to deliver the smart workforce that is ready for the City of the future. One of the interventions is the implementation of the new SAP HR system which includes some of the following functions:

- Organisation Management
- Personnel Administration
- Time Management
- Employee Relations
- Payroll
- Employee Self Service
- Talent Management

- Career and Succession
- Performance Management
- Personnel Cost Planning

City Power will be implementing the Workforce Management System, and some of its key features are highlighted below:

- Mobile Solution to enable employees to work from anywhere
- Empower employees with tools of the trade for effective and efficient work
- Business Intelligence (BI) and Dashboards to provide accurate and timely information
- Interactive engagement with employees for timely feedback and to improve employee satisfaction
- Training and development of employees on technologies to enable them to function optimally and successfully within the Fourth Industrial Revolution (4IR).
- Internal communication and employee engagement
- Technology-enabled change management programmes
- Continuous enhancement of SharePoint as a centralised information and knowledge hub

- **Innovation Initiatives**

City Power has established a web-based innovation portal that will be used to gather all innovative ideas to help the company work smarter. The portal allows employees to submit innovative solutions for the problems that beset the company in various areas of the business, as well as to identify new and better ways of performing organisational functions and providing services to our customers. This financial year focus will be on sharing the benefits of the portal and ensuring that all employees are aware of it and are encouraged and incentivised to use this portal.

The portal will be used to provide employees with a tool to learn and gain new insights with regards to what other areas of the business are delivering and how each person and business unit can contribute to the overall success of the company. The portal enables collaboration and coordination of efforts and this will improve the integration, efficiency and effectiveness within the business.

The innovative ideas that get adopted will be included in the company's explicit knowledge base and will be available to the entire company and ensure that there is continuous learning and improvement, while ensuring that innovative ideas are not lost.

4.2.11 COVID-19 Response

GDS 2040 Outcome	GDS 2040 Output	GLU Strategic Priority	GLU Strategic Programmes
An inclusive, job intensive, resilient, competitive and smart economy that harnesses the potential of citizens	- Increased competitiveness of the economy	- Economic development and growth	- Minimising the impact of COVID 19

Johannesburg is the economic hub of the country; it is for this reason that the region becomes hard hit during times of economic downturns. The Covid-19 pandemic has created adverse economic conditions that were last seen during the Great Depression of the late 1920s, and Johannesburg has not been spared from the ongoing aftermath.

All three spheres of Government have taken a redirection of government focus, finance, spending and actions toward emergency preparations and response to the Covid-19 pandemic. This has also led to a COVID-19 adjustment budget to facilitate the City's response to the virus. The budget adjustment has affected the City's entities and departments, and as a result City Power had to adjust and align its budget accordingly.

The economic pressures on both households and businesses has affected the ability by customers to pay for services. City Power has experienced a decline in revenue and collection levels as a result of these pressures.

City Power will continue to support the City's financial relief measures in order to support customers who are under financial strain. These measures by the City include the suspension of interest charges, future tariffs relief and payment arrangements where applicable. City Power recognises that energy plays a critical role in the economic activity of the City, and this will be the case in the endeavours for economic recovery. It is for this reason that City Power will continue to support SMMEs and individuals with provision of electricity as well as providing contracting opportunities to help keep some of the SMMEs in business. The entity will attempt to strike the right balance between securing its revenues while extending the required relief to the affected communities, institutions and businesses.

4.2.12 Initiatives that contribute to multiple GLU Strategic Priorities

The energy sector has been undergoing rapid change over the past decade or so. The key drivers of the changes are the finite fossil fuels as well as the challenges with climate change that require the need to move to low carbon energy sources. City Power has been experiencing a decline in customer numbers as well as a decline in volumes of electricity sales. The company needs to find alternative sources of energy as well as new sources of revenue. The initiatives below reflect the direction the company is taking with regards to renewables and energy mix. These initiatives contribute to multiple GLU strategic priorities as outlined below:

- **Initiatives for Renewables and Energy Mix Interventions**

Initiative 14	VUCA Objective	Alignment to GLU Strategic Priority
Energy Mix, Renewables, Storage and Energy Efficiency Programme	Diversify City Power's Energy Mix.	<ul style="list-style-type: none"> - Financial sustainability - Integrated human settlements - Sustainable service delivery - Economic development - Smart City

The investments in future technologies to explore Energy Mix interventions, introduction of Renewable Energy Sources, Battery Storage Systems and other Energy Efficiency programmes is an imperative for the future success and sustainability of City Power. These initiatives will further support future energy requirements that are brought about by the projected increase of production and sales of electric vehicles, which will require charging stations that may use a variety of energy sources.

These technologies will help us address the issues of Carbon emissions, optimising our energy supply costs, as well as provide customized and personalised services to our customers. In addition, leveraging our smart metering technologies and applicable tariff structures, we will be able to use the new energy technologies, to allow prosumers (consumers who also produce energy) to operate in our energy supply value chains, and this has a potential to provide City Power with new revenue streams.

City Power can ill afford not to invest in these initiatives, as some of the customers have been migrating fully or partially from the electricity grid, due to environmental, financial and commercial reasons. The customer of the future is an informed customer that wants options and flexibility with regards to the production and use of energy and related services.

City Power needs to be proactive in investing in these initiatives to encourage customers to remain with the entity as well as attract possible investors and new categories of customers. If we fail to harness the opportunities that the new technologies are providing us, we will unfortunately be out of business in the not too distant future. The allocation of additional Capex budget will enable City Power to prioritise and implement the first phase of the programmes in the 2021/22 financial year. City Power will continue to engage with its Sister companies and potential funders, including PPPs, in order to investigate possible collaborative delivery of some of these programmes.

One of the energy mix solutions that have successfully passed the feasibility study phase is that of the installation of Rooftop Solar Photo-voltaic systems on municipal-owned business. The technology is proven and the lead times for delivery have also become shorter due to advancements in manufacturing as well as installation and commissioning of this type of equipment. City Power is currently in the planning stage of the first phase of this programme in the current financial year, and the buildings that are earmarked for installation are at the Head Office in Reuven. This programme will be expanded to City Power depots and other municipal-owned buildings in future years, hence the need for allocation of funding going forward.

The programme has received an indicative limited funding of **R58 million** under the Capex category. This budget will be used to expand the first phase of the programme; and finalise the design, planning and procurement for the future phases as well as for the other energy mix initiatives.

4.2.13 Business Sustainability Initiatives

City Power provides a critical service for the livelihoods of communities across the various levels. It is important that our services are provided in a responsible and sustainable manner to ensure that these can continue and improve even for future generations.

One of the objectives of the organisation is Sustainability of the Business, and this objective is supported by initiatives and interventions that are measured through the Business Sustainability Index. The initiatives under this category have a direct or indirect impact on the City's Priorities and its sustainability. These initiatives cover the components as shown in the table below:

Item	Sustainability Component	Area of Impact
1.	Environmental	To establish how the initiatives will affect the environment
2.	Social	To measure the impact that the initiatives will have on society
3.	Governance	To test how the initiatives will affect compliance to governance fundamentals, such as regulations, policies and legislation

TABLE 11 – BUSINESS SUSTAINABILITY INITIATIVES

Some of the challenges that can have a negative impact on the sustainability of our business include the following:

- Limited Capex and Opex budget allocation
- Escalation of costs
- Difficulty in maintaining reliability and security of energy supply
- Decline in revenue
- Overreliance on fossil fuels as a primary energy source
- Limited resources to support the GDS 2040, IDP and initiatives to deliver the GLU Strategic Priorities.

To address the sustainability challenges, City Power has identified various areas of our business that will contribute positively to sustainability of our business. It is for this reason that a total of 22 KPIs across the organisation, at corporate and Group level, will directly contribute to the success of this initiative. Some of the key KPIs address the areas listed below:

- Keeping the Disabling Injury Frequency Rate (DIFR) under control
- Reduction Carbon Dioxide emissions
- Provision of electricity to under-serviced communities
- Provision of public lighting infrastructure
- Compliance to Safety, Health, Environmental and Quality requirements
- Increasing support for BBBEE
- Improvement in employment equity ratios
- Contribution to employment creation
- Compliance to regulations and legislative prescripts

- Alignment to strategic plans and shareholder expectations
- Resolution of Findings by Internal Audit and Auditor General

The list of KPIs that contribute to this initiative at company level are included as part of Annexure A.

4.2.14 Other Critical Initiatives

The following initiatives are important for the various operational and strategic requirements of City Power. All these were not funded in the 2020/21 Budget allocation, and remain unfunded in the 2021/22 financial year.

- **Special Purpose Initiatives**

Item	Initiative Description
1.	Implementation of Smart Grid Roadmap.
2.	Warehouse Management Plan
3.	Integrated ISO Compliance programme
4.	Integrated Security Risk Management Roadmap
5.	Data Quality Improvement/ Data Analytics/ Value Chain and Business Process Re-engineering
6.	Customer Engagement Initiatives (Customer Satisfaction Index)

TABLE 12 – UNFUNDED SPECIAL PURPOSE INITIATIVES

These initiatives are currently unfunded, and allocation of funding needs to be considered in the budget re-prioritisation cycles. These initiatives are critical enablers to some of the funded initiatives. The inability to fund these initiatives will continue to place great risk on the successful delivery of the funded initiatives.

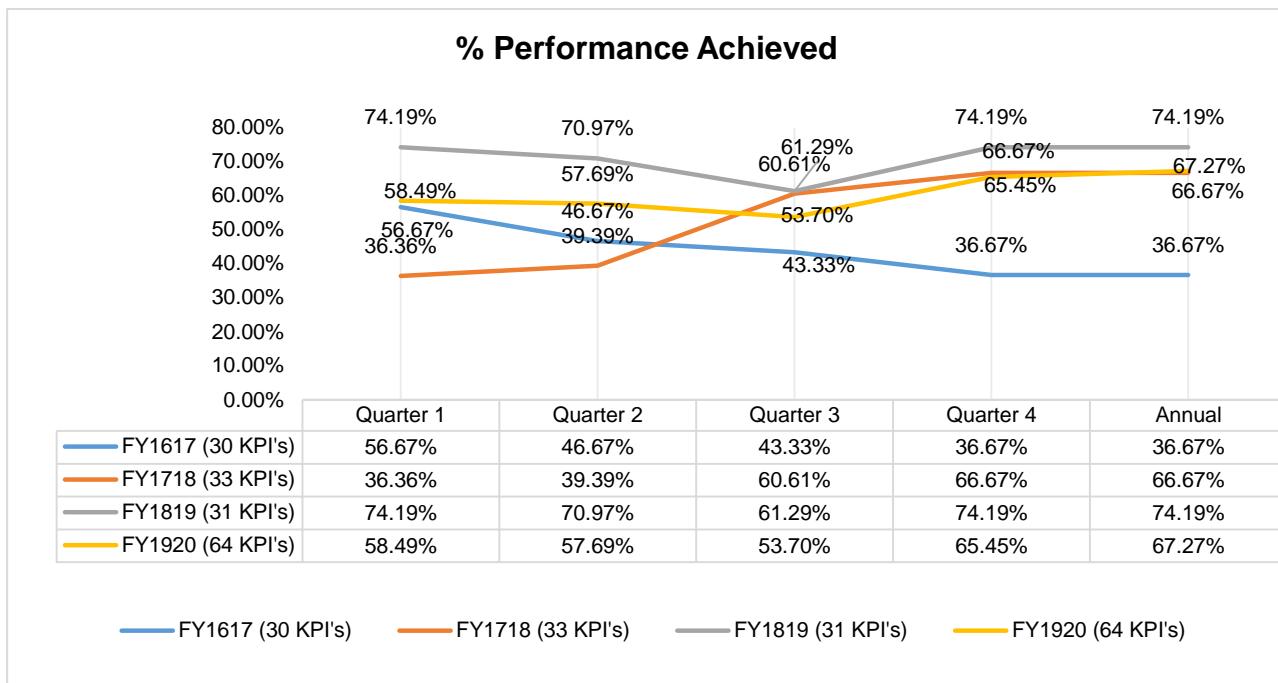
4.3 Past Company Performance

4.3.1 Performance Trend Analysis

The table and graph below depicts a comparison of the achieved performance between four different financial years. City Power has moved from 30 measured KPIs in the financial year 2016/2017 to a total of 58 measured KPIs in the financial year under review. The financial year 2018/2019 has been the highest achieved performance of 74.19% in the four compared financial years, with the financial year under review coming in at second with 67.27% achieved performance, which reflects a decrease of 6.92% in performance. The financial year 2016/2017 was the least performing financial year, ending of the financial year with 36.67% achieved performance.

Number of KPI's Achieved: Comparison of Different Financial Years					
Reporting Term	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual
FY16/17 (30 KPI's)	17	14	13	11	11
FY17/18 (33 KPI's)	12	13	20	22	22
FY18/19 (31 KPI's)	23	22	19	24	24
FY19/20 (58 KPI's)	31 (53 measured KPI's)	31 (52 measured KPI's)	29 (54 measured KPI's)	35 (55 measured KPI's)	37 (55 measured KPI's)

TABLE 13 – KPI'S ACHIEVED



GRAPH 1 – KPI PERCENTAGE PERFORMANCE ACHIEVED

Highlights and Achievements

- Achievement of 67.27% of Performance Objectives
- Exceeded adherence to NRS048 (96.89% against a target of 95%)
- Exceeded public lighting targets (2697 against a target of 1200 public lights installed within budget)
- Exceeded target for electrification of informal settlements (3688 against a target of 2000)
- Revenue Collection (97.09 % against a target of 88%)
- Finalisation of the job architecture process
- Beneficiaries of job opportunities (802 against a target of 800)
- Procurement spent from companies that are 51% black owned exceeded the target (73.81% against target of 45%)
- Procurement spent from companies that are 30% black women owned exceeded the target (40.63% against target of 12%)

Key Challenges

Challenges with achieving the following targets

- Non-technical losses (19.42% against a target 17%)
- Resolution of Audit Findings (64.34% against a target 95%)

- Overdraft of R3,7 billion
- Vacancy rate (attained 14.06% against a target of 12%)

4.4 Corporate Scorecard

The performance of the 2021/22 Business Plan will be informed by the company scorecard. This scorecard has company Key Performance Areas that are aligned with the Shareholder's requirements and expectations, the mandate from the City Power Board, as well as the strategic direction outlined by the CEO and EXCO to drive the company's operational and strategic initiatives towards attaining the set strategic goals.

This section outlines the key elements of the scorecard for 2021/22 and it includes the KPAs and supporting Key Performance Indicators that will be managed, monitored and reported at the corporate level. These KPIs include corporate City Power KPIs, as well as KPIs from the Shareholder and National Treasury.

The performance of the organisation for 2021/22 financial year will be managed through the following KPI clusters:

Shareholder KPI's	Number of KPI's	Comments
CoJ Institutional Indicators	10	These KPIs are there to improve the City's effectiveness and efficiency and reflected in the SDBIP
National Treasury Circular 88 Indicators	12	National Treasury released a Circular 88, the Municipal Circular on Rationalisation Planning and Reporting Requirements for the 2021/22 MTREF which all municipalities must comply with.
Upgrading Informal Settlements Programme	3	Entities are urged to incorporate the UISP indicators into 2021/22 indicators in order to ensure that City continues to benefit from the grant.
Company Level KPIs	10	The Company Level KPIs are aligned to City Power's six Strategic Objectives and together with the other KPI clusters will enable City Power to measure its achievement of the strategic objectives. KPIs proposed, still to be approved.
Service Level Standards	7	City Power appreciates the requirement for quality, availability, among other key service aspects while delivering its services to the citizens. These will be collated and measured as a percentage for performance reporting and operationalised at a group level. In agreement with Group Governance the SDA to be revised and SLS KPIs have been amended and agreed.

TABLE 14 - 2020/21 KEY PERFORMANCE INDICATOR CLUSTERS

The final number of KPIs in the different clusters on the table above will be determined once the shareholder has provided the approval of the proposed KPIs and budgets. **The targets and budgets that reflects “to be confirmed – tbc” is in process of finalisation and will be completed before the final submission.**

COJ INSTITUTIONAL KPIs

No	Key Performance Indicator	Baseline 2019/20	2021/22 Target	2022/23 Target	2023/24 target	2024/25 target	2025/26 target	2021/22 Quarterly Performance targets				2021/22 budget per projects R 000						Means of Verification	Lead Dept/Me	Support	Cluster
								Q1	Q2	Q3	Q4	Cap ex	Opex	Q1	Q2	Q3	Q4				
1	Percentage operating budget spent against approved budget	96.3%	95%	95%	Tbc	Tbc	Tbc	95 %	95%	95%	95%	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	SAP System	City Power	Finance	CoJ
2	Percentage reduction of the UIFW	N/A	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	SAP System	City Power	Finance	CoJ
3	Number of SMME's supported	100	100	100	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	City Power	Finance	CoJ
4	Percentage repairs and maintenance on property, plant and equipment	New	6.4%	6.4%	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	N/A						N/A	City Power	Finance	EISD
5	Percentage of the strategic risks' management action plans implemented	New Indicator	85% of management actions implemented.	85%	Tbc	Tbc	Tbc	85 %	85%	85%	85%	N/A						Governance Reports, Strategic Risk Register and Audit Reports	City Power	ERM	EISD

6	Percentage achievement of Service Level Standards (SLS)	33.33%	80%	65%	65%	70%	80%	50 %	55%	60%	65%	N/A	Forcelink and Excel	City Power	Eng Serv; Eng Ops; Meter Serv; RM	EISD					
7	Percentage valid invoices paid within 30 days	89%	100%	100%	Tbc	Tbc	Tbc	100 %	100 %	100 %	100 %	N/A	From the total invoice population received for the month, a calculation is done to determine how many were paid within 30 days.	City Power	Finance	EISD					
8	EPWP job opportunities created	802	800	800	1000	1000	1000	0	100	300	400	N/A	Spreadsheet ID copies Contracts Attendance register Attendance register	City Power	Eng Serv	CoJ					
9	Percentage spent on capital budget against approved capital budget	96%	95%	95%	95%	95%	95%	10 %	20%	30%	35%	R1,1 13b	N/A	R1 11 1m	R2 22. 6m	R3 33. 9m	R389.5 m	SAP System Work Completion Certificates	City Power	Eng Serv	CoJ
10	Percentage resolution of Audit findings (AGSA only)	New	80%										Schedule of the audit Finding	City Power	Internal Audit	CoJ					

TABLE 15 – INSTITUTIONAL SDBIP

NATIONAL TREASURY (CIRCULAR 88KPIs)

NATIONAL OUTCOME: Sustainable human settlements and improved quality of household life

GDS OUTCOME : Improved quality of life and development-driven resilience for all

STRATEGIC PRIORITY: Sustainable service delivery / Integrated human settlements

No	Key Performance Indicator	Baseline 2019/20	2021/22 Target	2022/23 Target	2023/24 target	2024/25 target	2025/26 target	2021/22 Quarterly Performance targets				2021/22 budget per projects R 000				Means of Verification	Lead Dept/Me	Support	Cluster		
								Q1	Q2	Q3	Q4	Cap ex	Op ex	Q1	Q2	Q3	Q4				
11	Percentage of households with access to electricity (EE1.1)	92.3%	92.4%	92.5%	92.6%	92.7%	92.8%	0	0	500	2000	R20 0m	N/ A	R2 0 m	R4 0m	R6 0m	R70m	SAP System, work completion certificate	City Power	Eng. Services	Circular 88
12	Number of dwellings provided with connections to mains electricity supply by the municipality (EE1.11)	Number of dwellings provided with connections to mains electricity supply by the municipality	New KPI	1225 units	2500	2500	2500	0	0	500	2000	R20 0m	N/ A	R2 0 m	R4 0m	R6 0m	R70m	SAP System, work completion certificate	City Power	Eng. Services	Circular 88
13	System Average Interruption Duration Index (EE3.1)	27	25	25	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	N/A				Forcelink System	City Power	Eng. Ops	Circular 88		
14	Customer Average Interruption Duration Index (EE3.2)	4.4	5.5	25	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	N/A				Forcelink System	City Power	Eng. Ops	Circular 88		
15	Percentage of Planned Maintenance Performed (EE3.21)	8 Hours	8 Hours	8 Hours	8 Hours	8 Hours	8 Hours	8 Hours	8 Hours	8 Hours	8 Hours	N/A				Spreadsheet	City Power	Eng. Ops	Circular 88		

16	System Average Interruption Frequency Index (EE3.3)	6.12	5.5	1.25	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	N/A				Forcelink System	City Power	Eng. Ops	Circular 88
17	Customer Average Interruption Frequency Index (EE3.4)	6.76	5.5	1.50	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	N/A				Forcelink System	City Power	Eng. Ops	Circular 88
18	Installed capacity of approved embedded generators on the municipal distribution network (EE4.12)	New	4MVA	4MVA	4MVA	4MVA	4MVA	4MVA	4MVA	4MVA	4MVA	4MVA	4MVA	N/A				Dashboard Customer applications	City Power	Eng. Services	Circular 88
19	Percentage total electricity losses (EE4.4)	25,5%	25,50%	23,00%	Tbc	Tbc	Tbc	33.07 %	26.27%	22.75%	22.75%	22.75%	22.75%	N/A				Financial Performance reports and audited financial statements	City Power	Meter Serv	Circular 88
20	Percentage of valid customer applications for new electricity connections processed in terms of municipal service standards (EE1.13)	N/A	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	City Power	Eng. Services	Circular 88	
21	Percentage of total residential electricity provision allocated as Free Basic Electricity (FBE) (EE2.11)	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	City Power	Meter Serv	Circular 88	
22	Percentage of unplanned outages that are restored to supply within industry standard timeframes (EE3.21)	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	City Power	Eng. Ops	Circular 88	

TABLE 16 – CIRCULAR 88 INDICATORS

CITY POWER COMPANY KPIs

NATIONAL OUTCOME: An efficient, competitive and responsive economic infrastructure network																					
GDS OUTCOME : A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region.																					
No	Key Performance Indicator	Baseline 2019/20	2021/22 Target	2022/23 Target	2023/24 target	2024/25 target	2025/26 target	2021/22 Quarterly Performance targets				2021/22 budget per projects R 000						Means of Verification	Lead Dept/Me	Support	Cluster
								Q1	Q2	Q3	Q4	Cap ex	Ope x	Q 1	Q2	Q3	Q4				
23	Unqualified AGSA Audit opinion	New	Unqualified Audit Opinion	Annual target				N/A						The opinion that the auditor expresses after auditing the annual financial statement of the entity	City Power	Finance	City Power				
24	Net Profit Margin	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Financial Performance reports and audited financial statements	City Power	Finance	City Power	
25	Total Debt to Asset Ratio	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Financial Performance reports and audited financial statements	City Power	Finance	City Power	

26	Tons CO ₂ offset in greenhouse gas emissions	33163.4	24205.5	24205.5	24205.5	24205.5	24205.5	5000	5000	6000	8200	N/A	N/A	N/A	N/A	N/A	N/A	Database PV Landfill gasses Work completion certificates	City Power	Eng. Serv.	City Power
27	Percentage Maintenance Mix (Planned vs. Unplanned)		Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Spreadsheet	City Power	Eng. Ops	City Power
28	Smart Utility Index	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	City Power	Eng. Ops	City Power
29	Transformation Index	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	City Power	HR&T	City Power
30	Productivity Index	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	City Power	HR&T	City Power
31	Percentage achievement of Service Level Standards (SLS)	33.33%	80%	65%	65%	70%	80%	50%	55%	60%	65%	N/a						Forcelink and Excel	City Power	Eng Serv; Eng Ops; Meter Serv; RM	City Power
32	Stakeholder Management Index	New	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	Tbc	City Power	HR&T	City Power

TABLE 17— CITY POWER SCORECARD

UISP (PROVINCIAL) KPIs

No	Key Performance Indicator	Baseline 2019/20	2021/22 Target	2022/23 Target	2023/24 target	2024/25 target	2025/26 target	2021/22 Quarterly Performance targets				2021/22 budget per projects R 000						Means of Verification	Lead Dept/Me	Support	Cluster
								Q1	Q2	Q3	Q4	Cap ex	Op ex	Q 1	Q2	Q3	Q4				
33	Number of substations upgraded/developed	2	2	2	2	2	2	0	0	0	2	R31 9m	-	R 3 1 m	R6 3.8 m	R9 5.7 m	R111 m	SAP System Signed Reports (Consultants)	City Power	Eng. Services	UISP
34	Kilometres of electricity cables installed	22km	22km	22km	22km	22km	22km	4	6	6	6	R37 m	-	R 3 .7 m	R7 .4 m	R1 1m	R12.9 m	Spreadsheet Work Completion certificates	City Power	Eng. Services	UISP
35	Number units (structures) in informal settlements with access to electricity NB: This KPI and the NT KPI measures the same o Number of dwellings provided	3688	1225 units	2500	2500	2500	2500	0	0	500	2000	R20 0m	N/A	R 2 0 m	R4 0m	R6 0m	R70m	SAP System, work completion certificate	City Power	Eng. Services	UISP

	with connections to mains electricity supply by the municipality (EE1.11)																		
36	Number of households connected to electricity network	New	3500 units					250	250	600	2400	R26 4m	N/A	R 3 0 m	R5 0m	R7 0m	R114 m	Tbc	City Power
37	Number electricity/ substations points installed (specific to informal settlements upgrading) N.B There will not be any substation upgrades completed next financial year, the substations that we are upgrading to supply informal settlements are in the procurement or at the start of the construction.		3688					0	0	500	2000	R20 0m	N/A	R 2 0 m	R4 0m	R6 0m	R70m	Tbc	City Power

TABLE 18 – UISP INDICTORS339

4.5 KPI Definitions

Performance Indicator (KPI) Definition and Means of Verification **The KPI definitions are being updated and will be completed before the final submission.**

No	Key Performance Indicator	Definition and Measure Objectives
CoJ Institutional SDBIP KPIs (To be finalised)		
1.	Percentage operating budget spent against approved budget	Operational costs spent by the organization against the allocated budget. The objective is to improve, stabilize and sustain a positive financial position
2.	Percentage reduction of the UIFW	The total value of Unauthorised, Irregular, Fruitless and Wasteful expenditure compared with the baseline. The objective is to reduce UIFW.
3.	Number of SMME's supported	The number of SMMEs participating in City Power available job opportunities.
4.	Percentage repairs and maintenance on property, plant and equipment	It measures the level of Repairs & Maintenance to prevent breakdowns and interruptions to service delivery.
5.	Percentage of the strategic risks' management action plans implemented	The percentage of strategic risk action plans implemented compared to total number of strategic risk action plans.
6.	Percentage achievement of Service Level Standards (SLS)	The percentage of Service Level Standards achieved of the total number of Service Level Standards
7.	Percentage valid invoices paid within 30 days	It measures the percentage of valid invoices paid within 30 days. The objective is to increase the number paid within 30 days
8.	EPWP job opportunities created	Beneficiaries of job opportunities through EPWP
9.	Percentage spent on capital budget against approved capital budget	The Capex spent on projects against the approved budget. The objective is to improve, stabilize and sustain a positive financial position
10.	Percentage resolution of Audit findings (AGSA only)	It measures the number of audit findings resolved against the total number of audit findings issued by the AGSA
National Treasury (Circular 88) KPIs		
11.	Percentage of households with access to electricity	Percentage of households that have access to electricity services within the municipal area.
12.	Number of dwellings provided with connections to mains electricity supply by the municipality	The number of new residential electricity connections to dwellings provided by the municipality
13.	System Average Interruption Duration Index	The system average interruption duration index is the average total duration of outages (in hours) experienced by a customer in a year.
14.	Customer Average Interruption Duration Index	CAIDI measures the average length of a sustained customer interruption during the measurement period
15.	Percentage of Planned Maintenance Performed	Tactical (or Planned) work orders are work orders that are proactively created by Asset Management for planned maintenance. Un-tactical (or Unplanned) Work orders is unplanned maintenance. This KPI is calculated in monetary value. The objective is to perform more planned maintenance.
16.	System Average Interruption Frequency Index (SAIFI)	The SAIFI is the average number of times that a system customer experiences an outage during the year (or time period under study). Similar to SAIFI is CAIFI, which is the customer average interruption frequency index.
17.	Customer Average Interruption Frequency Index (CAIFI)	The CAIFI measures the average number of interruptions per customer interrupted per year. It is simply the number of interruptions that occurred divided by the number of customers affected by the interruptions.
18.	Installed capacity of approved embedded generators on the municipal distribution network	It measures the capacity of embedded generators on the municipal distribution network

No	Key Performance Indicator	Definition and Measure Objectives
19.	Percentage total electricity losses	It measures the electricity lost (technical and non-technical losses) via as percent of the total electricity consumed.
20.	Percentage of valid customer applications for new electricity connections processed in terms of municipal service standards	It measures the number of applications processed within the target turnaround time as a percent of the total applications received for new connections
21.	Percentage of total residential electricity provision allocated as Free Basic Electricity (FBE)	The total number of kWh provided for Free Basic Electricity (FBE) to qualifying customers as per the ESP beneficiary list as provided by the City of Johannesburg (CoJ).
22.	Percentage of unplanned outages that are restored to supply within industry standard timeframes	It measures the time taken to restore unplanned outages.
City Power Company KPIs (To be finalised)		
23.	Net Profit Margin	The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It measures the company's profitability.
24.	Total Debt to Asset Ratio	The debt to asset ratio, or total debt to total assets, measures a company's assets that are financed by liabilities, or debts, rather than its equity. It gives an indication of overall debt levels.
25.	Tons CO ₂ offset in greenhouse gas emissions	The Total Green House Gasses Reduction Contribution: tonnes of CO ₂ emissions per mega Watt hour. The objective is to establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin
26.	Percentage Maintenance Mix (Planned vs. Unplanned)	Tactical (or Planned) work orders are work orders that are proactively created by Asset Management for planned maintenance. Un-tactical (or Unplanned) Work orders is unplanned maintenance. This KPI is calculated in monetary value. The objective is to perform more tactical maintenance.
27.	Smart Utility Index	To be confirmed and updated
28.	Transformation Index	It measures City Power's achievement of transformation objectives by measuring a composite of employment ratios, skills development spend, ESD. To be confirmed and updated.
29.	Productivity Index	It measures how productive City Power's workforce is by measuring several KPIs, such as, vacancy rate, resolution of disciplinary cases, safety, overtime etc. To be confirmed and updated
30.	Percentage achievement of Service Level Standards (SLS)	The percentage of Service Level Standards achieved of the total number of Service Level Standards
31.	Stakeholder Management Index	A composite of multiple KPIs that measure how well City Power is at providing a positive customer experience. To be confirmed and updated.
32.	Net Profit Margin	The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It measures the company's profitability.
Upgrading Informal Settlements Programme (UISP) KPIs (To be confirmed)		
33.	Number of substations upgraded/developed	This indicator measures the number of substations commissioned for the year
34.	Kilometres of electricity cables installed	This indicator measures the number of cables installed (HV,LV and MV) for the year
35.	Number units (structures) in informal settlements with access to electricity	The number of units (structures) in informal settlements that are electrified
Service Level Standards (SLS) KPIs (To be aggregated and reported as an overall performance at company level)		
1.	Average time taken to repair logged streetlight queries (Motorways)	

No	Key Performance Indicator	Definition and Measure Objectives
2.	Average time taken to repair logged streetlight queries (Secondary Roads, Main Arterials and Area lighting)	
3.	Percentage resolution of logged illegal connection queries within 30 days – multiple properties.	
4.	Percentage resolution of logged queries within 30 days.	
5.	Percentage of Large Power Users (LPU) meters read as per the download file.	
6.	Percentage of Domestic meters read as per the download file.	
7.	Average time take to communicate logged service interruption - Planned interruption.	

TABLE 19 – KPI DEFINITIONS

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Technical indicator descriptions

The TDIs are being updated and will be completed before the final submission.

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
		<i>Provides a brief explanation of what the indicator is, with enough detail to give a general understanding of the indicator.</i>	<i>Explains what the indicator is intended to show and why it is important</i>	<i>Describes where the information comes from and how it is collected</i>	<i>Describes clearly and specifically how the indicator is calculated</i>	<i>Identifies any limitation with the indicator data, including factors that might be beyond the department's control</i>	<i>Identifies whether the reported performance is cumulative, or non-cumulative</i>	<i>Identifies if an indicator is reported quarterly, annually or at longer time intervals</i>	<i>Identifies whether the indicator is new, has significantly changed, or continues without change from the previous year.</i>	<i>Identifies whether actual performance that is higher or lower than targeted performance is desirable</i>	<i>Identifies who is responsible for managing and reporting the indicator</i>
1	Percentage operating budget spent against approved budget		1. Financial sustainability	SAP system	Actual costs /Allocated budget *100	None identified	Cumulative	Monthly	No	95%	Finance

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
2	Percentage reduction of the UIFW	The total value of Unauthorised, Irregular, Fruitless and Wasteful expenditure compared with the baseline. The objective is to reduce UIFW.	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	Finance
3	Number of SMME's supported	The number of SMMEs participating in City Power available job opportunities.	1. Economic development	SAP and Excel Spreadsheet	Total number of SMME's doing business with City Power	None identified	Cumulative	Annual	No	100	Finance

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
4	Percentage repairs and maintenance on property, plant and equipment	It measures the level of Repairs & Maintenance to prevent breakdowns and interruptions to service delivery.	1. Sustainable service delivery 2. Safer city	SAP Expenditure report(R& M) and Balance Sheet for assets	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	None identified	Cumulative	Monthly	Yes	6.40%	Finance
5	Percentage of the strategic risks' management action plans implemented	The percentage of strategic risk action plans implemented compared to total number of strategic risk action plans.	1. Good governance	Governance Report; Strategic Risk Plan; Strategic Risk Register and Audit Report	Number of implemented strategic risk action plans divided by total number of strategic risk action plans multiplied by 100	None identified	Cumulative	Monthly	Yes	85%	Business Sustainability

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
6	Percentage achievement of Service Level Standards (SLS)	The percentage of Service Level Standards achieved of the total number of Service Level Standards	1. Sustainable service delivery 2. Economic development 3. Job opportunity and creation	Spreadsheets; SAP	The number of KPIs achieved in the Service Level Standards Agreement against total no of Service Level Standards achieved multiply by 100	None identified	Non-cumulative	Monthly	No	80% and higher	Engineering Services
7	Percentage valid invoices paid within 30 days	It measures the percentage of valid invoices paid within 30 days. The objective is to increase the number paid within 30 days	1. Financial sustainability 2. Good governance 3. Sustainable service delivery	SAP system	Total number of invoices processed for the month/Number of invoices paid within 30 days *100	None identified	Non-cumulative	Monthly	No	100%	Finance
8	EPWP job opportunities created	Beneficiaries of job opportunities through EPWP	1. Sustainable service delivery 2. Economic development 3. Job opportunity and creation	Spreadsheets	Number of jobs created per annum	None identified	Cumulative	Annually	No	800 or more beneficiaries jobs created	Engineering Services

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
9	Percentage spent on capital budget against approved capital budget	The Capex spent on projects against the approved budget. The objective is to improve, stabilize and sustain a positive financial position	1. Sustainable service delivery 2. Economic development 3. Job opportunity and creation	SAP & Spreadsheet	Total Capex spend divide by the budget Capex spend* 100	None identified	Cumulative	Monthly	No	95 % of Capex spent and lower	Engineering Services
10	Percentage resolution of Audit findings (AGSA only)	It measures the number of audit findings resolved against the total number of audit findings issued by the AGSA	1. Good governance	Internal Audit Reports	Total number of Auditor General findings resolved/total number of Auditor General findings (excluding findings that are less than 60 days)*100	None identified	Cumulative	Annually	Yes	80%	Internal Audit
11	Percentage of households with access to electricity	Percentage of households that have access to electricity services	tbc	tbc	tbc	tbc	tbc	tbc	No	92.4	tbc

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
		within the municipal area.									
12	Number of dwellings provided with connections to mains electricity supply by the municipality	The number of new residential electricity connections to dwellings provided by the municipality	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	tbc
13	System Average Interruption Duration Index	The system average interruption duration index is the average total duration of outages (in hours) experienced by a customer in a year.	tbc	tbc	tbc	tbc	tbc	tbc	No	25	tbc

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
14	Customer Average Interruption Duration Index	CAIDI measures the average length of a sustained customer interruption during the measurement period	tbc	tbc	tbc	tbc	tbc	tbc	No	5.5	tbc

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KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
15	Percentage of Planned Maintenance Performed	Tactical (or Planned) work orders are work orders that are proactively created by Asset Management for planned maintenance. Untactical (or Unplanned) Work orders is unplanned maintenance. This KPI is calculated in monetary value. The objective is to perform more planned maintenance.	1. Sustainable service delivery 2. Economic development	SAP and Spreadsheet	Comparing Tactical Planner Groups (PM09, TA01, TA02, CMO 1,2,3) with Untactical Planner Groups (PM08)	None identified	Cumulative	Quarterly, Annually	No	30% or more	Engineering Operations

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
16	System Average Interruption Frequency Index (SAIFI)	The SAIFI is the average number of times that a system customer experiences an outage during the year (or time period under study). Similar to SAIFI is CAIFI, which is the customer average interruption frequency index.	tbc	tbc	tbc	tbc	tbc	tbc	No	5.5	tbc

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
17	Customer Average Interruption Frequency Index (CAIFI)	The CAIFI measures the average number of interruptions per customer interrupted per year. It is simply the number of interruptions that occurred divided by the number of customers affected by the interruptions.	tbc	tbc	tbc	tbc	tbc	tbc	No	5.5	tbc
18	Installed capacity of approved embedded generators on the municipal distribution network	It measures the capacity of embedded generators on the municipal distribution network	tbc	tbc	tbc	tbc	tbc	tbc	Yes	4MVA	tbc

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
19	Percentage total electricity losses	It measures the electricity lost (technical and non-technical losses) via as percent of the total electricity consumed .	tbc	tbc	tbc	tbc	tbc	tbc	No	25.50%	tbc
20	Percentage of valid customer applications for new electricity connections processed in terms of municipal service standards	It measures the number of applications processed within the target turnaround time as a percent of the total applications received for new connections	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	tbc

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
21	Percentage of total residential electricity provision allocated as Free Basic Electricity (FBE)	The total number of kWh provided for Free Basic Electricity (FBE) to qualifying customers as per the ESP beneficiary list as provided by the City of Johannesburg (CoJ).	1. Sustainable service delivery	Excel sheet from CoJ	Total number of units (kWh) issued against the number of qualifying customers as per the list provided	None identified	Cumulative	Annually	Yes	100% provision of free basic electricity	Metering Services
22	Percentage of unplanned outages that are restored to supply within industry standard timeframes	It measures the time taken to restore unplanned outages.	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	tbc

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
23	Net Profit Margin	The net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It measures the company's profitability.	1. Financial sustainability	Balance sheet	Net profit after tax/Total revenue*100	None identified	Cumulative	Monthly	Yes	tbc	Finance

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KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
24	Total Debt to Asset Ratio	The debt to asset ratio, or total debt to total assets, measures a company's assets that are financed by liabilities, or debts, rather than its equity. It gives an indication of overall debt levels.	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	Finance

DK

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
25	Tons CO ₂ offset in greenhouse gas emissions	The Total Green House Gasses Reduction Contribution: tonnes of CO ₂ emissions per mega Watt hour. The objective is to establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin	1. Safer city	Database	Green House Gasses Reduction= MWh* Agreed Carbon Dioxide Emission Factor for Eskom and Kelvin Grid Supply (1.1227) = MWh*1.1227	None identified	Cumulative	Annually	No	24205.5 tCO ₂ offset in greenhouse emissions	Engineering Services

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
26	Percentage Maintenance Mix (Planned vs. Unplanned)	Tactical (or Planned) work orders are work orders that are proactively created by Asset Management for planned maintenance. Untactical (or Unplanned) Work orders is unplanned maintenance. This KPI is calculated in monetary value. The objective is to perform more tactical maintenance.	1. Sustainable service delivery 2. Economic development	SAP and Spreadsheet	Comparing Tactical Planner Groups (PM09, TA01, TA02, CMO 1,2,3) with Untactical Planner Groups (PM08)	None identified	Cumulative	Quarterly, Annually	Yes	tbc	Engineering Operations
27	Smart Utility Index	To be confirmed and updated	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	tbc

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
28	Transformation Index	It measures City Power's achievement of transformation objectives by measuring a composite of employment ratios, skills development spend, ESD. To be confirmed and updated.	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	tbc

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
29	Productivity Index	It measures how productive City Power's workforce is by measuring several KPIs, such as, vacancy rate, resolution of disciplinary cases, safety, overtime etc. To be confirmed and updated	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	tbc
30	Percentage achievement of Service Level Standards (SLS)	The percentage of Service Level Standards achieved of the total number of Service Level Standards	1. Sustainable service delivery 2. Economic development 3. Job opportunity and creation	Spreadsheets; SAP	The number of KPIs achieved in the Service Level Standards Agreement against total no of Service Level Standards achieved multiply by 100	None identified	Non-cumulative	Monthly	No	80% and higher	Engineering Services

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
31	Stakeholder Management Index	A composite of multiple KPIs that measure how well City Power is at providing a positive customer experience. To be confirmed and updated.	tbc	tbc	tbc	tbc	tbc	tbc	Yes	tbc	tbc
32	Number of substations upgraded/developed	This indicator measures the number of substations commissioned for the year	Spreadsheet	Total number of substations commissioned per annum	None	Output	Cumulative	Annually	No	2 Substations	Engineering Services
33	Kilometres of electricity cables installed	This indicator measures the number of cables installed (HV,LV and MV) for the year	Spreadsheet	Total number of cables installed per annum	None	Output	Cumulative	Annually and Quarterly	No	40KM	Engineering Services
34	Number of unit structures in informal settlements	The number of units (structure)	Spreadsheet	Total number of households electrified per annum.	The accuracy depends on the	Output	Cumulative	Quarterly and Annually	No	2500 units	Engineering services

KPI NO.	KPI	SHORT DEFINITION	PURPOSE / IMPORTANCE	SOURCE / COLLECTION OF DATA	METHOD OF CALCULATION	DATA LIMITATION	CALCULATION TYPE	REPORTING CYCLE	NEW INDICATOR	DESIRED PERFORMANCE	INDICATOR RESPONSIBILITY
	with access to electricity	s) in informal settlements that are electrified			commissioning sheets provided by the contractors						

TABLE 20 – TECHNICAL INDICATOR DESCRIPTIONS

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4.6 Service Standards Charter

No	SLS	Target	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	Average time taken to repair logged streetlight queries (Motorways)	2 days	2	2	2	2	2	2	2	2	2	2	2	2
2	Average time taken to repair logged streetlight queries (Secondary Roads, Main Arterials and Area lighting)	6 days	6	6	6	6	6	6	6	6	6	6	6	6
3	Percentage resolution of logged illegal connection queries within 30 days – multiple properties.	95%	95	95	95	95	95	95	95	95	95	95	95	95
4	Percentage resolution of logged queries within 30 days.	95%	95	95	95	95	95	95	95	95	95	95	95	95
5	Percentage of Large Power Users (LPU) meters read as per the download file.	98%	98	98	98	98	98	98	98	98	98	98	98	98
6	Percentage of Domestic meters read as per the download file.	95%	95	95	95	95	95	95	95	95	95	95	95	95
7	Average time take to communicate logged service interruption - Planned interruption.	7 days	7	7	7	7	7	7	7	7	7	7	7	7

TABLE 21 – SERVICE STANDARDS CHARTER

4.7 Business Planning Process

Section 87 of the Municipal Finance Management Act (MFMA) provides that a municipal entity must, for each financial year, submit to its parent municipality a proposed budget and business plan not later than 150 days before the start of the financial year. This is the start of a consultative, parallel process, whereby all stakeholders, including the public, shareholders and the Regulator will have the opportunity to influence the Business Plan. The final approval will be undertaken by the Board 30

days before the start of the financial year as per the MFMA guidelines. In the aftermath of the Covid-19 interruptions, the City has adjusted its calendar and approval timelines, and it is envisaged that all approvals for 2021/22 will be in line with legislative requirements and guidelines. City Power will comply with the timelines as communicated by the City on an ongoing basis until the Business Plan is approved.

City Power recognises the importance of a comprehensive Business Plan. This plan however will be of little use if its implementation, monitoring, evaluation and reporting elements were not performed with the same rigorous and deliberate effort. The setting of key performance areas and supporting key performance indicators are critical foundations for successful delivery of the business strategy and it is for this reason that all business groups are involved in this exercise. This also entails Standard Operating Procedure (SOP) per Key Performance Indicator (KPI) and crafting of Technical Indicator Descriptions (TID) that are aligned to the shareholder and National Treasury guidelines for clear articulation on how the performance is delivered and tracked throughout the financial year.

4.7.1 Performance Monitoring, Evaluation and Reporting (PMER)

The execution of the approved business plan is monitored, evaluated and reported on as per the MFMA and MSA legislation. The MFMA, Section 72 and 88 outlines that the accounting officer must by 20 January of each year submit a midyear report to the Shareholder and the Board of the entity. While Section 121 outlines when and how the annual report should be submitted to the Board, Shareholder and the Auditor General. Chapter 6 of the Municipal Systems Act outline the systems that should be put in place by every municipality and entities to measure, monitor, evaluate and report on the performance execution.

City Power as a municipal entity, wholly owned by the City of Joburg, reports company performance to Board and Shareholder on a quarterly basis. These are submitted to the Board and Shareholder in a form of a quarterly report that gets discussed by the Member of the Mayoral Committee (MMC), the Chairperson of the Board and the Account Officer at the Quarterly meeting. Some KPIs are reported to the shareholder on a monthly basis eg. Service Level Standard KPI. Executive Committee of City Power monitor performance on a monthly basis.

The performance report goes to Audit and Risk Committee of the Board and the Board. In parallel all reports are submitted to the Shareholder and go through its reporting process. The following are the shareholder committees that reviews, notes, approves and oversees City Power's performance report:

- Technical Cluster Meeting which is chaired by the Executive Director (ED)
- Executive Management Team Meeting which is chaired by the City Manager (CM)
- Sub-mayoral Cluster Meeting which is chaired by the MMC
- Mayoral Committee Meeting which is chaired by the Executive Mayor (EM)
- Mayoral Council Meeting
- Section 79 Meeting which is oversight committee
- Group Performance Audit Committee (GPAC)

Group Level

Within City Power the approved business plan with the new annual KPIs will be used to update the reporting system as per chapter 6 of the MSA and dashboard that will be used to monitor, track and manage the company and group performance on a weekly, monthly, quarterly and annual basis. This

will take place once all the verification is completed in terms of ensuring that the KPIs are SMART and the data is mined correctly and is as per the company data standards and procedures. The business Groups, with the assistance of Performance Monitoring, Evaluation and Reporting Department, will track and monitor performance on a weekly, monthly, quarterly and annual basis, depending on the level of prioritization of each KPI as well as how each KPI is implemented. Group Management Committees (GMCs) will review group performance and Bodies of Evidence (BOE) provided. This will then be approved by the Group Executive for submission to the Executive Committee (EXCO) for final approval of reported performance at each reporting period.

Alignment of Documents and Collaboration with Internal Audit on AOPO Matters

The Strategy and Planning Department in collaboration with the Internal Audit, PMER and the groups reviews a process of aligning the Business Plan, Technical Description Document (SOP per KPI), the Midterm Deviation Report as well as the performance tracking dashboard with its anticipated Bodies of Evidence. This process aims to not only ensure alignment of performance related matters, but to also reduce the Audit of Performance Objectives (AOPO) findings and to prepare the business for AGSA readiness for the financial year, in order to ensure that the recorded performance will pass all the audit requirements. This process also ensures achievement of shareholder objectives and achievement of service delivery.

Business Performance Management Forums and EXCOs

Performance related meetings are proactively held at Group GMC meetings, Business Performance Management Forums as well as Performance EXCO, in order to ensure coordination and alignment of business performance with the corporate strategy and the expectations of the shareholder and other stakeholders. These take place on a weekly and monthly basis, depending on the level of prioritization of each KPI. The purpose of these meetings is to proactively identify bottlenecks and performance gaps in order to provide remedial actions as well as to ensure continuous improvement on performance.

4.7.2 Performance Turnaround Plan

City Power's performance over the last few years has been a major cause of concern for the City as the sole Shareholder. This led to numerous interventions in an attempt to stem the negative tide. Towards the end of the 2019/20 financial year the entity initiated a strategic turnaround plan, to turn the entity's fortunes around. this strategic plan is being implemented with FeverTree Consulting as the strategic partner to assist the entity with the successful delivery of this intervention of strategic importance.

The Strategic Turnaround Programme commenced in September 2020 is made up of 2 Phases (see below):

- **Phase 1:** Analysis and Design Phase with 2 waves of Quick Wins
- **Phase 2:** Implementation Phase which includes a 3rd Wave of Quick Wins

FeverTree Consulting (FTCSA) has been appointed to focus on Phase 1, with a proposed end-date of March 2021

Methodology and High Level Work Plan

Transforming City Power

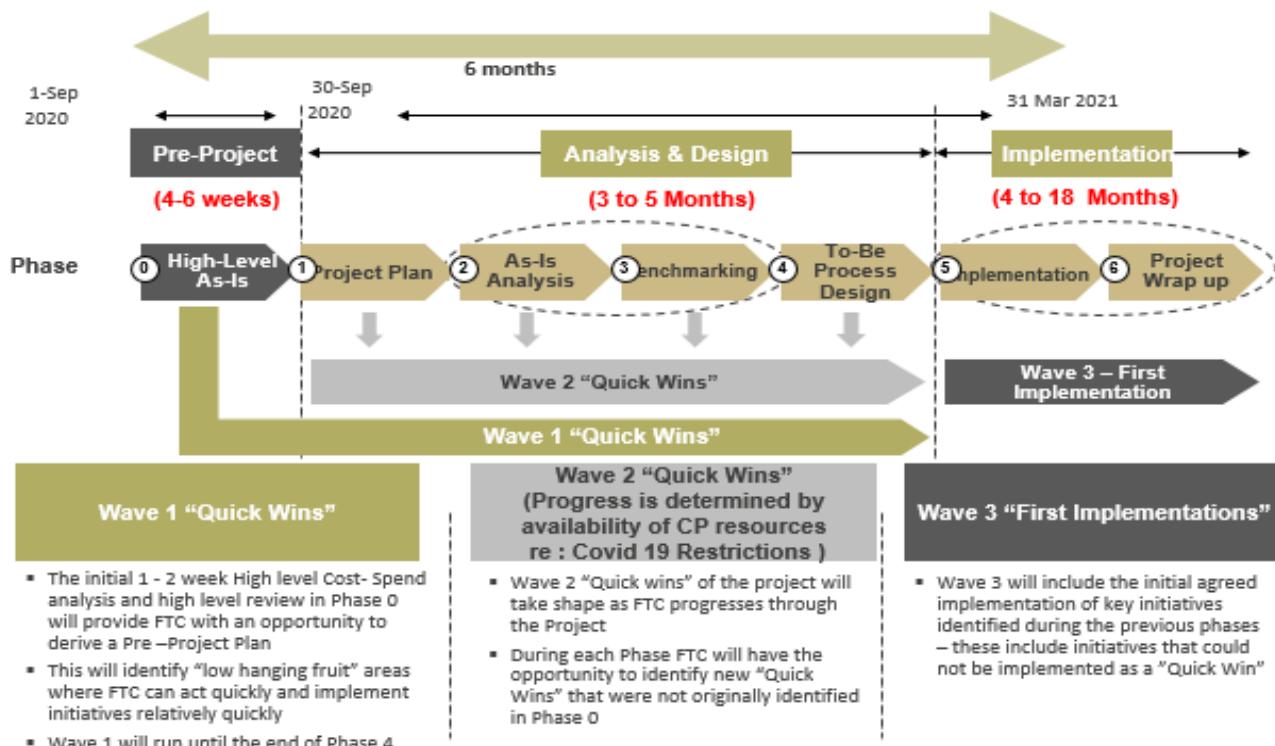


FIGURE 10 – TURNAROUND METHODOLOGY

There are 4 Key Objectives that the Programme is focusing on:

- Financial: Drive Greater Revenue (and by inference also reduce Costs)
- Reduce Outages
- Increase Business Visibility
- Assess existing IT Infrastructure as a Business Enabler

The Programme itself is made up of 20 Projects (within 6 Workstreams) with each of these projects driving towards these 4 Objectives.

Although we have just commenced the As-Is-Analysis sub-phase, there are key hypothesis and potential 'objective targets' that the various Projects are seeking to address

(Please note that 'Potential Benefits' are not necessarily 'Mutually Exclusive' with key overlaps between the various Projects)

Project	Which Objective addressing	Potential Benefits (based on previous Projects that FTCSA has undertaken)
1a. Organisation Review (Vision and Design)	Define the future Organisational Form of City Power	Craft a new vision with 1,3 & 5 year strategic targets

Project	Which Objective addressing	Potential Benefits (based on previous Projects that FTCSA has undertaken)
		Proposed future Operating Model
1b. Strategic Initiative Project Review	Finance: Reduce Costs <ul style="list-style-type: none"> <li data-bbox="530 534 970 653">▪ <i>Only projects which meet decision criteria of strategic fit, ease of implementation, risk and budget will be continued</i> 	Savings of 5% to 20% of Overall Project Budget
1c. Operational Losses and Profitability Analysis	Finance: Reduce Costs <ul style="list-style-type: none"> <li data-bbox="530 714 970 765">▪ <i>Understanding of efficiency and cost drivers</i> 	Overall Cost Savings of 2% to (potentially) 10%
1d. Operational and people performance management	Create the fundamental foundation required to start implementing operational improvements	Improve control and effectiveness of operations Improve the effectiveness of operational managers
1e. Risk Assessment	Provide support in determining appropriate Risk Mitigation strategies	Ensure that the business has formulated risk mitigation plans for all strategic risks
1f. Governance and Compliance	provided support in determining appropriate Governance and Compliance	Ensure that the business is geared towards compliance with the applicable regulatory requirements
1g. Investigations of Audit findings	Assess progress with regards to the management of the outstanding AG audit findings	Focused/prioritised approach to address the AG findings
2b. Cost Management	Finance: Reduce Costs <ul style="list-style-type: none"> <li data-bbox="530 1356 970 1491">▪ <i>Improve financial sustainability, achieve savings and accountability of costs improvement</i> 	<i>(linked to above Savings Target)</i>
2b. Financial Management	Finance: Sustainability (Revenue) <ul style="list-style-type: none"> <li data-bbox="530 1551 970 1610">▪ <i>To create a financial sustainable City Power</i> 	<i>(linked initiatives across all targets)</i>
2d. Debt Management	Finance: Reduce Costs <ul style="list-style-type: none"> <li data-bbox="530 1671 970 1706">▪ <i>Reduction in cost of loans and borrowings</i> <li data-bbox="530 1709 970 1745">▪ <i>Reduction in overspend</i> 	Improve cash flow generated from operations by 25% - (potentially) 50% Reduce cash flow from financing activities from 10 – (potentially) 20%
3a. Revenue Management	Finance: Sustainability (Revenue) <ul style="list-style-type: none"> <li data-bbox="530 1897 970 1956">▪ <i>Identification of high impact revenue leakage areas</i> 	Reduction in total non-technical losses of between 25% - (potentially) 40%

Project	Which Objective addressing	Potential Benefits (based on previous Projects that FTCSA has undertaken)
3b. Billing Management	Finance: Sustainability (Revenue) <ul style="list-style-type: none"> ▪ <i>Effective and adequate billing system</i> Business Visibility	Increase total revenue between 3% - (potentially) 8%
3c. 'Physical' (Desktop) Audit	Finance: Sustainability (Revenue) <ul style="list-style-type: none"> ▪ <i>Adequate customer details leading to correct billing</i> ▪ <i>A cleaned customer database</i> ▪ <i>A tangible increase in revenue collection if proposed plan is implemented correctly.</i> Business Visibility	Increase total revenue between 3% - (potentially) 8%
3d. Data Management	Finance: Sustainability (Revenue) <ul style="list-style-type: none"> ▪ <i>Identification of high impact revenue leakage areas</i> Business Visibility	Reduction in non-technical losses of between 25% -(potentially) 40%
4a. Energy Sustainability Strategy	Finance : Sustainability (Revenue) Reduce Outages	<i>Linked to 3a. Revenue Management</i>
4b. Performance Management	Business Visibility Reduce Outages	Overall improvement on service level standards performance
5a Strategic Sourcing	Finance : Reduce Costs <i>Reduce Procurement Costs</i>	3% to 6% of Total Procurement Costs
5c Contract SLA Review	Finance : Reduce Costs <i>Reduce Costs of Contracts</i>	+/- 3% Potential Savings on Large Contracts
6a. CAPEX Programme Performance and Funding Management	Finance : Reduce Costs <ul style="list-style-type: none"> • <i>Structured CAPITAL Funding for future projects</i> • <i>High level funding plans</i> • <i>Funding models to ensure alignment of objectives</i> 	Structured Capital Funding for future projects High level funding plans Funding models to ensure alignment of objectives

TABLE 22 – TURNAROUND PROJECTS BREAKDOWN

City Power and FeverTree are collectively committed to the success of the Strategic Turnaround Plan. The project is monitored through monthly steering committee, bi-weekly programme management office meetings, as well as daily focused interactions and interventions to ensure successful delivery of the project and attainment of its deliverables within the set lines and budget. The successful completion of this programme is envisaged to turn the overall performance of the company around, as well as create the conducive environment that will lead to the sustainability of the company into the

future. The success of the programme is dependent on support and collaboration from the Board, Shareholder and other relevant departments and entities of the City.

5. FINANCIAL IMPACT

5.1 Current financial Performance of City Power

The year-to-date financial performance provides a clear indication of the interim performance of City Power for the four (4) months ended 31 October 2020 as presented in the table below:

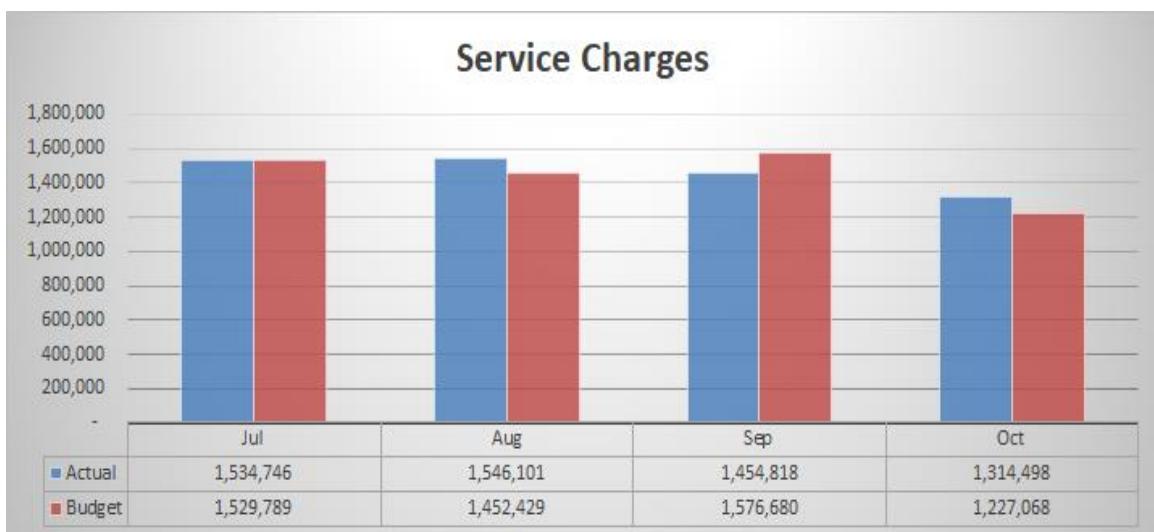
<i>Figures in Rand' 000</i>	YTD		Variance	Variance
	Actual	Budget		%
Revenue	6,060,265	5,976,344	83,920	1%
Service fees	5,850,163	5,785,965	64,197	1%
Other income	41,179	87,097	-45,918	-53%
Capital grant	15,698	30,000	-14,302	-48%
Interest revenue - debtors	27,208	13,111	14,097	108%
Capital contribution	120,938	60,000	60,938	102%
Rental income	199	171	28	16%
Interest revenue - sweeping account	4,880	0	4,880	N/A
Recoveries	0	0		N/A
Expenditure	7,283,360	6,898,713	384,647	6%
Bulk purchases Eskom	4,863,191	4,640,455	222,736	5%
Bulk purchases Kelvin	742,997	603,483	139,514	23%
Debt impairment	359,607	173,579	186,028	107%
General expenses	46,809	91,639	-44,830	-49%
Contracted services	62,092	86,076	-23,984	-28%
Personnel costs	435,114	445,924	-10,810	-2%
Interest paid - sweeping account	70,874	71,193	-320	0%
Finance costs	104,698	99,142	5,556	6%
Repairs & maintenance	304,105	361,403	-57,298	-16%
Internal charges(ME's)	94,057	139,121	-45,065	-32%
Depreciation & amortisation	199,816	186,698	13,119	7%
Surplus before taxation	-1,223,096	-922,369	-300,727	33%

TABLE 23 – ACTUAL 2020/21 4 MONTHS FINANCIAL PERFORMANCE

City Power's actual revenue performance for the four (4) months ending 31 October 2020 is showing an inclining trajectory during lockdown as a result of the high impact initiatives (e.g. stand-by-stand

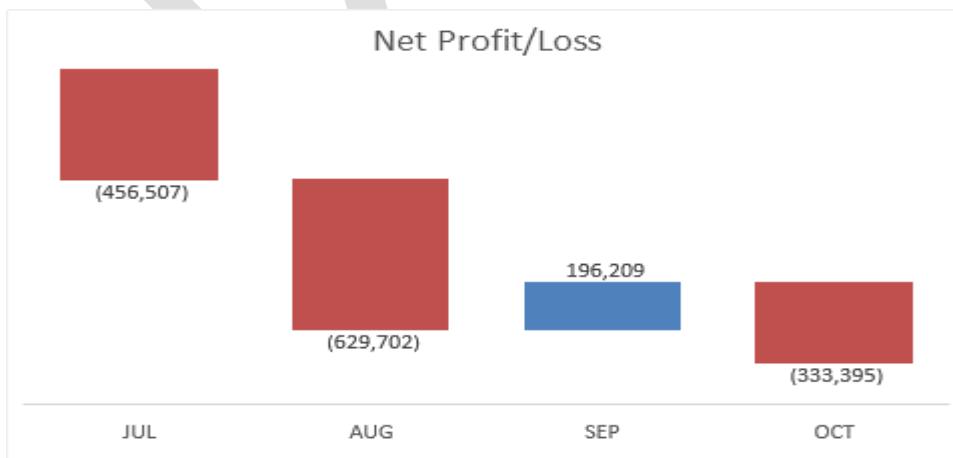
audit, disconnections and other revenue enhancement measures) which were introduced to reduce the distribution losses and billing inefficiencies. It is to be noted that the revenue from service charges is exceeding the budget by 1% (R64 million) due to fact that the revenue initiatives during the Covid19 lockdown.

Revenue for 2020/21 four months of R6 060 million is R83 million more than the budget. The revenue performance for City Power at this period was already at 34% of the annual revenue budget.



GRAPH 2 – CITY POWER SALES MONTHLY COMPARISON

Graph 2 above highlights that the revenue for City Power is not linear across the year, City Power experiences an overall higher demand of electricity during the winter season.



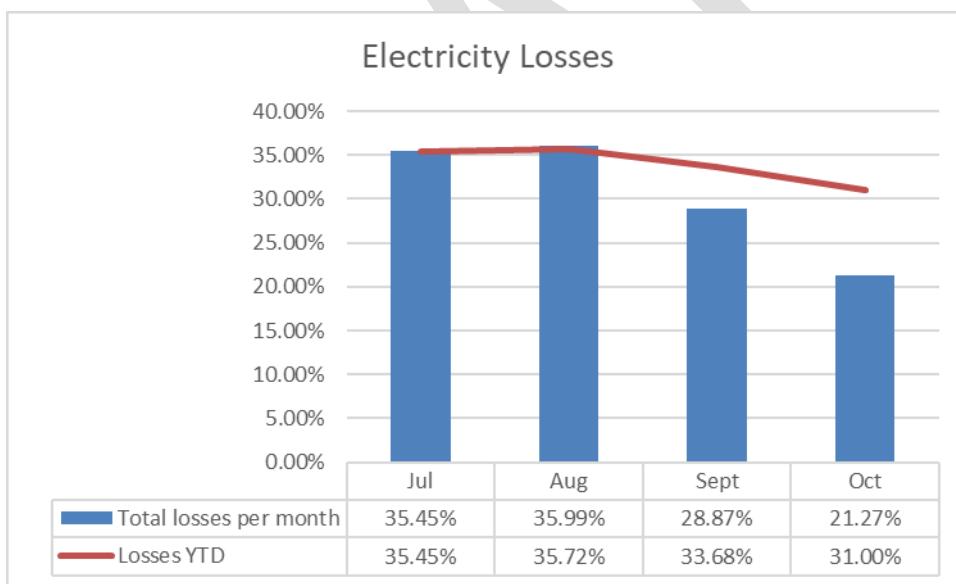
GRAPH 3 – CITY POWER NET PROFIT MONTHLY TREND

As shown in Graph 3 above, for the four (4) months during the current financial year City Power achieved a loss every month except for the month of September. In comparison to the previous financial year, the loss before tax for the year to date view has deteriorated from R740m in 2019/20 to R1 223m in 2020/21.

The increase in expenditure was mainly due to the rise in bulk purchase price to realize an increase in sales volumes as well as the increase in debt impairment and interest expenditure.

At this point it is worth highlighting the correlation between the revenue that City Power achieves and the bulk purchase prices. If the distribution losses and billing efficiencies are ignored, an increase in the bulk purchase leads to an increase in sales volumes.

The increase in the debt impairment was due to that City Power started experiencing a slight decrease in the collection at the beginning of Covid19 and the interest is associated to the increase in the infamous bank overdraft.

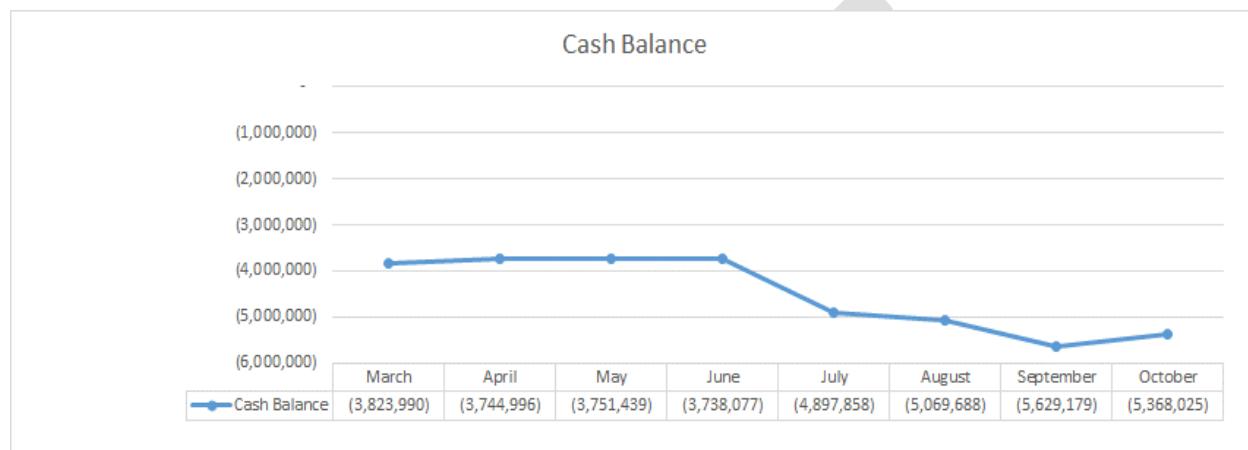


GRAPH 4 – CITY POWER DISTRIBUTION LOSSES MONTHLY TREND

The distribution losses depicted in Graph 4 above are based on the shortfall of revenue volumes when compared to bulk purchase units purchased in a given period. Included in the distribution losses are 9% technical losses which occur naturally and mainly consist of power dissipation in electricity system components such as transmission and distribution lines, transformers, and measurement systems.

The distribution losses during the year have also decreased, from 35.45% to 31% due to the high impact initiatives implemented at City Power to arrest illegal connections and billing inefficiencies. The losses per region and per customer will only be possible after the conclusion of the check/statistical meter installation at all the Eskom Intake points and conclusion of the geographical layout of stands, conducted as part of the City Power data improvement exercise.

The company continues to face liquidity problems in that it is currently operating on an overdraft facility with the City. As at 31 October 2020, the overdraft stands in excess of R3.8 billion rand and it has been growing, year on year.



GRAPH 5 –COMPARISON OF THE STATUS OF THE OVERDRAFT OVER LAST 8 MONTHS

While the liquidity challenges remain persistent, it is worth highlighting that as shown in Graph 5 above a reduction in the overdraft by R85 million in June 2020 compared to 31 March was noted. The cash improvement was as a result of the positive movement in the cash from operating activities

Analysis of Contributing Factors to Poor Financial Performance

An analysis of a five-year period, up to June 2020 was performed to identify the areas which have contributed to the overdraft and poor financial performance and the following could be deduced from the analysis:

Revenue

Growth in cash collected from electricity sales has been increasing from 9% in 2018/19 to 16% indicating that the price increases are being recouped in full. Cash received from new connections has increased and this suggests that cash from sales revenue should exceed the annual price increases; however, the volumes sold and revenue generated does not indicate the trend of the new connections.

The infrastructure replacement levy is also of particular concern as the revenue collected is volatile indicating an apparent migration of customers to lower tariffs or customers being lost from the system. Revenue from sale of electricity has decreased whilst City Power recorded an increase in non-

technical losses since 2017. The non-technical losses increased from 11.2% in 2017 to 14.3% in 2018 and 20.59% at end June 2020.

The increase in non-technical losses accounts for approximately R400m per annum in potential cash collection.

Bulk Purchases

The payments relating to the purchases of electricity has seen significant increases since 2015 from R9.3 billion to R12.1 billion per annum at June 2020. The purchase of electricity from Kelvin has increased by 45% over the last 5 years whilst the cost from Eskom has increased by 16%.

Employee costs

Annual employee payments grew from R924m in 2016 to R1.3b in 2020 representing a growth of 37% during the 5-year period.

Interest costs

A total of R1.7 billion has been repatriated to the City as interest over the 5-year period. Cost per annum in interest has increased from R389m in 2016 to R574m at the end of June 2020 an increase of 47% during this time frame. The increase in interest expense is also tied to the interest charged on the negative cash balance in the City Power sweeping account resembling the bank overdraft.

Long-term Loans

Long term loans from the shareholder decreased by R565m over the 5-year period. The shareholder financed capital expenditure amounting to R2.2 billion during this period whilst City Power repaid an amount of R2.4b in accordance with the terms and conditions of the loans.

Capex

City Power invested approximately R6 billion in capex expenditure over the 5-year period, the bulk of which was financed by short term loans through the overdraft. The entity did not generate enough free cash to invest at this level of expenditure.

Grants from National government during this period amounted to R1.8 billion whilst long term loans received amounted to R1.7 billion.

The balance of the expenditure was financed out of surplus cash generated and the overdraft.

The level of capital expenditure is extremely high with less return on investment as signalled by the declining revenue and increase in distribution losses. There is also a poor matching principle issue in that the short term finance is deployed to finance long-term finance. The finance team is putting together a capital investment strategy that will be shared with CoJ treasury to minimise the mismatches.

Loans from Shareholder (overdraft)

Short term loans from the shareholder are currently at a high of R4.373 billion as at end June 2020. The decline from a positive balance of R2.2 billion on 1 July 2015 to-date is primarily as a result of the high capital expenditure/ undertaken by City Power.

It is evident that this level of capital expenditure affects the liquidity and solvency requirements. The level of investment is currently unaffordable and it need to be reduced or limited to grant income received from national government and specific long term loans from the shareholder.

Initiatives to Address the Poor Financial Performance

Revenue Enhancement Initiatives

Revenue for the current financial period has improved by R472 million to R5 850 million compared to the performance of the same period in the previous financial year that amounts to R5 378 million. The increase includes the tariff increase (FY19/20:13, 07%; FY20/21:8%).

Revenue Enhancement Initiatives were implemented to drive the increase in revenue and reduce non-technical losses. This is through the high impact initiatives that were deployed to improve revenue, reduce billing inefficiencies which also include conducting the stand-to-stand audit, large power meter audits, meter site verifications, installation of check meters and disconnections. These initiatives were suspended during the lockdown as they were not considered essential services in terms of the guidance from National Command Council and City of Johannesburg.

The impact of suspending/delaying these initiatives has increased the risk on our finances and this is notable in the performance of City Power since the lockdown as revealed by the performance of April 2020 and interim performance in May 2020.

Business Model Review

The business model review of City Power includes adopting the Energy Mix initiatives that will enable energy efficiency, availability of supply of electricity that is sustainable and environmental friendly and offer the business an alternative source of energy instead of depending on Eskom. Eskom is currently constrained and such is unable to deliver the required level of supply that could match the demand of the customers of City Power.

City Power has an Executive Management and Board of which the latter has the Sustainability Committee focusing on steering City Power towards sustainability. In South Africa, it is a nationwide phenomenon that the demand for coal-powered energy is dropping each year. The demand is 30% less than was projected in the 2010 energy plan. Overall, less energy is needed from the grid and this is resulting to a decrease in electricity sales for utilities like City Power.

Consumers, especially large power users (LPUs), are not only reducing their electricity consumption but are starting to expect value added services. Failure to provide these results in them disengaging by decreasing their reliance on the system or extracting themselves from the City Power network entirely through making use of distributed energy solutions.

A continued dependence on a single supplier, mainly Eskom supplying in excess of 81% of power to City Power poses a significant risk, given the current state of the supply entity. The remainder of City Power's energy is obtained from Kelvin Power station through a 20-year Power Purchase Agreement

(PPA) which is due to expire by 2021. City Power currently awaits Eskom to install the 400kV incomer feeder to the new Sebenza substation to permanently relieve the Prospect substation.

While Kelvin only supplies approximately 19% of City Power's energy requirements, it is worth pointing out that Kelvin might still be required in the short-term to stabilize the network on the Eastern part of Johannesburg until Sebenza is fully operational. Kelvin currently supplements Prospect substation which is responsible for feeding the Eastern part of Johannesburg. The supplement supply is needed because Prospect substation is currently loaded close to its Notified Maximum Demand (NMD) of 700MVA of which this load is close to its firm capacity of 750MVA and installed capacity of 1000MVA. Therefore, in the short-term Kelvin is important to play a contingency role to stabilize this area. The current Kelvin agreement is not financially viable for City Power in its current form.

The green economy is a game changer that has been very successful in South Africa since the adoption of the Renewable Energy IPP Programme. Since the inception of the programme, government has been successful in increasing the contribution of clean energy from zero percent in 2010 to over 4.5 percent in a space of five (5) years. Investment in this sector is expected to exceed R250 billion, with the signing in 2018 of an additional 27 projects representing roughly 2000 megawatts. Therefore, failure to consider the development and utilization of cheaper and cleaner alternative forms of energy can result in a significant lost opportunity for the City and threaten the long term sustainability of City Power. The new technologies are both disruptive to the conventional business model, as well as capable of bringing new opportunities that can help sustain the business.

The utility space has undergone a rapid change, necessitating the adoption of the "Business of Tomorrow" which realizes an energy mix from various generations which include (solar, gas, wind etc.). The energy generation into the future takes greater cognizance of the environment and as such City Power, in terms of its business strategy, has also adopted the energy sources that will lead to a reduction in carbon emissions and enable the attainment of energy-balancing by City Power and its consumers. In terms of this scenario, the business of City Power has rapidly changed in that it recognizes City Power as a two-way business that will buy electricity from various suppliers, some of which are existing consumers. This change necessitates that the network of City Power is adaptable to transmit electricity a multi-directional manner as some of the consumers change to become providers as well, a phenomenon that has given birth to the use of the term Prosumers which suggests that our customers will be providers and consumers simultaneously.

The diagrammatic illustration of the sustainability of City Power is shown in the figure below:

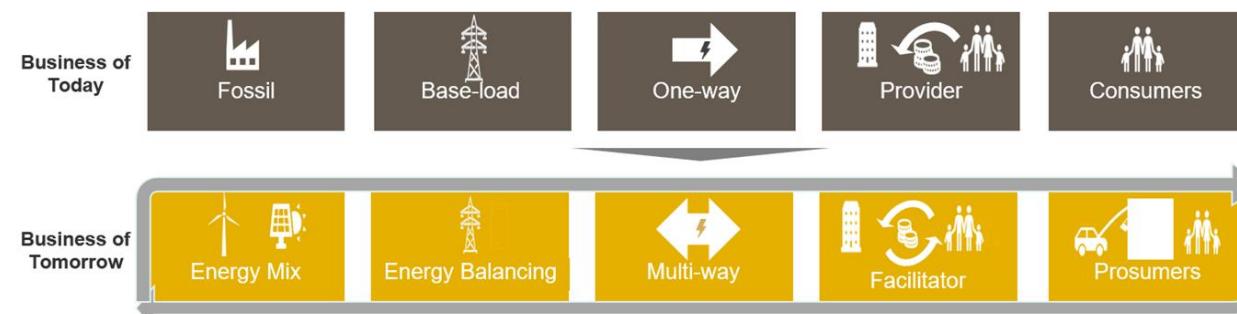


FIGURE 11 – THE TWO ENGINES OF CITY POWER OF TODAY AND TOMORROW

To achieve sustainability, City Power therefore ought to drive the current business without losing sight of the future and this is done simultaneously and deliberate actions are necessary to sustain and drive both businesses to a state where they are no longer viewed as separate.

The City of Johannesburg has approved City Power to establish a Sustainability Committee as part of the Board's functions to focus on the sustainability of the entity going forward, beyond the current state. The terms of reference for the Sustainability Committee, among other things covers the following:

- Strategy implementation (Monitoring and evaluation of VUCA 2022),
- Financial Sustainability (Tariff study, alternative funding models and policy economic modelling among other outputs),
- Drive collaboration with sister companies within the City,
- Responsible Investment,
- Industry innovation and participation in various forums,
- Sustainable energy sourcing and mix,
- Technology and information governance and
- By-laws and any other legal implications that affect the entity.

5.2 Budget and Funding

Operating Budget

The overriding principle guiding the preparation of the revised budget is the formulation of assumptions and value drivers based on the actual performance of City Power in recent history. These assumptions in turn inform the basis for projecting performance for the remainder of the year. The ultimate objective is to produce a plan that puts City Power into a sustainable financial position.

Principles used for budget preparations

The following principles were adopted in the preparation of the budget for 2021/2022, as shown in the table below and the explanation hereunder:

City Power Johannesburg (SOC) Limited Proposed Budget 2021/2022 Budget Guidelines				
	2020/2021	2021/2022	2022/2023	2023/2024
CPI	4.2%	4.3%	4.4%	4.5%
Salaries increases	6.25%	4.30%	4.40%	4.50%
Interest on Loans	11.03%	9.75%	10.45%	11.62%
Repairs and Maintenance as % of NAV	9.0%	9.0%	9.0%	9.0%
General Expenses	4.2%	4.3%	4.4%	4.5%

TABLE 24 – BUDGET GUIDELINES

The ultimate objective set for the budget is to plan the receipt and expenditure of financial resources in a manner that will sustain City Power in a healthy financial position. The budget takes into account the limited availability of resources and targets an efficient allocation to maximize financial benefits to City Power.

5.3 2021/22 Income Statement

Presented below is the approved budget for the period 2020/21 financial year alongside the proposed 2021/22 budget and draft budgets for 2022/23 and 2023/24.

City Power Johannesburg (SOC) Limited Proposed budget 2021/2022 Summary Income Statement									
	Original approved budget 2020/2021	Proposed Mid-year Revised budget 2020/2021	Variance	Variance	Proposed Budget 2021/2022	Variance compared to the Original Approved Budget 2020/21	Variance	Draft budget 2022/2023	Draft budget 2023/2024
			R'000	%	R'000	%	R'000	R'000	R'000
SOURCE OF FUNDING									
Service charges - electricity	16,970,962	16,970,962	-	0.0%	18,509,345	1,538,383	9.1%	20,941,838	22,979,807
Connection charges	169,389	169,389	-	0.0%	185,650	16,261	9.6%	205,123	214,354
DSM levy / IRL levy	349,626	349,626	-	0.0%	344,886	-4,740	-1.4%	348,278	347,428
Capital grants and contributions	98,377	278,967	180,590	183.6%	351,025	252,648	256.8%	253,500	310,000
Other revenue	91,904	91,904	-	0.0%	93,425	1,521	1.7%	97,722	102,119
Interest earned	39,332	39,332	-	0.0%	40,670	1,338	3.4%	42,460	44,371
Rental of facilities and equipment	513	513	-	0.0%	538	25	4.8%	562	587
TOTAL	17,720,103	17,900,693	180,590	1.02%	19,525,539	1,805,436	10.2%	21,889,483	23,998,686
EXPENDITURE									
Bulk purchases	12,175,141	12,175,141	-	0.0%	13,442,082	1,266,941	10.4%	15,122,704	16,385,902
Kelvin and other lease costs	626,937	626,937	-	0.0%	260,899	-366,038	-58.4%	-	-
Employee related costs - salaries	1,337,771	1,342,771	5,000	0.4%	1,402,295	64,525	4.8%	1,459,809	1,525,488
Repairs and maintenance	1,084,209	1,094,209	10,000	0.9%	1,222,182	137,973	12.7%	1,275,959	1,333,369
Bad debt provision	537,898	537,898	-	0.0%	666,336	128,438	23.9%	753,905	827,272
Depreciation and amortisation	560,093	560,093	-	0.0%	585,532	25,439	4.5%	611,296	638,804
Contracted services	270,103	338,603	68,500	25.4%	359,640	89,537	33.1%	452,804	473,153
General expenses	359,781	393,084	33,303	9.3%	447,591	87,810	24.4%	365,218	381,602
Internal charges	320,625	294,322	-26,303	-8.2%	309,627	-10,998	-3.4%	354,163	370,102
	17,272,558	17,363,058	90,500	0.52%	18,696,185	1,423,627	8.2%	20,395,859	21,935,692
Operating surplus	447,545	537,635	90,090	20.13%	829,354	381,809	85.3%	1,493,624	2,062,974
Interest paid	-511,007	-511,007	-	0.0%	-628,697	-117,690	23.0%	-584,865	-611,184
Surplus before tax	-63,462	26,628	90,090	-142.0%	200,657	264,119	-416.2%	908,759	1,451,790
Taxation	-	-	-	0.0%	-	-	0.0%	-183,473	-319,701
Surplus after tax	-63,462	26,628	90,090	-141.96%	200,657	264,119	-416.2%	725,288	1,132,088

TABLE 25 – INCOME STATEMENT

5.4 Income Section

Service Charges

The table below presents a summary of the projected service revenues in 2021/22.

2021/22 FY - Proposed Revenue					
Description		20/21 FY Original	21/22 FY Proposed	Revenue	Variance
		Revenue	Revenue	Variance	Variance %
Sales	R' millions	16,971	18,509	1,538	9.06%
	GWh	8,181	8,211	30	0.37%
	R c/kWh	2,074	2,254	180	8.68%

TABLE 26 – COMPARISON OF 2019/20 ORIGINAL APPROVED BUDGET WITH 2020/21 REVENUE BUDGET

- The Revenue budget for 2021/22 will increase by 9.1% compared to the current budget of 2020/21, the expected price increase and the improvement in total losses from 25.5% to 24%.
- The price is expected to increase by 8.68% for financial year 2021/22.
- The projected total losses will improve by 1.5% for the financial year 2021/22
- The expected revenue model is based on the units distribution of 8% Prepaid, 29% Domestic, 9% Business and 54% LPU.
- The above revenue excludes New Connection fees.

The table below supports the assumptions made for service charges.

City Power Johannesburg (SOC) Limited Proposed Budget 2021/2022 Service charges - electricity							
		Approved 2020/2021	Revised budget 2020/2021	Proposed 2021/2022	Proposed 2022/2023	Proposed 2023/2024	
Budgeted unit purchases	kWh	11,273,935,202	11,273,935,202	11,104,826,174	10,938,253,782	10,774,179,975	
Less: Electricity losses	%	9.00%	9.00%	9.00%	9.00%	9.00%	
Technical losses	%	9.00%	1,014,654,168	9.00%	999,434,356	9.00%	984,442,840
Non-technical losses	%	16.50%	1,860,199,308	16.50%	1,860,199,308	15.00%	1,665,723,926
Average Total losses	%	25.50%	2,874,853,477	25.50%	2,874,853,477	24.00%	2,665,158,282
Available for billing		8,399,081,726	8,399,081,726	8,439,667,893	8,531,837,950	8,511,602,180	
Less: Non-billable usage							
Own usage	kWh	8,731,800	8,731,800	9,168,390	9,626,810	9,626,810	
Street lights	kWh	205,181,526	205,181,526	215,440,602	226,212,632	226,212,632	
Free basic electricity	kWh	3,323,101	3,323,101	3,489,256	3,663,719	3,663,719	
Total non-billable usage	kWh	217,236,427	217,236,427	228,098,248	239,503,160	239,503,160	
Budgeted unit sales	kWh	8,181,845,299	8,181,845,299	8,211,569,645	8,292,334,789	8,272,099,020	
Average unit selling price	Rands	2.07	2.07	2.25	2.53	2.78	
Budgeted electricity revenue	Rands	16,970,962,070	16,970,962,070	18,509,344,846	20,941,837,921	22,979,806,951	
		6.23%	0.00%	8.67%	12.04%	10.00%	

TABLE 27 – SERVICE CHARGE ASSUMPTIONS

Connection Charges

Connection charges are projected to increase by R16 million from R169 million in 2020/21 financial year to R185,6 million in 2021/22 financial year. This is in line with an increase in the estimated number of service connections for 2021/22 financial year.

Infrastructure Replacement Levy (IRL)

The budget on IRL is estimated at R344,9 million for the 2021/22 financial year. Infrastructure Replacement Levy is utilized for network replacement and refurbishment in order to ensure that the company reduces the age of the infrastructure.

Capital Grants and Contributions

The Capital Grants and Contributions budget is forecasted at R351 million in 2021/22 financial year.

Other Income

Other Income is estimated at R93 million for 2021/22 financial year. Other income consists of Cut off fees, Sundry Revenue, Skills Development Grant, Canteen Revenue, Tender Administration Fees, Gym Fees, External Training and Advertising in Street light poles.

Interest Earned

Interest earned is projected to be R40,6 million in 2021/22 financial year. This is in line with the estimated increase in outstanding debtors.

Rental Income

Rental income is estimated at R538 000 for the 2021/22 financial year, this is a 4.8% increase from the current 2020/21 financial years' budget of R513 000.

5.5 Expenditure Section

Bulk Purchases

The budget on Bulk purchases for the 2021/22 financial year is shown in the table below:

3 Year Bulk Purchases Budget (PPA expires in November 2021)						
Description		Current FY20/21	Proposed FY21/22	FY22/23	FY23/24	Variance (20/21 Vs 21/22)
Eskom	R' millions	11,222.6	13,013.7	15,063.3	16,319.7	16.0%
	GWh	9,836.3	10,464.7	10,903.4	10,739.0	6.4%
	R c/kWh	1.14	1.24	1.38	1.52	9.0%
Ekurhuleni	R' millions	28.2	31.5	34.7	38.1	11.6%
	GWh	22.7	22.7	22.7	22.7	0.0%
	R c/kWh	1.24	1.39	1.53	1.68	11.6%
Mogale City	R' millions	0.8	1.0	1.0	1.2	21.7%
	GWh	0.7	0.7	0.7	0.7	0.0%
	R c/kWh	1.15	1.40	1.54	1.69	21.7%
Kelvin	R' millions	1,529.5	635.9			-58.4%
	GWh	1,403.1	605.6			-56.8%
	R c/kWh	1.09	1.05			-3.7%
Street Lights	R' millions	20.9	20.9	23.7	26.9	0.0%
	GWh	11.1	11.1	11.5	11.8	0.0%
	R c/kWh	1.88	1.88	2.07	2.28	0.0%
Grand Total	R' millions	12,802	13,703	15,123	16,386	7.0%
	GWh	11,274	11,105	10,938	10,774	-1.5%
	R c/kWh	1.14	1.23	1.38	1.52	8.7%

TABLE 28 – BULK PURCHASES

The budget on Bulk purchased is estimated at R13,7 billion for the 2021/22 financial year. The increase is mainly driven by the tariff increase of 8.68% even though the units decreased by 1.5%.

Eskom is estimated to increase by 16%, while Kelvin is estimated to decrease by 58.4%.

This scenario assumes that the current Kelvin PPA expires by end October 2021. As a result of this Kelvin numbers are only based on 4 months of the financial year only. Eskom under this scenario provides about 94% of the bulk energy requirements over this period and the total budget for bulk purchases as a proposal stands at R13,7 billion.

Salaries and Allowances

Salaries and Allowances are budgeted to increase by 4.8% amounting to R64,5 million from R1,3 billion to R1,4 billion. This increase is driven by:

- Annual increase of 4.3% amounting to R57,5 million.
- Salaries for insourcing of ICT call centre amounting to R7 million.

Repairs and Maintenance

Repairs and Maintenance is estimated at R1,2 billion for 2021/22 financial year from R1 billion in 2020/21 financial year. The increase of R138 million is split as follows:

- 9% annual increase amounting to R97,5 million.
- co-production activities covered as part of the accelerated service delivery amounting to R12 million.

- Servicing of transformers amounting to R28 million.

The overall R&M budget is to cater for the following:

- Accelerated focus on repairs and maintenance to improve the quality of supply and reduce outages.
- Increased capital expenditure resulting in increased maintenance programmes and expenditure.
- Unplanned maintenance as a result of network failures from electrical infrastructure that is old.
- Unplanned maintenance as a result of theft and vandalism of the electrical network.
- Co-production activities covered as part of the Accelerated Service Delivery

A rapid maintenance program has been developed to minimize the backlog and also improve the network reliability at all levels (High voltage, Medium voltage, Low voltage and street lighting).

Bad Debts Provision

Provision for Bad Debts is estimated at R666 million which is based on the collection levels of 97%.

Depreciation

Depreciation and amortization is estimated at R585,5 million for the 2021/22 financial year. The depreciation corresponds with the values of the assets in the fixed asset register as well as the capital expenditure budget.

Contracted Services

Contracted services are budgeted to be R359,6 million in 2021/22 from the R270 million in 2020/21 financial year. The increase of R89,5 million includes the additional requirements that formed part of the revised budget submitted budget. This is to cater for strategic, tactical and operational services required as part of Strategic Partnership agreement.

General expenses

General expenses are budgeted to be R529,8 million for 2021/22 financial year. The increase of R87,8 million is driven by:

- Parameters guideline increase of 4.3% amounting to R72,3 million
- Communication Costs request for budget reclassification from Internal Charges to General Expenses.

Internal Charges

Internal charges are budgeted at an estimated R309,6 million in 2021/22 and this is in line with the parameters guidelines and schedules from the Shareholder. This is excluding the request for budget reclassification from Internal Charges to General Expenses on communication costs.

Interest Paid

Interest paid is budgeted at R628,7 million in 2020/21 financial year. The interest split is as follows:

- Interest on Shareholder loans is estimated at R109,6 million
- Interest on Capex Loans is estimated at R183,7 million
- Interest on Bank Overdraft is estimated at R335,4 million.

Taxation

Taxation is in line with the movements and changes in revenue and expenditure categories

2021/22 Capital expenditure Budget (CAPEX)

Capital expenditure budget for 2021/22 financial year increased by R375 million from R738,5 million to R1 billion.

Sources of Funding	Approved Budget 2020/2021	Approved Revised Budget 2020/2021	Variance	Draft Budget 2021/2022	Draft Budget 2022/2023	Draft Budget 2023/2024
	R'000	R'000	R'000	R'000	R'000	R'000
External Loans	290,523	325,823	35,300	458,213	666,199	799,572
Own Funds	-	-	-	10,000	35,523	95,000
Nat Grant	-	-	-	-	-	-
USDG	98,377	278,967	180,590	300,000	200,000	250,000
Other	349,626	398,126	48,500	344,885	348,278	347,428
TOTAL	738,526	1,002,916	264,390	1,113,098	1,250,000	1,492,000

TABLE 29 – CAPITAL EXPENDITURE BUDGET

5.6 Tariff Plan

Three Year Tariff Escalation

The National Energy Regulator of South Africa (NERSA) has the role of ensuring that customer interest and that of the utility are balanced. NERSA on an annual basis develops municipal guidelines for the increase and benchmarking of tariffs per customer category to guide municipal entities in their tariff planning and tariff design. It is generally accepted that tariffs should reflect costs as far as possible and that cross-subsidisation of domestic consumers by commercial and industrial customers would be preferred, if it remains within set benchmarks.

NERSA approved the municipal guideline increase for FY20/21 at 6.23%, the proposed tariff increase for FY20/21 is therefore in line with NERSA guideline increase. The municipal guideline is mainly dependent on the increase allowed to Eskom. NERSA allows Eskom tariff increase based on a multi-year tariff cycle of which the current three-year tariff approval cycle is due to expire at the end of FY21/22. In terms of the current multi-year tariff approval Eskom was granted 6.9% and 5.22% respectively for FY20/21 and FY21/22. The increases are inclusive of the regulatory clearing account related increase allowed to Eskom.

The table below reflects the approved 2019/20 tariff escalation rate for City Power, the increase City Power applied to NERSA for FY20/21 and estimated escalation for subsequent financial years.

Segment	Overall Tariff Escalation Rates			
	FY1920*	FY2021	FY2122	FY2223
Large Power User (MV-TOU)	15.77%	7.71%	5.22%	10.00%
Large Power User (LV-TOU)	15.74%	7.64%	5.22%	10.00%
LPM-MV	15.20%	6.22%	5.22%	10.00%
LPU-LV	15.20%	6.22%	5.22%	10.00%
Business Conventional	12.34%	3.47%	5.22%	10.00%
Business Prepaid	13.70%	8.05%	5.22%	10.00%
Agricultural	13.07%	6.23%	5.22%	10.00%
Residential Conventional	13.07%	6.23%	5.22%	10.00%
Residential Prepaid	13.07%	6.23%	5.22%	10.00%
Reseller Residential Conventional	13.07%	6.23%	5.22%	10.00%
Reseller Business Conventional	13.07%	6.23%	5.22%	10.00%
Average Increase	13.07%	6.23%	5.22%	10.00%

*Actual NERSA allowed increase

TABLE 30 – TARIFF ESCALATION RATES

Based on the fact that Eskom has submitted a number of regulatory clearing account applications for consideration by NERSA it is envisaged that the increase beyond the current multi-year price determination cycle to be at least 10%.

After the changes implemented in FY19/20 the detailed tariff plan will provide for further alignment of residential prepaid and conventional tariffs. In FY19/20 the prepaid inclining block tariff was changed from a five block tariff to a three block tariff which assisted in reducing the disparity particularly for customers consuming more than 500kWhs per month. The current City Power cost of supply study is due to expire at the end of the current financial year, therefore, a new cost of supply study will be conducted to prepare for the tariff applications for future years.

Current Customer Segmentation

City Power has over 377 000 customers which differ in energy consumption behaviour and are located at various levels of the network. This necessitates for categorisation of customers based on several features. The table below provides an indication of how City Power segments its customers, based on supply size as well as contribution to revenue and consumption in the form of a percentage.

Segment	Contribution	
	Revenue	Consumption
Other TOU	0.5%	1.0%
Large Power User (MV-TOU)	13.4%	16.2%
Large Power User (LV-TOU)	0.2%	0.3%
LPM-MV	13.2%	13.7%
LPU-LV	29.0%	24.4%
Business Conventional	10.3%	8.0%
Business Prepaid	1.1%	1.0%
Agricultural	0.0%	0.0%
Residential Conventional	25.8%	26.3%
Residential Prepaid	5.3%	7.6%
Reseller Residential Conventional	1.0%	1.5%
Reseller Business Conventional	0.1%	0.1%
Totals	100%	100%

TABLE 31 – CUSTOMER SEGMENTS

The table above reveals that the LPU and Business customer segments contribute 55% AND 11.4% to the overall revenue respectively, and a combined 67.2% of total revenue. It is for this reason that these customer segments will receive a proportionally higher focus in terms of the revenue interventions that are planned for the 2020/21 financial year. A turnaround in performance of these segments will have the greatest positive impact on overall revenues.

6. MANAGEMENT AND ORGANISATIONAL STRUCTURES

6.1 Organisation Structure

The situational analysis indicates that City Power requires a fundamental culture change that will respond to the changing environment and drive the 2022 VUCA strategy. In order to succeed in its strategic mandates, City Power needs to develop the ability to improve the design, development, and implementation of initiatives and to reduce cycle time in all organisational activities.

The strategic intent of City Power includes ensuring that the business performs in a stable nurturing environment that is conducive to the achievement of its objectives, whilst building an exceptional workforce of competent and committed people who provide leadership and advocacy for our organisation.

In order to enable this, City Power has defined five human capital strategic levers (Capacity, Capability, Commitment, Compliance and Continuity) thus aligning the people strategy with the City Power strategy and current realities. For City Power, talent is the number one impediment or success factor in executing an organizational strategy.



Figure 12: – Human Capital Strategic Pillars

The previously signed off City Power organisation structure pre-dates the VUCA 2022 Strategy and according to some experts, the organisation structure may be considered as the anatomy of an organisation that provides a solid foundation within which the organisation functions or operates.

The organisation structure also serves as very important foundation for organisational effectiveness, efficiency, uniformity and controls. Therefore, the organisation structure is not an insignificant, isolated or stand-alone business component that has nothing to do with where the organisation is heading to strategically. For this reason, the organisation structure should be fit-for-purpose and be deliberately designed to support the execution and successful achievement of the business strategy.

To respond to the changing environment City Power recognises that one of the organisational levers that it is required to pull is the organisation structure. As such City Power has commenced with the organisation structure review process. On the 05 November 2020 the Board approved the high level organisation structure, the diagrammes below illustrates the approved high level organisation structure.

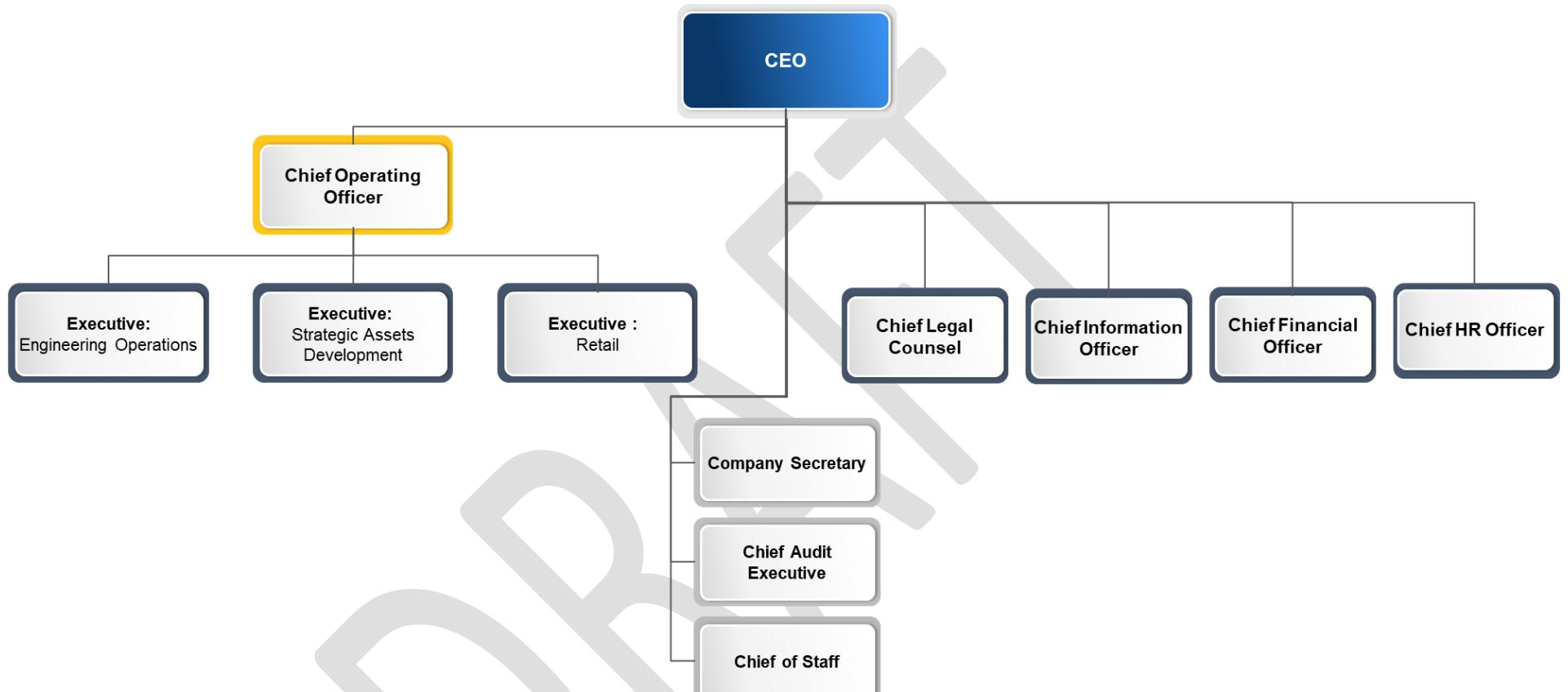


Figure 13: City Power High Level Organisational Structure

With the high level organisation structure approved by the delegated authority the immediate next step for City Power is to develop the detailed organisation structure. The figure below illustrates the methodology followed to execute the organisation review process, with Step Three referencing the detailed organisation structure.



Figure 14: Organisation Structure Review Methodology

To anchor the methodology HR & Transformation adopted an inclusive approach to organisation design thus allowing for input from all employee groups.

- **Top down approach** - work performed at Board and Board Sub Committees, EXCO and GMC;
- **Bottom up approach** - work performed through employee focus groups e.g. electricians focus groups and the change agent network; and
- **Horizontal approach** - work performed through engagement with organised labour (LLF) and strategic partners

The City Power Delegation of Authority defines the approval levels for the organisation structure with the high level organisation structure that is recommended by the CEO and approved by the Board and the detailed organisation structure that is approved by the CEO based on engagements with organised labour with the total staff establishment is approved by the Board.

6.2 Management Team

As per the Board approved organisation structure the City Power Management Team is comprised of the following:

Level	Number of Employees	Number of Vacancies
EXCO		
Chief Executive Officer	1	1
Chief Operating Officer	1	1
Executive: Engineering Operations	1	0
Executive: Strategic Assets Development	1	0
Executive: Retail	1	0

Level	Number of Employees	Number of Vacancies
Chief Legal Counsel	1	0
Chief Information Officer	1	1
Chief Financial Officer	1	0
Chief HR Officer	1	0
Company Secretary	1	0
Chief Audit Executive	1	0
Chief of Staff	1	1
General Managers	38	11
Managers		
Grand Total	50	15

6.3 Capacity Analyses

The Board has directed that the vacancy rate should be kept at 12% based on an approved staff establishment of 1,984 positions on the organisation structure. The vacancy rate as at November 2020 was 13.56%, slightly above the target.

The main drivers of the slightly higher vacancy rate are the number of staff losses (attrition rate) emanating from retirements, medical boarding, dismissals, resignation, deaths etc. on the other end of the equation, and the ability to bring in significant numbers of new employees from external through the talent acquisition process.

To respond to the talent acquisition requirements City Power has adopted the 7Bs of talent management, these are illustrated in the figure below.

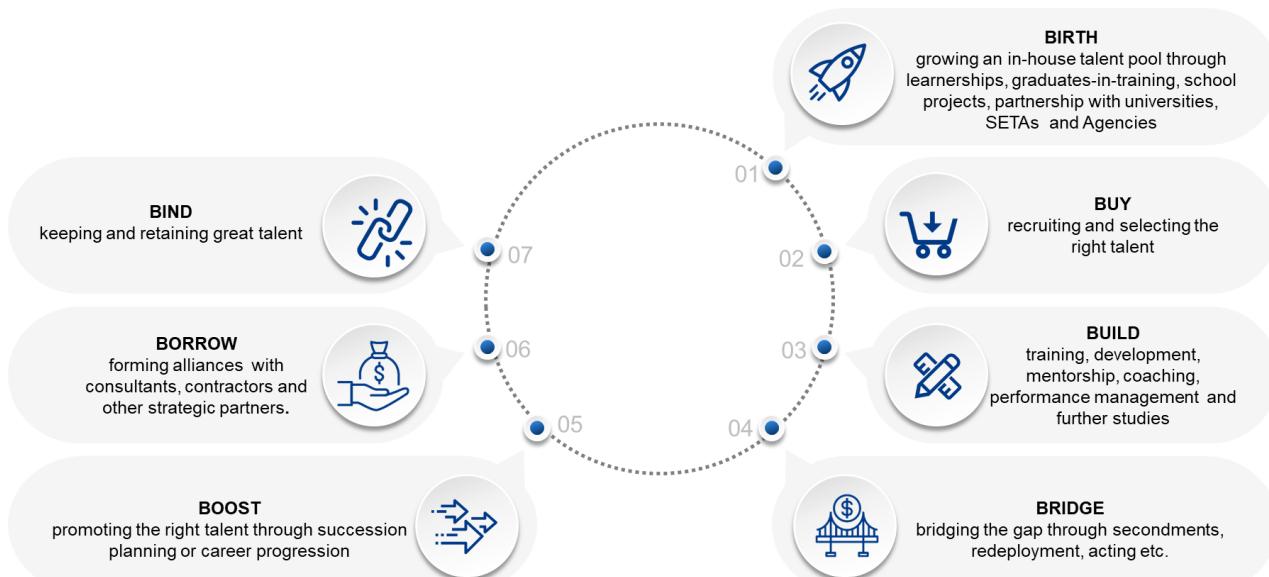


Figure 15: 7Bs of Talent Management

At the beginning of every financial year a talent acquisition plan is developed through a consultative process that involves all the key stakeholders. Through this process critical vacancies are identified and prioritised for filling based on the available budget.

The Recruitment Plan for the 2020/2021 financial year has four phases namely:

- **Phase One:** the adverts were published in August and September 2020 and were confined to internal applicants only;
- **Phase Two:** will focus on the promotion of Electricians and subsequent financial years the focus will be on promotions, career and succession appointments that will exclude General Managers and above positions;
- **Phase Three:** for this phase the adverts will target both external and internal applicants;
- **Phase Four:** will be dedicated to the on-boarding of Graduates-in-Training, Learnerships etc.

The table below shows appointments finalised to date in line with phase one of the talent acquisition plan for FY2020/21

Engineering Operations	Engineering Services	Metering Services	Office of the CEO	HR & Transformation	Finance	Business Sustainability	Enterprise Support
<ul style="list-style-type: none"> ▪ Manager: Klipspruit ▪ Manager: Roodepoort ▪ Manager: Work Management Centre ▪ Team Leader: Lenasia (x2) ▪ Manager: Direct Current Systems ▪ Senior Engineer: Fault Investigations ▪ Senior Engineer: Commissioning & Settings ▪ Senior Technician: SCADA ▪ Senior Technician: Direct Current Systems ▪ Maintenance Clerk 	<ul style="list-style-type: none"> ▪ Engineer Primary Plant Design ▪ Chief Engineer: Assets Management ▪ Chief Engineer: Primary Plant ▪ Maintenance Scheduler ▪ Maintenance Clerk ▪ Senior Engineer: NDP & Transmission ▪ Senior Engineer Primary Plant ▪ Technician: Oil Purification ▪ Team Leader MV ▪ Officer: Wayleaves ▪ Team Leader: Overhead and Underground ▪ Team Leader: Substations and Intake Stations ▪ Team Leader: Distribution ▪ Chief Engineer: Master Planning ▪ Senior Engineer: Sec Plant ▪ Senior Engineer: NSP South ▪ Senior Engineer: Secondary Plant ▪ Engineer: Primary Plant: Substation ▪ Draughtsman ▪ Trade Workers 	<ul style="list-style-type: none"> ▪ Senior Engineer: Technical Support ▪ Manager: System Support ▪ Manager: Prepaid ▪ Manager: LPU ▪ Manager: Domestic ▪ Team Leader: Vending Monitor ▪ Team Leader: Validation & Device 	<ul style="list-style-type: none"> ▪ Senior Auditor: IT Committee Officer 	<ul style="list-style-type: none"> ▪ Manager: Talent Acquisition ▪ Manager: Skills Development ▪ Officer: Payroll 	<ul style="list-style-type: none"> ▪ Senior Buyer 	<ul style="list-style-type: none"> ▪ Senior Advisor: Strategy Risk Management 	<ul style="list-style-type: none"> ▪ Manager: Fire & Security Technology ▪ Team Leader: Transport Operations ▪ Manager: ICT Governance ▪ Specialist : BI & Knowledge management

6.4 Employment Equity

As a designated employer, City Power is fully committed to complying with the Employment Equity Act (EEA) 55 of 1998, as amended. On 15 January 2018, both the Employment Equity report for and the five-year City Power Employment Equity Plan were signed off and submitted to the Department of Employment Labour. However, it must be noted that the employment equity report is submitted annually as required by the EE act.

The employment equity figures as at 31 December 2020 are as follows:

Staff Establishme nt	Filled Positions	Affirmative Action		Gender Equity		People with Disabilities	
		Target	Achieved	Target	Achieved	Target	Achieved
1,984	1708	85%	93.21%	29%	32.88%	2%	3.10%

Table 32 – Employment Equity Figures

The employment equity targets for 2021/22 are as follows:

Affirmative Action	Gender Equity	People with Disabilities
85%	29%	2%

Table 33 – Employment Equity Targets – 2020/21

It is important to note that the following benchmarks exist to determine Employment Equity Targets:

#	Occupational levels	Male				Female				Foreign Nationals	
		A	C	I	W	A	C	I	W	M	F
	National Economically Active Population (EAP)	42.5%	5.4%	1.7%	5.1%	35.7%	4.6%	1.0%	3.9%		
	State owned companies*	35.0%	4.3%	7.4%	16.2%	22.0%	2.8%	3.3%	7.7%	1.2%	0.2%
	Electricity, gas & water*	21.5%	5.0%	6.4%	43.2%	9.6%	2.6%	2.8%	5.9%	2.8%	0.3%
	Provincial EAP*	45.5%	1.7%	1.8%	7.2%	36.2%	1.4%	1.1%	5.1%		

Table 34 – Employment Equity Targets Benchmark

Workforce Profile Analysis

A workforce profile analysis was conducted and revealed barriers to employment and employment advancement from the designated groups. City Power is faced with several employment equity challenges. New innovative and deliberate ways of attracting suitable candidates from groups where the company is underrepresented (such as Coloureds and Indians) will have to be implemented so as to leverage the power associated with a diverse workforce profile.

#	Occupational levels	Male				Female				Totals	
		A	C	I	W	A	C	I	W	Filled	
	National EAP*	42.7%	5.3%	1.7%	4.9%	36.2%	4.4%	1.0%	3.8%		
	State owned companies*	35.0%	4.3%	7.4%	16.2%	22.0%	2.8%	3.3%	7.7%		
	Electricity, gas & water*	21.5%	5.0%	6.4%	43.2%	9.6%	2.6%	2.8%	5.9%		
	Target EAP	45.1%	1.4%	2.3%	7.0%	36.1%	1.4%	1.1%	5.6%		
1	Top Management	2	0	0	0	3	0	0	0	5	
	EAP Compliance	2				2					

#	Occupational levels	Male				Female				Totals
		A	C	I	W	A	C	I	W	
	Surplus/Over (Deficit/Under) representation	-	1				1			
2	Senior management	16	1	2	1	7	0	1	1	29
	EAP Compliance	12			2	10			1	
	Surplus/Over (Deficit/Under) representation	-	3	1	2	1	3		1	0
3	Professionally qualified and experienced specialists and mid- management	45	2	1	16	35	2	0	3	104
	EAP Compliance	40	2	2	6	32	1	1	5	
	Surplus/Over (Deficit/Under) representation	-	5	0	1	10	3	1	1	2
4	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	559	28	7	96	330	6	2	16	1044
	EAP Compliance	474	23	12	59	326	12	6	42	
	Surplus/Over (Deficit/Under) representation	-	85	5	5	37	4	6	4	26
5	Semi-skilled and discretionary decision making	99	5	0	3	69	4	0	6	186
	EAP Compliance	85	5	5	13	66	3	2	11	
	Surplus/Over (Deficit/Under) representation	-	14	0	5	20	3	1	2	5
6	Unskilled and defined decision making	261	2	0	0	75	2	0	0	340
	EAP Compliance	201	8	8	32	160	6	5	23	
	Surplus/Over (Deficit/Under) representation	-	60	6	8	32	85	4	5	23
	TOTAL PERMANENT	982	38	10	116	519	14	3	26	1708
	EAP Compliance	814	38	27	115	596	22	19	82	

#	Occupational levels	Male				Female				Totals
		A	C	I	W	A	C	I	W	
	Surplus/Over (Deficit/Under) Representation	168	0	17	1	77	8	16	56	

Employment Equity by Occupational Level

7. COMMUNICATION AND STAKEHOLDER MANAGEMENT

7.1 Stakeholder Matrix

Relationship management builds, protects and promotes the reputation of City Power amongst its stakeholders (both internal and external). An integrated communications approach was developed to ensure that there is focus and concerted effort in assisting the company to achieve the company objectives.

City Power's stakeholder objectives are to achieve alignment and collaboration with all stakeholders to deliver on its mandate and strategy. City Power aims to build sustainable and value-adding relationships to achieve overall economic value for all our stakeholders.

The stakeholders of City Power have been segmented under different governance structures as follows:

Governance Structures	Detailed stakeholder definition	Why it's important for us to engage	Ways we engage
Re-sellers of power 	These categories of customer re-sell our product. They interact directly with electricity consumers	<ul style="list-style-type: none"> ▪ Reliable electricity supply ▪ Affordable electricity supply ▪ Working electricity meters ▪ Recognition 	<ul style="list-style-type: none"> ▪ Face to face dialogue ▪ Website ▪ Re-sellers forums ▪ Social media ▪ Telephone ▪ emails
Communities 	This is a combination of paying, non-paying customers and receivers of free basic electricity. Customers should be	<ul style="list-style-type: none"> ▪ Reliable electricity supply at all times 	<ul style="list-style-type: none"> ▪ Social media ▪ Traditional media ▪ Face to face interaction ▪ website
Civic organisation 	They are very influential bodies in communities, particularly during the election season	<ul style="list-style-type: none"> ▪ Being recognised as a legitimate body in a community. Influencing service delivery ▪ Influencing the project implementation. ▪ Acceptance 	<ul style="list-style-type: none"> ▪ Community meetings ▪ Face to face interaction ▪ Pamphlets ▪ Social media ▪ emails
Domestic Customers 	These are customers categorized as domestic consumers	<ul style="list-style-type: none"> ▪ Reliable and affordable electricity supply at all times 	<ul style="list-style-type: none"> ▪ Social media ▪ Traditional media ▪ Face-to-face interaction ▪ City Power website ▪ Public meetings

Governance Structures	Detailed stakeholder definition	Why it's important for us to engage	Ways we engage
Business Customers 	These are customers categorized as business consumers	<ul style="list-style-type: none"> ▪ Reliable and affordable electricity supply 	<ul style="list-style-type: none"> ▪ Face-to-face interaction ▪ Social media ▪ Business forums ▪ Websites
Key customers 	These are customers categorized as Key consumers, and require special and tailor-made services	<ul style="list-style-type: none"> ▪ Reliable and affordable electricity supply. Introduction of green energy ▪ Introduction of other sources of energy ▪ Recognition and respect ▪ Accurate billing ▪ Working meters 	<ul style="list-style-type: none"> ▪ Meetings ▪ Key customer forums ▪ Golf days ▪ Telephone calls ▪ Direct service by dedicated key customer Executives ▪ Direct Interaction with the CEO and COJ
Employees 	Our employees are responsible for delivering on the strategy of the company.	<ul style="list-style-type: none"> ▪ Cross-functional employee engagement & knowledge sharing ▪ Being fairly remunerated for their service and commitment ▪ Career development aligned to business growth 	<ul style="list-style-type: none"> ▪ Internal magazine ▪ Intranet ▪ Staff meetings ▪ Notice boards ▪ Labour Unions ▪ Mass meetings ▪ Management meetings
Employees of COJ 	The employees of the City of Johannesburg partner with City Power are responsible for delivering on the strategy of the company.	<ul style="list-style-type: none"> ▪ Being informed of key business activities and changes ▪ Simplified and consistent internal communication ▪ Equipping them with the necessary tools of trade to cater to customers 	<ul style="list-style-type: none"> ▪ Internal magazine ▪ Intranet ▪ Staff meetings ▪ Notice boards ▪ Management ▪ Mass meetings ▪ Labour Unions meetings
Labour Unions 	Labour Unions represent employees.	<ul style="list-style-type: none"> ▪ Protection of employee rights. ▪ Representing employees in disciplinary hearings. ▪ Representing employees in management forums 	<ul style="list-style-type: none"> ▪ Labour & Management forum ▪ Employee mass meetings
COJ Communities 	They are our partners in communicating with our stakeholders	<ul style="list-style-type: none"> ▪ That City Power communicates with its stakeholders. That City Power is supported in achieving the objective 	<ul style="list-style-type: none"> ▪ Emails ▪ Telephones ▪ Meetings

Governance Structures	Detailed stakeholder definition	Why it's important for us to engage	Ways we engage
COJ Regional Directors 	COJ Regional Directors are the CEO of the Regions of the City. All services that are rendered by City Power in the various regions are rendered	<ul style="list-style-type: none"> ▪ That customers and communities receive reliable and affordable electricity supply. ▪ That communities are informed about all projects that City Power is doing in the regions. ▪ That employment and business opportunities are made available and accessible to the residents. 	<ul style="list-style-type: none"> ▪ CRUM ▪ Regional Director meetings ▪ RDs ward councillors forum ▪ Telephones ▪ Emails
Office of the Mayor and the MMC 	The Office of the Mayor and the MMC represent the shareholders. It also ensures that City Power delivers on promises of the IDP. They are the political head for the company	<ul style="list-style-type: none"> ▪ That City Power delivers on the IDP promises. That service delivery promises are achieved. ▪ That City Power delivers on its mandate 	<ul style="list-style-type: none"> ▪ Management meetings. ▪ Emails ▪ Office of the CEO ▪ Telephone
Business organisations 	Business are key to our revenue collections. They provide employment to City's residents. They are critical to the economic success of the City.	<ul style="list-style-type: none"> ▪ Reliable and affordable electricity supply ▪ Accurate billing ▪ Recognition 	<ul style="list-style-type: none"> ▪ Business forums ▪ Customer forums ▪ Meetings ▪ Direct interaction with City Power officials
Kelvin Power Station 	Kelvin Power Station supplies electricity to City Power.	<ul style="list-style-type: none"> ▪ That the power supply agreement with City Power is maintained 	<ul style="list-style-type: none"> ▪ Meetings ▪ Telephone ▪ Emails
Eskom 	Eskom is the major supplier of electricity to City Power	<ul style="list-style-type: none"> ▪ That the power supply agreement is maintained for as long as possible. That there is no load shedding 	<ul style="list-style-type: none"> ▪ Meetings ▪ Telephone ▪ Emails
National Electricity Regulator 	The National Regulator is the regulator and license provider in the electricity industry.	<ul style="list-style-type: none"> ▪ That electricity is supplied to communities. ▪ That City Power adheres to license conditions. ▪ That electricity is affordable and accessible to all South Africans 	<ul style="list-style-type: none"> ▪ Meetings. ▪ Customer forums ▪ Golf days ▪ Telephone calls ▪ Direct communications with dedicated City Power officials ▪ Direct interaction with the CEO and COJ Leadership

Governance Structures	Detailed stakeholder definition	Why it's important for us to engage	Ways we engage
SABS 	SABS assist City Power to comply with safety and environmental standards.	<ul style="list-style-type: none"> ▪ Management meetings. ▪ Telephone ▪ Emails ▪ Executive Management meetings 	<ul style="list-style-type: none"> ▪ Management meetings. ▪ Telephone ▪ Emails ▪ Executive Management meetings
Ward Councillors 	They provide political leadership in the local wards.	<ul style="list-style-type: none"> ▪ Reliable and affordable electricity. ▪ Job opportunities for their constituencies ▪ Business opportunities for their constituencies ▪ Free basic electricity 	<ul style="list-style-type: none"> ▪ Community meetings ▪ Ward councilors ▪ Councillors forums ▪ Regional Director meetings
Business forums 	They represent businesses in Regions and Wards. They are a voice of organised business	<ul style="list-style-type: none"> ▪ Reliable and affordable electricity supply for their members. ▪ Positive relations with City Power and the City of Johannesburg 	<ul style="list-style-type: none"> ▪ Meetings. ▪ Customer forums ▪ Golf days ▪ Telephone calls ▪ Direct communications with dedicated City Power officials ▪ Direct interaction with the CEO and COJ Leadership
Media 	Media keeps customers informed about City Power and its services	<ul style="list-style-type: none"> ▪ Information ▪ News ▪ New developments 	<ul style="list-style-type: none"> ▪ Media statements ▪ News conferences ▪ Media responses ▪ Telephone ▪ Email ▪ Media project tours ▪ Mayoral events
Board Directors 	<p>They represent the shareholder in the business.</p> <p>They provide support to management for successful delivery of strategy.</p>	<ul style="list-style-type: none"> ▪ Business viability ▪ Adherence to governance ▪ Business success 	<ul style="list-style-type: none"> ▪ Board committee meetings ▪ Board meetings ▪ Telephone ▪ Individual meetings with management ▪ Emails ▪ Telephones

FIGURE 16 – STAKEHOLDER MATRIX

7.2 Communication Plan

In alignment with the VUCA strategy the following initiatives have commenced:

- Engage with Councillors to determine the method of communication and interaction with customers in their area
- Enable and empower councillors to engage with communities on the challenges, benefit, working and implementation plans of City Power
- Equip the City Power technical teams to successfully interact with residents aided by the area councillors support
- Enable smart communication (two way) between City Power, the councillors and the constituents.
- Enable and empower councillors to engage with communities on the challenges, benefit, working and implementation plans of City Power

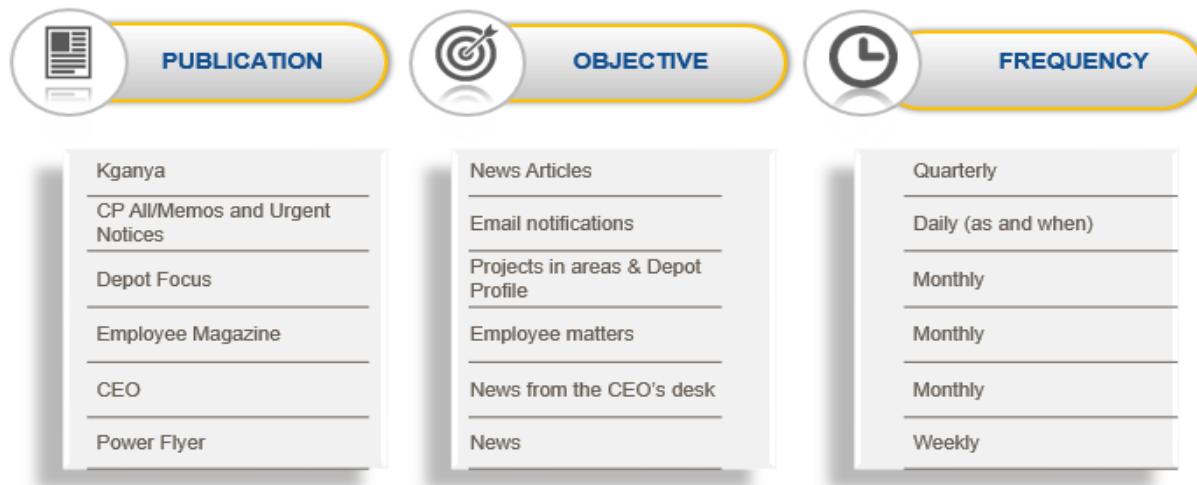
The medium to long term initiatives in support of the VUCA strategy are as follows:

- Communication of the Business Plan in terms of the VUCA strategy and alignment to CoJ objectives
- Communication of City Power's programmes and implementation progress

7.2.1 Integrated Communications Approach

Through the integrated communications strategy, City Power aims to integrate its communications efforts to achieve maximum impact and enhance engagements amongst the various stakeholders including internal, while aligning with the company objectives. Integration and collaborations amongst the various departments and groups is another major focus area. Communication Plan is as follows:

Publications



Electronic Media



Communication Road Shows



As and When - Internal Communications will have monthly roadshows on any one of the above themes.

Internal Stakeholder Strategic Partner



Media Relations



Strategic Stakeholder Management



Meetings



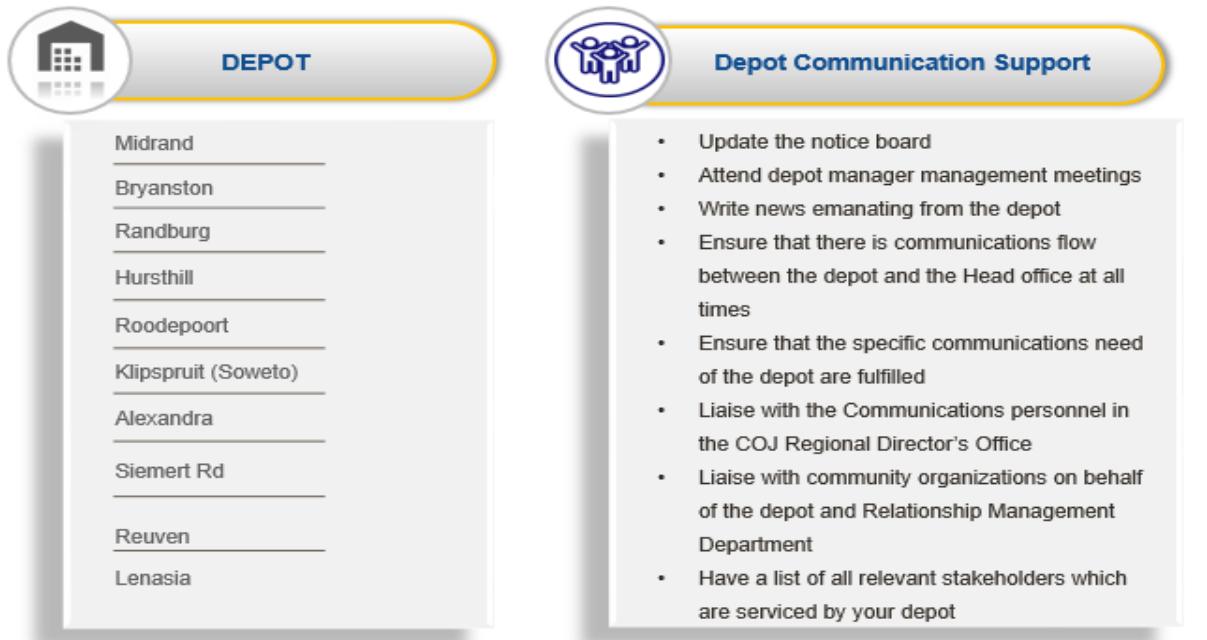
Stakeholder Relations



Strategic Stakeholder Management



Depot Communications Support



Meetings



Marketing and Events

Events

CATEGORIES	OBJECTIVE
CAPEX PROJECTS	<ul style="list-style-type: none"> • Substation Launch • Electrification SOD turning • Streetlights Switch on • Progress Assessment
INTERNAL EVENTS	<ul style="list-style-type: none"> • Substation Launch Celebration Lunch • Mandela Day - Annually • Women's Day - Annually • Procurement Indaba - Annually • Key Customer Forum - Annually • LPU Forum
STADIUM EVENTS	<ul style="list-style-type: none"> • FNB Stadium • Orlando Stadium • Ellis Park Stadium • Wanderers Stadium • Dobsonville Stadium • Ticket Pro-Dome
COJ EVENTS	<ul style="list-style-type: none"> • Earth Hour - Annually • Knowledge Fair – Annually • Public Service Day – Annually • 702 Walk the Talk - Annually • Climate Change - Annually • New Year's Eve - Annually
DEPOT COMPETITION	<ul style="list-style-type: none"> • The journey to the overall awards is a build-up of monthly winners. • Depots will be evaluated monthly as per the KPI. • Monthly winners will automatically be considered for overall nominations.

Corporate Social Investment (CSI)

CATEGORIES	OBJECTIVE	CRITERIA	SPONSORSHIP	FREQUENCY
Primary and High Schools	<ul style="list-style-type: none"> • To run a debate competition for High Schools and Industrial Theatre competition for Primary Schools. • To assist some schools with repairs such as putting lights, painting, paving, etc. 	<p>The following is the criteria that will be used to identify the qualifying schools:</p> <ol style="list-style-type: none"> 1. Informal Settlement and under privileged communities 2. Primary and High Schools 3. Majority of the people must be indigent 4. Must have electricity and paying Joburg services 	<p>Primary Schools:</p> <ul style="list-style-type: none"> • School bag • Uniforms • Toiletries for girls • School Shoes <p>High Schools:</p> <ul style="list-style-type: none"> • Laptop for the overall winner and the token of appreciation for all the participants. 	<p>Monthly</p> <p>Monitored Quarterly</p>

PROJECT	NAME OF SCHOOL	TYPE OF SPONSORSHIP	ESTIMATED COST OF SPONSORSHIP	DEPOT / REGION
Primary and High Schools	Maphutha Secondary School, Reshomile Primary School,	Primary School – dress a child to school High School – Laptop for the overall winner and token of appreciation for the rest of the participants	22,000	Region A
	Riverlea High School, Riverlea Primary School,		22,000	Region B
	Durban Deep Primary School Raymond Mhlaba Secondary School,		22,000	Region C
Primary and High Schools	Mncube Secondary School , Mofolo	Primary School – dress a child to school	22,000	Region D
	Minerva Secondary School, Alexandra	High School – Laptop for the overall winner and token of appreciation for the rest of the participants	22,000	Region E
	Denver Primary School		22,000	Region F
	Trinity High School, Lenasia		22,000	Region G
			154,000	

CATEGORIES	CRITERIA	ESTIMATED COST OF SPONSORSHIP	FREQUENCY
Creches	• Our priority is to support disadvantaged community creches who are based in the townships.	50,000	As and When
Orphanage Homes	• Community Centers that take care of HIV/AIDS orphans and those infected and affected by the disease. • Centers that take care of children that have been abused and serve as places of safety.	50,000	As and When
Old Age Homes	• Community Centre that take care of Senior Citizens who are unable to stay with their families or are destitute.	50,000	As and When
Chicken Farms	• Chicken Farmers who are based local to be financial supported in order to alleviate the local unemployed people and eliminates poverty.	50,000	As and When
Gardening	• Community members who are unemployed, who have passion to upskill themselves in plant production. • Local Schools to be supported to plant vegetables gardens in creches and schools	30,000	As and When
Total		250,000	

Integrated Stakeholder Relations, Communication Road Shows/Educational Campaigns

PROJECTS	BEFORE	DURING	AFTER
Electrification	Stakeholder Relations	Stakeholder Relations	Stakeholder Relations
Substation Launch	<ul style="list-style-type: none"> • Cllrs/Rd/Community Meetings • CLO/Employment process & appointments • Educational Campaign 	<ul style="list-style-type: none"> • Community Liaison • Progress Updates • Oversight Visits • Conflict management • Unit liaison 	<ul style="list-style-type: none"> • Customer education • Cllr/RD/Community engagement
Streetlights	Internal Comms	Internal Comms	Internal Comms
Metering/ Normalization	<ul style="list-style-type: none"> • Unit liaison • Employee Communication 	<ul style="list-style-type: none"> • Update Employees on Project progress • Support Oversight visits • Unit liaison 	<ul style="list-style-type: none"> • Inform Employees • Report on the Launch
Network Strengthening	Media Relations	Media Relations	Media Relations
	<ul style="list-style-type: none"> • Adverts • Radio Announcements • Interviews • Statements • Media tours 	<ul style="list-style-type: none"> • Progress updates • Media visits • Announcements 	<ul style="list-style-type: none"> • Customer education • Launch announcements • Media Tours
	Marketing and Events	Marketing and Events	Marketing and Events
	<ul style="list-style-type: none"> • Prepare & Plan SOD Turning • Prepare & Plan Switch on • Support educational campaigns 	<ul style="list-style-type: none"> • Organize oversight visits 	<ul style="list-style-type: none"> • Prepare & Plan the launch • Support educational campaigns

8. CITY POWER OF TOMORROW - EMBEDDED GENERATION AND ENERGY STORAGE SYSTEMS

8.1 Guiding Strategic Principles

The City Power VUCA 2022 Strategy includes attaining a stable network, reduction in technical and non-technical losses, refurbished plant, adherence to NRS, an evolving energy mix, all these leading to financial sustainability and improved customer experience. City Power has also identified the need to pursue alternative energy sources in order to secure and improve revenues, as well as sustain the business into the future. Development in technology in recent years has led to unpreceded levels of access to alternative energy sources and the availability of new utility scale energy storage systems are now economically viable and can contribute significantly to our objectives.

In addition to developing its own portfolio of alternative energy sources, City Power has an opportunity to avail its networks, to earn new revenues from the transport of energy from private Independent Power Producers (IPPs) to private off-takers. This will be an important source of new revenue that requires support from Trading and Wheeling structures, to convey the energy across the networks.

The City's GDS 2040 'Outcome 2: ***Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy***' clearly articulates that CoJ is committed to transitioning to a low-carbon economy in pursuit of a healthy urban environment and environmental sustainability. Embedded Generation such as rooftop photovoltaics, gas powered generation and utility scale energy storage systems are therefore recognized as three key future actions within City Power, in supporting the plans to diversify our energy mix, improve security of supply, manage the cost of energy procurement and applying cost reflective and fair tariffs to customers.

The overall objective is to use City Power's electricity distribution network to integrate new, cleaner alternative energy sources together with the traditional grid electricity supply into a working, diversified least cost energy supply system for the City of Johannesburg.

The following additional objectives, among others, can be realised from this initiative:

- To promote the uptake of all forms of economically viable, cleaner energy sources.
- To ensure that there is sufficient complementary uptake of energy storage and peak power generation capacity to support intermittent forms of energy while maintaining supply continuity and ensuring the provision of a high quality of supply to end consumers.
- To 'future proof' the City's energy system by ensuring options chosen today will continue to be relevant in a future market-driven electricity environment.
- To develop and implement wheeling tariffs and trading mechanisms to enable grid access for revenue generating, private sector energy flows.

8.2 Update on Developments in the South African Energy Landscape

Within the municipal distribution environment, the fundamental expectation of Eskom is that it will be the provider of the capacity necessary to meet municipal demand as well as the provider of baseload power for the municipal distribution industry. The role of Eskom will shift towards being the supplier of last resort and Eskom's network access and demand tariffs are likely to increase significantly in both the short and medium term in order to fulfil this role.

In October 2020, the Department of Minerals and Energy published New Generation Regulations aimed at enabling Municipalities to procure their own new generation capacity.

These regulations provide municipalities that are in good financial standing with an opportunity for generation as well as energy storage. The MFMA provides a regulatory framework that guides municipalities with regards to how to establish and manage Public Private Partnership (PPP), to enable energy procurement and trading. City Power is exploring the establishment of appropriately resourced office within the Finance and Procurement Group to drive the establishment of the required PPPs.

The feasibility of the new technologies has been partly examined as part of the Solar PV, Energy Efficiency, Energy Storage, Waste to Energy, Gas Options and Electric Vehicle work streams of the New Energy Mix Feasibility studies conducted in 2019.

According to the 2017 EPRI report used by the IRP for the cost of energy from renewables, the levelized cost of rooftop PV power was R1, 07 per kWh. The IRP bases the levelized cost of fixed tilt PV farms on the actual bids of 70 cents per kWh of Bid Window 4 of the REIPPPP. This is less than the annual average cost of Eskom's Standard period energy of 86,35 c/kWh on the Megaflex tariff.

The renewables are gradually becoming cost competitive. Furthermore, there is another key benefit in that the uptake of distributed (de-centralized) generation alternatives on the downstream side of the Eskom meter also reduces network technical losses and defers (or can completely avoid) costly infrastructure upgrades.

The IRP 2019 Gazette 42784 of 18 October 2019 recognized the need to accommodate embedded generation and has the proposed allocations shown in (Table 26) below. The draft plan has an allocation of 500 MW per year up to 2030 for embedded or distributed generation, a national total of 4000 MW by 2030. The allocation applies to both privately owned as well as municipal owned generation plant.

Two important Ministerial Determinations were made in 2020 with respect to the IRP. In terms of the Risk Mitigation Independent Power Procurement program (RMIPPPP) allocation, the first four years of the Embedded Generation allocation of 500MW per year, the Minister determined that Eskom will be the power purchaser.

In terms of the balance of the IRP, the Minister also determined that Eskom will also be the power purchaser all new PV capacity (2800 MW) up to 2024, for all new wind capacity (6162 MW) up to 2024 and all Gas and Diesel Turbine Generation (3000 MW) up to 2030, as well all new Nuclear and Coal fired Generation up to 2030.

	Coal	Coal (Decommissioning)	Nuclear	Hydro	Storage	PV	Wind	CSP	Gas & Diesel	Other (CoGen, Biomass, Landfill)	Distributed Generation
Current Base	37 149		1 860	2 100	2 912	1 474	1 980	300	3 830	499	
2019	2 155	-2373				244	300				Allocation to the extent of the short term capacity and energy gap
2020	1 433	-557				114	300				
2021	1 433	-1403				300	818				
2022	711	-844			513	400	1 000	1 600			
2023	750	-555				1 000	1 600				
2024			1860			1600		1 000			
2025						1 000	1 600				
2026		-1219				1600					
2027	750	-847				1 600		2 000			
2028		-475				1 000	1 600				
2029		-1694			1575	1 000	1 600				
2030		-1050		2 500		1 000	1 600				
TOTAL INSTALLED CAPACITY by 2030 (MW)	33364		1860	4600	5000	8288	17742	600	6380	499	
% Total Installed Capacity (% of MW)	42.6		2.4	5.9	6.4	10.6	22.6	0.8	8.1	0.6	
% Annual Energy Contribution (% of MWh)	58.8		4.5	8.4	1.2	6.3	17.8	0.6	1.3	1.1	

Installed Capacity

Committed / Already Contracted Capacity

Capacity Decommissioned

New Additional Capacity

Extension of Koeberg Plant Life

Distributed Generation Capacity for own use

TABLE 35 – PROMULGATED IRP 2019 PLAN FOR THE PERIOD ENDING 2030

8.3 Key Assumptions on Impact of the Integrated Resource Plan

The IRP 2019, is the national electricity generation plan that sets out the national targets for the various technologies that were assessed in the formulation of the plan. The plan furthermore includes an allocation for distributed generation beyond either the Eskom or the Municipal metering point that may, at the time of compiling this business plan, be a mixture of primary energy technologies as well as energy storage systems. The size of the distributed generation allocation is 500 MW per annum, as shown in Table 1 of the IRP 2019 capacity allocations.

The total national Eskom energy delivered in 2019 was 234 407 GWh (Eskom Integrated Report 2019), of which City Power distributed 10 387 GWh, in addition to 1 426 GWh taken from Kelvin Power (City Power Bulk Purchases Report). City Power therefore represents approximately five percent of the national energy demand.

In terms of peak demand, the annual peak demand for City Power in July 2017 was 2 636 MW while the national peak demand was in the order of 35 300 MW. At this time, City Power represented 8% of the National Peak Demand, and required 8% of Eskom's total capacity to meet the City's demand.

The distributed generation target proposed for City Power will be aligned to an 8% ‘pro rata’ portion of the IRP allocation for distributed generation in terms of energy. This translates into a target, by 2030, of 320 MW.

If, in terms of the draft IRP 2019, a principle assumption is made that a municipal distributor has the right to own or contract for the provision of small scale embedded renewable generation plant within its own distribution networks to meet its ‘own use’ energy needs, then an assessment of the quantity of renewable energy required to deliver the full range of municipal services on a carbon-free electricity basis can be made from within the distributed generation allocation. In the case of photovoltaic generation, the installed capacity required to meet this need can be calculated and set as a target for the City.

Utility scale energy storage systems are now becoming economically viable that and can provide demand side flexibility like never before. They can also be deployed where networks need strengthening and can defer costly network upgrades. As an added benefit they can be sited at key customer premises and used as an alternative to diesel generation in the event of both forced and unforced grid outages. This ability to offer enhanced security of supply is a potential new revenue stream for City Power.

The Egoli and Sasol natural gas pipelines are accessible in several key areas around the City that could be used to fuel gas peaking plant. Egoli Gas has an unused annual allocation of 3000 1000 million gigajoules of natural gas which translates into sufficient gas supply for 45 20 MW of baseload generation or 200 60 MW of peaking plant operational for 5 hours a day.

The assumption is made that a combined flexible load (DSM and Energy Storage) and peak generation (gas powered) portfolio of 400 MW is a reasonable target to develop over the next decade.

8.4 Proposed Allocation for A Photovoltaic Based Renewable Energy Generation Portfolio (Municipal ‘own use’)

There are two categories of ‘own consumption’ that may be considered in terms of electricity required to provide municipal services. The first is the direct energy to power municipal offices and buildings, energy for water pumping, energy for waste water treatment, energy for public lighting services and energy required for electric public transport.

The second category is that of indirect energy requirement which can be argued to include electricity distribution technical losses. In the case of Johannesburg, the average technical loss figure for power delivered from an Eskom intake point to the final end consumer is 9%. Where embedded generation plant is dispersed and connected directly to the 400V or 11kV distribution network, those losses are reduced from 9% down to 3%, which is significant considering the volume of power delivered in a year.

Annually, the following energy requirements are required by the City of Johannesburg to deliver municipal services:

Municipal Service	Consumption data source	Annual GWh consumed
Municipal Offices and Facilities, lighting and Air conditioning	Based on Baseline assessments from CoJ building EE retrofit program	15
Water and Wastewater treatment	The figure includes consumption for aerated water treatment plant at Goudkoppies and Northern Works	165
Public Lighting	160 000 LED streetlights at 36 Watts per light, 8,8 hours per day. (At present only 1 700 converted)	18,5
Electric Public Transport	Electric bus pilot – each bus requires 350 kWh per day, 6 buses initially. (Total potential fleet – 400 buses)	0,7
	Total annual direct energy presently required for municipal services	199,2 GWh
Electricity Distribution losses	Technical losses are on average 9% for City Power Networks. City Power purchases 11 500 GWh a year for resale. The energy required to distribute electricity itself to the end customer therefore consumes 9% of 11 500 = 1035 GWh a year. Energy generated by embedded generation sites has a loss of only 3%. A distributed SSEG program delivering 6% of 11 500 = 690 GWh	1035
	Annual indirect energy required to distribute electricity	690 GWh

TABLE 36 – CITY OF JOBURG ANNUAL ENERGY REQUIREMENTS

To begin the development of its own PV generation portfolio to meet these needs, the New Energy Mix Project within the solar PV and energy efficiency work stream, focused on the energy analysis of buildings and facilities under City Power (10 facilities), JOSHCO Buildings (6 buildings) and COJ Facilities (2 facilities). The energy analysis focused on the electrical demand, energy consumption and cost of the facility's significant energy users, the following observations were made:

The major energy users within the facility include lighting, water heating and air conditioning systems.

The energy efficiency stream would result in 5.569GWh annual energy savings, which requires an initial investment of ZAR 12.196 million and will result in a yearly savings of ZAR 6.141 million with an average payback period of approximately 3 years.

Energy efficiency optimisation is also a cost-effective option for reducing CO2 emissions.

The best financial performance is achieved on air conditioning followed by water heating and lighting based on a simple payback period comparison.

In addition to the expected energy savings, the demand reduction would bring about a non-negligible improvement on the network voltage and loss profiles. However, further studies are necessary to account for the impact on the facility network.

The feasibility study for the implementation of a solar photovoltaic and battery energy storage system was conducted for City Power (10 facilities), JOSHC0 Buildings (6 buildings) and COJ Facilities (2 facilities), based on the facility energy consumption, potential for solar production, cost of energy and lifetime cost of the system. The following observations were made:

The least cost option for the different facilities resulted in 27.527MW solar photovoltaic system with a total of 7.268MWh Lithium-Ion storage batteries. The average Return on Investment (ROI) for all the facilities and buildings was determined to be 9.32% with an average payback period of 7 years.

8.5 Proposed allocation for Energy Storage Systems

It is not unreasonable that City Power should aspire to be in a position to control at least 10% of its peak demand liability using energy storage systems, specifically to manage the winter evening peak demand. When summated across the 39 Eskom intake points, the demand presently reaches a maximum of 2800 MW. Notified Maximum Demand penalties are being paid on several of our Eskom intake points, where the deployment of energy storage at any point on the related networks can significantly reduce the penalties paid.

Energy Storage systems are able to store cheap surplus energy from any source, at a time such surplus may be available, and to release the energy again when there is a generation shortfall and peak energy pricing will apply. The stored energy will always be taken from the cheapest source available and may be either from off-peak coal derived Eskom energy at night or from surplus renewable energy in the daytime.

In the short term, the following Capex funded energy storage projects are planned over the next 3 years:

- Reuven System Control and Data Center, 600 kW Power Rating with 1,2 MWh capacity
- Feeder relief demonstration sites, 4 systems, each 1MW Power Rating with 2 MWH capacity
- Substation demonstration site, 3MW power rating, 6MWh capacity

In addition to the City Power owned and operated Energy Storage listed above, Energy Storage services may be purchased from Independent Energy Storage Service Providers, the business case for this option will be finalised in the current financial year, with possible implementation commencing in the 2021/22 financial year.

A customer partnering energy storage program will also be developed in consultation with our Key Customers. This will be aimed at promoting customer investment in energy storage assets instead of Diesel Generator plant. The principle is to work with customers to design and implement TOU tariffs and incentives for the private energy storage assets. The approach should result in mutual benefit to the Customer and City Power, which ensures energy sustainability, security of revenues, cost reduction and mitigation against load shedding.

8.6 Proposed Allocations for Gas Powered Generation

The three existing Gas turbine plants at Cottesloe, John Ware and Durban Street are each licensed for 50 MW of power generation. The plant uses diesel fuel, they are old and in need of repair. It is

proposed that gas turbine sites be converted to synchronous compensators to provide power factor correction services on the Johannesburg networks. The New Energy Mix Gas Feasibility work stream has made the recommendation that the plant be de-commissioned and auctioned off to recover whatever value remains of the equipment.

In the short term, City Power will strive to develop Gas Generating capacity to fully utilize the available 1000 million GJ gas supply available from Egoli Gas. As an initial project, City Power is assisting the Joburg Theatre with the installation of a 2MW Gas to Power generating site at the Theatre, to provide secure supply to the Theatre in the event of continued load shedding and provide daily generation to offset peak energy purchases from Eskom.

Site	Proposed location	Nominal Capacity - MW	Generation duty
1	Joburg Theatre	2	Peaking plant, plus backup supply on occasion
2	Cottesloe	20	Peaking plant
3	Rosebank	8	Peaking plant, plus backup supply on occasion
4	Joburg Market	10	Peaking plant, plus backup supply on occasion
5	Fleurhof	10	Predominantly to supply peak load for residential development
6	Aeroton or Midrand	10	Peaking plant, plus backup supply on occasion

TABLE 37 –POTENTIAL GAS POWER GENERATION SITE DEVELOPMENT

Sufficient Egoli pipeline capacity already exists at the Cottesloe site to install peaking generation plant using a bank of modular reciprocating gas engine generating sets. This site can then be used to reduce the maximum demand on either the Delta 275 kV Eskom intake point, or the Fordsburg 275 kV Eskom point, which is bordering on drawing more than its firm capacity at present. A nominal capacity of 30 20 MW is proposed for this site, operated as peaking plant.

Pipeline capacity also exists in Fleurhof, Aeroton and at the Johannesburg market, two sites where developers have previously expressed interest in developing into Co-Gen precincts to generate power as well as steam for industrial processes. The Aeroton site can accommodate an 18 10 MW plant and the Johannesburg Market can accommodate 12 10 MW. In the case of the market there are several food processing companies around the Market that can use the thermal energy generated. The feasibility of developing the NASREC area, which is already a designated Industrial Development Zone within close proximity to the pipeline, should be conducted.

8.7 Other Forms of Generation in Terms of the IRP

There is a column for ‘Other’ generation in the Draft IRP intended for Co-Generation, Biomass and Landfill in the IRP.

It is assumed that the Landfill category will include Waste to Energy Plants, which the City and Pikitup are also pursuing as part of their Alternative Waste Treatment Project. This project is currently under way, is expected to deliver 25 MW and is aimed at reducing the waste going to landfills.

8.8 Renewable Energy PV Plants

There are a few possible options of the form that the proposed PV generation capacity may take. The reduction in technical losses that distributed PV generation brings is desired and prescribes that the PV generation be connected directly to the City Power Grid.

The size of the plants proposed are in the 0,1 to 1 MVA range for rooftop installations as well as in the 1 to 10 MVA range for small ground mounted PV farms. A mixture of these options feeding into the grid is proposed to meet our 'own use' needs and to avoid the need for a full generation licensing.

8.9 PV assets on municipal buildings and depots

The planning for rooftop PV plant on the Main Store and the Transformer bay on City Power property at Reuven as well as the Lenasia Depot was completed in the 2019/20 financial year. The total capacity is 700 kVA, and the project is in the planning stage, which will be followed by the procurement stage in the second half of the 2020/21 financial year, and the commencement dates for implementation will be determining at the conclusion of the procurement process. The project can be expanded to other City Power depots and substations where secure space is available.

City Power will be investigating and engaging with other departments and entities of the City in order to explore the possibility to expand this to all City owned properties, including depots, stores and warehouses of the sister utilities, Joburg Water and Pikitup.

8.9.1 'Warehouse Customer' Partnership Program

This program may take the form of creating partnerships with customers (property owners) that have suitable roof space to accommodate substantially sized PV systems. Depending on the space available, the program may aim to accommodate systems ranging in size from 100 to 999 kVA, spread across a few hundred 'partner' rooftops.

To create a total capacity of 1000 MW would require only 2000 rooftops, each able to accommodate a 500 kVA PV system. All energy generated from these systems will also realize a reduction in technical losses of up to 7% where the power is sold to customers adjacent to the generating site.

In the final quarter of the 2020/21 financial year City Power will be engaging with the Large Power Users through the Key Customer Forums, in order to identify potential sites, negotiate agreements and finalise the requirements for the project rollout to commence in the 2021/22 financial year.

8.9.2 Disused Mine Land PV Farms

From East to West, right through the centre of Johannesburg's geography, is a belt of unused mining land that cannot be developed without expensive geo-stabilization. While unsuitable for the

construction of buildings, the land can be used for creating local PV farms in the 1 to 10 MW size range.

The City itself owns some of this unused land. A lease of up to 20 years will be required by IPPs in order to justify investment in such a facility. The pockets of land are all within one to three kilometers of City Power's existing 11 kV network, and will require a minimum of network extension to feed the power into the grid.

The program may also include privately owned disused mining land, in a manner that can provide for the eventual rehabilitation of the land.

The City's EISD department is promoting the development of this programme with City Power's technical support.

8.10 Funding options

The means of funding the various portfolios of alternative energy are still being explored, in light of the recently promulgated New Generation Regulations.

The regulations permit the building of new generation capacity internally from own capital funds, or additional 'Green Funding' that may be made available through the City. The regulations also permit the engagement of Independent Power Producers. City Power will be exploring all the available funding options in order to leverage from the opportunities to build new generation capacity, and improve its energy diversity and sustainability.

Furthermore, the development of a standard City and National Treasury approved power purchase agreement is an option that may present the least risk to the City and provides a means to attract into the City. The work will include City Power, the EISD, the DoE and National Treasury.

8.11 Proposed Next Steps

The New Energy Mix feasibility study project has been concluded, and this will guide planning, budgeting and implementation of the projects that are deemed feasible.

A new project has been initiated with a new strategic partner, the Energy Sustainability Strategy Development. The objective is to develop (vs review) a strategy and actionable plan to drive the transition of City Power from being an electricity distribution company to an energy provider that provides for both energy generation, distribution and storage whilst reducing reliance on Eskom and Kelvin Power Station

A detailed strategy for each of the proposed generation portfolios – photovoltaic based renewable energy, gas powered peaking plant, gas powered baseload generation and energy storage is to be developed by the City Power in consultation with EISD and will be presented to the City for approval.

The project is scheduled for completion in March 2021, the output of which will be incorporated in the final draft of the Business Plan.

8.12 Potential Risks

Failure to consider the development and utilization of cheaper alternative forms of energy can result in a significant lost opportunity for the City and threaten the long term sustainability of City Power. The new technologies are both disruptive to the conventional business model, as well as capable of bringing new opportunities that can sustain the business.

A continued dependence on a single supplier, Eskom alone, is a risk in itself. City Power needs to fast track the planning and implementation of the initiatives highlighted above, failure to respond with the required speed and agility will render our entity irrelevant in the energy landscape of the future.

9. AUDIT RESOLUTION

9.1 Constitution of the Internal Audit Function within City Power

The Board is ultimately responsible to oversee the establishment of effective systems of internal control in order to provide reasonable assurance that the company's financial and non-financial objectives are achieved. Executing this responsibility includes the establishment of an Internal Audit function in line with the provisions of Municipal Finance Management Act, 2003 and recommendations of King IV and in accordance with the International Internal Audit Standards as published by the Institute of Internal Auditors.

Internal controls are the processes aimed at achieving reasonable assurance about the realisation of the following objectives:

- The accomplishment of established objectives and goals for operations and programs
- The economical and efficient use of resources
- The reliability and integrity of financial and non-financial information
- Compliance with relevant policies, procedures, laws and regulations
- Safeguarding of assets

Internal Audit is governed by a charter that is reviewed annually by the Audit and Risk Committee. The purpose of this charter is to define the role, organisational status, authority, responsibilities and scope of activities of the Internal Audit function as prescribed by Municipal Finance Management Act, 2004, section 165(1) and the guidelines of the King IV Report on Corporate Governance. It also includes the principles underlying the realisation of the objectives of the function and the translation thereof.

9.2 Progress on Resolution of Internal Audit and External Audit Findings

The findings from both internal and external audit reports are tracked and followed up to confirm corrective action by management, is in place. Internal Audit is continuously following up unresolved findings to verify that root causes are addressed by management, thus preventing recurrence of the control deficiency. The process of following up on resolution of both internal and external audit findings is performed on a weekly and monthly basis.

In the second quarter of the 2020/2021 financial year, there has been a minimal progress made in resolving of both external and internal audit findings. The achieved reported quarter 2 performance was below the quarterly target. Refer below breakdown of the resolved audit findings:

9.2.1 Progress on Resolution of Internal Audit Findings

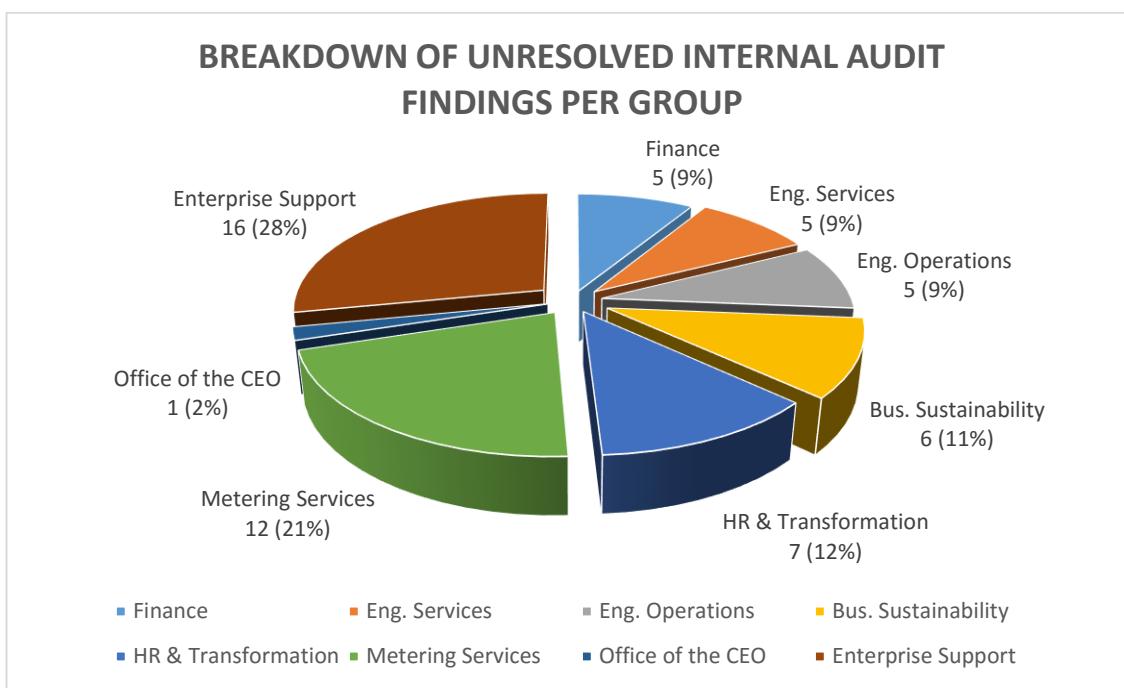
The status on resolution of Internal Audit Findings is tabulated below.

FY - 2020/2021					
Quarter	Opening Balance	Findings Raised	Resolved	Unresolved	% Resolved
Q1	20	65	23	62	27%
Q2	62	-	5	57	6%

TABLE 38 –RESOLUTION OF INTERNAL AUDIT FINDINGS

Financial Year Raised	Total Findings	Resolved	Unresolved/In Progress
2019/2020	66	25	41
2018/2019	12	-	12
2017/2018	4	2	2
2014/2015	1	-	1
2013/2014	2	1	1
TOTAL	85	28	57

TABLE 39 –BREAKDOWN OF INTERNAL AUDIT FINDINGS BASED ON YEAR RAISED



GRAPH 6 – CLASSIFICATION OF UNRESOLVED INTERNAL AUDIT FINDINGS PER GROUP

The 33% year-to-date resolution rate on Internal Audit findings, was as a result of a minimal increase (6%) in the resolution rate in the second (2nd) quarter. There is a significant portion of findings remain

unresolved and require close scrutiny especially with reference those findings on revenue and billing, information technology, human resources and performance monitoring, evaluation and reporting.

9.2.2 Progress on Resolution of External Audit Finding (AGSA related audit findings)

The progress on External Audit resolution is categorize between findings affecting and not affecting the audit opinion.

As at the 1 July 2020, there were 41 AGSA audit findings from the 2018/2019 AGSA Report that remained as unresolved. The 41 unresolved audit findings were categorised as follows:

- Matters affecting the audit report - 10 audit findings (2 were resolved) = 20%
- Other important matters – 30 audit findings (15 were resolved) = 50%
- Administrative matters – 1 audit finding (1 was resolved) = 100%

The tables below depict the progress made in resolving the AGSA audit findings, including the ageing of the audit findings per year.

Description	Total	Resolved	Unresolved	% Resolved
Matters affecting the audit report	10	2	8	20%
Matters not affecting the audit report	30	15	15	50%
Administrative matters	1	1	-	100%
Total	41	18	23	44%

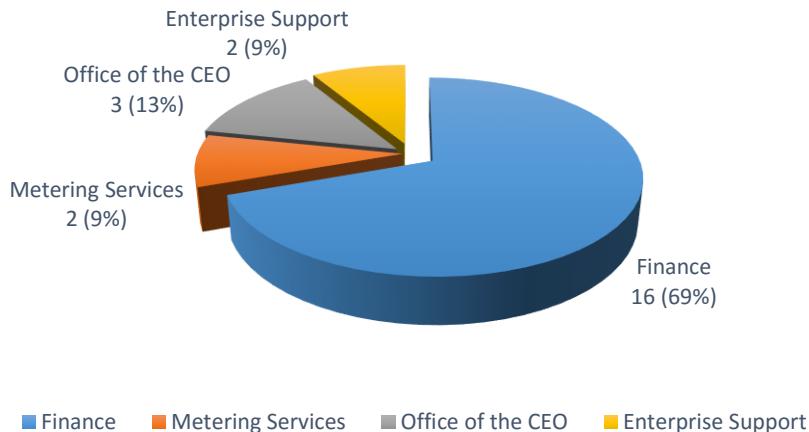
TABLE 40 – RESOLUTION OF AGSA AUDIT FINDINGS

Financial Year	Total Findings	Resolved	Unresolved/In Progress
2019/2020	30	14	16
2017/2018	4	1	3
2016/2017	7	3	4
TOTAL	41	18	23

TABLE 41 – RESOLUTION OF AGSA AUDIT FINDINGS PER YEAR

The audit findings that remain unresolved relates to the following Groups:

BREAKDOWN OF UNRESOLVED AGSA FINDINGS PER GROUP



GRAPH 7 – CLASSIFICATION OF UNRESOLVED AGSA FINDINGS PER GROUP

A total of eighteen (18) (44%) control deficiencies were resolved and 2 (11%) with respect to the findings affecting the Auditor's Report were addressed. This is an improvement on a year to year comparison and management should continue to instil discipline in addressing the root causes, then the long term objective of a "Clean Audit" could become a reality. The eight (8) matters affecting the auditor's report still outstanding relate to the following:

- No evidence that irregular expenditure reported in previous period were investigated.
- Reasonable steps were not taken to prevent irregular expenditure and fruitless and wasteful expenditure.
- Declaration of interest by the winning bidders
- Property plant and equipment - Physical verification of non-network assets not performed.
- Limitation of scope on the information requested for audit purposes.
- Contract performance is not monitored on a monthly basis by the entity.
- Extension of contract periods done after expiry date.
- Understatement of allowance for impairment (note 7)

9.3 Overall State of Internal Controls

The statement on Internal Controls is an expression of an opinion by the Internal Audit Department on the status of the Internal Control system of City Power Johannesburg after it has evaluated such. Both King IV and International Standards of Professional Practice of Internal Auditing (ISPPA) requires the CAE to provide a written assessment of the adequacy and effectiveness of the internal controls and issue a report reflecting on any deficiencies which have been mitigated by Management.

During the second quarter, there has been a minimal improvement in addressing the AGSA related audit findings, furthermore, there are still a significant number of Matters affecting the Audit Report related audit findings (8), which remain unresolved at the end of the second quarter. Majority of these issues relates to Supply Chain Management and other compliance related matters. The resolution of other audit findings depends on the City of Johannesburg to put in measures in place to mitigate against those deficiencies. Those matters relate to amongst others, revenue billing, debtors' management and matters of compliance with legislation.



ANNEXURES



Annexure A – Detailed Risk Register