

**SPEECH BY THE CITY OF JOHANNESBURG EXECUTIVE MAYOR,
COUNCILLOR MPHO MOERANE, AT THE SIGNING CEREMONY OF
THE KELVIN POWER STATION PURCHASE AGREEMENT IN
BOOYSENS ON FRIDAY, 08 OCTOBER 2021**

Gauteng Premier, the Honourable David Makhura

Project owner, the Environment and Infrastructure Services Department
MMC, Cllr Tania Oldjohn

Breadwinner of the City, Finance MMC, Cllr Matshidiso Mfikoe

Chairperson of the City Power Board, Adv. Lindiwe Maseko

Chairperson of the Kelvin Power Station, Mr Siphon Makhobela

City Power Management and Staff

Kelvin Power Station Management and Staff

Johannesburg Acting City Manager and Executives

A special greeting to the residents of Johannesburg

Good morning

Ladies and Gentlemen,

It is a great pleasure to proclaim that the Kelvin Power Station is returning home. It has been a long time. And it is good to have Kelvin back where Kelvin belongs – at the centre of serving the people of Johannesburg.

Like the prodigal son who has been out there and done that, the return of Kelvin is a joyous occasion for the City of Johannesburg. The City, through City Power, had entered into a 20-year Power Purchase Agreement with the Kelvin Power Station owners, Aldwych Consortium. This agreement is due to expire in a month's time.

The expiry of the old agreement has made it necessary for the two partners to enter into a new agreement to ensure continuity of reliable power supply in the City.

The old agreement, which was concluded after the City sold the power station to a private company, has proven to be of benefit to City Power and the residents of Johannesburg. This was by ensuring a continuous and reliable supply of power in areas serviced by our municipal entity.

Importantly, City Power was able to provide electricity even when Eskom had implemented Loadshedding, especially during stages one and two.

It has thus become important for Johannesburg, through our power utility, City Power, to continue the business relationship with the Kelvin Power Station.

The agreement we are signing today answers the questions that have been in the minds of many since we started speaking about plans to take over the supply of electricity by Eskom in Johannesburg communities.

The primary question has been; where will the additional capacity come from to meet the added demand by the areas that include Soweto, Ivory Park, Orange Farm, Finetown, as well as Diepsloot and Sandton.

Ladies and Gentlemen,

The challenges of electricity supply by Eskom in these areas, especially, the prolonged outages experienced by residents in recent months, made it urgent for the City to enter into a new agreement on Kelvin.

We want to move from the position where power outages are normalised in some Johannesburg communities, especially where majority are living below the breadline.

Eskom is currently constrained from providing additional capacity, and hence it was necessary to extend the current Kelvin agreement for a further two years under much more favourable terms and conditions.

Ladies and Gentlemen,

Provided Kelvin can generate electricity for the next two years, the City will benefit, and in turn, the residents of Johannesburg will save up to R1.4 billion in bulk purchase costs.

Furthermore, the new agreement includes revised terms and conditions that allow for the greater operating risk of Kelvin to be transferred to the operator of the power plant, as they are better placed to manage variable input costs.

Previously we had received 80 Megawatts from Kelvin. However, we will now be receiving 100 Megawatts more - making the total output from the power station 180 Megawatts.

The City has thus entered into the new agreement for one sole reason, which is to ensure that there is reliable electricity supply to the people of north-eastern suburbs of Johannesburg. These are Greenstone, Kew, Lombardy, Alexandra, Melrose, Rosebank and Houghton.

Honourable Premier,

The future chances of loadshedding for the residents of Johannesburg have been significantly reduced. Therefore, in the event of loadshedding by Eskom, the people of Johannesburg will very likely remain with power and be an island of bright lights in a mass of darkness.

Ladies and gentlemen,

This has been an exciting week for the generation and supply of electricity for the people of Johannesburg.

Yesterday, Eskom and the City of Johannesburg, through City Power, have reached an agreement that launches the beginning of the take-over, or maybe, let me say the transfer of electricity supply in Johannesburg communities.

As we have already mentioned, Soweto residents along with those in Orange Farm, Sandton, Finetown, as well as Diepsloot and Ivory Park have reported multiple power supply challenges. The residents and Eskom have been in a chicken-and-egg debate regarding what must come first – the lights or payment.

The affected residents have expressed concerns that Eskom was not delivering the right quality of services, and therefore they were not willing to pay for services they did not receive at times.

Eskom has on the other hand argued that it cannot provide services if residents were not paying. Of greater concern, some residents went on to either bridge their meter or outright connected their homes illegally.

These differences of what ought to come first have left many residents, especially in Soweto, frustrated in addition to that Eskom has not serviced nor repaired several vandalised and damaged mini-substations and transformers in their communities.

As a result, some parts of Soweto have been without electricity for up to two years. Among others, the delay by Eskom in restoring power to the affected communities relates to the shortage of material and equipment.

As at the end of September 2021, a total of 44 Mini-Substations had failed in different parts of Soweto, and only four had been replaced to date, which leaves 40 still outstanding.

Recently, President Cyril Ramaphosa, together with the Premier of Gauteng and members of the Mayoral Committee, led by the late Executive Mayor, Cllr Jolidee Matongo, visited Soweto to assure residents that plans were underway to resolve their concerns with Eskom.

Today, I am happy to announce that I will be switching on Mini substations in Rockville and Pimville in Soweto, and more substations will be switched on in other affected areas in the coming weeks.

Ladies and Gentlemen,

Johannesburg remains committed to assist Eskom in resolving electricity supply challenges in all affected communities across the City.

Our municipal entity, City Power, is already working together with Eskom – a decision that also paved the way for the national utility's contractor in Nomzamo Informal Settlement to resume completion of outstanding work to electrify the area.

Ladies and Gentlemen,

Although Johannesburg is not yet responsible for electricity supply in Soweto, we are still responsible for ensuring that all residents have access to municipal services offered in the City. These include the supply of electricity, regardless of whether it is Eskom's responsibility or not.

The City, through City Power, has made several mini-substations available to Eskom to use in the affected areas on a short-term basis. However, electricity network in the affected areas belongs to Eskom, and as a result, City Power technicians and electricians are not permitted to work on it.

It is for this reason that City Power could not simply install the new infrastructure, including transformers, on the Eskom network in affected Johannesburg areas. Only Eskom technicians are legally authorised to manage the Soweto network.

In the meantime, the City remains committed to the long-term solution of taking over the supply of electricity in Johannesburg communities that are still under Eskom.

Ladies and Gentlemen,

While we are excited about the progress we have made with the additional capacity to meet the electricity needs of the people of Johannesburg, we must not put all our eggs in one basket.

The City is already exploring alternative sources of energy, termed the energy mix, that includes solar and gas to ensure reliable and affordable energy supply to all residents.

The current trend is an Energy Transition where the world is moving away from fossil fuels towards renewable energy because of climate change.

South Africa is no exception. We are a signatory of the Paris Climate Accord. In support of this commitment, Johannesburg is currently implementing the Growth and Development Strategy – the GDS 2040. This is a strategy that was developed with cleaner energy sources in mind, which are also aimed at reducing pressure on Eskom.

Ladies and Gentlemen,

Today's extension of the Kelvin Power Station agreement is a clear demonstration of the commitment by the City's current leadership to better serve the people of Johannesburg.

I thank you.