ANNEXURE A3 - EE TSRS PIAP NARRATIVE REPORT

V1.0

eThekwini Municipality

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Definitions

AMR	Automated meter reading
EE	EThekwini Electricity
MTSRS	Metro Trading Service Reform Strategy
NT	National Treasury
PIAP	Performance Improvement Action Plan
SLA	Service level agreement
SPoA	Single Point of Accountability
SPoMA	Single Point of Management Accountability

1. Introduction

The Annexure A3: Performance Improvement Action Plan (PIAP) is a performance agreement between the metropolitan municipalities and national government. The municipalities set targets against predefined indicators aligned to reform objectives.

This narrative report is an explanatory document to accompany the A3: Performance Improvement Action Plan. This report is not intended to replicate the TSRS or its annexures A1 and A2, although any major refinements or revisions to the earlier documentation are noted in this document, but to provide one paragraph descriptions of all initiatives and programmes named in the `Reform Activity Packages' column as intended to achieve the indicator targets.

The narrative report therefore directly links the initiatives and programmes to the costing sheet.

This document is divided into five sections namely Minimum Commitments, Accountability Performance, Financial Performance, Operational Performance and Non-PIAP Programmes. The section on Non-PIAP Programmes lists programmes identified in the Business and Investment Plan relevant to the reform strategy that do not directly map to the PIAP indicators. These programmes still need to be factored into the costing sheet which appears on the PIAP.

1.1. The PIAP at a Glance

It is noted that there are dependencies in achieving positive results in all three result areas. At a high level, Financial & Operational Performance is dependent on Accountability Performance. It is therefore expected that the programmes in this result area will be the initial focus. Financial and Operational Performance are highly integrated. It is expected that both results will improve together once programmes impacting Accountability Performance have been completed. The table below provides a high-level focus to assist in managing expectations.

Table 1-1 – High Level Forecast of KPI Performance

Result Area	***"Promise"***	***"Plan"***	***"Perform"***				
Target Y0	***Target Y1***		***Target Y2***	***Target Y3***	***Target Y4***	***Target Y5***	***Target Y6***
2024/25	**2025/6**		**2026/7**	**2027/8**	**2028/9**	**2029/30**	**2030/31**
Accountability			Minimum commitments made	Positive Trend in Accountability Performance	No expected Change to baseline		
Financial			No expected Change to baseline	Positive Trend in Financial Performance			
Operational			No expected Change to baseline	Positive Trend in Operational Performance			

Minimum Commitments

2. Minimum Commitments Reform Activity Package

A Minimum Commitments Reform Activity Package will be introduced to cater for the scope work identified by National Treasury to implement minimum commitments that could not be included in existing programmes defined by eThekwini Municipality in the Electricity Business & Investment Plan programmes defined in PART 2 – Institutional Reform "Laying the foundation." This programme covers the initiatives to meet the minimum commitments for M1, M2, M3, M4 and M6.

M1, M4: The Service Compact between Service Authority (Metro) and the electricity trading service will specify an internal business unit (Model 2) with an advisory board.

As part of this package, a delegation or transfer of Metro obligations and responsibilities in terms of law (both municipal and sector legislation) to its Service Provider as agent to deliver the electricity services on its behalf and within the scope of applicable municipal legislation is required. The delegation will include a definition and structure of the service role that the reformed Electricity Unit will execute on behalf of the metro. This aspect of the programme has a co-dependency on the support services optimisation programme.

M2: In line with the outcomes of M1, this package will include a review of the current job description of the Head: Electricity to ensure that it meets the additional and enhanced functions, competencies, requirements, responsibilities and obligations of the executive director of the reformed business unit. Thereafter it will be necessary to assess the competency gaps of the incumbent and a proposal for a way forward. Options include competency development and new recruitment. Should the decision be to recruit, it would be a formal recruitment process involving external advertisement with process being,

- open and transparent;
- designed and executed to ensure a competent appointee;
- appropriately timed to align with other accountability minimum access conditions

The baseline takes account that EE is currently managed as a Departmental Governance Model with no Single Point of Management Accountability. But the commitment of Council is to approve the position of Executive Director who would be directly reporting, responsible and accountable to the City Manager.

The new position of an Executive Director will be filled once the Macro-Organisational Structure of EE has been amended as suggested under M3 below. The job profile and the overall competences, academic qualification and experience requirements for the position must take into consideration the following:

- Balance between technical skills and business acumen;
- Identification of Engineering Work as prescribed by the Engineering Council of South Africa (ECSA);
- Norms and standards proposed by National Department of Mineral Resources and Energy and other relevant regulatory institutions;
- Competence requirements of CoGTA; and
- Align EE with the best practice across the industry by conducting a benchmarking exercise.

The appointment must inspire confidence that the successful candidate would be equal to the task of leapfrogging EE as a Utility of the Future through successful implementation of the TSRP. The above considerations would also apply to the appointment of Directors reporting directly to the Executive Director.

M3, M4: This intervention is concerned with the review of the City's Macro-Organisational Structure to approve that EE must be managed by an Executive Director who must be directly accountable and responsible to the City Manager and with a Single Point of Management Accountability. This means that the structure approved by Council on 31 March which provides for dotted line reporting to the City Manager must be amended to effect this major change called for as part of minimum commitments to guarantee the participation of the EE to the National Treasury's Metro Trading Services Reform Agenda. To fast-tract this amendment, National CoGTA must authorise eThekwini Municipality the flexibility to

increase the span of control under the City Manager in terms of the Municipal Staff Regulation. The earlier a decision is made by CoGTA, the faster can the processes of SPoMA Structure, SPoMA Appointment and Delegations of Authority be finalised.

M6: The review of policy commitments in terms of the budget shall be addressed in this package.

3. M1 – SpoMA Service Compact

3.1. Programme Description

3.1.1. Minimum Commitments Reform Activity Package

The scope of introducing a service compact for Electricity Trading Services will be included in the Minimum Commitments Reform Activity Package.

3.1.2. Support Services Optimisation Programme

In this target, it is recognised that endeavours would be made to ensure that critical support functions such as Human Capital, Supply Chain Management, Fleet Management and Financial Management are integrated into the new organisational structure of EE under M3. However, there are several support functions that would still be performed on behalf of EE by Units within the City. To determine the value-add of other individual services being shared or integrated into the new organisational structure, it would be first necessary to assess the feasibility and need for integration into the Electricity Unit. These would include services such as City Secretariat, Legal Service, Audit & Risk, Performance Management, City Integrity and Investigations, Workplace Skills Planning, Financial and information communication technology systems, IT networks, and safety and security. It is envisaged that for shared functions, SPoMA Service Compact would have to be entered into between EE and the relevant City Units.

The baseline takes into account that there are extant Service Level Agreements in place which are not rigidly enforced to hold support units rendering service to EE accountable. This would be the starting point for major improvements going forward.

These service compacts would be reviewed annually or bi-annually as the case might determine. The starting points for this exercise have been the collation of existing Service Level Agreements and to review them in alignment with SPoMA and the Trading Services Reform Programme. This would emphasise quicker turnaround times, quality outcomes and general enhancement of service delivery.

3.2. Revisions to Annexure A1 – Institutional Roadmap

Inclusion of the Minimum Commitments Reform Activity Package.

3.3. Revisions to Annexure A2 – Business & Investment Plans

Addition of Minimum Commitments Reform Activity Package to PART 2 – Institutional Reform “Laying the foundation.”

4. M2 - SPoMA Appointment

4.1. Programme Description

4.1.1. Minimum Commitments Reform Activity Package

The scope of appointing a chief executive of the electricity trading service with an appropriate job description, reflecting all delegated powers and responsibilities, and an appropriate performance contract will be included into the Minimum Commitments Reform Activity Package.

4.2. Revisions to Annexure A1 – Institutional Roadmap

SPoMA Chief Executive requirements are to be included into the Institutional Roadmap.

4.3. Revisions to Annexure A2 – Business & Investment Plans

Addition of Minimum Commitments Reform Activity Package to PART 2 – Institutional Reform “Laying the foundation.”

5. M3 – SPoMA Organisational Structure

5.1. Programme Description

5.1.1. Minimum Commitments Reform Activity Package

This package will address the tasks necessary for the reporting structure to be revised to accommodate a direct reporting line between the City Manager and Executive Director of Electricity Unit

5.1.2. Support Services Optimisation Programme

A support services optimisation programme is needed to implement the institutional roadmap. Key initiatives include engaging ODCM to assess the structure, decentralising a range of support services, and establishing service level agreements for centralised services. Additionally, co-locating support services will enhance governance, while a Project Management Office (PMO), Facilities Management Branch, and Security Management Branch will be established to improve oversight, integration, and operational efficiency. The organisational restructuring project defined below will be added to this programme.

Electricity TSRS Organisational Re-Structuring Project

eThekwini Municipality intends to implement a project to restructure the Electricity Unit to align the structure to the reform strategy. The project will be funded from current funded vacancy budget.

5.1.3. Governance Reform Programme

This programme includes the refining and development of processes in line with a strategy driven governance framework and the development of an appropriate dashboard of performance KPIs.

5.2. Revisions to Annexure A1 – Institutional Roadmap

Nil.

5.3. Revisions to Annexure A2 – Business & Investment Plans

Change reporting structure for the Head: Electricity to report directly to the City Manager – Annexure A1 Fig 8 to be reviewed and amended.

Addition of the restructuring project to the support services optimisation programme.

6. M4 – SPoMA Delegations

6.1. Programme Description

The following initiatives collectively aim to streamline operations, boost employee motivation, and build stakeholder trust, ultimately driving sustainable growth and improved service delivery.

6.1.1. Support Services Optimisation Programme

The scope of initially determining the delegations required will be addressed as part of the Support Services Optimisation Programme.

6.1.2. Governance Reform Programme

The governance reform programme aims to strengthen governance, enhance financial transparency, and improve stakeholder engagement by integrating key support services under a single management accountability framework. This includes implementing the King Code recommendations, establishing oversight committees, and ensuring a clear separation between governance roles and daily operations. Additionally, ICT governance will be developed to improve financial transparency, and governance structures for both primary and support activities will be reformed.

The scope of enforcing the delegations will be included into the governance reform programme.

6.1.3. Change Management Programme

The Change Management Programme will be utilised to perform stakeholder management and embed a culture of responsibility and integrity.

6.1.4. Minimum Reform Commitments Activity Package

This package will address the formal delegations between the metro and the electricity business unit.

6.2. Revisions to Annexure A1 – Institutional Roadmap

Change reporting structure for the Head: Electricity to report directly to the City Manager – Annexure A1 Fig 8 to be reviewed and amended.

6.3. Revisions to Annexure A2 – Business & Investment Plans

Nil.

7. M5 – Financial Model and Business & Investment Plan

7.1. Programme Description

7.1.1. Financial Reform Programme

A financial reform programme will introduce key initiatives such as developing an integrated financial dashboard, enhancing variance analysis, formalising agreements on surplus contributions, capital costs, and centralised services with City Treasury, and establishing an investment framework. Workforce reskilling, engagement with National Treasury for grant funding, and setting up a Project Management Office (PMO) will support reform efforts. Standardised project management tools, performance evaluations, financial transparency, and separate reporting for the electricity trading service business will further strengthen financial oversight and accountability. The scope of financial modelling and business & investment planning will be included into the programme.

7.2. Revisions to Annexure A1 – Institutional Roadmap

Nil.

7.3. Revisions to Annexure A2 – Business & Investment Plans

The scope of financial modelling and business & investment planning will be included into the Financial Reform Programme. The current city final model will need to be reviewed to determine if it may be used in the development of the financial model. The electricity unit also has a 2023/2024 cost of supply model that is being updated and may be used as an input in the model.

8. M6 – Budget support of Trading Service business and investment plan

8.1. Programme Description

8.1.1. Minimum Commitments Reform Activity Package

The scope of budget support will be included into the Minimum Commitments Reform Activity Package and the financial reform programme.

Council will ensure that its overall metro budget for the 2026/27 MTREF accommodates, supports and funds the business and investment plans of the Electricity business unit, to the maximum extent possible.

8.2. Revisions to Annexure A1 – Institutional Roadmap

Nil.

8.3. Revisions to Annexure A2 – Business & Investment Plans

Addition of Minimum Commitments Reform Activity Package to PART 2 – Institutional Reform “Laying the foundation.”

Inclusion of a funding strategy as part of the financial reform programme, that takes into account the funding sources and appetite for debt financing.

9. M7 - Financial Transparency – separate AFS

9.1. Programme Description

9.1.1. Financial Reform Programme

The scope of producing full electricity trading service financial statements is addressed in the Trading Service Reform strategy document and annexures A1 and A2. The scope of development of an annual report to be added to the financial reform programme.

9.2. Revisions to Annexure A1 – Institutional Roadmap

Nil.

9.3. Revisions to Annexure A2 – Business & Investment Plans

The scope of development of an annual report to be added to the financial reform programme.

10. M8 Support for management of organisational change and increased delivery

10.1. Addressing Delivery Capacity

EThekwini's preliminary analysis has determined that the Electricity Unit has sufficient capacity to delivery on key operational projects that have been identified on the PIAP. This is primarily due to the Unit having a high number of registered professionals and structured processes to outsource the execution of work. It has been noted that further training and development will enhance the competencies of these professionals to improve delivery.

10.2. Programme Description

10.2.1. Change Management Programme

The Metro Trading Service Reform (MTSR) Strategy aims to enhance operational efficiency, customer experience, and service delivery through a comprehensive change management strategy. The programme's primary objective is to ensure the successful implementation of these reforms with minimal negative disruption and high adoption rates. This will be achieved through stakeholder engagement, communication strategies, resistance management, training, and post-implementation support. Throughout the programme, the effectiveness of the change management initiatives will be assessed to ensure the intended benefits are derived. The programme will guide MTSR strategy through the transformation by managing the people side of change, ensuring the smooth integration of new processes, technologies, and policies. The programme requires a Change Management Consultant with significant experience in leading large-scale transformations within the public sector. The consultant will initially be supported by an internal team who will continue to lead the change in the latter years of the reform after the consultant's contract draws to a close.

10.2.2. Training and Development Programme

As part of the pre-project stage of each project that is part of the strategy, the competencies and resource capacities will be assessed to ensure successful delivery of the project. Shortfalls of identified competencies will be supplemented through training. Shortage of capacity will be addressed by secondments to the project teams based on resource prioritisation.

10.3. Revisions to Annexure A1 – Institutional Roadmap

Nil.

10.4. Revisions to Annexure A2 – Business & Investment Plans

A new section on change management programme to be introduced with revised costing.

Accountability Performance

11. A1 – Customer Survey

This KPI is about annual customer surveys that EE is conducting to rate levels of customer satisfaction.

11.1. Baseline

EE has not conducted independent Customer Satisfaction Surveys for several years. It relies on surveys conducted by the Department of Sizakala Centres to major city services including for electricity. The existing survey done in 2023 indicated that 79% of the participants were satisfied with the level of electricity provision, whilst 48% of the participants were satisfied with tariffs charged for electricity provision in 2022/23.

Getting the correct baseline would be critical to enable the formulation of proper targets for the future.

11.2. Programme Description

Improved customer satisfaction outcomes would be linked to several programmes such ADMS Programme, SCADA EMS Project, Telecommunications Programme, Infrastructure Security Programmes, GIS Systems Programme, MV Cable Replacement Programme, MV System Improvement Programme and HVI Programme. In a sense nearly all Operational Performance Targets would be linked to this.

The Customer and Retail Department has commenced the development of targeted customer surveys for various customer touchpoints (e.g., fault response, meter reading), as well as a comprehensive survey designed to facilitate a holistic assessment of overall customer satisfaction.

11.3. Revisions to Annexure A1 – Institutional Roadmap

Nil.

11.4. Revisions to Annexure A2 – Business & Investment Plans

Inclusion of annual and targeted customer surveys into business plan.

11.5. Calculation method

Indicator	Source
Starting point / status quo	Obtained from the eThekwini Customer Satisfaction Survey Report June 2022/23.
2025/26	Aspirational target set by Electricity Executive.
2026/27	
2027/28	
2028/29	
2029/30	
2030/31	

12. A2 – Financial Accounting- *m*SCOA compliance

This indicator tracks the municipality's commitment to mSCOA compliance in line with directives of National Treasury.

12.1. Baseline

EThekwini Municipality was amongst the first Metros to pilot mSCOA leading to 2016. For this reason, JDE as a core financial system is fully compliant. However, to achieve full compliance with the budgeting module, requires all other sub-systems/3rd party systems (including Billing, HCM, Revenue Management, Asset Management, Online Invoicing, etc.) to be compliant as well.

12.2. Programme Description

The mSCOA Roadmap details all specific interventions which would be implemented to achieve full mSCOA compliance by June 2026. These initiatives cut across various functions of the municipality, for example, banking module, property module, Integrated Development Planning, Project Management, etc.

12.3. Revisions to Annexure A1 – Institutional Roadmap

Nil.

12.4. Revisions to Annexure A2 – Business & Investment Plans

Nil.

13. A3 - Public procurement transparency

Target measures the extent to which EE adheres to competitive bidding in line with the Constitution of the Republic of South Africa, turnaround times for concluding bidding processes, management of the risk of corruption and probity checks that successful bidders meet all requirements of the bids. It also includes the advertising of successful bidders and the right for unsuccessful bidders to lodge necessary appeals and for such appeals to be fairly adjudicated.

13.1. Baseline

Decentralised Bid Committees for Trading Services are being piloted so that at the commencement of the 2025/2026 Financial Year decentralised bid committees dedicated to EE are implemented. Turnaround time for finalisation of open bids is slow and could take up to 9 months to complete.

13.2. Support Services Optimisation Programme

Further improvements to public procurement transparency will be included as part of the scope of work in the Support Services Optimisation Programme.

13.3. Revisions to Annexure A1 – Institutional Roadmap

Nil.

13.4. Revisions to Annexure A2 – Business & Investment Plans

Scope of work to be included in the Support Services Optimisation Programme.

14. A4 – Capital Budget Execution

This KPI suggest that with anticipated increases in capital budget allocations consistent with requirements of the Business & Investment Plan, EE must be in a state of readiness to increase its capital budget execution rate.

14.1. Baseline

Although EE spends almost over 90% of its Annual Capital Budget this is normally achieved after a series of adjustments to the original budget and failure to spend of allocated capital budget becomes and opportunity cost that increase funding gap on the capital budget.

14.1.1. Financial Reform Programme

This scope is included into the Financial Reform Programme which will establish a PMO to support improved project implementation.

14.1.2. Training and Development Programme

It has been noted that further training and development will enhance the competencies of professionals to improve project delivery.

14.2. Revisions to Annexure A1 – Institutional Roadmap

Nil

14.3. Revisions to Annexure A2 – Business & Investment Plans

Nil .

14.4. Calculation method

Indicator	Source
Starting point / status quo	Obtained from the eThekwini Annual Report 2023-24
2025/26	Aspirational target set by Electricity Executive.
2026/27	
2027/28	
2028/29	
2029/30	
2030/31	

15. A5 - Core Technical and Management Capacity

15.1. Programme Description

15.1.1. Human Capital Improvement Programme

A human capital improvement programme is needed to introduce key initiatives such as linking performance reviews to remuneration, establishing recognition systems for outstanding contributions, and creating forums for employee feedback. A change management program will address political overlap, while a zero-tolerance approach to corruption and patronage will be enforced. Additionally, fostering collaboration across departments will enhance overall organisational effectiveness. The scope of the programme will be expanded to include the recruitment of technical and management capacity as required by the proposed new organisational structure.

15.1.2. Training & Development Programme

A training and development programme is needed to introduce key initiatives such as enhancing workforce training, providing leadership development for managers, assessing current and future skill requirements, and developing customised training programs. Additionally, mentorship and coaching initiatives will be introduced to facilitate knowledge transfer and strengthen employee capabilities. The programme scope will be expanded to include increasing of technical and management capacity by training existing and new staff.

15.1.3. Support Services Optimisation Programme

The support services optimisation programme is needed to optimise the recruitment process, employee induction processes, training and development processes and procurement processes to onboard and equip new employees.

15.2. Calculation Method

The current aspirational targets have been set based on expert judgement. The targets will change when a new organisational structure is adopted.

Indicator	Source
Starting point / status quo	Based on the March 2025 employee statistics: Overall 1. Total organisational structure posts = 3631 2. Filled posts = 2323 3. Vacant funded posts = 521 4. Vacant unfunded posts = 721 Posts classified as contractual, technical or management (CMT) 1. Total posts = 1494 (100%) **2. Filled posts = 1034 (69%)** 3. Vacant funded posts = 251 4. Vacant unfunded posts = 209
2025/26	Based on current organogram: Filling 1% of total CMT posts = 15 employees Filling 2% of total CMT posts = 30 employees Filling 5% of total CMT posts = 75 employees Aspirational targets set based on expert judgement. Statistics will change when a new organisational structure is adopted.
2026/27	
2027/28	
2028/29	
2029/30	
2030/31	

15.3. Revisions to Annexure A1 – Institutional Roadmap

Nil.

15.4. Revisions to Annexure A2 – Business & Investment Plans

Expansion of the above-mentioned programmes to include the scope of work required to increase technical and management capacity.

Financial Performance

16. Programmes to Improve Financial Performance

The financial performance indicators are driven by several programs as indicated in Table 16-1 below. The impact of these programmes is qualitatively assessed in this report. However, until a financial model is developed and the necessary data determined and input into the model, the benefits of these programmes will not be able to be quantified in monetary terms. As such SMART targets for the financial KPI's is not possible to determine yet.

Table 16-1 Summary of programmes per Finance KPI

Programme	F1	F2	F3	F4	F5	F6
Revenue management	X		X	X		X
Billing and collections	X	X	X	X		X
Alternate revenues	X		X			X
Loss Control	X		X			X
E5 Revenue Protection	X		X			X
E5 Meter rollout	X	X	X			X
E5 Social Campaign				X		
Financial reform	X		X			X
Governance reform					X	X
Training and development					X	X
Support Services Optimisation					X	X
Change management					X	X
Minimum Commitments Reform Activity Package					X	X

16.1. Revenue Management Programme

Revenue management is currently centralised, and a tailored programme will be developed once a single management accountability point is established. Key initiatives from the reform strategy include customer education campaigns, regular audits to correct billing discrepancies, streamlined tariff approvals, alignment with national regulations, a cost-reflective business model, improved customer connection processes, an SLA with the Revenue Management Unit.

16.2. Billing & Collections Programme

The electricity unit will implement a billing and collection programme to increase their cash collection rates, improve liquidity, and ensure that their operations remain financially stable. It's important to find a balance between improving payment convenience and incentivising timely payments without alienating customers. While the programme requires further development in the business and investment plan, some approaches under consideration are; enhancing digital payment platforms and mobile apps and online payment portals, reviewing and expanding the payment via Third-Party services, offering flexible payment plans, promoting pre-paid metering, considering incentives for early payment, reviewing and enhancing bill clarity and transparency which includes notifications and reminders, improving customer communication and providing customer support for payment issues, debt management communication, leveraging automated collection tools, customer education programmes and debt recovery and legal action.

16.2.1. Debt Collection Strategy

A debt collection strategy is being implemented by the Revenue Management Unit on behalf of council. In order to reduce the debt, the council is finalising the appointment of the external debt collectors. In addition, the following activities have been embarked on by the council: a) SMS notification for early warning – Automated SMS are now being sent; b) Messages to staff in arrears- (ongoing); c) Staff focused disconnections; d) Debt relief- program; e) Weekly disconnection meetings; f) Meetings with key stakeholders; g) Monthly focus/reporting on top 1000 debtors h) Focus on Government /SOE collections;

16.3. Alternate Revenues Programme

This programme is intended to enable the Unit to diversify its services to increase revenue. While the programme requires further development in the business and investment plan, some approaches under consideration are expanding services to include green energy tariffs, co-location of infrastructure, renewable energy generation (solar, wind, etc.), energy storage, or value-added services (e.g., electric vehicle charging infrastructure).

16.4. Loss Control Programme

A Loss Control Programme is needed to improve expenditure management, with governance reform and ICT systems as prerequisites. Key initiatives include internal restructuring for resource optimisation, productivity management to enhance efficiency, and restructuring outsourcing contracts to balance insourcing and outsourcing effectively. Materials management will be improved to reduce pilferage, and insurance optimisation will ensure proper budget allocation, cost recovery, and reduced claims. These measures aim to enhance financial control, operational efficiency, and sustainability, while metering, consumption, and non-technical loss control are addressed separately.

16.5. E5 Revenue Protection Programme

Refer to section 27.1.3 E5 Revenue Protection Programme.

16.6. E5 Meter Rollout Programme

Refer to section 27.1.1 E5 Meter Rollout Programme.

16.7. E5 Social Campaign Project

Refer to section 27.1.2 E5 Social Campaign Project.

16.8. Revisions to Annexure A1 – Institutional Roadmap

Nil.

16.9. Revisions to Annexure A2 – Business & Investment Plans

Formalisation and expansion of the Billing and Collections Programme with inclusion of the Debt Collection Strategy, the review of credit control and debt collection processes.

Further development of the Alternate Revenues Programme to include key items from the above scope.

17. F1 - Operating cost coverage ratio (OCCR)

The table below summarises the anticipated impact of programmes to improve the OCCR.

Table 17-1 – Anticipated Impact of Programmes on OCCR

Programme	Anticipated Impact
Financial Reform Programme	Improved financial transparency, investment decision making, and financial modelling to reflect a more accurate OCCR projection and the impact of interventions.
Revenue Management Programme	Stabilising the revenue base by revising the business model. Reduction in expenditure on bad debts by establishing an SLA with the Revenue Management Unit, reviewing credit control policies and debt collection process. The programme also intends to streamline the tariff approval process by engaging with NERSA.
Billing & Collections Programme	Increasing revenue by improving billing accuracy. Reduction in expenditure on bad debts by improving billing and collection.
Alternate Revenues Programme	Increasing revenue by introducing new revenue streams.
Loss control programme	Reducing expenditure by implementing loss control.
E5 Meter Rollout Programme	Increasing revenue by deploying meters to approximately 170 000 customers that are being billed on estimated charges due to a shortage of meters.
E5 Revenue Protection Programme	Reducing expenditure by implementing loss control specifically non-technical losses.

17.1. Uncontrollable Factors

It must be noted that while eThekwini Electricity prepares a tariff structure based on the cost of supply model, tariffs are not approved by NERSA primarily based on affordability concerns to customers. This issue is a major factor in being able to achieve a OCCR above 1. Based on past years the electricity trading service is immediately put on a trajectory to achieve an OCCR below 1 due to tariff structures being declined. This matter has been escalated to National Treasury in various engagements.

Table 17-2 – 2024-25 Proposed Tariffs and Approved Tariffs

	2024/25 Proposed Tariffs Draft Budget in March 2024	2024/25 Approved Tariffs Approved Budget in May 2024	Reduction in Revenue ('m)
Electricity	14.0%	12.72%	R250
Water: • Domestic • Business	 14.9% 14.9%	 12.9% 12.9%	 R150
Refuse Removal • Domestic • Business	 8.0% 9.0%	 7% 8%	 R10
Sanitation • Domestic • Business	 12.9% 12.9%	 10.9% 10.9%	 R30
Rates: Average	7.9%	6.5%	R180

17.2. Calculation Method

The OCCR has been calculated for the 6-year period as per the table below. However, the historical trend indicates that the actual OCCR for 2023/2024 was 0.7 and the forecast for 2024/2025 as at April 2025 is 0.8. The forecast for 2024/25 has been used as the status quo in the PIAP. Furthermore, the qualitatively derived targets in the PIAP are more conservative than the calculated indicators reflected below. This is to account for uncontrollable factors and impact of implementation of improvement programmes.

Table 17-3: Calculation of OCCR based on MTREF budgets

Indicator	Calculated Value	Source
Starting point / status quo	0.9	Average of adjusted budget 2024/2025 and forecast 2024/2025.
2025/26	1.13	Values for calculation obtained from MTREF 25 26 27 28.
2026/27	1.11	
2027/28	1.09	
2028/29	1.07	
2029/30	1.05	Estimate based on percentage change in total operating revenue and total operating expenditure from 2026/2027 to 2027/2028
2030/31	1.04	

18. F2 - Cash collection Rate

The table below summarises the anticipated impact of programmes to improve the cash collection rate.

Table 18-1 – Anticipated Impact of Programmes on cash collection rate

Programme	Anticipated Impact
Billing & Collections Programme	Increasing cash collection by improving billing accuracy and debt collection. The review of credit control and debt collection processes and resultant interventions will improve cash collection.
E5 Meter Rollout Programme	Increasing cash collection by deploying meters to approximately 170 000 that are being billed on estimated charges to a shortage of meters.

18.1. Calculation Method

The actual cash collection rate was 107% in 2023/2024. The calculation of this rate requires further review with Revenue Management Unit In the interim the target has been set to the MTSP benchmark of 98%.

Table 18-2: Calculation of Cash Collection Rate

Indicator	Source
Starting point / status quo	Actual as per 2023/2024 cash collection rate table is 107%.
2025/26	Estimated at benchmark of 98%.
2026/27	
2027/28	
2028/29	
2029/30	
2030/31	

19. F3 – Operational Cash flow

The table below summarises the anticipated impact of programmes to improve the operational cash flow.

Table 19-1 – Anticipated Impact of Programmes on operational cash flow

Programme	Anticipated Impact
Revenue Management Programme	Stabilising the revenue base by revising the business model. Increase in cash flow by establishing an SLA with the Revenue Management Unit, reviewing credit control policies and debt collection process.
Financial Reform Programme	The financial model will more accurately reflect the operation cash flow projections and the impact of interventions.
Billing & Collections Programme	Increasing cashflow by improving billing and collection.
Loss control programme	Increasing cashflow by reducing expenditure through implementing loss control.
E5 Revenue Protection Programme	Increasing cashflow by reducing expenditure through loss control specifically non-technical losses.
E5 Meter Rollout Programme	Increasing cash flow by deploying meters to approximately 170 000 that are being billed on estimated charges to a shortage of meters.
Alternate Revenues Programme	Increasing cash flow by introducing new revenue streams.

19.1. Uncontrollable Factors

Tariffs structures not approved by NERSA primarily based on affordability concerns to customers are a major factor in achieving cash being available after all operating costs have been met.

19.2. Calculation Method

The calculation for operational cashflow is based on the actual cash flow for 2023/2024 being -R1,034,808,898. In the absence of a financial model, operational cashflow has been calculated by assuming a 5% improvement year on year.

20. F4 – Customer Debt Management – debtors-days

The table below summarises the anticipated impact of programmes to improve debt management.

Table 20-1 – Anticipated Impact of Programmes on debt management

Programme	Anticipated Impact
Billing & Collections Programme	Increasing cashflow by improving collection.
E5 Social Campaign	Reduce debt by increasing the free basic electricity allocation to address affordability challenges.
Revenue Management Programme	Reducing debt by establishing an SLA with the Revenue Management Unit, reviewing credit control policies and debt collection process.

20.1. Uncontrollable Factors

Double digit increases in the costs of electricity supplied from Eskom are impacting the affordability of electricity to customers. This external factor has made a significant impact to debt. The E5 Social Campaign initiative aims to help alleviate this.

eThekwini Municipality has been grappling with a significant increase in consumer debt over recent years. As of September 2024, the total outstanding debt had risen to approximately R34.6 billion, marking an increase of R7.3 billion from the previous year. This escalating debt has been attributed to factors such as economic downturns, high unemployment rates, and dissatisfaction with service delivery.

In response, the municipality has implemented several measures aimed at debt recovery and relief. Notably, the Debt Relief Programme, which offers reduced down payments and extended repayment periods for outstanding debts, was extended until the end of 2024. Additionally, in August 2024, the municipality decided to write off debts of deceased estates for properties valued up to R1 million with debts older than 24 months.

Despite these initiatives, the effectiveness of these measures in substantially reducing the overall debt remains uncertain. The municipality has also proposed stricter credit control policies, including requiring government departments to pay a three-month deposit when applying for services. However, the impact of these policies on the municipality's financial health is yet to be fully realised.

20.2. Calculation Method

Given the current trajectory of increasing consumer debt and the challenges in debt collection, it is plausible that the provision for bad debt may continue to rise over the next five years. The municipality's ongoing efforts to implement debt recovery strategies and improve revenue collection will be critical in determining whether this trend can be reversed.

eThekwini Municipality has therefor set a target to maintain to the MTSP benchmark under 60 days.

Table 20-2: Calculation of debtors days

Indicator	Calculated value	Source
Starting point / status quo	50	2024-25 adjusted budget.
2025/26	61	Values for calculation obtained from MTREF 2025-26-27-28.
2026/27	71	
2027/28	77	
2028/29	69	
2029/30	63	
2030/31	56	

21. F5 - Infrastructure Capex

The table below summarises the anticipated impact of programmes to improve capital expenditure.

Table 21-1 – Anticipated Impact of Programmes on capital expenditure

Programme	Anticipated Impact
Financial Reform Programme	Enhances efficiency in project implementation and capital expenditure. Establishes a Project Management Office to: • Implement best practices in project management. • Minimise risks and uncertainties, improving project delivery. • Identify obstacles and apply corrective measures.
Governance Reform Programme	Strengthens governance frameworks, leading to more efficient capital expenditure and operational transparency.
Support Services Optimisation Programme	Enhances support services, eliminating bottlenecks that hinder project execution and capital investment.
Minimum Commitments Reform Activity Package	Obtain budget support to increase capital investment.
Training and Development Programme	Provides the additional resources required to execute projects and increase CAPEX spend

21.1. Calculation method

Indicator	Source
Starting point / status quo	Forecasted amount for 2024-25.
2025/26	Values from Draft Trading Services Cluster Capital Budget for 2025-26-27-28, including provisional UDFG allocation.
2026/27	
2027/28	
2028/29	5% increase from the previous year for 2028-29-30-31
2029/30	
2030/31	

22. F6 - Self-financing ratio

All programmes applicable to the F3 and F5 apply to F6.

22.1. Calculation Method

Indicator	Source
Starting point / status quo	F3/F5
2025/26	F3/F5
2026/27	
2027/28	
2028/29	
2029/30	
2030/31	

Operational Performance

23. E1 - Bulk and Commercial Metering Performance

23.1. Programme Description

23.2. Bulk and Commercial Metering Improvement Programme

This programme focuses on improving the accuracy, reliability, and performance of metering infrastructure for approximately 40,000 Business, Commercial, and Industrial customers within eThekwini. It combines targeted metering audits, infrastructure upgrades, and the replacement of outdated or faulty meters to ensure alignment with the City's tariff structures—including Industrial Time of Use (ITOU), Commercial Time of Use (CTOU), Low Voltage (LV) 3–Part, and Business Scales 1, 2, 5, 6, and 7.

The objective is to ensure that every metering point is equipped with an accurate, smart-ready meter capable of integration into the Advanced Metering Infrastructure (AMI) for remote reading. This will significantly enhance billing accuracy and operational efficiency. The current baseline metering performance is estimated at 75%, with a target of 95% by the end of the tariff reform period. The programme's success depends on the availability of meters and the mobilisation of adequate resources and logistics.

23.3. Revisions to Annexure A1 – Institutional Roadmap

Nil.

23.4. Revisions to Annexure A2 – Business & Investment Plan

Inclusion of the bulk metering maintenance programme under section 12 – Metering Systems.

24. E2 - Vending Efficiency % of metering operational

Calculation Methodology:

NT - Vending efficiency

1) Total monthly active customers / total number of prepayment customers and/or

2) Uptime of system as available hours against total system hours.

EE

$$\textbf{\textit{Vending Efficiency}}\ (\%) = \frac{\textbf{\textit{Yearly hours} - \textit{Vending downtime}}}{\textbf{\textit{Yearly hours}}} \times \mathbf{100}\%$$

24.1. Programme Description

24.1.1. Vending System Improvement Programme

The Vending System Improvement Programme focus is on maintaining and modernising the technology infrastructure that underpins the eThekwini Electricity Unit's ICT Vending Systems. End-of-Life Network Switch Replacement is aimed at replacing outdated network switches to enhance connectivity, reduce system failures, and improve network security. Cybersecurity and System Monitoring initiatives are being strengthened with advanced threat detection and real-time system monitoring to mitigate risks and improve data protection. The Backup and Disaster Recovery Solutions project will further strengthen business continuity by enhancing redundancy and failover capabilities, ensuring resilience against outages and cyber threats. These projects are aligned with the overall ICT modernisation strategy and are linked directly to the costing sheet for proper financial planning and resource allocation.

Table 24-1 - Vending Systems Improvement Programme

Project Name	CAPEX	OPEX
Data Centre Refresh for eThekwini Electricity	R5,000,000	
Data Centre Refresh for eThekwini Electricity		R3,700,000
Upgrade Plan for Vending System Hardware and Software		R2,000,000
Colocation Services: (Vending)		R1,700,000
IT/OT Strategy		R3,500,000
Cybersecurity		R12,500,000
Disaster Recovery Data Centre: (Vending)	R2,800,000	
Network Replacement	R15,000,000	
Total	R22,800,000	R23,400,000

24.1.2. E5 Meter Rollout Programme

The metering programme to improve vending is the same programme covered under KPI E5.

24.2. Revisions to Annexure A1 – Institutional Roadmap

Nil.

24.3. Revisions to Annexure A2 – Business & Investment Plans

Inclusion of the Vending Systems Improvement Programme under section 13.0 ICT/OT Programmes.

25. E3 – Automated Meter Reading Coverage

25.1. Programme Description

25.2. AMR System Integration and Upgrade Programme

This programme is designed to enhance metering efficiency, improve data accuracy, and operationalise visibility across eThekwini's approximately 40,000 Business, Commercial, and Industrial customers. It focuses on the procurement, integration, and implementation of key components of an Advanced Metering Infrastructure (AMI) that will enable the City to remotely and progressively read an increasing number of large customer meters year on year.

The programme aims to integrate existing and new onsite metering infrastructure into centralised AMR platforms, with further integration into billing and ancillary systems to streamline revenue collection and improve cash flow. Core activities include assessing the current AMR infrastructure, identifying gaps or opportunities for optimisation, and developing a strategic roadmap to expand or replace existing systems with more efficient and scalable solutions.

The programme's performance will be measured against a baseline established from the current number of meters interacting with an AMR system. A key dependency for its success is the timely initiation and completion of the supply chain management process to procure the required infrastructure, licensing, and support services. Ultimately, the programme will ensure more accurate and timely meter readings, leading to consistent and correct billing, and supporting the City's broader financial sustainability goals.

25.3. Bulk and Commercial Metering Improvement Programme

Programme covered under KPI E1.

25.4. Revisions to Annexure A1 – Institutional Roadmap

Nil.

25.5. Revisions to Annexure A2 – Business & Investment Plans

Inclusion of the AMR System Integration and Upgrade Programme under section 12.0 Metering Programmes.

26. E4 - Repairs Efficiency

26.1. Programme Description

26.1.1. Asset Management Programme

The implementation of the Asset Management (AM) System within the Electricity Unit (EE) aims to establish a structured, strategic approach to managing aging infrastructure assets—valued at approximately R48 billion—to improve reliability, service delivery, and sustainability. Guided by the City's Strategic Asset Management Plan (SAMP) and aligned with national frameworks such as CIDMS and FIDPM, this initiative encompasses the development of core documents (AM Charter, Policy, Plans), adoption of ISO 55000-aligned systems, and performance management tools including an IAM Scorecard and Dashboard to monitor KPIs. It also includes implementing an Asset Performance Management (APM) system that uses real-time and historical data to assess asset health and guide proactive maintenance and investment decisions. These efforts are intended to enhance asset lifecycle management, improve decision-making, and support the Municipality’s broader strategic goals and regulatory compliance.

26.1.2. MV System Improvement Programme

Programme covered under KPI E6.

26.1.3. MV Cable Replacement Programme

Programme covered under KPI E6.

26.1.4. HVI Programmes

Programme covered under KPI E6.

26.1.5. ADMS Programme

Programme covered under KPI E6.

26.1.6. Infrastructure Security Programme

Programme covered under KPI E6.

26.1.7. E5 Meter Rollout Programme

Programme covered under KPI E5.

26.2. Revisions to Annexure A1 – Institutional Roadmap

Nil.

26.3. Revisions to Annexure A2 – Business & Investment Plans

27. E5 - Total Electricity losses as % of electricity purchased

Exclusions: N/A

Inclusions: Unmetered and streetlighting consumption will be based on estimates as they are unmetered.

27.1. Programme Description

27.1.1. E5 Meter Rollout Programme

Presently, it is estimated that there are over 170 000 customer connections without meters. A meter rollout is required to address this issue.

27.1.2. E5 Social Campaign Project

The E5 Social Campaign Project aims to educate indigent households about the dangers and consequences of illegal electricity connections while advocating for an increase in the amount of free basic electricity provided to low-income communities. Through community workshops, door-to-door awareness campaigns, and collaboration with local authorities and energy providers, the project will highlight the safety risks, legal implications, and potential service disruptions caused by unauthorised connections. Additionally, a comprehensive proposal will be developed and presented to policymakers, detailing the need for a higher allocation of free basic electricity to alleviate financial burdens and promote safer, legal energy access for vulnerable households.

27.1.3. E5 Revenue Protection Programme

The E5 Revenue Protection Programme aims to mitigate electricity losses and enhance financial sustainability through a multifaceted approach. It includes annual meter inspections to ensure accurate billing, disconnection and reconnection protocols to enforce credit control, and frequent removal of illegal connections, particularly in informal settlements. The programme also incorporates forensic investigations to prosecute offenders, the installation of protective structures to prevent meter tampering, and bulk customer audits to address metering errors that lead to revenue loss. Additionally, training initiatives equip staff with the skills to maintain metering accuracy and compliance with industry standards, ensuring a secure and efficient electricity network.

Below is a summary of some of the initiatives:

Sweep (Meter Inspections) - Regular inspections help ensure proper billing, detect tampering, and maintain accurate consumption records. This proactive approach minimises revenue loss and strengthens compliance with electricity usage policies.

Disconnections & Reconnections - Rising electricity tariffs and consolidated billing have made it difficult for many customers to settle their accounts on time. Strict credit control measures, including timely disconnections for overdue accounts, help enforce payment discipline. If reconnection payments are not made within 30 days, additional inspections are conducted to prevent unauthorised restorations.

Removal of Illegal Connections - Illegal electricity connections, particularly in informal settlements, pose safety and financial risks. Contractor teams, alongside municipal security, conduct routine patrols to identify and remove unauthorised connections. Regular enforcement efforts help reduce electricity theft and improve overall revenue collection.

Forensic Investigation - Private investigation firms are engaged to gather evidence of electricity theft using surveillance tools. Identified offenders face criminal charges, with successful cases being publicised to deter illegal connections. This approach strengthens enforcement and raises public awareness of the legal consequences of tampering with electricity infrastructure.

Protective Structures - Frequent vandalism of meter rooms and consumer distribution units (CDUs) lead to illegal tampering. To address this, vandal-proof enclosures with advanced electronic locking systems are installed in high-risk areas. These structures prevent unauthorised access, protect assets, and minimise non-technical energy losses.

Bulk Customers' Audit & Training - Connection errors in meter installations lead to significant financial losses over time. Regular audits and verification processes ensure accurate billing and compliance with metering standards. Additionally, staff training enhances technical expertise and reinforces proper maintenance and metering practices in line with industry regulations.

Smart services – scope to be confirmed.

The table below provides a summary of costing.

Table 27-1 – Revenue Protection Programme

Project Name	CAPEX Requirement	OPEX Requirement	CAPEX Funded as of 31 March 2025	CAPEX Unfunded as of 31 March 2025	OPEX Funded as of 31 March 2025	OPEX Unfunded as of 31 March 2025
Meter inspections		R95,000,000			R79,472,490	R15,527,510
Disconnections & Reconnections		R86,000,000			R104,918,190	-R18,918,190
Removal of Illegal Connections		97,000,000			R82,853,310	R14,146,690
Forensic Investigation		R50,000,000			R21,000,000	R29,000,000
Protective Structures	R61,000,000		R31,000,000	R30,000,000		
Smart Services	R44,500,000		R5,500,000	R39,000,000		
Bulk Customers' Audit & Training		R21,000,000				R21,000,000
	R105,500,000	R349,000,000	R36,500,000	R69,000,000	R288,243,990.00	R60,756,010

27.2. Revisions to Annexure A1 – Institutional Roadmap

Nil.

27.3. Revisions to Annexure A2 – Business & Investment Plans

The scope of Revenue Protection Infrastructure Security Programme mentioned in section 30 of the Business and investment programme has been incorporated to the Revenue Protection Programme.

Details on the Revenue Protection Programme have been revised. The scope of the meter rollout initially indicated in the Business and Investment Plan has been separated into a dedicated meter rollout programme.

28. E6 - Network Effectiveness ASIFI

Scope and use: Lagging indicator that measures the quality of distribution services. EE will only produce ASIFI measures for MV outages until such time that an OMS/ADMS system is available that can produce better reporting.

Exclusions :

The following exclusions will apply for an estimated 2 year period until such time that an OMS/ADMS system is available that can produce better reporting:

*LV outages

* Ignore partial restoration

* Outages where data is not available

Table 2 – ASIFI Historic Results

Year	Result
2021	5.48
2022	6.66
2023	5.82
2024	5.56
Average	5.88

28.1. Programme Description

Numerous programmes contribute to the reliability of the electrical network. The sections below detail the impact of these programmes on improving ASIFI. The impact of these programmes cannot be quantified at this time. Hence fairly static targets are in place until the programmes are further developed.

28.1.1. ADMS Programme

The ADMS aims to enhance business processes for managing both planned and unplanned outages efficiently, improving service delivery and regulatory compliance. With climate change exacerbating network failures due to extreme weather, a remote-operated system with built-in safety and visibility is essential. ADMS enables Control Officers to manage storm conditions effectively while ensuring real-time access to network data. EE's Control Centre requires a fast, reliable system with outage management, reporting, training simulation, situational analysis, mobility, power flow analysis, and IVR. By linking customer information to the electrical network model, the system improves response times, customer communication, and regulatory reporting, while also managing distributed energy resources and grid impacts.

28.1.2. SCADA EMS Project

The objective of this project is to implement an advanced SCADA Energy Management System (EMS) that will not only enhance grid control and operational efficiency but also support critical asset management goals, whilst ensuring compliance with regulatory standards set by the National Energy Regulator of South Africa (NERSA), specifically in relation to fault restoration times.

28.1.3. Telecommunications Programme

The Telecommunications Programme aims to provide reliable and resilient communication services that enhance operational efficiency and risk management in electricity, public lighting, and energy services. It supports key business applications, including SCADA systems for network operation and outage management, tele-protection for risk mitigation, substation security, online asset condition monitoring, and mobile workforce management. By enabling these applications, the programme improves operational effectiveness, reduces losses, and supports financial sustainability. Additionally, co-location and infrastructure sharing present opportunities for surplus-generating investments.

28.1.4. Infrastructure Security Programmes

The programme aims to enhance infrastructure protection by mitigating risks of damage, theft, and vandalism through effective solutions, improving safety, operational efficiency, and financial stability. Vandalism disrupts operations by causing power outages and delays in repairs, leading to economic costs such as high replacement expenses, lost revenue, and increased insurance premiums. It also poses safety hazards, affects public trust, and reduces quality of life. Additionally, vandalism strains resources, increases operational costs, and can have environmental consequences, such as energy waste and ecological damage. Strengthening security measures helps prevent reputational damage and ensures reliable service delivery.

28.1.5. GIS Systems Programme

This programme supports tactical goals by optimising outage management, improving loss control, and enhancing data management and decision-making. Its objective is to boost operational efficiency by integrating spatial tools that add a geographic dimension to problem-solving. By enabling better decision-making and supporting loss-reducing applications, the programme enhances operational effectiveness and contributes to financial solvency.

28.1.6. MV Cable Replacement Programme

The programme aims to enhance network performance by reducing power outage durations and decreasing cable-related faults in the MV network by 60% in the first five years, 75% in the next five, and 95% over 20 years. By improving the health, availability, and reliability of MV cable infrastructure, the programme enhances operational effectiveness. Increased network reliability supports economic participation, boosts customer satisfaction, and strengthens investment confidence within the service area.

28.1.7. MV System Improvement Programme - Switchgear Replacement Project

The MV Switchgear Replacement Project intends to replace damaged and obsolete medium voltage (MV) switchgear boards with new, reliable equipment, addressing the issues caused by decommissioned switchgear that have been temporarily substituted with switch-pillars /RMUs. The switchgear replacement programme intendeds to improve network reliability and operability by reducing number of distributor substations that are relying on temporary switch pillars that have no protection & telecontrol functionality, thereby improving the duration of faults and reducing the impact to customers.

28.1.8. HVI Programmes

The HVI OPEX programme aims to clear the backlog of maintenance and repairs for high-voltage infrastructure (HVI) through a projectised approach, focusing on transformer maintenance, transmission line structural work, and substation structural work. Aligned with tactical goals to enhance maintenance efficiency, infrastructure resilience, project delivery, and asset management, the programme reduces the risk of unexpected failures, lowers unplanned maintenance costs, and eases the strain on maintenance resources. Additionally, it improves workplace safety, minimises prolonged power outages, and helps preserve existing HVI assets, reducing capital funding needs.

The HVI Capital Programme aims to proactively replace, expand, and refurbish high voltage infrastructure to prevent failures, meet growing electricity demand, and extend the lifespan of existing assets. It includes three project streams: Replacement (for existing customers), Expansion (to serve new customers or areas), and Refurbishment (to prolong current asset life). Aligned with key tactical goals such as improving maintenance, infrastructure resilience, and asset management, the programme helps reduce unexpected failures, maintenance costs, and resource strain, while enhancing safety, securing critical equipment, and addressing spare parts obsolescence. Improved technical specifications now require longer OEM warranties, further lowering repair costs. Additionally, the Development Charges Policy approved in April 2023 enables the City to recover infrastructure costs from developments requiring increased electrical capacity, providing a new funding stream for capital projects

28.1.9. Quality Management Project

The frequent occurrence of unplanned outages within MV/LV Operations has been attributed to deficiencies in construction processes and the quality of procured goods. To mitigate this issue and enhance operational reliability, a quality management improvement project will be initiated. The project aims to introduce stringent quality control measures, improve procurement standards, and ensure compliance with best construction practices.

28.1.10. MV/LV Ops Electrical Competencies Improvement Project

The MV/LV Operations Department and Infrastructure Asset Management Branch have identified that gaps in staff competencies are contributing to prolonged outage durations. Four critical competencies—UGM, OHM, Substations, and Switching—are essential for operational efficiency. Internal and contracted Artisans are required to possess at least one of these competencies, while supervisory staff (Clerk of Works, Superintendents, and Depot Managers) must be proficient in all four. Due to past recruitment practices, skill gaps exist, necessitating a structured training and assessment initiative to bridge these gaps and improve outage response times.

28.1.11. Materials Availability Programme

The MV/LV Operations Department has identified material unavailability as a key factor contributing to extended outage durations. The reform strategy has set a target of achieving zero stock-outs of materials by the end of period 2 (within three years). However, challenges exist in demand management, acquisition management, and logistics management, which hinder the timely availability of essential materials. To address these challenges, a programme comprising three interdependent projects will be launched. This programme aims to identify impediments, implement solutions, and ensure sustainable improvements in material availability, ultimately reducing outage durations and improving operational efficiency.

28.1.12. Reforming Depot Culture Project

The MV/LV Operations Department has identified that the organisational culture at many depots needs transformation to foster a more productive working environment. Ineffective workplace culture can impact employee morale, efficiency, and overall service delivery. To address this issue, a structured initiative will be launched to instil a culture of accountability, collaboration, and operational excellence. This project will focus on empowering depot management and ensuring alignment with broader organisational reforms.

28.1.13. Vehicle Availability Project

The MV/LV Operations Department has identified vehicle unavailability as a key factor contributing to extended outage durations. Insufficient fleet size and unreliable vehicles limit response times and hinder operational efficiency. To address these challenges, a project will be launched to enhance the reliability of the existing fleet and expand the fleet as needed.

28.2. Revisions to Annexure A1 – Institutional Roadmap

Nil.

28.3. Revisions to Annexure A2 – Business & Investment Plans

The cost estimate for the ADMS Project has been increased from R100 million to R240 million to increase the scope to cover 950 000 connections. The cost estimate for the MV Substation Security Project has been increased from R20 million to R80 million to increase the scope to cover Distributor Subs and Bricks Subs.

Inclusion of the following projects under section 33 – MV/LV Programmes:

1. Quality Management Project
2. MV/LV Ops Electrical Competencies Improvement Project
3. Materials Availability Programme
4. Reforming Depot Culture Project
5. Vehicle Availability Project

29. E7 - Network Effectiveness ASIDI

Scope and use: Lagging indicator that measures the quality of distribution services. EE will only produce ASIDI measures for MV outages until such time that an OMS/ADMS system is available that can produce better reporting.

Exclusions :

The following exclusions will apply for an estimated 2 year period until such time that an OMS/ADMS system is available that can produce better reporting:

*LV outages

* Ignore partial restoration

* Outages where data is not available

Baseline (June 2024):

Year	Result
2021	80.00
2022	148.74
2023	103.17
2024	120.73
Average	115

29.1. Programme Description

The programmes applicable to ASIDI and ASIFI are the same.

Non PIAP Programmes

This section of the document details programmes that form part of the Electricity Trading Service Reform Strategy that do not directly map to either the Accountability, Financial or Operational Performance result area indicators.

30. Renewable Energy Programme

Programme to support the implementation of changes related to the introduction of renewable energy to the electricity sector.

31. Electrification Programme

The Electrification Programme aims to eliminate service delivery backlogs within eThekwini Electricity's supply area by providing electrical connections to applicants in both formal and informal sectors. It seeks to enhance the quality of life for individuals and communities through efficient network design and service delivery, ensuring safe and reliable electricity. Additionally, the programme supports the City's Integrated Development Plan (IDP), expands the customer base, boosts electricity sales, reduces illegal connections, and helps curb infrastructure theft.

32. Streetlighting System Improvement and Optimisation Programme

The Streetlighting System Improvement and Optimisation Programme aims to modernise eThekwini Electricity's street and public lighting network by adopting advanced technologies to enhance efficiency, reduce theft, and improve service delivery. By integrating LED luminaires, solar-powered streetlights, high-mast lighting, and tele-management systems, the programme seeks to create a safer environment for motorists and pedestrians while reducing maintenance costs and aligning with industry standards. The initiative also addresses challenges such as theft and vandalism by leveraging controllable and energy-efficient lighting solutions, ultimately contributing to a more secure and sustainable municipal lighting infrastructure.

33. ICT Support Services

Series of initiatives to provide ICT services to support the reform, with the intent of improving the productivity of staff through providing efficient ICT resources.

Table 3 – ICT Projects

Project Name	CAPEX
IT Support Projects	R7,000,000
Development	R29,300,000
Software Licenses	R2,000,000

33.1. IT Support Projects

The IT Support Projects focus on maintaining and modernising the technology infrastructure that underpins the eThekwini Electricity Unit's operations. The key initiatives include Storage and Server Maintenance Renewal, which ensures that critical enterprise systems remain functional and secure by upgrading storage capacity and renewing essential server maintenance contracts. End-of-Life Network Switch Replacement is aimed at replacing outdated network switches to enhance connectivity, reduce system failures, and improve network security. The ICT Service Management Enhancements initiative is set to introduce modern service management tools that will streamline ICT operations, improve incident resolution times, and enhance overall system efficiency. Cybersecurity and System Monitoring initiatives are being strengthened with advanced threat detection and real-time system monitoring to mitigate risks and improve data protection. End-User Device Upgrades are planned to replace aging computers and laptops, ensuring improved staff productivity and reducing downtime. The Backup and Disaster Recovery Solutions project will further strengthen business continuity by enhancing redundancy and failover capabilities, ensuring resilience against outages and cyber threats. These projects are aligned with the overall ICT modernisation strategy and are linked directly to the costing sheet for proper financial planning and resource allocation.

33.2. Development Projects

The Development Projects are designed to modernise legacy systems, improve operational efficiency, and support the broader eThekwini Electricity Reform Strategy. A key focus area is the Distribution Application System Rewrite, which involves replacing the aging DA system with a scalable, secure, and fully integrated solution that ensures better operational efficiency and compliance. The Electrical Works Assessment Application is being modernised to improve the calculation of bonus incentives for employees by eliminating manual errors and enhancing accuracy through automation. The Site Survey System Development initiative will introduce a digital platform for capturing and managing site survey data, leading to better decision-making and improved project planning. The Smart Metering and Vending System Enhancements aim to integrate smart metering infrastructure with customer service platforms, improving billing accuracy and service delivery. The Business Process Automation and Workflow Systems project will digitize key processes to reduce administrative burdens and streamline workflows across departments. The Customer Engagement Platform Expansion will enhance web and mobile-based service offerings, enabling self-service capabilities for customers to request services, lodge complaints, and track billing details. Each of these initiatives is directly tied to the costing sheet, ensuring that financial resources are appropriately allocated to support the successful implementation of these modernisation efforts.

34. Fleet Management Programme

The Fleet Management Programme, consist of two components, namely the Transport Asset Project and Plant/Vehicle Maintenance Project. The Transport Asset Project aims to replace assets systematically based on factors like age, usage, and maintenance costs while acquiring new assets considering price, reliability, safety, and support. Additionally, it seeks to standardise vehicle specifications to optimise operational efficiency and improve turnaround times for onsite work.

35. Facilities Investment Programme

The Facilities Investment Programme aims to create a cost-effective, safe, and productive working environment by investing in new, replacement, and renovated facilities. It includes the Facilities Expansion Programme for new office spaces, the Facilities Replacement Programme for aging, high-maintenance, and non-compliant assets, and the Facilities Renovation Programme to optimise existing space. Aligned with tactical goals like reforming support activities, improving loss control, and strengthening asset management, the programme reduces maintenance costs, ensures legal compliance, extends asset lifespan, enhances safety, optimises office space, lowers leasing costs, mitigates business risks, and improves the working environment for staff and customers.

36. Other Changes to Institutional Roadmap

No other changes are noted.

37. Other Changes to Business and Investment Plan

The following content is no longer or still under review applicable:

1. MSCOA compliant ERP Project
2. Digital Contact Centre Programme
3. Revenue Protection Infrastructure Security Programme
4. HV Infrastructure Security Programme

Proposed change of name for section 31 to Streetlighting System Improvement and Optimisation Programme.

Inclusion of Development Projects under section 14 ICT Programmes.

38. Revision

Date	Changes	Revision Number
2024/12/19	First draft	V0.1
2025/02/25	Document revised as NT proposed changes to reduce KPIS down to 32.	V0.2
2025/03/04	Document revised in line with Addendum to guidance note 4.	V0.3
2025/04/10	Document retitled to V1.0 to align to NT PIAP document versions	V1.0
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