07 June 2024

MINERALS COUNCIL
SOUTH AFRICA

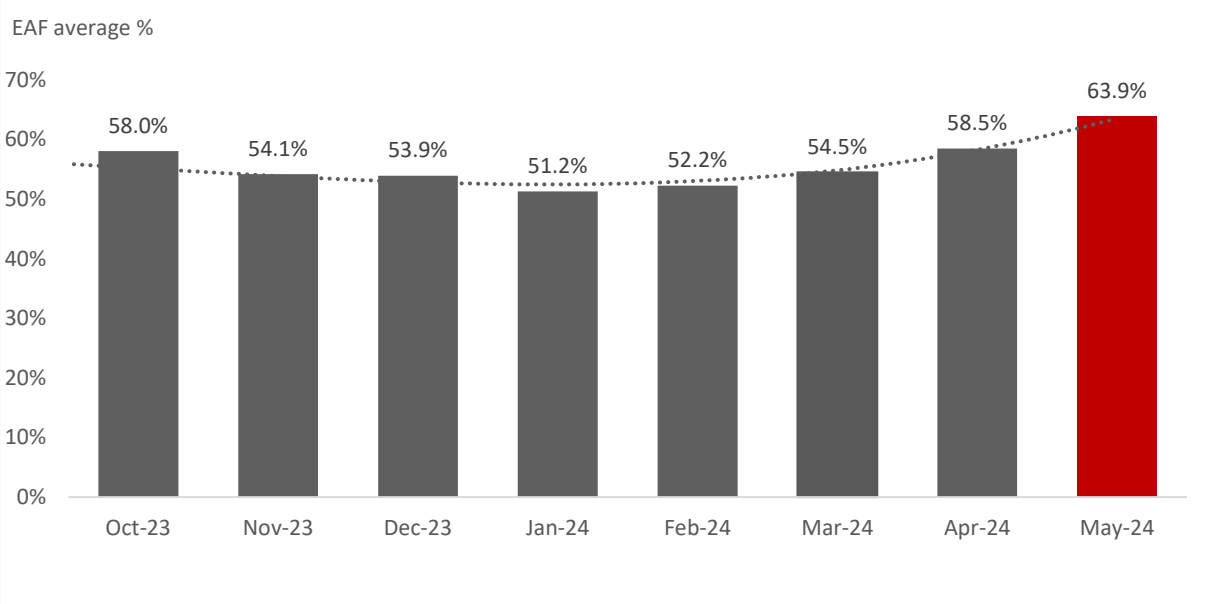
Eskom Update: **April to May 2024**

Metric	April	May	Unit
Energy Availability Factor (EAF)	58.5%	63.9%	Percentage
Loadshedding (all stages)	0	0	Hours
OCGT[1] Usage			Megawatt-Hours
- Average	117	56	
- Maximum	1,791	1,739	
Planned Maintenance (average)	5,320	4,301	Megawatts
Unplanned Outages (average)	13,856	12,344	
Other Maintenance (average)	220	225	
- Total	19,396	16,871	

Source: Eskom & Minerals Council

The following graphs illustrate Eskom's power plant performance through the Energy Availability Factor (EAF). Eskom conducted a record amount of planned maintenance in December 2023 and January 2024, resulting in a lower EAF during this period (see Figure 6). Since January, the EAF has gradually improved from 51.2% to 63.9%, marking a 12.7 percentage point increase. In May, the EAF consistently remained above 60% - a level last seen in 2022 - and ranged from a low of 57.1% to a high of 70.6%, indicating a positive trend.

Figure 1: Eskom EAF, average per month



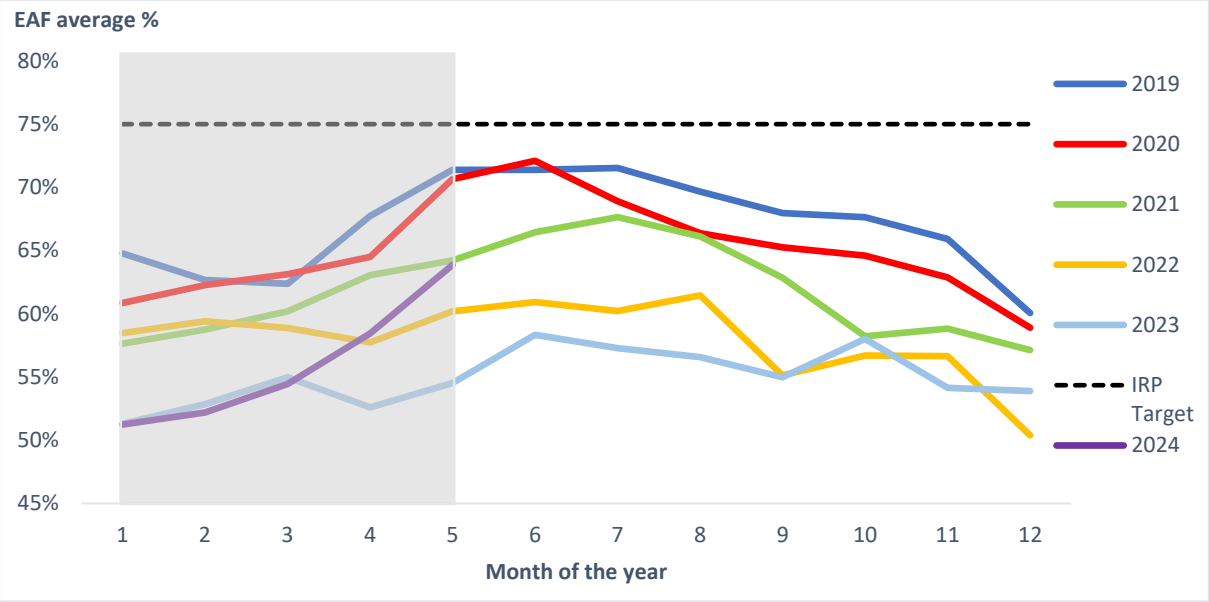
Source: Eskom & Minerals Council

Comparing the EAF over the years, it is evident that Eskom's performance has significantly improved. From January to March, on average, the EAF was similar to levels seen in 2023. However, since April, the EAF has been on an upward trajectory, reaching the highs of 2021. This improvement in the EAF and reduction in unplanned outages is due to focused efforts on

[1] Open Cycle Gas Turbine

priority power stations such as Kusile, Kendal, Majuba, Matla, Tutuka, and Duvha, each with its own detailed recovery plan.

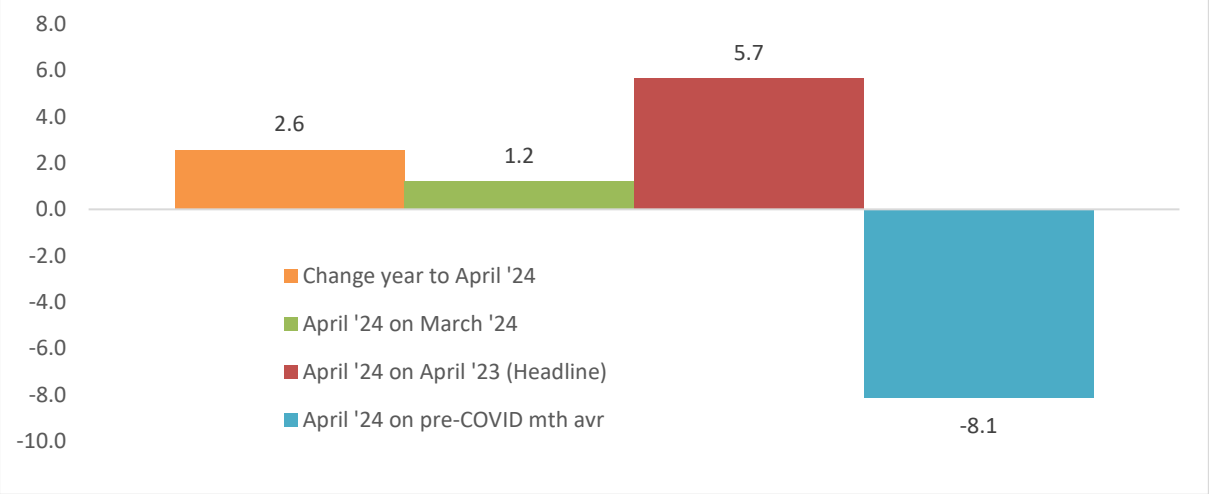
Figure 2: Historical Eskom EAF



Source: Eskom & Minerals Council

According to Stats SA data published yesterday, real (seasonally adjusted) electricity generation (production) **increased** by **5.7% year-on-year** in **April** 2024. **Month-on-month**, seasonally adjusted electricity production in **April** 2024 was **1.2% higher** than in March 2024. Overall, electricity production in April 2024 remains about 8.1% below pre-COVID levels, though this is a significant improvement from the 11% deficit reported three months earlier, indicating largely positive trends.

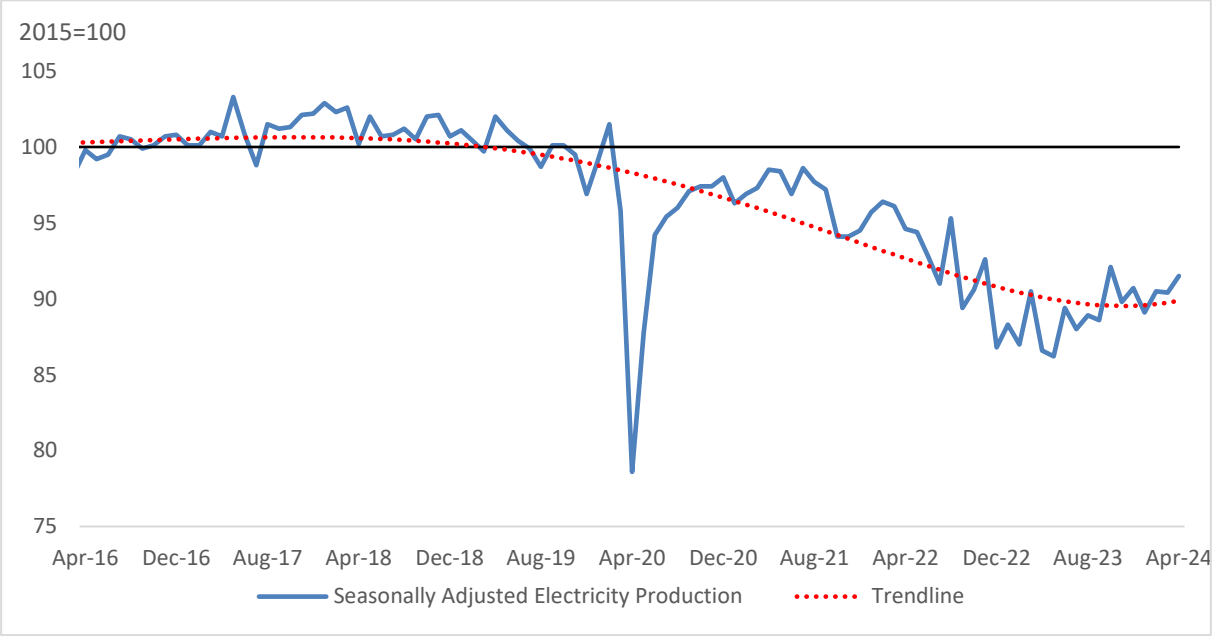
Figure 3: Variation in Electricity Produced (%, seasonally adjusted)



Source: Statistics SA, Minerals Council

Figure 4 below illustrates the trend in total electricity production in South Africa. Although production remains below 2015 levels, there are clear signs that it has reached a trough and is now on an upward trajectory.

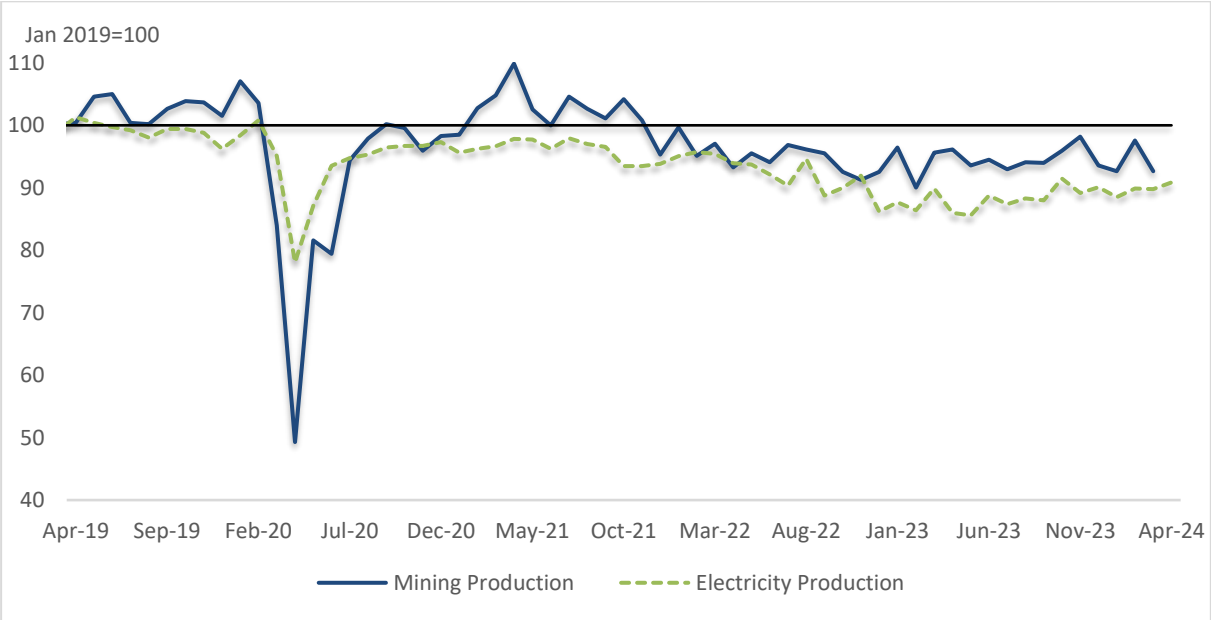
Figure 4: Electricity Produced and Available for Distribution – All Producers



Source: Statistics SA, Minerals Council

As April marks the start of the second quarter in terms of GDP output, we are optimistic that the improvements seen in the data and the absence of loadshedding in April and May will positively influence mining production, all else equal. The graph below illustrates how mining production tracks actual Eskom electricity produced and available for distribution, although the growing presence of off-grid renewable projects has made this relationship less clear.

Figure 5: Eskom Electricity Available for Distribution and Mining Output

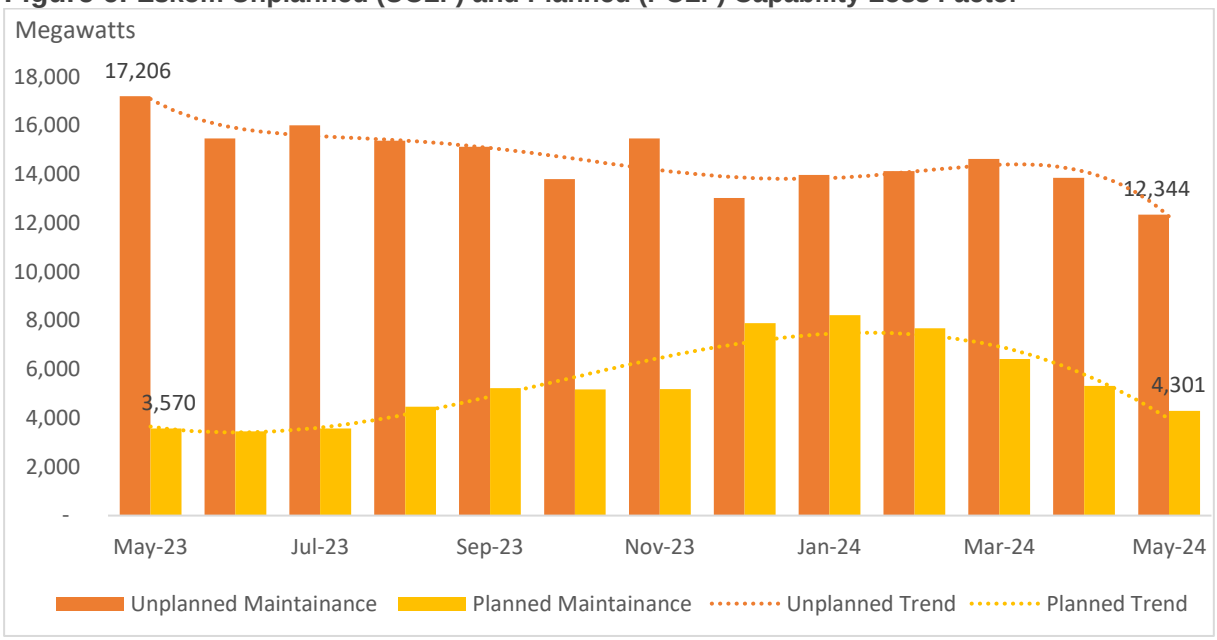


Source: Statistics SA, Minerals Council

In preparation for the winter months, Eskom is reducing planned maintenance as demand is expected to rise over the next three months. However, most encouraging is that unplanned maintenance has also decreased significantly. In December 2023 and January 2024, Eskom

nearly doubled its planned maintenance capacity from 2023 levels to around 8,000 MW. This heightened maintenance strategy has proven effective in bolstering short-term electricity production, as reflected in the current EAF.

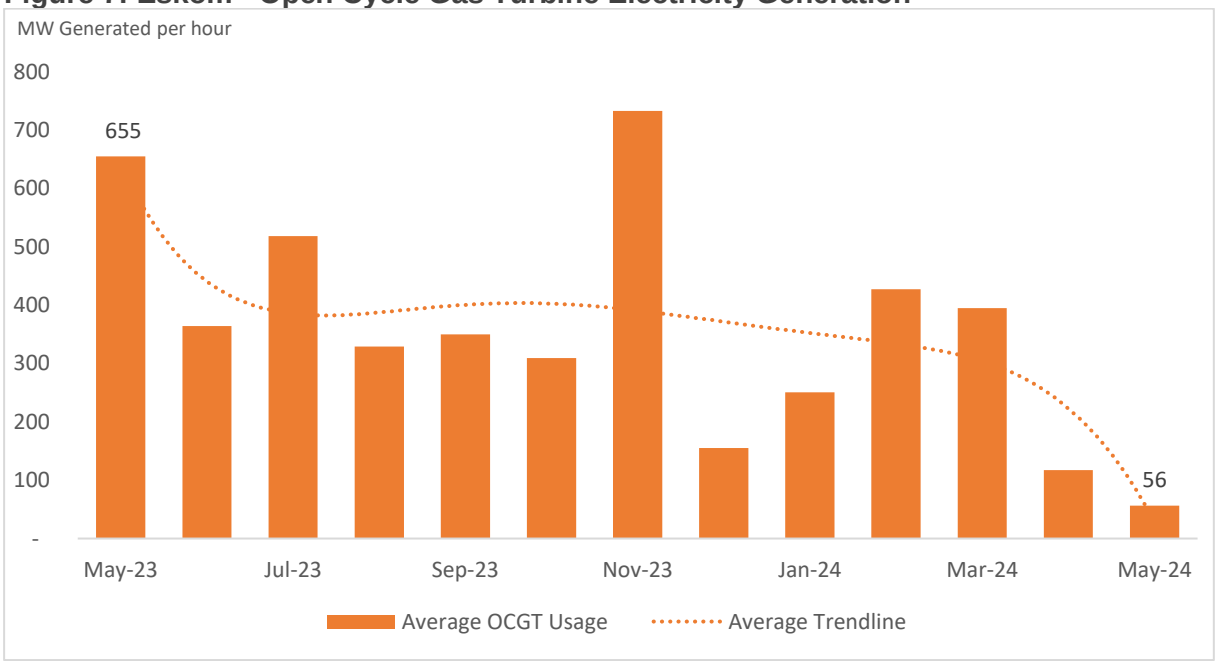
Figure 6: Eskom Unplanned (UCLF) and Planned (PCLF) Capability Loss Factor



Source: Eskom & Minerals Council

Despite the pre-election narrative that Eskom is increasingly utilising the OCGTs to keep the lights on, primary data shows that the OCGTs have been used minimally over the past two months, coinciding with improved performance from Eskom's coal fleet. While the average usage of OCGT plants significantly decreased in May compared to April 2024, they are still employed to smooth out peak demand during the day.

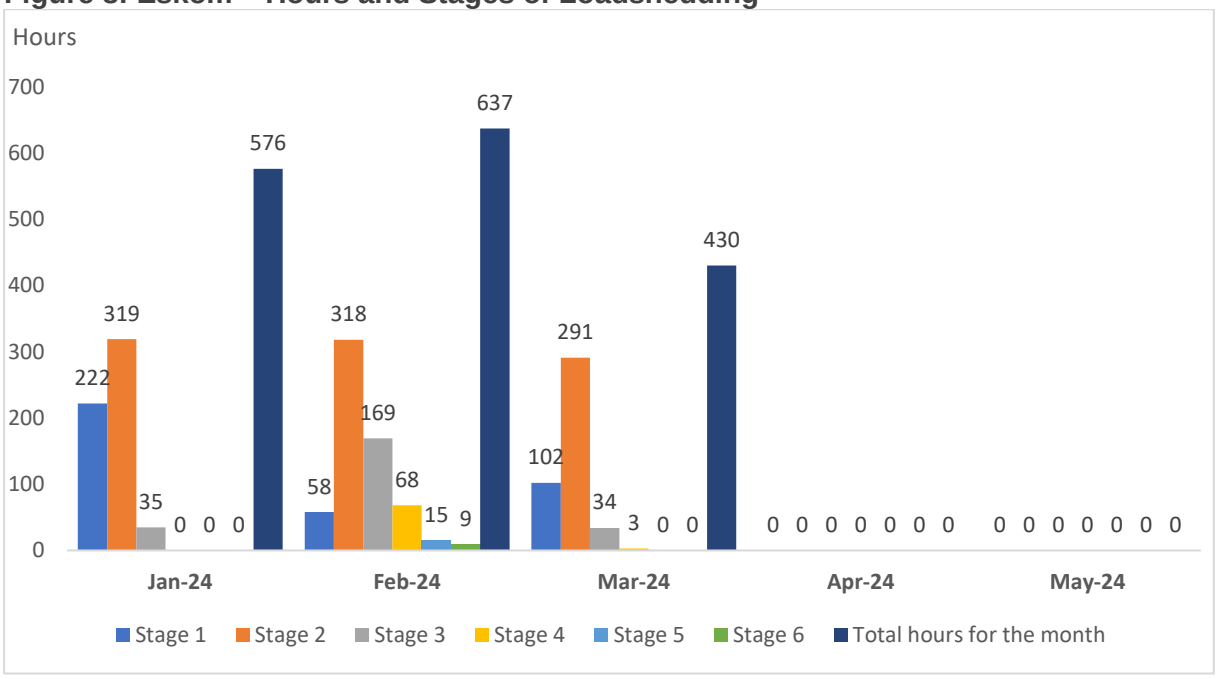
Figure 7: Eskom - Open Cycle Gas Turbine Electricity Generation



Source: Eskom & Minerals Council

Finally, the most critical measure of improvement in Eskom's performance is the reduction of load-shedding hours. Since April, we have experienced more than 60 days without loadshedding. The graph below illustrates this remarkable turnaround, showing a significant decrease in both the duration and intensity of loadshedding.

Figure 8: Eskom – Hours and Stages of Loadshedding



Source: Eskom & Minerals Council

Conclusion:

In conclusion, the recent electricity data underscores significant improvements in Eskom's performance. Key indicators such as the EAF, reduced reliance on OCGTs, and over 60 days without loadshedding highlight a positive trajectory. These advancements, coupled with strategic maintenance efforts, position Eskom to better meet the rising demand in the upcoming months, hopefully supporting economic stability and growth in the mining sector and the economy as a whole.

- End -

Yours sincerely,

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