

Municipalities' unpaid dues to Eskom rise to R63.2bn

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The amount of unpaid dues that South African municipalities owe debt-laden power company Eskom has risen to more than R63.2bn and is increasing exponentially, risking even longer power cuts around the country, the electricity minister said on Sunday.



Minister of Electricity in the Presidency Kgosientsho Ramokgopa. Source: x.com

Kgosientsho Ramokgopa said the figure had risen by R4.7bn since the start of this year.

Municipalities in South Africa don't have the funds, forcing them to cut back on maintenance and replacement of assets such as transformers and substations, leading to communities going without power for weeks.

Eskom supplies power to 238 municipalities with the top 20 of them accounting for 77% or R48.9bn of the total overdue debt, Ramokgopa said.

"The rate at which we are experiencing this, even the annual growth of municipal debt is going to increase and increase exponentially," he said.

This was adding to Eskom's debt and undermining its ability to invest the money in generation, transmission and also distribution which was adding to long hours of power cuts, he said.

Eskom is saddled with a massive debt burden forcing it to tread a thin line between allocating capital for regular maintenance and capital expenditure of its fleet of ageing, coal-fired power plants, often at the cost of daily power cuts.

Its transmission capacity is also limited, allowing a slow ramp of alternative sources of power such as solar and wind energy with the government estimating up to R210bn to upgrade it.

Ramokgopa said his ministry had not made an estimate on the capital required to fix the ailing distribution system but his estimates show there was an underspending of up to R30bn.

The government is exploring ways to resolve the municipal debt crisis and is looking at funding from various means to upgrade the distribution infrastructure, Ramokgopa said, without giving any timeline.

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