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Power grid backlog at billions

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The maintenance backlog of municipal electricity infrastructure is at about R35-billion and rising by R2,5-billion a year, Parliament heard yesterday.

Municipalities are failing to invest in infrastructure because they need funds for operational expenses and because of uncertainty over the future ownership of the assets, MPs were told.

The government has been battling since the late 1990s to integrate the fragmented electricity distribution sector and has not come up with an alternative to its plan to create regional electricity distributors, which was ditched by the Cabinet in December 2010.

The condition of infrastructure continues to deteriorate, translating into more blackouts, and economic disruption. Copper theft adds to the problem of the distribution sector operated by Eskom and 187 municipalities.

Department of Energy director general Nelisiwe Magubane told a meeting of three parliamentary committees an intergovernmental team was examining options to fund investment in distribution infrastructure.

These included an allocation from the fiscus; using the municipal infrastructure grant; an increased allocation in the tariff determination for investment; an increase in the allocation in the price determination of the National Energy Regulator of SA (Nersa) ; loans, grant or donor funding; or a mix of these options.

The department was also in discussions with Nersa to strengthen the regulatory regime to ensure that the margin of the electricity tariff it sets for maintenance was used by municipalities for this purpose alone.

Department of Co-operative Governance and Traditional Affairs deputy director-general Ricardo Hansby estimated the distribution infrastructure backlog was R35-billion. He and Financial and Fiscal Commission deputy chairman Bongani Khumalo believed "policy uncertainty as a result of the unresolved restructuring process" was one of the reasons for the backlog.

Mr Khumalo said municipalities were spending a smaller percentage of their total operating budgets on electricity infrastructure repairs and maintenance. In Johannesburg, the percentage had fallen from 13,2% in 2008-09 to 9,9% in 2010-11.

South African Local Government Association executive director for infrastructure services

Mthobeli Kolisa urged that a national municipal infrastructure refurbishment fund be established by the government, with private-sector funds being leveraged too. He said "network outages as a result of distribution failures are on the increase". The average age of assets was about 45 years.

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