



## **STATEMENT ISSUED BY THE CHAIRMAN OF THE BOARD OF ESKOM HOLDINGS LIMITED**

**Thursday, 22 May 2008** – Eskom Holdings Limited rejects, in the strongest possible terms, the suggestion that the Eskom management has been pre-occupied with the profitability of the utility at the expense of providing adequate supply of electricity to the country. This is a misguided statement and can never be substantiated in fact.

Eskom has consistently spent in excess of what the National Energy Regulator of South Africa's (NERSA) has allowed for primary energy cost in its Multi-Year Price Determination. In this current phase of the three year price determination (commencing 1 April 2006 ending 31 March 2009), Eskom will spend R13 billion over and above what the Regulator has allowed in its determination. For the past two financial years, Eskom spent R6 billion more than what the Regulator allowed. For the current financial year, Eskom is projecting to spend another R6 billion in excess of what the Regulator has allowed for primary energy cost.

The Board further disagrees with the NERSA conclusion that "there appears to be a conflict between Eskom's business objectives and its reason for existence: to supply electricity". In its formal written response to the National Energy Regulator of SA, Eskom said that the utility's interest coincides with the national interest of ensuring adequacy of supply and a predictable price path. It was further noted that Eskom cannot operate in an unsustainable manner as this would be prejudicial to Eskom and the country as a whole. Our prudent business decisions take into security of supply, but must also balance financial consequences in line with the PFMA and the Companies' Act, technical, social, economic and environmental considerations.

**Valli Moosa**  
**Chairman**

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***Issued by the Chairman of Eskom Holdings Limited***

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