



**MINISTRY OF ENERGY
REPUBLIC OF SOUTH AFRICA**

NATIONAL ASSEMBLY QUESTION 1136

Mr J F Smalle (DA) to ask the Minister of Energy:

- (1) (a) What is the total monthly weight of coal being used by Eskom for electricity generation, (b) how much of this coal is being transported by (i) rail and (ii) road and (c) what is the average tare of trucks used for the transportation of coal;
- (2) Whether the transporting of coal is outsourced; if not, why not; if so,
- (3) Whether the appointments of transport companies follow an open tender process; if not, why not; if so, (a) how many suppliers are currently contracted, (b) what is the (i) monetary value and (ii) duration of each contract and (c) how many companies are Broad-Based Black Economic Empowerment compliant? NW1240E

Reply

- (1) During the 2011/2012 financial year 125.21 million tonnes of coal was used by Eskom for electricity generation, (b) Coal transported by (i) rail was 8.5 million tonnes and (ii) 35.5 million tonnes was transported by road and (c) the average tare of a typical tipper truck is 25 tonnes. The monthly purchases equate to approximately 10 million tonnes per month, of which 2.8 million tonnes was transported by road, and 700k tonnes by rail during the 2011/2012FY.
- (2) Yes, road haulage is outsourced.
- (3) The appointment of transport companies did not follow an open tender process, but a prequalification process in line with Eskom's procurement supply chain management procedure 32-188 was followed.

The choice of a pre-qualification process was in line with Eskom's Road to Rail Migration strategy. It was deemed appropriate to restrict appointments to existing companies with a solid track record within Eskom, than to widen the process given that road was now being significantly reduced as a mode of coal transport into the future. Eskom's Internal Audit provided an assurance role for the "pre-qualification" process by conducting a due diligence review to ascertain that there was fairness, transparency, equity and cost effectiveness in the award process, (a) There are currently 66 coal transport companies contracted within Eskom, (b) the current monetary value is (i) R6.8 billion over the duration of the contract, (ii) All current contracts were initiated on 1 November 2010 and will expire on 31 March 2014, with a total duration of 41 months. All 66 companies are BBBEE compliant and the status of these companies expressed as a percentage is as follows:

- Level 1 - 12%
- Level 2 - 16%
- Level 3 - 54%
- Level 4 - 14%
- Level 5 - 2%
- Level 7 - 2 %