CITY POWER JOHANNESBURG (SOC) LTD
BUSINESS PLAN
(July 2019- June 2020)

Subject to NERSA Approval of the Tariffs

Joburg

City Power
Johannesburg

OFFICIAL SIGN OFF

It is hereby certified that this Strategic Plan:

- Was developed by management of City Power SOC Ltd under the guidance of the Chief Executive Officer (CEO)
- Considers all the relevant policies, legislation and other mandates for which City Power SOC Ltd is responsible
- Accurately reflects the strategic outcomes and objectives which City Power SOC Ltd will endeavour to achieve over the period 2019 – 2020

Sign Off:

Designation	Name	Signature	Date
Chief Executive Officer			
Sector ED			
Sector MMC			

Company Details

Company Name:	City Power Johannesburg (SOC) Ltd
Company Registration Number:	Reg 2000/030051/30
Physical Address:	40 Heronmere Road, Reuven
Postal Address:	PO Box 38766, Booysens, 2016
Phone Number:	(+27) 011 490 7000
Fax Number:	(+27) 011 490 7590
E-mail:	electricity@citypower.co.za
Website:	www.citypower.co.za
Customer Contact Centre:	(+27) 011 375 5555

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS

Acronym and Description	
AA – Affirmative Action	ISO – International Organisation for Standardisation
ADMD – After Diversity Maximum Demand	LED – Light Emitting Diode
AMI – Advanced Metering Infrastructure	LPU – Large Power Users
AMR – Automated Meter Reader	LV – Low Voltage
AMP – Amperes	MDMS – Meter Data Management System
BBBEE – Broad Based Black Economic Empowerment	MFMA – Municipal Finance Management Act
BSC – Balanced Score Card	MOE – Municipal Owned Entity
Bn – Billion	R&M – Repairs and Maintenance
c/kWh – Cents per Kilowatt Hour	MSA – Municipal Systems Act
CAIDI – Customer Average Interruption Duration Index	MV – Medium Voltage
CAIFI – Customer Average Interruption Frequency Index	MVA – Mega Volt Amperes
CAPEX – Capital Expenditure	MW – Megawatt
CEF – Central Energy Fund	NDP – National Development Plan
CO2 – Carbon Dioxide	NERSA – National Energy Regulator of South Africa
BRT – Bus Rapid Transit	NPR – Network Performance Related
CFL – Compact Fluorescent Light	OECD – Organisation for Economic Co-operation and Development
CLO – Community Liaison Officer	OPEX – Operating Expenditure
COJ – City of Johannesburg	OSH – Occupational Safety and Health
CIMS – Capital Investment management System	PPA – Power Purchase Agreement
CP – City Power	PL – Public Lighting
DIFR – Disabling Injury Frequency Ratio	PV – Photovoltaic
DSD – Developmental Service Delivery	R&CRM – Revenue and Customer Relationship Management
DSM – Demand Side Management	RAC – Risk, Assurance, Compliance
EE – Employment Equity	RATS – Remote Access Terminal System
EIA – Environmental Impact Assessment	RDP – Reconstruction and Development Programme
EISD – Environment and Infrastructure Services Department	RS – Retail Services Group
EO – Engineering Operations Group	SAIDI – System Average Interruption Duration Index
EPWP – Expanded Public Works Programme	SAIFI – System Average Interruption Frequency Index
ES - Engineering Services Group	SAPS – South African Police Service
ESP – Expanded Social Package	SBA – Sale of Business Agreement
FBE – Free Basic Electricity	SCADA – Supervisory Control and Data Acquisition
FY – Financial Year	SDA – Service Delivery Agreement

Acronym and Description	
GE – Gender Equity	SDBIP – Service Delivery Budget Implementation Plan
GDS – Growth & Development Strategy	SEA – Strategic Environmental Assessment
GHG –Green House Gases	SHEQ – Safety, Health, Environment, Quality
GRAP – Generally Recognised Accounting Practice	SMME – Small, Medium and Micro Enterprises
GwH – Gigawatt Hours	SMS- Short Messaging System
HR – Human Resources	SOC – State Owned Company
HV – High Voltage	SPU –Small Power Users
JMPD – Johannesburg Metro Police Department	SSM – Supply Side Management
IT – Information Technology	STEP - Service Delivery, Transformation, Excellence, Performance
KPI – Key Performance Indicator	SWOT – Strengths, Weaknesses, Opportunities, Threats
kV – Kilo Volt	TBA – To Be Announced
kWh – Kilowatt Hour	TOD – Transit Oriented Development
KWH – KiloWatt Hour	TOU – Time of Use
ICT – Information, Communications Technology	VUCA – Vision to keep lights on, Understanding the sustainability game plan, Customer Confidence re-gained, Agility of our People
IDP –Integrated Development Plan	
IRP – Integrated Resource Plan	

1. EXECUTIVE SUMMARY

City Power Johannesburg (SOC) Ltd is the Energy Distribution Service Provider to the Service Authority, Johannesburg Council. The core competency of the business is to purchase, distribute and sell electricity within its geographical footprint of business. The City of Johannesburg is the sole Shareowner. The Council, by means of a Service Delivery Agreement, regulates the service in respect of the following: financial issues (such as tariffs and capital expenditure), human resource issues (such as skills development), delivery targets (maintenance of assets and addressing assets), and standards of customer care.

The purpose of the City Power 2019/20 Business Plan (BP) is to operationalise the 2019/20 strategic course of the shareholder as outlined during the Mayoral Lekgotla in support of the 2016/21 Integrated Development Plan (IDP). In addition, the plan seeks to continually improve City Power's performance in the delivery of electricity to CoJ's residents in a reliable and sustainable manner.

This business plan, therefore, considers key external and internal factors as the basis for City Power 2019/20 strategic focus. These include external factors such as, the slowdown in economic growth, emergency of disruptive technologies and the 4th industrial revolution, not to mention the impending unbundling of Eskom.

Internally, factors such as, the Aging Infrastructure, increasing demand for quality Service Delivery, Financial Sustainability, escalating unplanned outages, and the need for an enabling culture and leadership have also been considered. These factors have been considered in context of both the GDS, and CoJ's nine (9) priorities.

Table 1 below outlines the GDS 2040 outcomes.

Outcome	Outcome Description
1	A growing, diverse and competitive economy that creates jobs
2	Enhanced, quality services and sustainable environmental practices
3	An inclusive society with enhanced quality of life that provides meaningful redress through pro-poor development.
4	Caring, safe and secure communities
5	An honest, transparent and responsive local government that prides itself on service excellence

Table 1: GDS 2040 Outcomes

City Power recognises that, for us to achieve the desired socio, and economic impact, our approach needs to be both transformational and functional. Our five-year strategy, and supporting plan is therefore summed up in the shareholder **V**ision, **U**nderstanding the sustainability game plan, re-gaining Customer **C**onfidence, and making our people more **A**gile. We refer to this as our VUCA 2022 strategy from which we derive our seven strategic goals described in Table 2.

The CoJ priorities are the key drivers toward achievement of "Game Changers", which translates "Diphetogo" in Setswana. For simplicity of implementation and reporting on these priorities, the CoJ has divided the 2016/21 IDP into various clusters. City Power forms part of the Sustainable Services Cluster (SSC). The SSC has deliverables and outcomes aligned to all the nine priorities and these are the main areas of focus in the implementation of City Powers strategic goals.

Further, in ensuring aligned execution, the City Power Business Plan has been developed to support CoJ's priorities. City Power has therefore aligned its seven VUCA 2022 goals to CoJ's priorities. Table 2 depicts this alignment.

City Power Strategic Goals (VUCA 2018-2022)	City of Johannesburg Mayoral Priorities and Diphetogo (2016-2021)
1. Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin – Self-Generation – Energy Mix – Independent Power Producers (IPP's) – Alternative Source	• **Priority 1.** Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021. • **Priority 9.** Preserve our resources for future generations. • **Diphetogo –** Electricity and Visible Service Delivery; Jobs and Growth
2. Creating value through a productive and engaged workforce. – Advocacy – Culture – Leadership – People Development – Performance Development	• **Priority 3**. Create a culture of enhanced service delivery with pride. • **Priority 5**. Create an honest and transparent City that fights corruption. • **Priority 6**. Create a City that responds to the needs of citizens, customers, stakeholders and businesses. • **Diphetogo –** Institutional
3. Improve, stabilize and sustain a positive financial position – Reduction of non-technical and technical losses by 10% and 1% respectively – Ensure correct and accurate billing of 95% of City Power's customer base – Attain 95% billing cash collection – Realization of alternative income streams	• **Priority 1.** Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021. • **Priority 7**. Enhance our financial sustainability. • **Diphetogo –** Finance
4. Develop and Maintain a Reliable Network Infrastructure Asset – Renewal – Refurbishment – Maintenance – Build	• **Priority 4**. Create a sense of security through improved public safety. • **Priority 6**. Create a City that responds to the needs of citizens, customers, stakeholders and businesses. • **Priority 8**. Encourage innovation and efficiency through the Smart City Programme. • **Diphetogo –** Electricity and Visible Service Delivery
5. A technology and innovation-driven organization – ICT – 4IR – Smart Grid, including Smart Meters	**Priority 8**. Encourage innovation and efficiency through the Smart City Programme.
6. Sustainability of the Business – Customer Centricity – Governance & Ethics – Reputation and Relationship Management – Environment – Economic Value for all our stakeholders – Business of the Future	**Priority 6**. Create a City that responds to the needs of citizens, customers, stakeholders and businesses.
7. Strategic Collaboration for funding and energy delivery – PPP for infrastructure funding – COJ MOE Collaboration for energy alternatives – Other Investment opportunities	**Priority 3**. Create a culture of enhanced service delivery with pride. **Priority 6**. Create a City that responds to the needs of citizens, customers, stakeholders and businesses.

City Power Strategic Goals (VUCA 2018-2022)	City of Johannesburg Mayoral Priorities and Diphetogo (2016-2021)
	Priority 1. Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.

Table 2: Alignment of City Power's Strategic goals to CoJ's Priorities

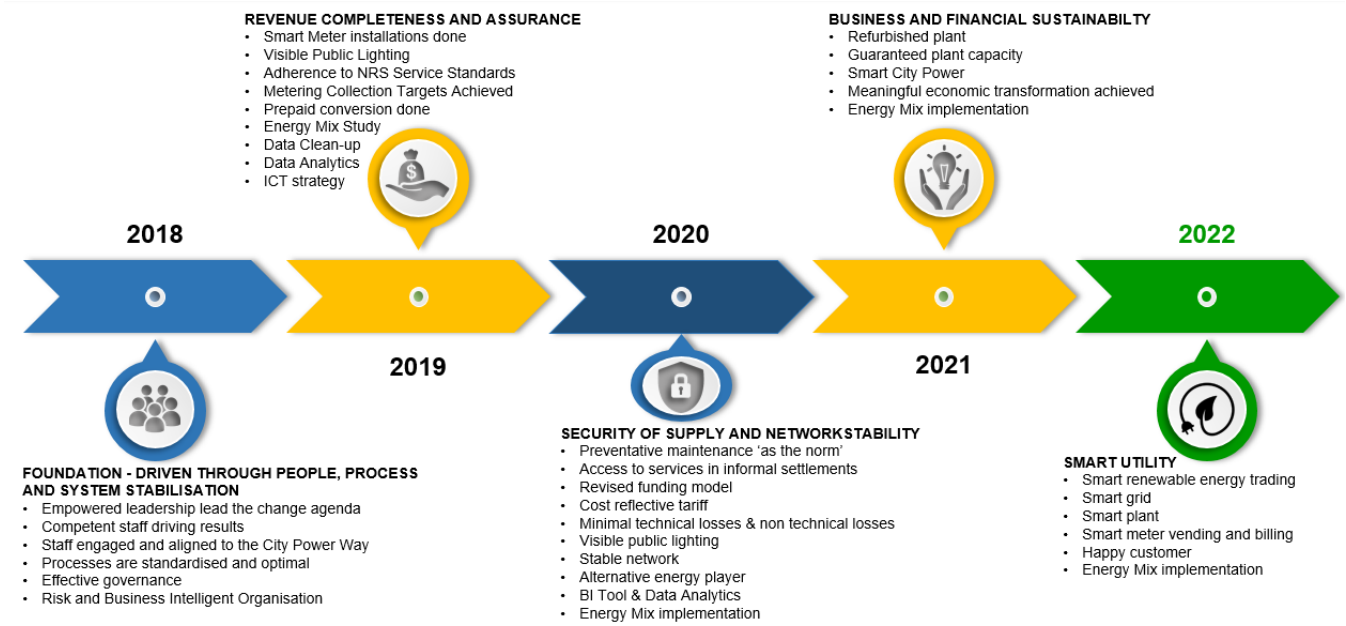


Figure 1: VUCA High-level Implementation Plan

The remainder of this plan presents a message from our CEO, and reiterates in detail, City Power's vision, mission, and values and describes the strategic analysis that informs our goals. Further, the plan describes the VUCA 2022 vision in greater detail, and the Financial Plan for enabling the delivery key initiatives associated with the VUCA 2022 vision, while emphasizing the strategic importance of our enterprise capabilities (ICT, people (HR), Enterprise Risk Management, and stakeholder engagement). The plan concludes by providing additional information within the annexures.

2. MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The energy sector is undergoing significant change, both domestically and globally. These changes have the potential to create both risks and opportunities for City Power. Increasing access to energy and reducing energy poverty means that the business of City Power must be strategically capable to deliver on our core mandate which is to provide reliable supply of energy to the City of Johannesburg.

Thus, the efficient, and sustainable delivery of energy to all our customers is fundamental to ensuring that our City continues to prosper. The City Power 2019/20 Business Plan bears testament to the important role that the City Power plays in delivering this critical service. Our 2019/20 Business plan emphasises that the role of City Power is more than the delivery of energy. It is a commitment to respond to the needs of our residents and represents a compact to collaboratively deliver this service in a sustainable, reliable and efficient manner.

This Business Plan reflects City Power's commitment to ensure that its VUCA 2022 strategy, adopted by the Board in 2018, is implemented across the organisation. VUCA 2022 is City Power's turnaround strategy that aims to ensure that the company becomes sustainable, is smart grid enabled, customer centric with engaged and skilled employees and is an ethical organisation.

In giving effect to this strategy, the priorities outlined in this Business Plan are:

1. Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin;
2. Creating value through a productive and engaged workforce;
3. Improve, stabilize and sustain a positive financial position;
4. Develop and Maintain a Reliable Network Infrastructure Asset;
5. A technology and innovation-driven organization;
6. Sustainability of the Business; and
7. Strategic collaborations for funding and energy delivery.

The successful achievement of this Business Plan depends on building trust between us and our customers and stakeholders, ensuring that we align with the shareholder and achieving our strategic goals as set out in this business plan.

It gives me great pleasure to present City Powers 2019/20 Business Plan.

Lerato Setshedi

Chief Executive Officer

3. CITY POWER: THE ENTITY

3.1 Vision, Mission and Values

Vision

City Power provides quality energy and electricity in a sustainable manner. The vision of City Power is aligned to the vision of the shareholder:

“A City Power that works is a Joburg that is Em-Powered”

Mission

The mission of City Power Johannesburg SOC is to meet the expectations of our customers and stakeholders by:

- Providing sustainable, affordable, safe and reliable energy supply,
- Providing prompt and efficient customer services,
- Being the preferred equal opportunity employer by developing and incentivising our employees,
- Undertaking our business in an environmentally acceptable manner.

Values

The aspired values of City Power are to be:

- Resourceful,
- Resilient,
- Reliable,
- Respectful,
- Service delivery with integrity.

3.2 Value Proposition & Aspirations

3.2.1 Value Proposition

City Power’s value proposition enables all stakeholders to have a shared understanding and meaning of what City Power’s existence entails.

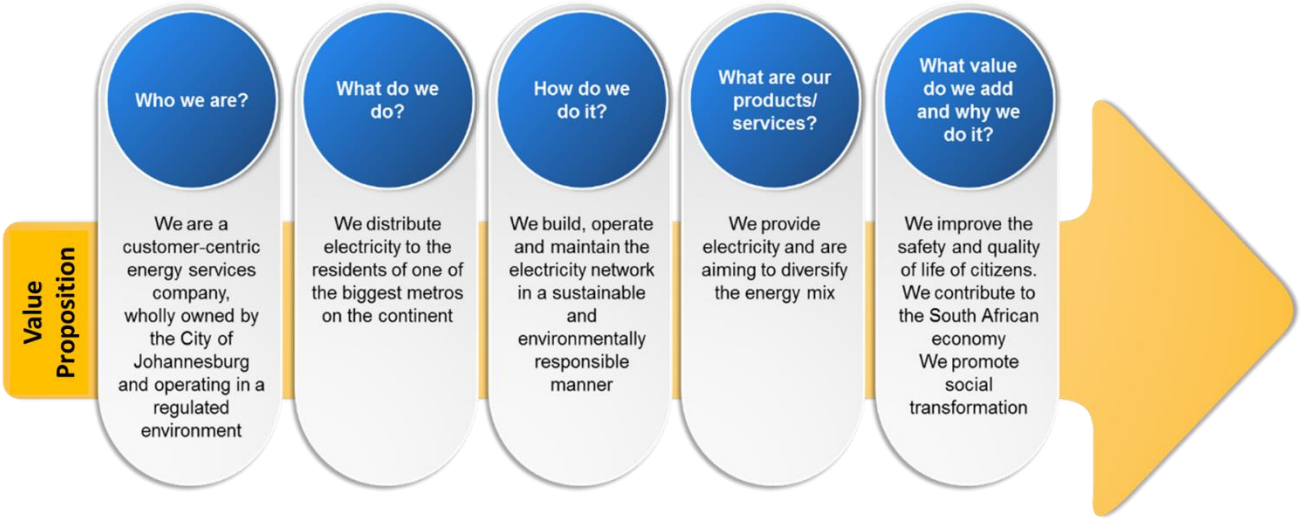


Figure 2: City Power Value Proposition

3.2.2 Aspirations

City Power aspires to not only be a reputable electricity distributor, but to also be recognised as an energy provider of choice. City Power aspires to be a "best in class" African energy utility that is characterised by the following:

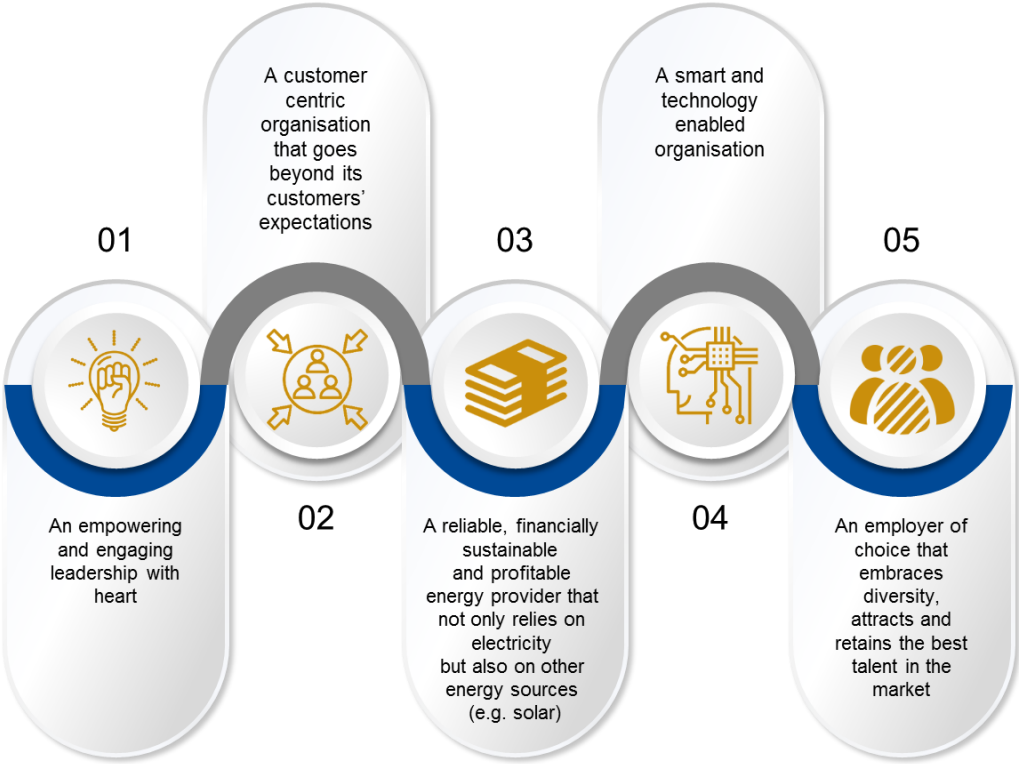


Figure 3: City Power Aspirations

3.3 Core Mandate

The mandate of City Power is to provide reliable supply of energy to the City of Johannesburg. This is done through the strategic use of a mix of technologies and energy sources whilst maintaining the financial sustainability of the business.

Figure 4: City Power Mandate

The aim of City Power is to assist the City of Johannesburg to address the South African challenge of security and quality of electricity supply. It is to enable consumers, who reside in the City of Johannesburg jurisdiction, to reliably obtain electricity at a defined quality and at affordable transparent rates. In parallel to this objective, City Power will also be required to ensure the sustainability of the business through the achievement of certain agreed to financial, social and environmental goals.

3.4 Organisational Statistics – a snapshot

Category	Statistics
Employees	1 700
Asset Value	±R63bn
Revenue Generation	Over R15bn p/a
Customers	• Over 413 000 • 63% prepaid • 36% conventional business/ domestic • 1% large power users.
Depots	• 1 x Head Office, Reuven (NKP) • 9 Depots
Substations	268
Overhead Transmission Lines	846 km & 2200 towers
Underground Tunnel	14.5 km
Load Centers	18577
Underground Network Cable	17 500 km
Public Lights	270 000
Copper Cable Warehouses/ Storages	±R255m

Table 3: Organisational Statistics Snapshot

3.5 City Power's Background

Following the first democratic elections that took place in 1994, and the local government election that followed in 1995, eleven local authorities were amalgamated to form the Greater Johannesburg Metropolitan Council. By mid-1997 it became apparent that the new structures were not optimally effective, and the Councils of Greater Johannesburg were facing a severe financial crisis. It was then agreed that a unified, metropolitan-wide initiative was necessary to focus specifically on the critical problems facing the City. This led to the inception of the i-Goli 2002 plan. I-Goli 2002 was essentially a three-year strategic plan. It involved the structural transformation of Metro functions with the view to ensuring enhanced and more cost-effective service delivery. It achieved this by reducing fragmentation, eliminating duplication, improving accountability, focusing on human resource development and improving performance incentives. From an organisational perspective, the i-Goli 2002 Plan put in place, "sensible" structures that delivered at greater levels of efficiency.

The i-Goli 2002 Plan envisaged that the City would work through a combination of new political governance structures, agencies and corporatised entities. A key element of the i-Goli 2002 strategy for service delivery was the establishment of utilities, agencies and corporatised entities now called the municipal owned entities (MOEs). One of the entities established was City Power Johannesburg (SOC) Ltd, 100% owned by the City of Johannesburg (CoJ), and established in terms of the Companies Act, on 30 November 2000. The National Energy Regulator of South Africa (NERSA) granted City Power a license to trade on 19 December 2001. City Power is not the sole provider of electricity services for the City. City

Power is accountable for public lights in all of Johannesburg, but the rest of the electricity services are split with Eskom as depicted in the map below.

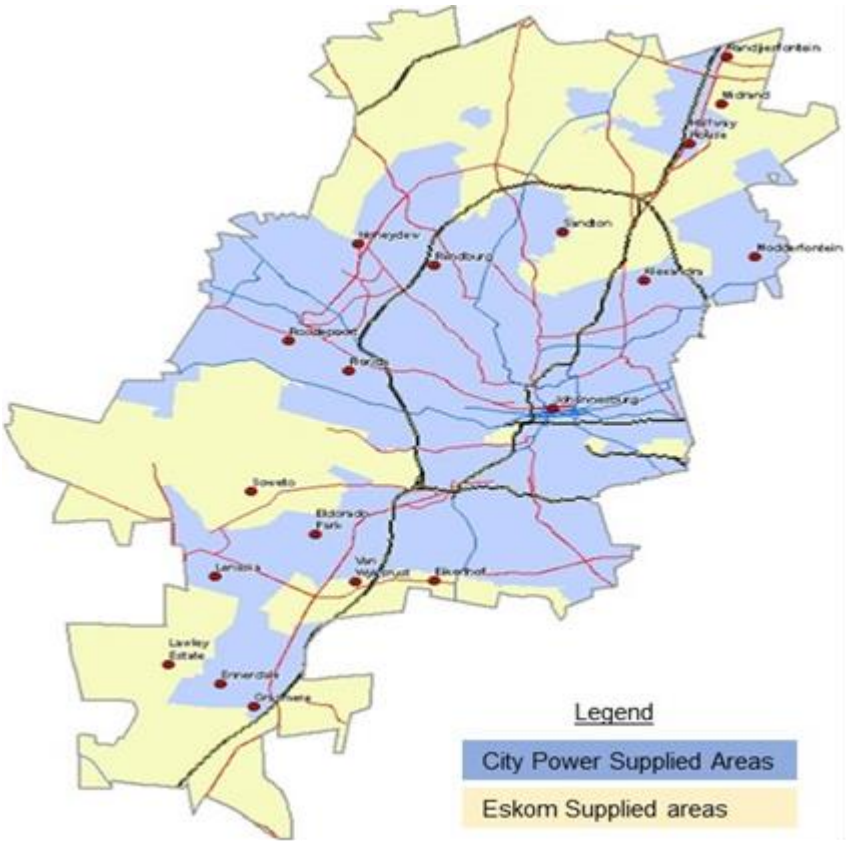


FIGURE 5: MAP SHOWING THE ELECTRICITY SUPPLY TO THE CITY OF JOHANNESBURG

In line with the establishment of City Power Johannesburg (SOC) Ltd, the Council uses an Environment and Infrastructure Services Department (EISD) to oversee the performance and Group Governance to oversee the governance of the company, as well as to regulate it. In this regard various agreements in principle were concluded during the establishment of the companies. These included the Sale of Business Agreement (SBA) and the Service Delivery Agreement (SDA).

The relationship maintained with the City of Johannesburg is one of Service Authority and Service Provider. City Power Johannesburg (SOC) Ltd is the preferred Service Provider for the Service Authority, the (Johannesburg Council). City Power Johannesburg (SOC) Ltd is the Energy Distribution Service Provider to the Service Authority (Johannesburg Council). The core competency of the business is to purchase, distribute and sell electricity within its geographical footprint of business. The City of Johannesburg is the sole Shareholder. The Council, by means of a Service Delivery Agreement, regulates the service in respect of the following: financial issues (such as tariffs and capital expenditure), human resource issues (such as skills development), delivery targets (maintenance of assets and addressing assets), and standards of customer care.

3.6 Access to services and electricity status quo

It is a constitutional mandate for the City to ensure that all households have adequate access to basic services. Provision of basic services to the community of Johannesburg is comparatively high with the majority of households (both formal and informal) enjoying access to piped water (98.5%), sanitation (95.8%), and electricity (90%). However, there continues to be a deficit, particularly in informal settlements where less than half of the

households have access to basic sanitation. This backlog is exacerbated by high population growth and in-migration. The number of households in the city has increased by an average annual rate of 3% from 2006 to 2016. As the number of household's increase, extra strain is put on the existing infrastructure. In the short to medium term this can make delivery of services difficult because the provision and maintenance of formal household infrastructure takes time. In order to avoid this situation, the City needs to be keenly aware of backlogs and work to neutralise these.

There is a total of 1.6 million households in the city. Of these, the following service[1] backlogs have been noted:

Service	Households Serviced %	Approximate Backlog in Households	Backlog %
Electricity[2]	89.80%	163 200	10.20%

Table 4: Electricity Backlog

1.44 million (89.90%) households have electricity which they use for multiple purposes, while 7 000 (1.69%) households have electricity for lighting only. These figures include households that use solar or alternative energy sources. However, 163 200 households (10.2%) have no electrical connection. On average this figure has increased at 1.96% per year since 2006. Although, access to electricity in the city is relatively as high (>90%), the City has not managed to achieve its access target of 97%. The lack of electricity in the city continues to be most prevalent in informal dwellings (households living on formal dwellings in backyard shacks) and informal settlements (households residing on un-proclaimed land zoned for development.

3.7 Key Achievements and Highlights

The 2017/18 year of performance has not only been challenging but also presented opportunities to be explored to ensure improved performance. The focus has been on creating value for our customer through quality of service.

There are areas in the business that deserve to be highlighted where management has done well, and stipulated targets have been achieved. The company has achieved 68% of its 22 KPIs in its scorecard. The KPIs that impact service delivery that have been achieved include:

- Restoration times for traffic signals and public lights.
- Installation of public lights and electrification of household in informal settlement
- Achievement of quality of supply KPI which is specified in NRS048
- Reduction of emissions target.

Leadership and Corporate Profile

- Stable and strengthened Board leadership

Governance

- Stable and strengthened EXCO and Board leadership
- An established and board approved organisational structure
- Compliance to all regulatory and legislative requirements

Service Delivery Performance

- A total of 1 374 public lights have been installed
- A total of 2 167 units (structures) in informal settlements have been electrified
    - Slovo Park: 1076 informal settlement dwellings have been electrified after CoJ allocated R41 million for the completion of this project and project was launched beginning of July 2018 by the Mayor.

[1] Serviced figures sourced from StatsSA General Household Survey 2016, target figures sourced from City of Johannesburg Annual Report 2016/17
[2]Source: IHS Markit Regional eXplorer version 1277

- Alexandra: 300 units (structures) in informal settlement have been connected and 100 public lights installed.
- Elias Motsoaledi: 175 RDP houses connected, and 105 public lights installed
- Sebenza substation completed

4. STRATEGIC ANALYSIS

4.1 Environmental Analysis, SWOT, PESTEL

The City of Johannesburg has embarked upon journey to become a sustainable and smart City of the future in line with the principals of the Growth and Development Strategy 2040 and in line with the Vision, Mission, Pillars and priorities of the shareholder. Energy will be a critical component in realising these aspirations. Whilst energy is key to unlocking the economic and socio-economic development objectives, unchecked consumption of coal-based power will increase carbon and energy intensity, threaten economic and environmental sustainability and the quality of living within the City.

4.1.1 SWOT Analysis

Strengths

- Established Network Asset
- Sound technical knowledge and understanding of the business
- Strong Regulatory and legislative framework
- Manage the biggest components of the CoJ assets R62b
- Well established governance structure and processes

Weaknesses

- Declining gross margin
- Weak revenue management systems and processes
- Old IT and infrastructure
- Restoration times and SCADA
- Ineffective stakeholder management
- Ageing network infrastructure

Opportunities

- Alternative energy sources (off grid solutions)
- Carbon funding/CEF
- Public-Private-Partnership projects and reduce operations costs
- Smart grid realization
- Technology & digitization
- Investment in energy management systems
- Expansion and security of supply
- Community involvement/engagement
- Partnerships for investments and delivery
- Unbundling of Eskom

Threats

- Security of supply-
- Infrastructure theft and, vandalism
- illegal connections
- Declining customer base
- Dramatic increase in the cost of key resources i.e. labour and materials
- High levels of coal usage leading to increased GHG
- Private own off grid solutions
- Inadequate funding of capital for renewals
- Unbundling of Eskom
- High debt level in South Africa (Inability to Pay)

Figure 6: SWOT Analysis

4.1.2 PESTLE Analysis

By leveraging on strengths and opportunities, City Power can mitigate and manage challenges, weaknesses and threats posed by the business. The PESTLE analysis outlines the various factors that exist in the macro environment that City Power operates in. Based on the micro and macro environments of City Power, the situational analysis informs and pre-empt the strategic risks faced by City Power.

External	Factors	City Power Response and Effect
Political	• Change in Political leadership • GDS 2040 • COJ IDP • SOCA/SONA	• High Level strategic focus/alignment • Changing priorities/funding • Changing targets: knock on effect • Promises made, refocus mandate • Refocus of mandate; implications for service delivery and business model
Economic	• Funding challenges • Consumer spending pressures • Increased cost of supply Kelvin pricing/PPA • Security of supply	• Limited funding • Reduced revenue if people cannot pay • Reduced margins; or pass on costs which make electricity expensive • Locked into agreement – negative impact on pricing • Investor and economic impact
Social	• Service delivery • Social media • Company image/reputation • Theft and vandalism, Illegal connections • High Unemployment levels • Social and economic inequality • Spatial challenges	• Pressures to deliver • Interconnectedness: challenge of maintaining a positive company image and responding immediately to issues • Increased outages and service delivery pressures • Inability to pay; increased crime (theft and vandalism) • Increased demand on current network (old) or challenges to replace new network, workforce health
Technological	• Disruptive and New technologies • Changing ICT landscape- cyber security • Globalisation/interconnectedness	• New skills required • Cyber security becomes a greater challenge • CP must act quickly to be a ‘world class’ utility
Legal	• Constitutional requirements • Legislation and regulation requirements (e.g., ISMO, Energy legislation and ISO) • Legislation and regulatory limiting (w.r.t. energy and low carbon)	• Mandate to supply electricity • Limitation on procuring from IPP’s • Accreditation requirements to maintain license • Legislation hinders carbon reduction and use of new energy
Environmental	• Drive to reduce consumption and emissions • IPPs/renewable energy • Security of supply, Reliance on coal and other fossil fuels for energy supply for the foreseeable future • Climate change and Natural resource scarcity	• Less consumption, less revenue • Pricing of renewables may be positive or negative • Security of supply through alternative means • Coal usage = more emissions • Limited resources = challenge to the business operating model

Table 5: PESTLE Analysis

4.2 Strategic Response to Key Challenges and Opportunities

City Power finds itself vulnerable to both internal and external forces. The figure below shows the Macro, Industry and City Power alignment of risk and opportunity for the 18/19 to 19/21 outlook.

Figure 7: Risk and Opportunity Outlook

4.2.1 External forces

Looking outwards, we see a volatile political landscape; slow economic growth; funding challenges; consumer spending pressure; increased cost of supply; risks to security of supply with Eskom floundering; technological convergence; environmental pressure to reduce consumption and emissions; and demands for more renewable energy sources. The volatile external environment forces City Power towards a proactive thinking shift on funding, service delivery ICT and human capital management.

4.2.1.1 Slow economic growth

South Africa's GDP growth slowed from 1.3 per cent in 2017 to an estimated 0.7 per cent in 2018. The medium-term outlook is weaker than projected in the 2018 MTBPS. Economic growth is expected to reach 1.5 per cent in 2019, rising to 2.1 per cent by 2021. Slow economic growth compounded with legislative restrictions in certain sectors is directly forcing companies to adopt new cost effectiveness measures beyond retrenchments. There is an emerging trend whereby business has found alternative water and energy sources which in turn has minimal impact on the environment. Slow economic growth further impacts consumer spending.

Implications for CP's Strategic Plan:

It is essential for City Power to partner with its Large Power Users in order to understand their sustainability plans and to shape its energy mix strategy (see section 10). and offering with the aim to retain and grow revenue base in the long run. An Energy mix strategy would also require City Power to take note of the environmental pressure to reduce consumption and emissions; and demands for more renewable energy sources. The consumer spending pressure would require City Power to ensure value for money, good service and reliable meter technology.

4.2.1.2 Unbundling of Eskom

Eskom plans to unbundle into three divisions – generation, transmission and distribution to optimise energy supply. It is envisaged that this will deliver efficiency and good governance, ultimately lower prices for the consumer.

Implications for CP's Strategic Plan:

The unbundling of Eskom will have far reaching impact on the future business model for City Power. It will heavily influence City Power's energy mix strategy, tariff model and purchasing cost given that there could be more energy generation players. City Power needs to review its cost of supply model and assess risks to security of supply with Eskom floundering while innovating its business model to leverage PPP, its network asset, and its relationship with sister entities (see section 10).

4.2.1.3 Limited quality of life

City of Johannesburg has about QoL Index = 6.27, with electricity access being 90%. However, population growth is projected at 2.6% and would require supply connections. With the expanded unemployment rate of 32.3%, social agenda is high on the City of Johannesburg Diphetogo programme.

Implications for CP's Strategic Plan:

City Power needs to develop a full understanding of the electrification expansion needs for the City. Furthermore, in its transformation strategy it needs to show how it will create jobs and have a diverse inclusive supply chain process. Through its Capex spend, City Power will ensure that job creation is at the forefront of all its initiatives.

4.2.1.4 Disruptive technology trends

Innovative solutions such as the use of big data in utilities are emerging. In the utility industry, the ability to combine and analyse IT data, operational technology (OT) machine data and data generated by consumer Internet of Things (IoT) will be a critical requirement for digital business transformation.

Implications for CP's Strategic Plan:

Acceleration and funding of the initiatives that operationalise the strategic goal of "A technology and innovation-driven organization" i.e. ICT, 4IR Smart Grid, including Smart Meters.

4.2.2 Internal forces

Looking inwards, our challenges come from lack of liquidity; increasing non-technical losses; delays to asset refurbishment and renewal; increasing outages; poor technical performance; insufficient human capacity and capability; and disjointed ways of working. We choose to change from a position of functional responsiveness to that of strategic enabler and contributor to keep the lights on!

4.2.2.1 Future business models

Utilities around the world have started to look at mix energy grid, new meter devices, technology-enabled, customer-engaged platforms amongst other things.

Implications for CP's Strategic Plan:

City Power needs to leverage technology to enhance system performance and customer engagement. A responsive business model is essential.

4.2.2.2 Aging energy infrastructure

37% of our substations are over 80% firm transformer capacity on the Notified limitation from Eskom. 21% of the existing transformer fleet requires refurbishment and/or replacement. Five 88kV OHL's capacity limitations require upgrade and refurbishment 43km.

There are 17,869 dilapidated Load Centres within the City Power network with an average replacement cost of R500k per Load Centre. Replacement cost of R8.9b. The majority of MV distribution approximately 33% (2300 km) are over 45 years old with a replacement cost of R2billion. From the estimated 7925 streets requiring ABC conversion only 13% have been completed. The estimated outstanding amount of OHL ABC conversion is 2300km (R2.1b).

Implications for CP's Strategic Plan:

City Power needs to build capacity to reduce outages and secure energy supply which will contribute towards attracting investment leading to overall financial growth for the City.

4.2.2.3 Demand inefficiency

City Power has an estimated 268 000 LED Replacement of Streetlights, R 125 Million has been allocated towards the installation of new streetlights within the next 3 years equating to 5500 new lights, creating a huge back log on new street lights installations.

Implications for CP's Strategic Plan:

City Power needs to increase its revenues or find alternative finding partners in order to move towards a demand efficiency and reliability program.

4.2.2.4 Service delivery

Within the COJ boundary, a total of 181 informal settlements exists, and the base is constantly changing, 44% of the individual units requiring Electricity fall within the City Power Supply Area Regions C, E and G comprises of the bulk demand for the provision of basic services within City Power supply areas. There is currently a backlog due to limited funding. This is contributing indirectly to illegal connections and fraud amongst others.

Implications for CP's Strategic Plan:

City Power electrification programs have a direct bearing to quality of lives of the people of Johannesburg. It can also have significant impact on increasing customer base. Revenue generation strategies are required to fast track implementation of these programs.

4.2.2.5 Unplanned outages

Planned versus unplanned maintenance is not yet at optimal levels. However, it is currently being managed by quick turnaround times to achieve outage resolution. Given the capital projects backlog, it is imperative that operational costs be reduced, and a reallocation of budget goes towards capital projects.

Implications for CP's Strategic Plan:

CoJ must develop a plan that reduces outages by 5% per annum, increase spend by 9% of network asset value on R & M, increase spend to 60% of R &M on proactive maintenance and improve restoration times to meet all categories of NRS047. City Power to further model how this investment will increase revenue and reduce operational cost in the long run.

4.2.2.6 Governance

City Power currently doesn't have seamless and streamlined ways of working which contributes towards inefficiencies. Better internal controls are required to mitigate fraud, misrepresentation and inaccurate customer information. Accurate customer data will reduce the level of queries which in turn will have a positive effect on revenue as customers will be able to pay for the services they receive.

Implications for CP's Strategic Plan:

The organisation has developed a performance enhancement framework that focuses on programs that contribute to the strategic goals. The framework is driven by a focus on the improvement of the control environment which is People, Processes and System.

4.2.2.7 Financial instability

City Power has not been able to meet its revenue targets for a while. City Power used to have a cash coverage of 3 days and now it is at an estimated -33 days. City Power has insufficient funds to meet its financial obligations in the short term.

Implications for CP's Strategic Plan:

City Power to develop investment strategy to drive its capital projects, model cost drivers and accelerated liquidity initiatives. For detailed thinking on infrastructure, alternative energy funding and investment (See section 10).

4.2.2.8 Enabling culture and leadership

The current leadership quality in the organisation in not adequately capacitated to drive and achieve the VUCA strategic goals. Areas of development, coaching and mentoring have been identified.

Implications for CP's Strategic Plan:

City Power needs to build leaders that can create an adaptive, enabling and constructive culture that cultivates innovation, individual responsibility and accountability, values performance, and delivers on our organisation strategy and vision. It is vital that we adopt a holistic learning and development model that grows our people into strategic thinkers and influencers that build collaborative relationships with all stakeholders.

With this acknowledgement of vulnerability comes an opportunity to build organisational capabilities and capacity. To critically examine City Power's role; understand the impact of previous and planned strategic programmes in the light of an updated environmental scan; and most importantly, raise our vision to truly understand what our organisation needs to be building for a sustainable future**.**

4.3 VUCA 2022 – City Power's Strategic Direction

City Power recognises that, for us to achieve the desired socio, and economic impact, our approach needs to be both transformational and functional. Our five-year strategy, and supporting plan is therefore summed up in the shareholder **V**ision, **U**nderstanding the sustainability game plan, re-gaining **C**ustomer Confidence, and making our people more **A**gile. We refer to this as our VUCA 2022 strategy from which we derive our seven strategic goals described in Figure 8, and described in.

Further, in ensuring aligned execution, the City Power Business Plan has been developed to support CoJ's priorities. City Power has therefore aligned its seven VUCA 2022 goals to CoJ's priorities. Table 2 depicts this alignment.

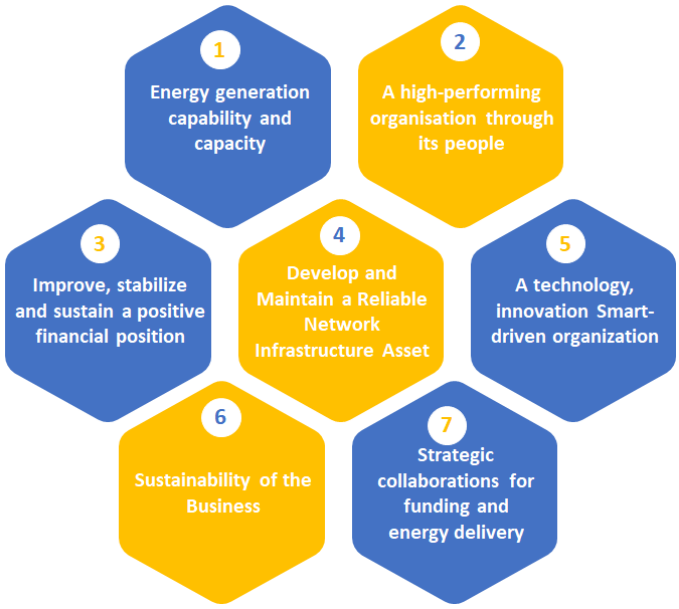


Figure 8: City Power's Strategic Objectives

	City Power Strategic Goals	Key Levers
1	**Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin**	• Self-Generation • Energy Mix • Independent Power Producers (IPP's) • Alternative Source
2	**Creating value through a productive and engaged workforce.**	• Culture • Leadership • People Development • Performance Development
3	**Improve, stabilize and sustain a positive financial position**	• Reduction of non-technical and technical losses by 10% and 1% respectively • Ensure correct and accurate billing of 95% of City Power's customer base • Attain 95% billing cash collection • Realization of alternative income streams
4	**Develop and Maintain a Reliable Network Infrastructure Asset**	• Renewal • Refurbishment • Maintenance • Build
5	**A technology and innovation-driven organization**	• ICT • 4IR • Smart Grid, including Smart Meters

	City Power Strategic Goals	Key Levers
6	**Sustainability of the Business**	• Customer Centricity • Governance & Ethics • Reputation and Relationship Management • Environment • Economic Value for all our stakeholders • Business of the Future
7	**Strategic Collaboration and partnerships**	• PPP for infrastructure funding • COJ MOE Collaboration for energy alternatives • Other Investment opportunities • Stakeholder Engagement (e.g. LPUs and Communities)

4.4 Strategy Implementation

A successful business plan depends on the successful implementation of our VUCA 2022 strategy. Strategic implementation must therefore bridge the strategy with implementation by permeating through the organisation. Strategy informs the organisational structure design and the structure informs operations. Therefore, aligning initiatives/programmes to the strategy through the 7 Business Units becomes critical. KPAs or indices are formulated to cascade the strategy into measurable targets that allow for streamlined and integrated implementation. This ensures that accountability and integration is clearly defined.

Translating our VUCA 2022 into segmented KPAs per business group allows for the most important strategic initiatives/programmes to be prioritised. Subsequent operations, resource allocations and budgets etc. are similarly permeated and accelerated at all levels of the institution. The 2109/20 business plan ultimately provides a high-level indication of how our VUCA 2022 strategy is strategically prioritised to ensure implementation across the Company and to ensure that the strategic vision of City Power is realised.

Figure 9 outlines the VUCA 17/18 and 18/19 milestones achievements to date with some of the 19/20 to 20/21 milestones still to be executed to be reached the desired 2022 outcomes.

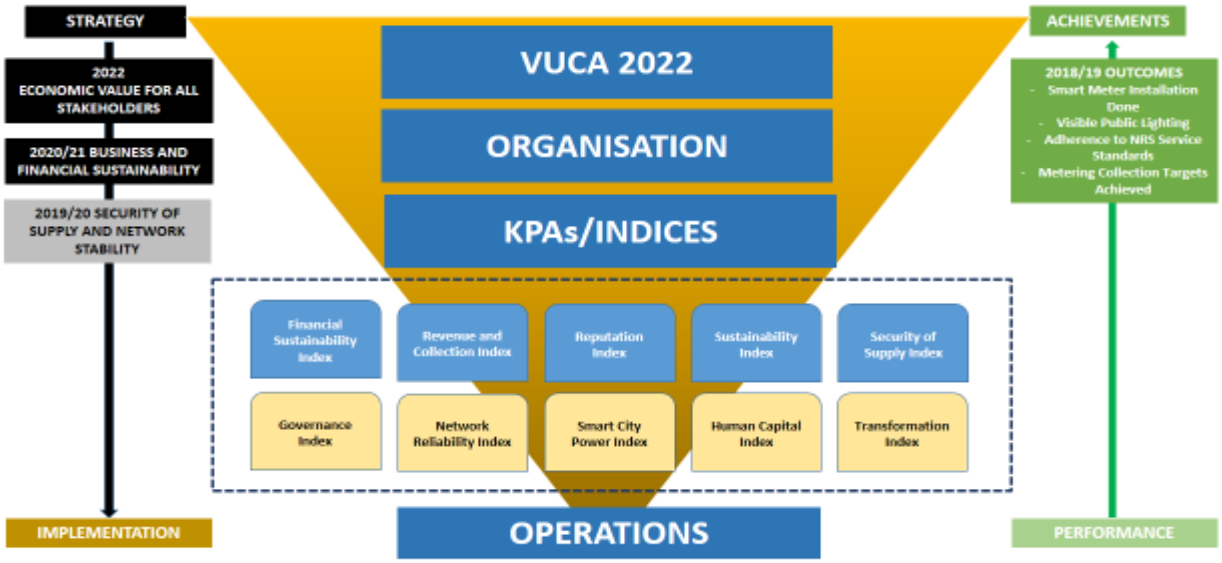


Figure 9: Strategy Implementation Outline

The successful implementation of strategy can only be a success with enabling structures, process and systems in place, as well as the ability to measure the activities that indicate the performances.

4.5 2019/20 Key Performance Areas

Following the successful adoption of the VUCA 2022 strategy, City Power, indices were developed that serve as Key Performance Areas (KPA's) that are intended to operationalise the successful implementation of the strategy.

#	Key Performance Areas
1.	Financial Sustainability Index
2.	Revenue and Collection Index
3.	Reputation Index
4.	Sustainability Index
5.	Security of Supply
6.	Governance Index
7.	Network Reliability Index
8.	Smart City Power Index
9.	Human Capital Index
10.	Transformation Index

Table 6: 2019/20 City Power KPA's

The performance of the organisation for 2019/20 financial year will be managed through the following KPI clusters:

Shareholder KPI's	Number of KPI's	Comments
CoJ Institutional Indicators	9	These KPIs are there to improve the City's effectiveness and efficiency.
National Treasury Circular 88 Indicators	1	National Treasury released a Circular 88, the Municipal Circular on Rationalisation Planning and Reporting Requirements for the 2019/20 MTREF which all municipalities must comply with. Although there are 5 National Treasury KPIs, 3 of them are already measured under City Power Company Scorecard and 1 under UISP.
Upgrading Informal Settlements Programme	3	Entities are urged to incorporate the UISP indicators into 2019/20 indicators in order to ensure that City continues to benefit from the grant.
Service Level Standards	13	City Power appreciates the requirement for quality, availability, among other key service aspects while delivering its services to the citizens.
Key Performance Areas (Indices)	10	Strategic goals and objectives are broken down annually to achieve the 10 indices.
Group Level KPIs	33	KPIs to be consolidated under the 10 indices.

Table 7: KPI Clusters

4.6 Alignment of City Power Strategic Goals with CoJ Priorities and Diphetogo

The CoJ priorities are the key drivers toward achievement of "Game Changers", which translates "Diphetogo" in Setswana. For simplicity of implementation and reporting on these priorities, the CoJ has divided the 2016/21 IDP into various clusters. City Power forms part of the Sustainable Services Cluster (SSC). The SSC has deliverables and outcomes aligned to all the nine priorities and these are the main areas of focus in the implementation of City Powers strategic goals.

City Power Strategic Goals (VUCA 2018-2022)	City of Johannesburg Mayoral Priorities and Diphetogo (2016-2021)
1. Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin • Self-Generation • Energy Mix • Independent Power Producers (IPP's) • Alternative Source	• **Priority 1.** Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021. • **Priority 9.** Preserve our resources for future generations. • **Diphetogo –** Electricity and Visible Service Delivery; Jobs and Growth
2. Creating value through a productive and engaged workforce. • Culture • Leadership • People Development • Performance Development	• **Priority 3**. Create a culture of enhanced service delivery with pride. • **Priority 5**. Create an honest and transparent City that fights corruption. • **Priority 6**. Create a City that responds to the needs of citizens, customers, stakeholders and businesses. • **Diphetogo –** Institutional
3. Improve, stabilize and sustain a positive financial position • Reduction of non-technical and technical losses by 10% and 1% respectively • Ensure correct and accurate billing of 95% of City Power's customer base • Attain 95% billing cash collection • Realization of alternative income streams	• **Priority 1.** Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021. • **Priority 7**. Enhance our financial sustainability. • **Diphetogo –** Finance
4. Develop and Maintain a Reliable Network Infrastructure Asset • Renewal • Refurbishment • Maintenance • Build	• **Priority 4**. Create a sense of security through improved public safety. • **Priority 6**. Create a City that responds to the needs of citizens, customers, stakeholders and businesses. • **Priority 8**. Encourage innovation and efficiency through the Smart City Programme. • **Diphetogo –** Electricity and Visible Service Delivery
5. A technology and innovation-driven organization • ICT • 4IR • Smart Grid, including Smart Meters	**Priority 8**. Encourage innovation and efficiency through the Smart City Programme.
6. Sustainability of the Business • Customer Centricity • Governance & Ethics • Reputation and Relationship Management • Environment	**Priority 6**. Create a City that responds to the needs of citizens, customers, stakeholders and businesses.

City Power Strategic Goals (VUCA 2018-2022)	City of Johannesburg Mayoral Priorities and Diphetogo (2016-2021)
• Economic Value for all our stakeholders • Business of the Future	
7. Strategic Collaboration for funding and energy delivery – PPP for infrastructure funding – COJ MOE Collaboration for energy alternatives – Other Investment opportunities	**Priority 3**. Create a culture of enhanced service delivery with pride. **Priority 6**. Create a City that responds to the needs of citizens, customers, stakeholders and businesses. **Priority 1.** Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021.

Table 8: Alignment of CoJ Priorities and City Power Goals

5. STAKEHOLDER MANAGEMENT

5.1 Stakeholder Objectives

City Power's stakeholder objectives are to achieve alignment and collaboration with all stakeholders to deliver on its mandate and strategy. City Power aims to build sustainable and value-adding relationships to achieve overall economic value for all our stakeholders.

The business has identified its relevant stakeholders and established relationships with them. City Power will disseminate information on its objectives, programmes and programmes whilst monitoring perceptions and attitudes. Stakeholder support and engagement is vital for the successful implementation of our strategy and programmes. This requires alignment and collaboration on the following critical areas that include the City Power Strategic Objectives:

- Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin;
- Creating value through a productive and engaged workforce;
- Improve, stabilize and sustain a positive financial position;
- Develop and Maintain a Reliable Network Infrastructure Asset;
- A technology and innovation-driven organization;
- Sustainability of the Business; and
- Strategic collaborations for funding and energy delivery.

5.2 City Power Stakeholders

The operating landscape within which City Power functions is complex and involves multiple stakeholders with multiple objectives. City Powers stakeholder engagement approach has fully considered different stakeholders objectives as well as their communication and consultation needs.

5.3 Integrated Communications Strategy Approach

City Power is embarking on a journey to change the way in which the organisation communicates and integrates its communication efforts to achieve optimum results. Whilst City Power has made great strides in positioning its leadership, in order to effectively communicate on projects and other initiatives, there needs to be a focused approach in communicating City Power and the broader City of Joburg's overall vision and mandate, business, strategic and political aspirations for communication to yield the desired results.

City Power has developed an integrated Marketing Communication Strategy that integrate public relations, marketing and advertising, internal communications, stakeholder's engagement and corporate social investments efforts.

5.4 Internal Communications Approach

In order to drive a high-performance culture, engagement of internal employees must be prioritised for City Power to achieve its strategic business objectives.

5.5 External communications Approach

Proactive media engagement

The media engagement programme is aimed at building relationships with key media influencers to position City Power, its vision and positioning and ensure an understanding of these in the media to ensure their effective reporting on it

Brand championship

Use champions e.g. happy customers, third party endorsements to spread the good word about City Power and its initiatives

Social Media

Use social media platforms relevant to the business including Twitter, Facebook and Instagram as a platform to engage with customers and other stakeholders.

Targeted leadership profiling

Identify relevant media profiling opportunities for identified spokespeople

Thought leader positioning

Make industry contributions on the relevant topics, develop content that speaks to industry changes, innovations, topical issues and research and by-line articles for targeted media distribution

5.6 Reputation Management

Reputation management is **the process of controlling and improving how the City Power brand is perceived by others**. It is important that we know what customers – and *potential* customers – think about us. The mandate of the Relationship Management is to promote and protect the company's reputation amongst its internal and external stakeholders.

- Creating awareness of City Power activities, service, projects and programmes
- Forging and strengthening positive relations with all internal and external stakeholders
- Encouraging public participation and engaged active citizenry
- Ensuring effective communication to all stakeholders by providing relevant and credible information
- Promoting and enhancing the City Power brand

Two key actions to our reputation management strategy are:

Monitoring	Know what our stakeholders, influencers and competitors say about the City Power brand
Responding	Take active measures to develop a positive brand identity and improve what people say about City Power

Our reputation does not occur by accident but emanates from customer experience resulting in reviews, comments, and conversations between customers. We need to ensure that our brand is presented in the right light. City Power's reputation management strategy aims to uplift our brand and respond to any negative perceptions.

In alignment with the VUCA strategy the following initiatives have commenced:

- Engage with Councillors to determine the method of communication and interaction with customers in their area
- Enable and empower councillors to engage with communities on the challenges, benefit, working and implementation plans of City Power
- Equip the City Power technical teams to successfully interact with residents aided by the area councillors support
- Enable smart communication (two way) between City Power, the councillors and the constituents.
- Enable and empower councillors to engage with communities on the challenges, benefit, working and implementation plans of City Power

The medium to long term initiatives in support of the VUCA strategy are as follows:

- Communication of the Business Plan in terms of the VUCA strategy and alignment to CoJ objectives
- Communication of City Power's programmes and implementation progress

5.7 Corporate Social Investment (CSI) Approach

Corporate social investment will be focused on enabling the business to succeed while empowering communities, because the success of society and our communities is linked with the future success and performance of the business. The approach will be focused on yielding long-term positive results for customers and building sustainable relationship with the communities. Key consideration will be made in aligning solutions with the organisations business objectives, values and vision that will ensure that the business gives back to the community. Employee's participation will form a key part of the CSI programme and will be used to boost morale internally by involving them to participate in identifying worthy causes in communities.

CSI considerations

- Standard of business conduct
- Corporate governance
- Environment
- Human rights

Annexure **G** provides detailed information on the different stakeholders, the importance of engaging with each stakeholder, what needs to be communicated and engaged on and the methods of engagement.

6. FINANCIAL PLAN

6.1 Financial Plan and Impact

Strategic Goal 3: Improve, stabilize and sustain a positive financial position

Strategic Goal 6: Sustainability of the Business

Finance is mandated to lead in the development and implementation of the financial strategy of the company, directing, and monitoring the financial health, sustainability and stability of the business. This entails providing City Power with a higher level of strategic insight and advice about critical core operations management and financial functions, as well as development of strategies to create long-term shareholder value.

Therefore, to achieve value, in today's complex market environment confronted by risk and disruption, the finance department is expected to go beyond its traditional roles and responsibilities by developing a heightened understanding of the core utility operations business of which this is a vital step in effectively leading decision-making around the deployment of capital and maximisation of the returns within the regulated environment of operations.

6.1.1 Income Statement

Presented below is the proposed budget for the period 2019/20 alongside mid-year approved revised budget for 2018/19 and draft budgets for 2020/21 and 2021/22.

	Original approved budget 2018/2019	Mid-year Approved revised budget 2018/2019	Variance	Variance	Proposed budget 2019/2020	Variance compared to the Mid-Year Approved revised Budget	Variance	Draft budget 2020/2021	Draft budget 2021/2022
	R'000			%	R'000		%	R'000	R'000
SOURCE OF FUNDING									
Service charges - electricity	16 778 616	15 673 810	-1 104 806	-6,6%	16 888 897	1 215 087	7,8%	18 315 702	19 200 805
Connection charges	84 001	84 001	-	0,0%	143 919	59 918	71,3%	151 691	159 579
DSM levy / IRL levy	412 778	400 378	-12 400	-3,0%	412 488	12 110	3,0%	414 217	429 928
Capital grants and contributions	117 122	168 426	51 304	43,8%	200 000	31 574	18,7%	307 792	300 000
Other revenue	77 043	77 043	-	0,0%	82 960	5 917	7,7%	87 440	91 987
Interest earned	139 909	14 748	-125 161	-89,5%	37 906	23 158	157,0%	36 994	40 952
Rental of facilities and equipment	410	410	-	0,0%	488	78	19,0%	514	541
TOTAL	17 609 879	16 418 816	-1 191 063	-6,8%	17 766 657	1 347 841	8,2%	19 314 350	20 223 792
EXPENDITURE									
Bulk purchases	10 757 650	10 757 650	-	0,0%	11 887 380	1 129 730	10,5%	12 750 471	13 639 363
Kelvin and other lease costs	551 814	551 814	-	0,0%	595 232	43 418	7,9%	626 937	256 855
Employee related costs - salaries	1 180 077	1 190 459	10 382	0,9%	1 261 500	71 040	6,0%	1 346 020	1 436 203
Repairs and maintenance	1 175 823	1 103 729	-72 094	-6,1%	1 217 879	114 150	10,3%	1 283 646	1 350 396
Bad debt provision	587 768	587 768	-	0,0%	591 111	3 343	0,6%	549 471	576 024
Depreciation and amortisation	574 296	577 196	2 900	0,5%	598 592	21 396	3,7%	630 916	663 723
Contracted services	324 710	294 510	-30 200	-9,3%	299 216	4 706	1,6%	315 374	331 773
General expenses	203 177	326 892	123 715	60,9%	392 754	65 862	20,1%	413 957	435 483
Internal charges	382 826	286 556	-96 270	-25,1%	307 987	21 431	7,5%	325 365	342 284
	15 738 141	15 676 574	-61 567	-0,4%	17 151 651	1 475 077	9,4%	18 242 157	19 032 104
Operating surplus	1 871 738	742 242	-1 129 497	-60,3%	615 006	-127 235	-17,1%	1 072 193	1 191 688
Interest paid	-501 379	-483 180	18 199	-3,6%	-417 612	65 568	-13,6%	-302 281	-298 879
Surplus before tax	1 370 359	259 062	-1 111 298	-81,1%	197 394	-61 667	-23,8%	769 912	892 809
Taxation	-211 983	-	211 983	-100,0%	-	-	0,0%	-107 828	-139 325
Surplus after tax	1 158 376	259 062	-899 315	-77,6%	197 395	-61 667	-23,8%	662 084	753 484
Capital Expenditure	1 041 191	1 141 409	100 218	10%	901 231	-240 178	-21%	1 021 914	997 112
Loan funding	-260 214	-466 600	-206 386	79%	-186 743	279 857	-60%	-112 220	-224 779

Figure 10: Income Statement

6.1.1.1 Income

From the table above it illustrated that the largest chunk of income of constituting approximately 96% pertains to the revenue from sale of electricity as depicted by the service charges. This income line is budgeted to increase to R16,8 billion in the 2019/20 financial year, which is an increase of 7,8% on the forecast of R15.6 billion in 2018/19. The increase is mainly attributable to the tariff increase of 13,07% based on the NERSA consultation paper on municipal benchmark increase. It is worth to point out that this increase comes slightly lower than the NERSA approved Eskom average price increase for municipalities of 15.63% which will be implemented from 1 July 2019.

The income also factors a slight reduction in electricity volumes to take effect of the changes in the industry as more and more of City Power customers are moving to self-generation. The additional reduction in sales units also factors the unbillable electricity making up 25% of the budgeted bulk purchases from Eskom. The unbillable electricity is attributable to technical losses, theft, and own consumption of which this is estimated at 9%, 14,5% and 1,8% respectively. The loss of electricity as a result of theft is currently reported at 17,5% as at the end of March 2019 of which this is 5% higher than the amount projected during the mid-term review budget submitted in December 2018 and approved by the City. Management in collaboration with the City as part of the Diphetogo project is concentrating their efforts to reduce these losses and such a downward projection of 3% when compared to the current losses has been made for the 2019/20 budget. The technical losses are considered normal losses associated with the network and these are uncontrollable losses.

6.1.1.2 Expenses

As cost pressures continue to rise, City Power is expected to deliver more for less while providing critical input into the strategic planning process. Despite these challenges, City Power could achieve significant success if able to deliver sharp business insights to cut through complexity and to build credibility among key stakeholders. This can be achieved through streamlining of capabilities, as well as cost cutting measures to contain the costs. The streamlined capabilities and well position efforts towards value creation will see the business through recovery.

The chart below depicts the composition of our operating costs for the financial year 2019/20.

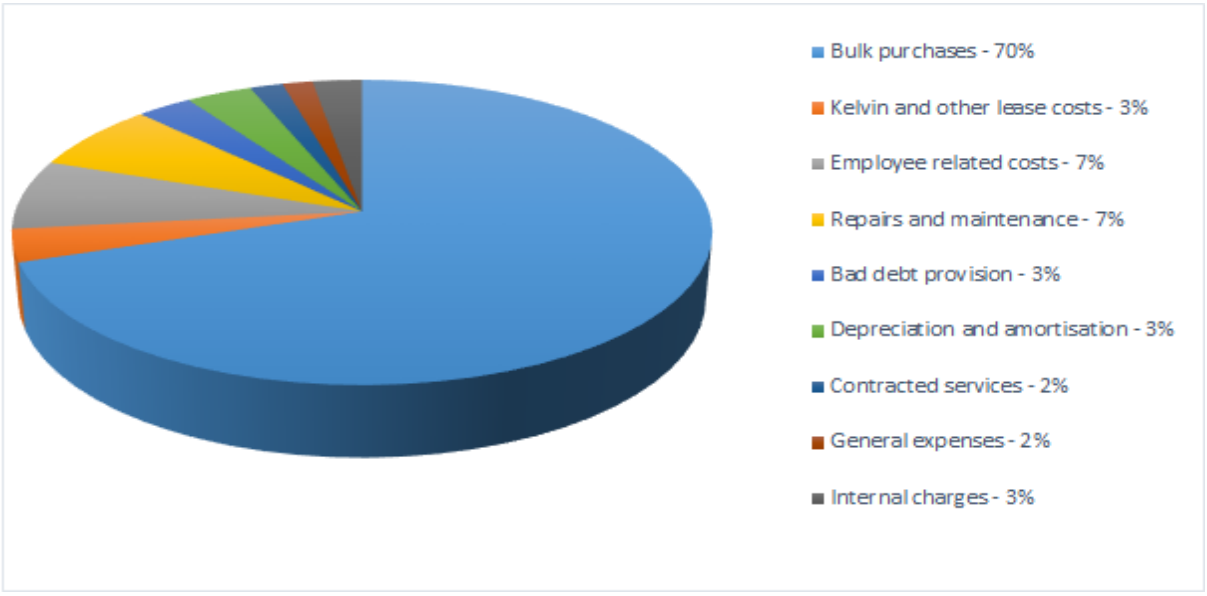


Figure 11: Operating Cost Pie Chart

6.1.1.3 Bulk Purchases

The bulk purchases consist of purchase of electricity of which a significant component of these costs at 70% relate to bulk purchases from Eskom while 3% of the costs relate to the Kelvin Lease payments. The price of bulk purchases form Eskom is driven by the electricity pricing strategy determined by government from time to time. The increase from Eskom of 15,63% for municipalities has been factored in this budget. The Kelvin lease payments on the other hand relate to the payment made to Kelvin with respect to the Power Purchase Agreement entered with Kelvin to supplement the supply of electricity on the Eastern area of Johannesburg.

As also indicated under the income section, a slight reduction in electricity volumes has been projected to take effect of the changes that customers are moving to self-generation to supplement their own supply.

6.1.1.4 Salaries and Allowances

Salaries and Allowances are budgeted to increase by R77 million of which this represent 6,5% from the current budget. This increase factors annual increase at inflationary percentage as well as the filling of critical vacancies estimated at R11 million.

6.1.1.5 Repairs and Maintenance

Repairs and Maintenance is budgeted to increase by R114 million (10,3%) in 2019/20 due to:

- Acceleration of Diphetogo program which advocates for the accelerated focus on proactive maintenance as compared to reactive maintenance as this will improve the quality of supply and reduce outages.
- Increased capital expenditure resulting in increased maintenance programmes and expenditure.
- Unplanned maintenance as a result of network failures from electrical infrastructure that is old.
- Unplanned maintenance as a result of theft and vandalism of the electrical network.

A rapid maintenance program has been developed to minimize the backlog and also improve the network reliability at all levels (High voltage, Medium voltage, Low voltage and street lighting). The table below presents details of equipment that will undergo intrusive maintenance.

6.1.1.6 Bad Debts Provision

Provision for Bad Debts is estimated at R506 million which is based on the collection levels of 97%. This shall be a 13,8% reduction from the provision of R588 million in the 2018/19 budget. The decrease is attributable to the projected decrease in sales volumes as a result of customers that are self-generating electricity.

6.1.1.7 Depreciation

Depreciation and amortization is budgeted to rise by R21 million (3.7%) from R 587 million in 2018/19 to R598,6 million in 2019/20. This increase in depreciation corresponds to the increase in the capital expenditure budget.

6.1.1.8 Contracted services

Contracted services are budgeted to increase by R4 million to R299 million in 2019/20, of which this is an increase of 1,6% of the current budget. At this point, taking into consideration the changes in the energy sector that is undergoing significant transformation which increases both the risk and opportunity for City Power there is a need for support around turnaround initiatives and change management of which these services are mainly acquired externally due to the specialist nature. For future purposes a reduction view will be taken into consideration.

6.1.1.9 General expenses

General expenses budget has been decreased by 16,6% from R326 million to R273 million. This expense line covers costs associated to telecommunication, stores and material, training courses and other sundry expenses.

6.1.1.10 Internal Charges

Internal charges are budgeted to increase by R162 million (56,5%) from R 383 million in 2018/19 to R448 million in 2019/20 and this is in line with the parameters guidelines and schedules from the Shareholder.

6.1.2 Capital Expenditure Budget

Capital expenditures driven by planned network and asset life-cycle maintenance to support operational reliability, new environmental regulations and renewable energy generation. This require early considerations for major capital projects and related funding, as well the consideration of the impact of finance on the balance sheet of City Power and CoJ.

The capital expenditure is budgeted as follows:

Sources of Funding	Approved Revised Budget 2018/2019	Proposed budget 2019/2020	Variance	Draft Budget 2020/2021	Draft Budget 2021/2022
	R'000	R'000	R'000	R'000	R'000
External Loans	466 600	186 743	-279 857	112 220	224 779
Own Funds	106 005	102 000	-4 005	187 685	42 405
Nat Grant	29 748	-	-29 748	-	-
USDG	137 128	200 000	62 872	307 792	300 000
Other	400 378	412 488	12 110	414 217	429 928
TOTAL	**1 139 859**	**901 231**	**(238 628)**	**1 021 914**	**997 112**

Figure 12: Capital Expenditure Budget

The City of Johannesburg is confronted by a backlog in electrification projects, of which this is exacerbated by high population influx to the City by locals and migrants in search for better opportunities. This increase is putting a strain on the City's infrastructure including the electrical network that is already old and decaying as a result of historical disinvestment. Moreover, new technologies that include the roll out of SCADA to enable remote controlling of the substations to improve security and visibility of the network are necessary as these will over time enable self-diagnosis that reduces human intervention and improved efficiencies. While this is the case, the Capital Expenditure that is allocated to City Power is never adequate to address these infrastructural needs.

The current funding arrangement are such that City Power is mainly dependent on external loans arranged by the City of Johannesburg as well as grants. In terms of the agreement between City Power and the shareholder, all financing arrangements of City Power are arranged by the City's Treasury office. The internal funds generated by City Power which can be availed for Infrastructure have over time diminished owing to poor financial performance for various factor explained above.

In order to achieve acceleration of infrastructure investments to clear the backlog and introduce the desired technologies, alternative financing arrangements that include off-balance sheet funding models and public-private-partnerships need to be explored together with the shareholder.

6.1.3 Solvency Ratio

While the asset size of City Power remains much higher than total liabilities, it is worthy to point out that the solvency is expected to take a slight knock from 1,6% currently to 1,53% as illustrated on the table below. As the VUCA 2022 strategy turnaround initiatives start to drive the business towards recovery, the solvency is also expected to recover.

Details	Actual	Budget	Budget	Budget	Budget
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Total Assets	17 384 077	16 267 500	17 856 720	19 399 927	19 272 064
Total Liabilities	11 385 098	10 140 413	11 532 238	12 413 359	11 532 011
Solvency Ratio %	1,53%	1,60%	1,55%	1,56%	1,67%

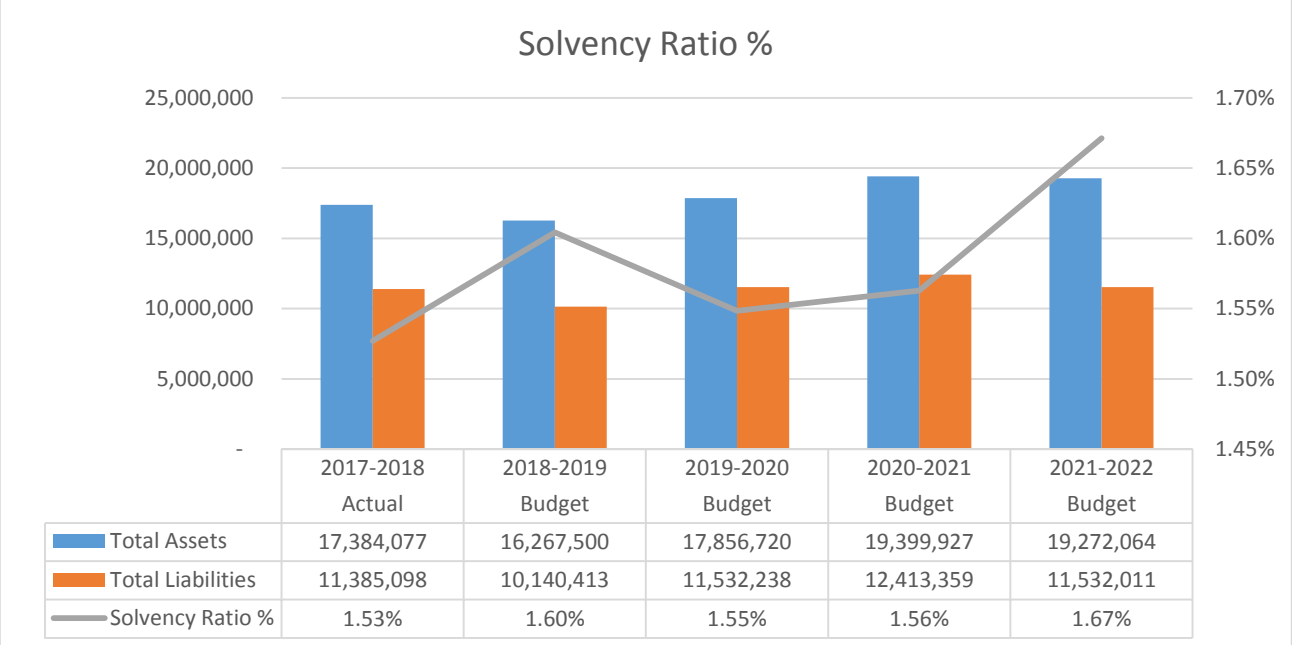


Figure 13: Solvency Ratio

6.1.4 Tariff Plan

To maintain levels of cross subsidisation in line with the benchmarks set by NERSA and to introduce fixed charges, especially for prepaid customers, the tariff escalations as per table below is proposed and will be tabled to Council.

COST LINE ITEM	Assumed Cost Structure	Expected Increase	Weigthed Average Contribution
Bulk purchases: Eskom	64,0%	15,63%	10,00%
Bulk purchases: Kelvin	10,0%	15,60%	1,56%
Total Bulk Purchase Cost	74,0%		11,56%
Salaries & wages	10,0%	6,7%	0,67%
Repairs & maintenance	5,6%	5,2%	0,29%
Capital charges	3,2%	5,2%	0,17%
Other expenses	7,2%	5,2%	0,38%
Overall % Increase	**100,0%**		**13,07%**

Table 9: Tariff Escalations

City Power as distribution utility sells electricity that is procured from Eskom and Kelvin Power Station. City Power therefore has the role of providing a network within which the megawatts / electrons from the point of connection from suppliers to point of end use. Therefore, the sustainability of the business largely depends on a business model whereby the product is packaged and sold to customers within Johannesburg at a mark-up.

Assumptions and Key inputs for FY19/20

- Eskom already granted increase of 4.1% with respect to Regulatory Clearing Account (RCA) for implementation in FY1920
- Eskom was granted an annual average increase of 9,41% for FY1920, in addition to RCA related increase
- Eskom was allowed an increase of 15,63% for municipal customers with effect from 1 July 2019,
- Expected Kelvin Power Station Increase at 15,60%
- Based on NERSA consultation paper on municipal benchmark increase 13,07%
  - Expected CPI 5.2%
  - Expected increase in Salaries & Wages 6.7%
  - Increase in bulk purchases cost 15,63%
- NERSA consultation paper published on 29 March 2019

Current Customer segmentation

City Power has over 413 000 customers which differ in behaviour and location in the network. This necessitates for categorisation of customers based on several features.

Customer Segment	Contribution FY1920	
	Revenue	kWh
Other TOU-SPA	0,5%	1,0%
Large Power User (MV-TOU)	13,0%	15,8%
Large Power User (LV-TOU)	0,2%	0,3%
LPM-MV	12,9%	13,4%
LPU-LV	28,3%	23,8%
Business Conventional	10,3%	7,8%
Business Prepaid	1,1%	1,0%
Agricultural	0,0%	0,0%
Residential Conventional	25,6%	25,6%
Residential Prepaid	7,0%	9,8%
Reseller Residential Conventional	1,0%	1,5%
Reseller Business Conventional	0,1%	0,1%
Totals	100%	100%

Table 10: Customer Segments

Three Year Tariff escalation

The National Energy Regulator of South Africa has the role of making sure that customer interests are protected. NERSA has designed guidelines and benchmarks within which electricity distributors should be designing their tariffs.

It is generally accepted that tariffs should reflect costs as far as possible and that cross-subsidisation of domestic consumers by commercial and industrial customers would be preferred, if it remains within set benchmarks.

Segment	Overall Tariff Escalation Rates			
	FY1819	FY1920	FY2021	FY2122
Large Power User (MV-TOU)	7,28%	**13,07%**	12,26%	12,26%
Large Power User (LV-TOU)	7,28%	**13,07%**	12,26%	12,26%
LPM-MV	7,17%	**13,07%**	12,26%	12,26%
LPU-LV	7,17%	**13,07%**	12,26%	12,26%
Business Conventional	6,95%	**13,07%**	12,26%	12,26%
Business Prepaid	7,17%	**13,07%**	12,26%	12,26%
Agricultural	7,22%	**13,07%**	12,26%	12,26%
Residential Conventional	7,23%	**13,07%**	12,26%	12,26%
Residential Prepaid	7,17%	**17,58%**	12,26%	12,26%
Reseller Residential Conventional	7,18%	**13,07%**	12,26%	12,26%
Reseller Business Conventional	7,18%	**13,07%**	12,26%	12,26%
Average Increase	7,17%	**13,07%**	12,26%	12,26%

Table 11: Tariff Escalation Rates

6.2 Budget Allocation Variances 2019/20

The table below shows the budget allocation per category:

Project description	Mid-year approval 2019/20	Revised Budget 2019/20
Electrification	145 272 000	210 246 000
Service Connection	55 983 000	55 983 000
Upgrading of Electrical Network	196 084 000	187 684 000
Operating Capital	15 000 000	15 000 000
Information Technology Software	-	-
Telecommunication	21 900 000	21 900 000
Fire & Security	10 950 000	10 950 000
Metering	66 550 000	67 300 000
Scada	-	-
Protection	29 200 000	29 200 000
Public Lighting	40 000 000	80 000 000
Refurbishment of Bulk Infrastructure	197 437 000	322 900 000
TOTAL	**778 376 000**	**1 001 163 000**

Table 12: Capital Budget Allocation

City Power received a total budget allocation of R 1,001 billion for the 2019/20 financial year. This is an increased value from R 778 million which was previously approved during Mid-year review. There was an increase on the Electrification, Metering, and Refurbishment of Bulk Infrastructure budget allocations.

No budget has been allocated for ICT, Demand Side Management or SCADA infrastructure projects. This will have a negative impact in cost curtailing ant intake substations where initiatives like battery storage and solar panels are to be piloted and rolled out. The lack of investment of SCADA will negatively impact on the expected network visibility coverage improvement expected by the World Bank.

7. THE STRATEGIC ROLE OF ICT IN CITY POWER

7.1 ICT Mandate

Strategic Goal 5: A technology and innovation-driven organization

ICT is mandated to take a leadership role by advising, implementing and supporting the business in becoming Smart Utility.

Figure 14: ICT Mandate

7.2 ICT Strategic Objectives:

Strategic Goal 5: A technology and innovation-driven organization

In order to successfully move towards a smart utility, a digitally enabled business model, supported by ICT, is required. Transitioning to a smart utility requires a strategic focus across four key dimensions namely: workforce experience, intelligent infrastructure, customer experience and intelligent business.

Workforce experience (Smart Workforce) can be defined as improving productivity through technology and automation, while simultaneously enhancing processes, increasing data reliability and improving service and response times. Through technology and big data capabilities, advanced analytics can be utilised to improve estimations. Workforce experience can also be expanded to include the integration of service providers, thereby reducing management and administration burdens. Through effective governance and operating models, the workforce can realise an upliftment and a transformative experience.

Intelligent infrastructure (Smart Plant) comprises the investment opportunities in current and new infrastructure platforms to support business processes through stable digital enhancement and upgrades while driving cost optimisation. The opportunities will include highly-resilient, intelligent digital communications network together with scalable, standardised technology architecture that bridges the digital-physical boundaries.

Customer experience (Smart Customer) is the enhancement of services and interactions with customers through digitally driven customer services and combined social listening. This will be achieved through reliable communication and interaction channels such as social and mobile platforms. Additionally, seamless information access and engagement of City Power stakeholders via proactive, personalised digital social interactions provide an enhanced experience and increase the customer reach.

Intelligent business (Smart Data) includes the capabilities to ensure business has reliable, real-time information for improved decision making and new service/ products identification and implementation.

Smart utility transformation will take place in the form of structuring an intelligent and multispeed ICT operating model to enable digital business opportunities and drive effective processes through aligned transformational roles. Moving towards a smart utility will be achieved through the adoption of required fundamental capabilities which enable the implementation of leading practice for smart utility trends. By focussing on the correct trends and initiatives City Power will leapfrog itself to becoming a smart utility.

7.3 Smart Utility Enablement

7.3.1 Smart Workforce Enablement

Consists of three capability drops. The first is internal enhancements where City Power has inflight initiatives in place to be delivered during Phase 1 of the ICT programme. The technology and connectivity enhancements will ensure that the workforce is then upskilled to use the new collaboration software. The business benefit is cost reductions realised as a result of increased process efficiencies in the sharing and collaborations within City power.

The second capability drop is new digital enhancements created across business processes to enable a digital workforce capability aligned to new digital business processes. The business benefit is improved front office and back office digital communications reducing downtime and silo'ed working arrangements.

The third capability drop is the digital workforce mobility strategy where new digital enhancements are created across business processes to enable a mobile digital workforce. The aim of the capability is a formal mobile strategy being established and rolled out to business. The business benefit includes enablement of cost reduction opportunities and enhanced efficiencies.

Programmes

- Outage and Workforce Management – efficient and effective dispatching of teams
- Mobile solutions – ability to work anywhere anytime
- Procurement of ICT Hardware – provide tools of trade (desktops and laptops)

7.3.2 Smart Infrastructure

Consists of three capability drops. The first is data protection; a key functional capability. The business benefit is business data that is line with current regulations and is not at risk to unnecessary exposure.

The second capability drop is network, infrastructure, telco (IT/OT convergence), smart grid and data centre capabilities, as part of the overall infrastructure.

The third capability drop is network transformation with the overall rollout of new telco business model and new business processes.

Programmes

- Telco network – IT/OT convergence
- Cloud computing – Infrastructure platform
- Create redundancy for core switch
- Implement Network Access Control
- Backup Solution (Systems, Applications and End-user workstations)

- LAN (Local Area Network) Upgrade
- Disaster recovery – business continuity
- SCADA – substation and grid automation
- Protection – substation and grid automation
- DC Monitoring and Management – substation automation
- Outage and Workforce Management – supply reliability
- Integrated Security System – network and asset security
- Cyber Security – protection of business data and information
- Protective Structures – protection of electricity network devices
- Stats and Check metering – reliability and quality of supply

7.3.3 Smart Customer Enablement

Consists of three capability drops. The first is the social listening and sentiment analytics capability. This is intended to identify key data points, conduct social listening exercises and produce findings reports. The business benefits are quickly gained customer insights to improve customer journeys and offerings in order to retain customers and attract new customers through potential new revenue streams.

The second capability drop is new digital channels including on-going SME support to operationalise and establish the future digital channels and analytics capability. The business benefits include establishment of new channels and alignment to operationalised analytics channels.

The third capability drop is digital customer improvements where new digital channels are enhanced for customer experiences and ongoing continuous improvements. The intention is to establish initiatives that will implement and run digital capabilities and tools, while receiving feedback on improvements for implementation. The business benefit of this capability is improved customer journeys that are continually updated from the digital customer experience feedback.

Programmes

- Smart metering – home automation
- Customer portal – interactive and bi-directional communication with customers
- Outage and Workforce Management – effective handling of outage restoration

7.3.4 Intelligent Business

Consists of three capability drops. The first is internal enhancements where City Power has inflight initiatives in place to be delivered during Phase 1 of the ICT programme. Through the rollout of smart metering technology and capabilities, further intelligent business initiatives will be possible. The business benefit includes realised cost reductions being as a result of increased metering improvements.

The second capability drop is the internal enhancement where further intelligent business initiatives will be possible through the rollout of smart grid technology and capabilities. The business benefit includes cost reductions realised as a result new grid technologies and upskilled field force.

The third capability drop is integration, supply chain management (SCM), data analytics and digital asset management. The benefit includes smoother business operations and accurate information for better business decision making.

Programmes

- Business Intelligence (BI) platform – data analysis for decision making
- Mobile solutions – accurate data anywhere anytime

The Budgets to support these programmes are in Annexure **E**

8. MANAGEMENT AND ORGANISATIONAL STRUCTURE

Strategic Goal 2: Creating value through a productive and engaged workforce.

In the changing world of work, the one constant is the need for an exceptional workforce. This is regardless of size, revenue, industry, or economic environment. Undoubtedly, our most valuable asset continues to be our workforce. How we manage this asset spells the difference between success and failure.

The situational analysis indicates that City Power requires a fundamental culture change that will drive City Power's strategic objective. In order to succeed in its strategic mandates, City Power needs to develop the ability to improve the design, development, and implementation of initiatives and to reduce cycle time in all organisational activities. City Power is therefore mandated to lead the organisational renewal efforts of re-energising and re-focussing our people as well as positioning our organisation as an ethical entity. The strategic intent of City Power includes ensuring that the business performs in a stable nurturing environment that is conducive to the achievement of its objectives, whilst building an exceptional workforce of competent and committed people who provide leadership and advocacy for our organisation.

In order to enable this, City Power has defined four human capital strategic pillars (Capacity, Capability, Commitment and Compliance) thus aligning the people strategy with the City Power strategy. For us, talent is the number one impediment or success factor to executing a business plan. Therefore, the human capital strategic pillars aim to achieve the following

- To create an environment where City Power has the right number of people, working in the right place, at the right time to enable City Power's growth strategy – Capacity;
- To ensure that the City Power people have the right knowledge, skills and attitudes to perform at the right level of competency in their jobs consistent with the organisation's strategic objectives – Capability;
- To design and deliver a leadership brand and an employee value proposition that drives employee engagement and cultural transformation – Commitment;
- To enable adherence to transformation imperatives, employment regulations and organisational directives – Compliance.

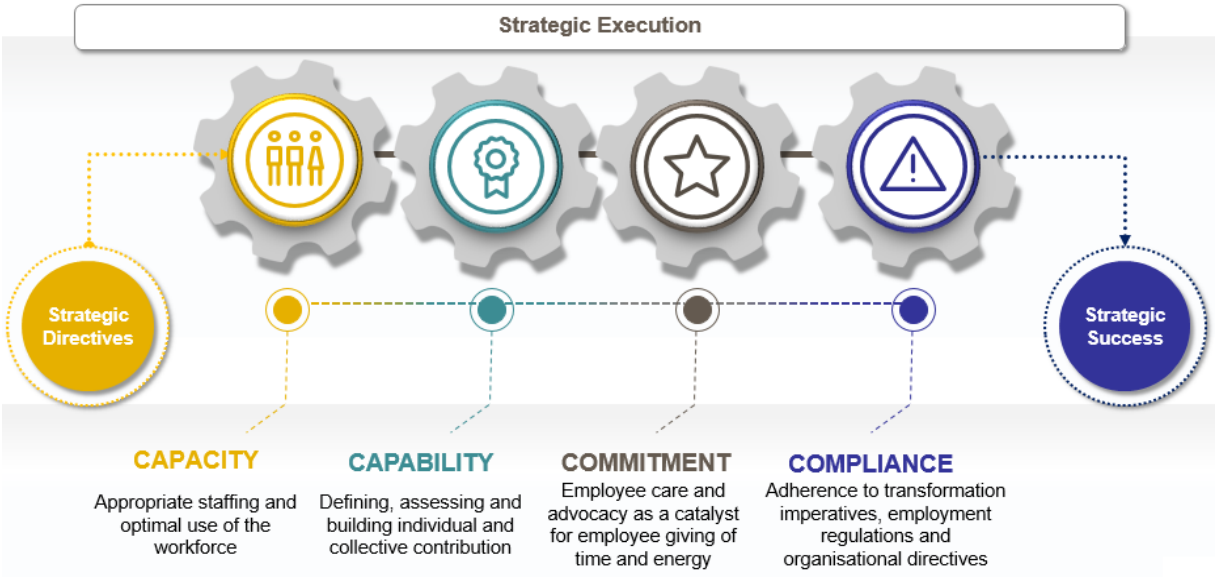


Figure 15: Human Capital Strategic Pillars

The above is being done in order to deliver a re-energised, refocused and ethical organisation that keeps the LIGHTS ON! This section of the business plan charts the path of building an exceptional workforce where our people are competent, committed, and enthusiastic and provide advocacy for City Power.

8.1 Capacity

There is a need to identify the broad categories of collective skills the organisation needs to execute its business strategy. Translating business strategy into organisational capabilities makes it possible for an organisation to convert concepts into actions by articulating the collective knowledge and skills City Power must apply to succeed. To enable the right number of people, working in the right place, at the right time City Power has crafted the **Labour Productivity Programme**. This programme will direct optimal capacity for the company and so City Power has adopted the 7Bs of managing talent (Birth, Buy, Build, Borrow, Bridge, Bind, Boost) to enable the identification of the appropriate resourcing channels.

Programme Objectives

- To create an environment where City Power has the right number of people, working in the right place, at the right time to enable City Power's growth strategy

Programme Key Outcomes

- Employment cost to total organisation cost that is in line with the Shareholder specification
- Enabling rest periods and safeguarding employee exposure to injuries that result in lost productivity
- Minimal vacant and 'acting' positions across the organisation
- Reduction in consecutive working days on full pay lost due to extensive sick leave
- Creating a pipeline for the business of tomorrow
- Reduction of dependency on external service providers

Programme Key Initiatives

City Power views each employee as critical for the success of the business and has embarked on a journey that has, as its main objective, to unpack the job architecture and align the job profiles. This exercise provides for the first time an accurate number and types of jobs required within City Power as well as streamlined career planning and succession management. The job architecture combines the general requirements for jobs across all levels in clusters of job functions, which are broad categories of jobs or professions that cut across multiple job families as illustrated below.

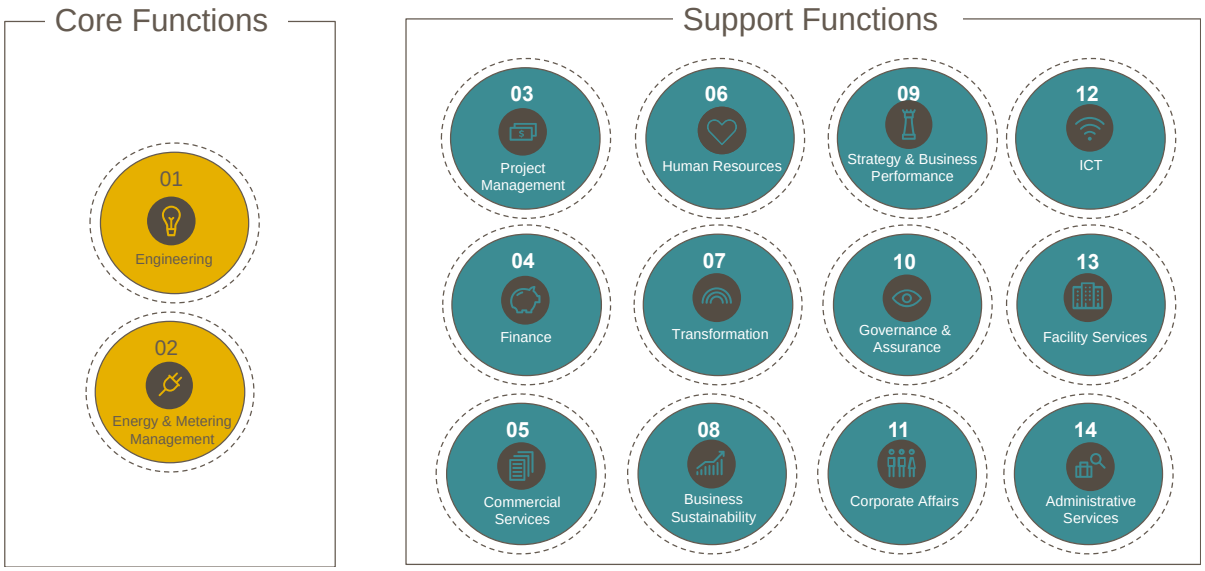


Figure 16: City Power Job Architecture

Job families are groupings of speciality areas of jobs that have the same nature of work, but require different levels of skill, responsibility or working conditions. City Power's job architecture consists of 14 job functions, 62 job families and 519 unique jobs, and make clear to employees and managers what the career path possibilities are at City Power. The basis for career advancement is also outlined in terms of the requisite minimum qualification and experience at each level and for each unique job. This process provides a clear basis for reward

management, personnel, and organisational development, and makes clear how our employees can grow and evolve professionally within City Power.

Based on the outcomes of the job architecture exercise City Power requires capacity in four priority job functions:

- Engineering – City Power's core business requires electrical and electronic engineering expertise
- Energy and Metering Management - City Power's strategic intent is to move towards a sustainable energy mix
- ICT - With the move towards a SMART utility ICT and data management becomes a critical job function
- Finance - City Power is facing significant financial challenges, these challenges range from capacity to capability issues and thus making the Finance job function a focus area. Building capacity will stregnthen the existing bench.

Compounding the City Power capacity challenges is an aging workforce thus resulting in high rate of retirees. The table below depicts the number of employees who ae 60 years and older.

Group	Number of employees retiring
Business Sustainability	1
Engineering Operations	107
Engineering Services	22
Enterprise Support	13
Finance	0
HR & Transformation	13
Metering Services	8
Office of the CEO	1
Total	**165**

Table 13: Number of employees 60 years and older

City Power has a recruitment plan in place to enable the mitigation of the challenge stated above, key to the recruitment plan is the recruitment of graduates. City Power has instituted a graduate-in-training (GIT), engineers-in-training (EIT) and artisan-in-training (AIT) programme that will build up its human capital pipeline by taking a formalised approach to graduate learning and development across the organisation. City Power has employed talented, top-performing graduates to equip them to be work-ready and, furthermore, to enable the achievement of the objectives of the organisation and those of the VUCA strategy.

8.2 Capability

Today's public servants are addressing problems of unprecedented complexity in societies that are more pluralistic and demanding than ever. At the same time, the systems and tools of governance are increasingly requiring tighter controls. As a result, public servants need the right skills from the onset to keep pace.

This presents a double challenge: the first is to identify which skills will be needed for a City Power which is fit-for-purpose today and into the future; the second is to figure out how City Power can invest in these skills – through attraction, recruitment, on boarding and development – to improve service delivery.

Through the **Performance Productivity Programme**, City Power has crafted the desired landscape that will not only respond to the City Power's strategy but also enable building a highly skilled and professional City Power employee. This programme is being rolled out to enable and strengthen individual contribution of each and every employee through:

- Achieving results - goals, objectives and key responsibilities aligned to the organisational mandate;
- Demonstrating the ideal behaviours, competencies, conduct and demeanour that the organisation requires of its employees to enable a high performing organisation.

Programme Objectives

- To ensure that City Power employees have the right knowledge, skills, and attitudes to perform at the right level of competency in their jobs consistent with the organisation's strategic objectives

Programme Key Outcomes

- A direct correlation between organisation KPIs and individual KPIs;
- Maintenance of discipline and the promotion of workplace stability;
- Reduction in the number of employees who are not fully functioning in the workplace because of an illness, injury, lack of frequently monitored performance or other limiting conditions;
- Employees across all levels attending learning and development programmes clearly aligned to the company's and group's strategic objectives and aligned to the 70:20:10 principle.

Programme Key Initiatives

City Power has developed a competency model, the term competency refers to individual characteristics that contribute to acceptable or outstanding performance. The City Power competency model provides for functional, behaviours, and leadership competencies. To enable distinguished results City Power is investing in competency-based training which is a structured approach to training and assessment that is directed toward achieving specific outcomes through a panel of SETA accredited training providers. It is about assisting individuals to acquire skills and knowledge, so they are able to perform a task to a specified standard under certain conditions. Competency-based training helps to prioritize the training budget and ultimately it achieves results. When one matches both individual competencies with job competency models one effectively put talent in positions where they will flourish.

To enable the competency based training City Power has adopted the 70:20:10 learning philosophy. The 70-20-10 model holds that individuals obtain

- 70 percent of their knowledge from on job-related experiences,
- 20 percent near the job and
- 10 percent from off-the-job educational events.

In line with this philosophy City Power has put in place systems such as coaching for managers to enable the 70%, structured cross functional learning groups and seminars to enable the 20% and onboarded accredited learning providers enable the 10%,

City Power is improving the individual performance management system thus strengthening individual contribution to the organisation strategy of every employee. The revised system introduces the following key features:

- Empowering line to coach for performance;
- Change management interventions focusing on development of line manager toolkit as well as facilitation of change management engagement sessions;
- Ensuring the alignment between the organisational and individual performance goals. For FY19/20 City Power has concluded the process of cascading the organisation strategic goals/key performance areas (KPA's) to the management level across all Groups
- To enable an objective manner to pay out bonus City Power has introduced company-wide gate keepers ang group specific modifiers;
- City Power is also automating the individual performance management system

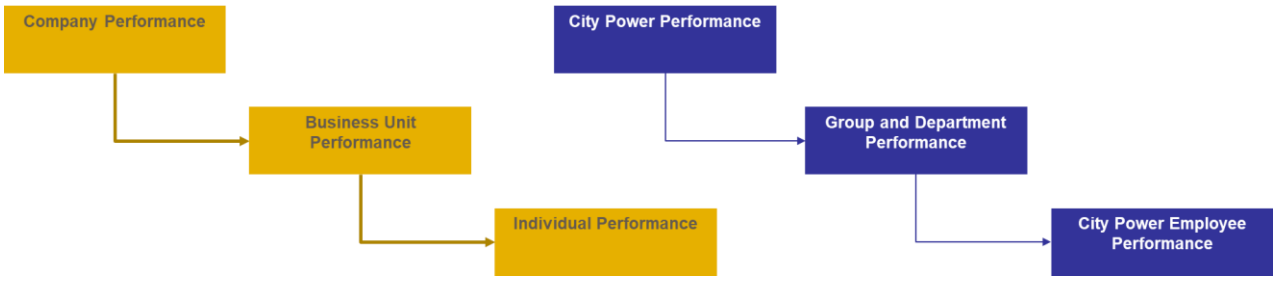


Figure 17: KPA/KPI Cascading Approach

8.3 Commitment

"Culture more than rule books, determines how an organisation behaves." When an organisation's culture and reward systems are aligned with its strategy and customers, good things happen. This alignment creates an energy that drives individual and team performance, innovation, customer confidence, thus value creation – which is what the VUCA strategy is about. Creating employee commitment requires a deliberate shaping of workplace culture, strengthening the leadership bench, and implementation of deliberate efforts to boost employee morale. City Power has launched the "**I am IN" Programme** aimed at reinvigorating the winning mentality and drive for innovation to ensure accountability and cascade the "I am IN" behaviours of Courage, Commitment, Shared Belief and Collective Focus across the business.

Programme Objectives

- To design and deliver a leadership brand and an employee value proposition that drives employee engagement and cultural transformation.

Programme Key Outcomes

- All employees inducted in the City Power Way
- A leadership bench that individually and collectively contributes to the delivery of the business strategy
- A work environment and system that promotes satisfied and motivated employees positively influencing City Power's performance
- Effective mechanisms to deal with any discontent, dissatisfaction, and unfair treatment within the context of the employment relationships and the fair and equal treatment of all employees
- Building a sustainable and adaptive organisation in these Volatile Uncertain Complex Ambiguous (VUCA) times

Programme Key Initiatives

The Employee Satisfaction Survey is a key deliverable for City Power as it is crucial to drive continuous communication of the intention to be an Employer of Choice and conduct regular pulse checks on Employee Satisfaction levels. In order to maintain superior performance, employee commitment and an overall welcoming work environment, it is essential to understand employees' perceptions and concerns, as well as the organisation's internal working environment.

The satisfaction survey will target all employees within City Power in order to gain insight into their overall employment experience and to identify areas of strength and challenge areas that need to be addressed. A key aspect of this process is to provide City Power with practical recommendations to address emerging challenge areas experienced by employees.

In order to enable a recognition process that is unflawed and unbiased, City Power has developed a programme that can be defended and fairly identifies employees who excel. The recognition program will contribute to the organisation's desire to achieve high performing teams and improvement of the organisation's image through the behaviours of its employees.

Employees will be recognized on monthly, quarterly and annually basis against the categories of Ethics and Integrity Ambassador, Safety Culture and Customer Excellence, where nominations will be supported by a portfolio of evidence.

To build the leadership bench strength City Power has also instituted a leadership development programme. The programme focuses on enabling the City Power leaders to manage SELF, OTHERS and the ORGANISATION.

8.4 Compliance

City Power employees at all levels do not have a full appreciation of the Human Resources regulatory environment and consequently, management's ability to resolve worker issues is at times significantly compromised. The reputation of City Power and value of our brand is built on City Power's commitment to being a responsible, regulatory compliant and ethical business. City Power's business principles and policies are the foundation for how we do business wherever we operate. City Power cannot anticipate every ethical issue we may face, but our business principles and policies are designed to ensure that stakeholders know City Power will always strive to choose the responsible option.

To build compliance capibility City Power has crafted a **Diversity and Inclusion Programme.**

Programme Objectives

- To enable adherence to transformation imperatives, employment regulations and organisational directives

Programme Key Outcomes

- Meaningful transformation through a diversity workforce profile that is in line with the BBBEE guidelines
- Training and development spend that is in line with organisational focus and legislation
- Promotion and development of black enterprises to enable meaningful social and economic transformation

Programe Key Initiatives

As a designated employer, City Power is fully committed to complying with the Employment Equity Act. To this end, City Power continually engages relevant stakeholders through the establishment of consultative structures within the organisation. In preparing the Employment Equity report Section 20 requirements, the Code of Good Practice on preparation, implementation and monitoring of Employment Equity Plans as published under GN 1345 in the Government Gazette of 19 August 2002, were considered.

8.5 Organisational Structure

The recent 2017/18 City Power organisation structure review exercise was informed and influenced by the changing business operating environment, the change in strategic direction to align with the Shareholder's new vision, and what was best for the Company.

As per the delegation of authority, the high-level organisational structure (direct reports to the CEO) was subsequently approved by the Board on 26 October 2017. The lower level organisation structure (General Manager Level and below) was approved by the Board on 9 March 2018. The diagram below depicts the Board approved organisational structure. The final versions of the organisation structure (high level and lower level) that were approved by Board were successfully uploaded on SAP OM with effect from 1 July 2018.

All City Power employees have been placed and accounted for on the revised organisation structure and the structure is maintained on SAP regularly and as and when changes occur as a result of the on-going staff mobility transactions (such as new hires, internal transfers, promotions and terminations).

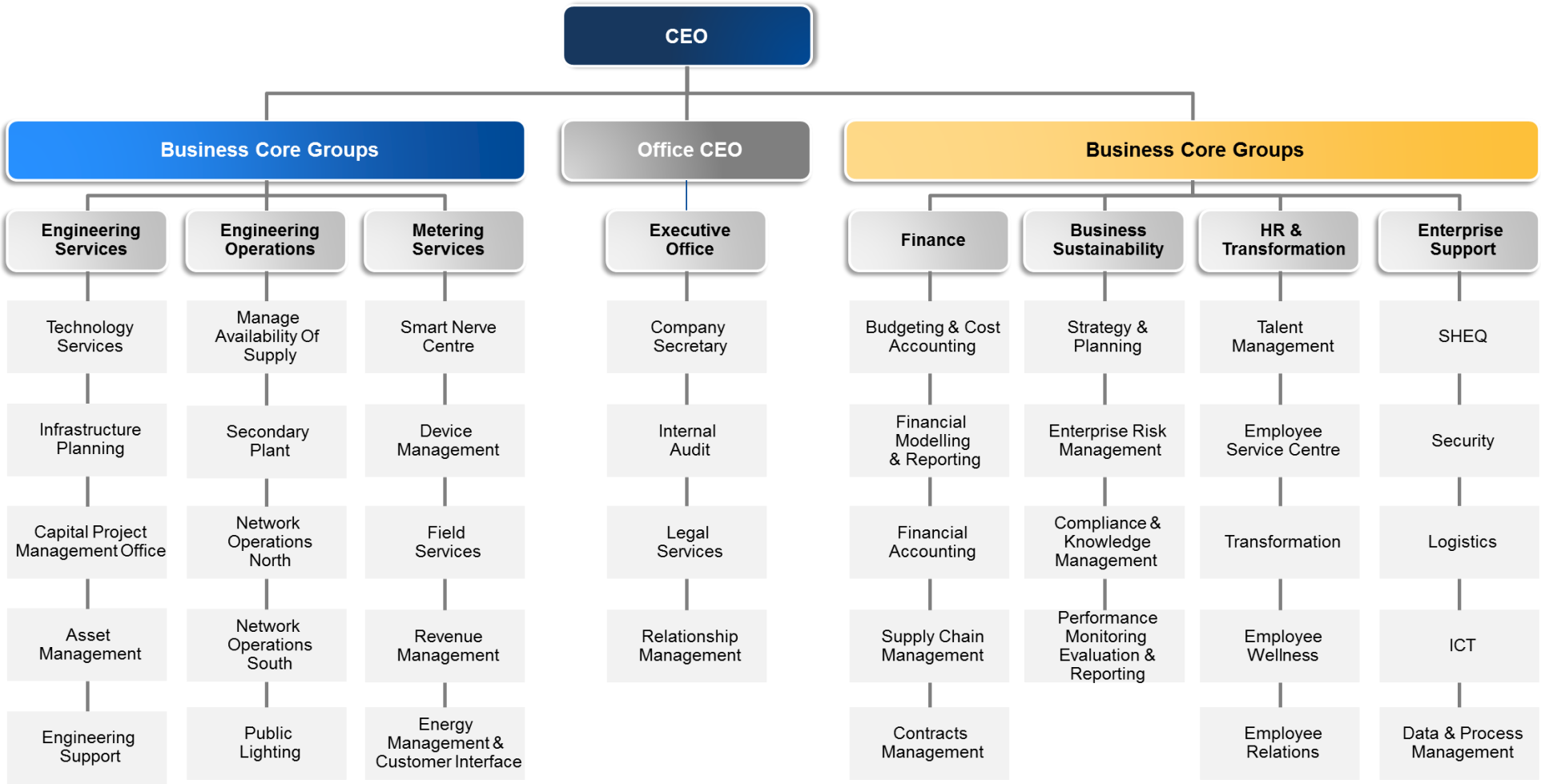


Figure 18: Summarised Organisational Structure

8.6 Analysis of the Organisational Structure

The City Power organisation structure is a *functional structure* – in a sense that it divides the organisation based on a logical grouping of members or departments or units that share common tasks or goals.

The organisation structure also serves as very important foundation for organisational effectiveness, efficiency, uniformity and controls.

The City Power organisational structure is supported by the business core groups, business support groups and office of the CEO.

Business Core Groups Mandates

Engineering Services	Engineering Operations	Metering Services
Optimise the long-term stability and sustainability of the electrical distribution networks, through ongoing strengthening and immediate refurbishment, to meet current and future demand through the process of research, plan, construct, monitor and evaluate	Prevent outages by operating the network safely, effect appropriate planned maintenance and to restore electricity supply to customers where outages occur, quickly and in the most cost-effective manner	Ensure sustainability of revenue, gross margin and quality customer experience by: • Effective energy trading • Reducing non-technical losses (Revenue completeness) • Recognising accurate revenue • Effective Revenue collections

Office of the CEO Mandate

Company Secretary	Legal	Relationship Management	Internal Audit
To be accountable to the company's board: • Provide directors with guidance as to their duties, responsibilities and powers; • Report non-compliance with Memorandum of Incorporation or Rules of the Company Act • Distribute minutes of all Board, Shareholders and Committee meetings • Ensure financial statement compliance and distribution	Provide, manage and coordinate quality legal services to City Power including: • Legal counsel and representation; • Litigation; • Legal risk management; • Contract drafting and vetting; • Policy development and vetting; and • Legal advice	Promote, and protect the company's reputation amongst its internal and external stakeholders through the employment of various communications channels and platforms, which assist the company to access specific target audiences	Provide City Power with an efficient and effective assurance and advisory service for the achievement of company goals and objectives

Business Support Groups Mandates

Finance	Business Sustainability	HR & Transformation	Enterprise Support
Lead in the development of the financial strategy of the company, directing, and monitoring the financial health, sustainability and stability of the business	Provide an integrated strategy, planning, risk management, compliance, performance monitoring, evaluation and reporting services to City Power	Lead the organisational renewal efforts of re-energising and re-focusing our people as well as positioning our organisation as an ethical entity	Enable the attainment of set business targets and objectives. The group is poised to make a meaningful contribution towards such through the provision of an effective ICT, Data and Process mapping, Physical Security, Logistics and SHERQ services

8.7 Management Team

The City Power Top Management Team comprises of the Chief Executive Officer, 6 Group Executives and the Chief Financial Officer.

Item	Group Executive	General Manager	Manager
Establishment size	7	39	114
Number of filled positions	5	28	78
Number of vacant positions	2	11	36
Number of acting positions	2	11	22

Table 14: Management Team as at 31 January 2019

In the past three consecutive years, the AG report has indicated the unacceptably high levels of vacancies within the City Power leadership team. In response to the AG and the organisation requirements, we have in the current financial year (FY 2018/19) appointed three Group Executives (2 in July 2018 and 1 in February 2019). It is also envisioned that the position of the Group Executive: Engineering Services will be filled on 1 May 2019, thus reducing the number of vacant positions at this level to 1.

ITEM	Establishment Size	Filled Positions	Positions Pending Appointment	Vacant With an Acting Incumbent
Group Executive	7	5	1	1

Table 15: Group Executive

Proactively defining the City Power leadership brand and building the right leadership bench and culture is critical for the success of City Power. In addition, working towards leaders changing the minds of others and moving the organisation forward to accomplish identified goals is just as important to ensuring success. As a result, City Power is investing in a Leadership Development Programme that takes an integrated approach to building management capability, beginning at the foundational level of Manage Self, through awareness and self-management; then to Manage Others, by motivating, communicating, and influencing; and then Manage the Organisation (Multiple – complex teams) through sustained operational discipline.

8.8 Capacity Analysis

Today's public servants are addressing problems of unprecedented complexity in societies that are more pluralistic and demanding than ever. At the same time, the systems and tools of governance are increasingly requiring tighter controls. As a result, public servants need the right skills from the onset to keep pace.

This presents a double challenge: the first is to identify which skills will be needed for a public servant which is fit-for-purpose today and into the future; the second is to figure out how City Power can invest in these skills – through attraction, recruitment, on boarding and development – to improve service delivery.

To respond to the above, the Human Resources and Transformation Group has commenced to craft the desired landscape that will not only respond to the 2022 VUCA vision but also enable building a highly skilled and professional public sector through the 70:20:10 learning philosophy.

The first step to capacity analyses is a skills audit, a process of measuring and recording the skills of individuals or groups of employees. The terms 'skills audit' and 'training needs analysis' are often used interchangeably. However, a distinction can be made between the two, in that a training needs analysis focuses solely on whether employees have the skills and knowledge to perform well in their existing job roles, while a skills audit takes a broader perspective of skills needed by the organisation, for the business of today and the future. City Power has commenced with a skills audit process that covers the assessment of the following four areas: cognitive ability, competencies, qualification and experience.

City Power aspires to build capacity from within, and as a result has adopted the 70:20:10 learning philosophy. It requires that individuals obtain 70 percent of their knowledge from on the job-related experiences, 20 percent near the job and 10 percent from off-the-job educational events. Each City Power employee will therefore be trained in line with the Workplace Skills Plan that is aligned to the learning philosophy. To build the capacity for the business of tomorrow, City Power has recruited graduates who have been enrolled in a Graduate in Training (GIT) programme. The programme is a way to ease candidates into the world of work and give them the necessary skills to become an integral part of the organisation. The City Power GIT Programme is undertaken over a period of 1 year and it offers students the opportunity to experience several different areas of the organisation before potentially embarking on a final career path within City Power.

Where City Power is unable to build capacity and capability from within it will recruit from outside the organisation.

Flowing from the organisation structure review and alignment, City Power has now embarked on an initiative that has, as its main objective, to unpack the job architecture and align the job profiles. This exercise will for the first time provide an accurate number of jobs in City Power on the one hand and the plotting of career paths on the other.

Supplementary objectives to the review of the organisation structure which were achieved, include the following:

- reduction of the vacancy rate to an acceptable percentage range
- the stabilisation of the staff establishment at 1984
- the removal of non-value adding vacancies from the organisation structure

Before the review		After the review	
Establishment	**Vacancy rate**	**Establishment**	**Vacancy rate**
3592	**52.17%**	**1984**	**12%**

Table 16: Establishment and Vacancy Rate

Critical vacancies have been identified by Group Executives. These critical vacancies will be further prioritised for filling in 2019/20 in relation to the available budget.

HR & Transformation is currently working on a company-wide Recruitment Plan that will address vacancies to an acceptable level.

8.9 Employment Equity

As a designated employer, City Power is fully committed to complying with the *Employment Equity Act (EEA) 55 of 1998,* as amended. To this end, City Power continually engages relevant Stakeholders through the establishment of consultative structures within the organisation. In addition to Section 20 requirements, the Code of Good Practice on Preparation, Implementation and Monitoring of EE Plans as published under Government Notice 1345 in Government Gazette of 19 August 2002 was taken into account. The following inclusive approach, where possible, has been adopted:

- elimination of discrimination in decision-making;
- promotion of employee diversity;
- reduction of barriers to advancement of the disadvantaged; and
- Introduction of measures and procedures for transformation.

The Employment Equity Act requires the Company to have an approved Employment Equity Plan in place. This plan may not be shorter than one year and not longer than five years. On 15 January 2018, both the Employment Equity report for submission to the Department of Labour and the five year City Power Employment Equity Plan were signed off.

The employment equity figures as at 31 January 2019 are as follows:

Staff Establishment	Filled Positions	Affirmative Action		Gender Equity		People with Disabilities	
		Target	**Achieved**	**Target**	**Achieved**	**Target**	**Achieved**
1,984	1,720	85%	92.33%	28%	29.94%	2%	2.15%

Table 17: Employment Equity – Jan 2019

The employment equity targets for 2019/20 are as follows:

Affirmative Action	Gender Equity	People with Disabilities
85%	29%	2%

Table 18: Employment Equity Targets – 2019/20

It is important to note that the following benchmarks exist to determine Employment Equity Targets:

#	Occupational levels	Male				Female				Foreign Nationals	
		A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**M**	**F**
	National EAP*	42.5%	5.4%	1.7%	5.1%	35.7%	4.6%	1.0%	3.9%		
	State owned companies*	35.0%	4.3%	7.4%	16.2%	22.0%	2.8%	3.3%	7.7%	1.2%	0.2%
	Electricity, gas & water*	21.5%	5.0%	6.4%	43.2%	9.6%	2.6%	2.8%	5.9%	2.8%	0.3%
	Provincial EAP*	**45.5%**	**1.7%**	**1.8%**	**7.2%**	**36.2%**	**1.4%**	**1.1%**	**5.1%**		

EAP* - Economically Active Population

Table 19: Employment Equity Targets Benchmark

City Power's current Employment Equity Profile is as follows:

- Affirmative Action: 92.33% versus the Provincial ideal target of 92.80%
- Gender Equity: 29.94% versus the Provincial ideal target of 43.80%

Management is working on interventions to bridge the gaps and achieve the Provincial Targets in the next 5 years.

Workforce Profile Analysis

As part of the Employment Equity Plan documentation, City Power has conducted a workforce profile analysis. The workforce analysis is a key component in the development of an Employment Equity Plan. The primary objectives of the analysis process are:

Figure 19: Workforce Analysis Process Objectives

The analyses revealed barriers to employment and employment advancement from the designated groups. The analysis covered the review of the following:

Figure 20: Workforce Analysis Review Areas

City Power is faced with several employment equity challenges, some of which are listed below

- Addressing the under-representation of females of all races in different occupational categories and levels throughout the organisation;
- Addressing the under-representation of Indian females and males in different occupational categories and levels throughout the organisation;
- Addressing the over-representation of males in general and African males specifically in all occupational categories and levels in the organisation;
- Addressing its aging workforce, the current age profile averages forty-five year (45).

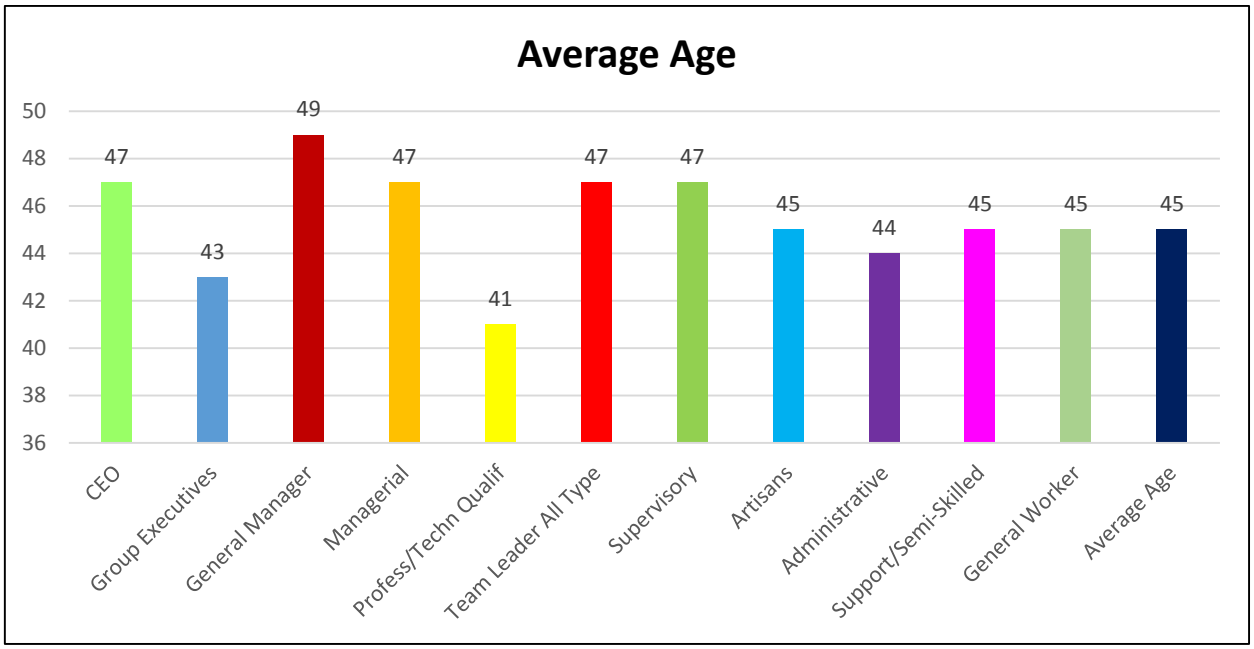


Figure 21: Average Age of Workforce

Based on the analysis above City Power has identified the following key initiatives to shift the BBBEE landscape and therefore enable meaningful BBBEE transformation:

- Engineers In Training (EIT), Artisans In Training (AIT) and Graduate In Training (GIT) Programme;
- Women Development Programme;
- Targeted recruitment in line with the employment equity plan

City Power has developed a draft supplier and enterprise development strategy to promote and develop new and existing black suppliers. A critical component of the strategy is targeted training to elevate the business owners to be managers of high performing businesses. Supplier development beneficiaries will receive training that will enable improved service delivery.

As part of enterprise development, the Cable Jointing School and Elecrical Operator Training Centre will also provide the skills upgrade programme for the enterprises that aspire to become City Power suppliers. The aim is to impart technical skills and expertise to enterprise development beneficiaries with major emphasis on improving supervision, safety and quality with some of the focus areas including cable jointing and operator training to enable switching on the City Power network. The aim of this programme is to build capability of these enterprises thus enabling them to graduate to becoming suppliers.

The table below represents the Employment Equity status, over and under representation, of City Power by occupational level:

#	Occupational levels	Male				Female				Totals
		A	C	I	W	A	C	I	W	Filled
	National EAP*	42.5%	5.4%	1.7%	5.1%	35.7%	4.6%	1.0%	3.9%	
	State owned companies*	35.0%	4.3%	7.4%	16.2%	22.0%	2.8%	3.3%	7.7%	
	Electricity, gas & water*	21.5%	5.0%	6.4%	43.2%	9.6%	2.6%	2.8%	5.9%	
	Target EAP	**45.5%**	**1.7%**	**1.8%**	**7.2%**	**36.2%**	**1.4%**	**1.1%**	**5.1%**	
1	**Top Management**	2	0	0	0	3	0	0	0	**5**
	EAP Compliance	2				2				
	Surplus/Over - (Deficit/Under) representation					**1**				
2	**Senior management**	15	1	2	2	6	0	1	0	**27**
	EAP Compliance	12			2	10			1	
	Surplus/Over - (Deficit/Under) representation	**3**	**1**	**2**		**4**		**1**	**1**	
3	**Professionally qualified and experienced specialists and mid- management**	39	2	1	20	22	2	0	3	**89**
	EAP Compliance	40	2	2	6	32	1	1	5	
	Surplus/Over - (Deficit/Under) representation	**1**		**1**	**14**	**10**	**1**	**1**	**2**	
4	**Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents**	153	14	3	51	104	1	1	7	**334**
	EAP Compliance	152	6	6	24	121	5	30	17	
	Surplus/Over - (Deficit/Under) representation	1	8	3	27	17	4	29	10	
5	**Semi-skilled and discretionary decision making**	471	19	4	58	245	8	1	21	**827**
	EAP Compliance	376	14	15	59	299	12	9	42	
	Surplus/Over - (Deficit/Under) representation	**96**	**5**	**11**	**1**	**54**	**4**	**8**	**21**	
6	**Unskilled and defined decision making**	355	0	0	0	86	1	0	0	**442**
	EAP Compliance	201	8	8	32	160	6	5	23	

#	Occupational levels	Male				Female				Totals
		A	C	I	W	A	C	I	W	Filled
	Surplus/Over - (Deficit/Under) representation	54	8	8	32	74	5	5	23	
	TOTAL PERMANENT	**1035**	**36**	**10**	**131**	**466**	**12**	**3**	**31**	**1724**
	EAP Compliance	784	29	29	124	624	24	19	88	
	Surplus/Over - (Deficit/Under) Representation	238	12	19	9	155	9	16	57	

Table 20: Employment Equity by Occupational Level

9. ENTERPRISE RISK MANAGEMENT

9.1 Risk Management Background

City Power has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King IV report on Corporate Governance and Risk Management standards as applicable.

Oversight over the governance and management of risk in City Power is carried out by the Audit and Risk Committee which is a sub-committee of the Board of Directors. The Audit and Risk Committee meets on a quarterly basis and operates in accordance with approved terms of reference.

An annual risk assessment is conducted for both strategic and operational risks and aligned with the strategic planning process of City Power, these risks inform the annual audit plan where risk controls are then tested. The risks are documented accordingly and monitored on an ongoing basis in relation to risk mitigation strategies, relevance of existing risks and the identification of additional and new/emerging risks.

Risk treatment plans were developed and implemented to ensure that strategic, business and operational (organisational) objectives and budgets are met. Each of the strategic risks is allocated to an Exco risk owner to ensure accountability and ownership. Monitoring and review is done at EXCO with the Audit and Risk Committee exercising oversight as mandated by Board.

Risk reviews with different with different Group Executives and their teams also involved in identification of any new or emerging risks that may affect the achievement of business objectives.

- Strategy driven, risk intelligent and innovative organization
- Plant reliability
- Safe and secured smart grid
- Re-energised, refocused and ethical organisation

9.2 Risk Management Process

The company has adopted an ISO accredited Risk Management Process of Risk Identification, Monitoring and Review, Communication and Consultation as depicted in the diagram below:

Figure 22: Risk Management Risk Identification Process

ISO 31000 within City Power is to be applied within existing management systems to formalize and improve risk management processes and as part of strategic management implementation.

9.3 City Power's Risk Governance Structure

Below depicts the Risk Governance Structure (City Power Risk Management Framework):

Figure 23: Risk Governance Structure

9.4 Risk Maturity

The current, self-assessed, view of City Power's risk maturity is summarized below:

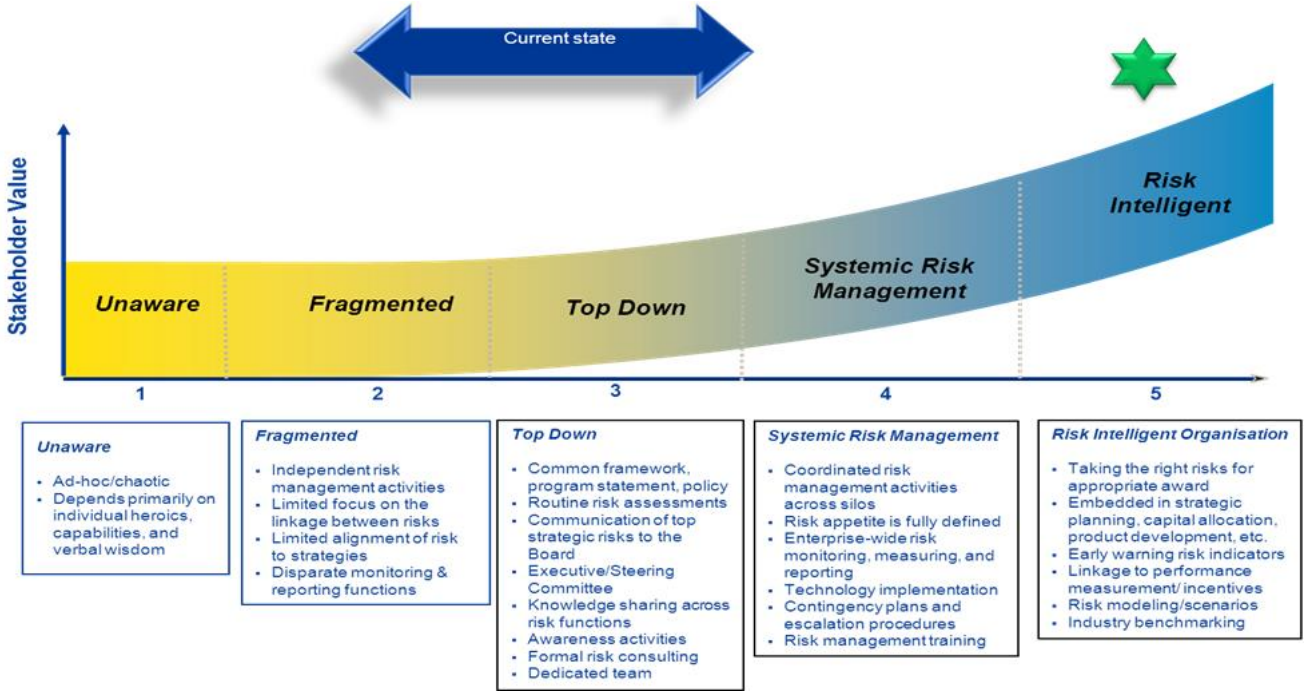


Figure 24: Organisational Risk Maturity

From the self-assessment the above picture represents the maturity curve and has been endorsed by EXCO to be one of the foundational principles to get City Power to a risk intelligent organisation. The current state of maturity indicates that foundational risk management elements are in place but the organisation needs to transition from risk management to management of risk which is stage 4 and 5. Risk related activities are evolving in design, but are inconsistently applied and well-understood only by management and the relevant employees in limited business areas. Significant opportunities for enhancement remain.

More robust engagement with risk owners and increased accountability as well as effective application of the framework as part of normal business will move the organisation to systemic and risk intelligent stages. The risk appetite and tolerance will also be reviewed.

Gaps which were identified to improve risk management have helped to define priorities that will drive risk maturity which is aimed at achieving a risk intelligent organisation. Since risk disclosure is an integral part of assurance City Power will on a quarterly basis continue reporting and appraising all key structures on risk performance across the entire City Power risk universe.

The 2018/19 financial year will see a deliberate focus on changing the risk culture by increasing accountability of risk owners.

9.5 City Power Risk Context

City Power's mandate is to provide reliable energy supply to the City of Johannesburg. This is done through the strategic use of a mix of technologies and energy sources whilst maintaining the financial sustainability of the business.

In fulfilling the above mandate City Power will pursue the following strategic objectives which align with the City of Johannesburg's priorities.

- Financial Sustainability
- Energy Sustainability
- Revenue driven customer centric organization
- Strategy driven, risk intelligent and innovative organisation
- Plant reliability
- Safe and secured smart grid
- Re-energised, refocused and ethical organisation

Internal Context

- A system which is remaining constrained with underperforming assets largely because of the age profile
- Lower projected sales and losses (technical and non-technical)
- City Power's operating environment is changing putting pressure on the future utility business model

Along with the immediacy of dealing with current circumstances, the key challenge is the ability to manage (or strike the right balance) across three horizons simultaneously:

- The complexities of current financial constraints
- Declining sales
- Getting the organisation fit again (3-5 years)
- Reorienting to a future in which the sector and the organisation's likely role may be radically different (longer term)

City Power faces a challenge with immediate action needed to stabilise its operations. Implementing a business turnaround plan is a necessary part of that action. Given the complexity of this situation, plus City Power's need to maintain credibility with the citizens of Johannesburg and provide confidence, it is important that a balance is achieved between taking immediate and visible turnaround action whilst avoiding overpromising on the timetable or the quality of short-term outcomes or results

Multiple interventions which are part of the business plan are aimed at addressing both risks and challenges in the short, medium to long term. Clarity in objectives and deliverables, leadership and culture interventions, revenue enhancement and protection strategies, prioritising key infrastructure projects, security risk management strategies, driving internal cost efficiencies and focus on compliance are some of the key interventions which have been prioritised to reduce the overall risks faced by the organisation. Data management and working with the City and other MOE's to streamline some of the initiatives in order to enhance Customer Centricity also received heightened attention in recent months.

External Context

City Power's operating environment is changing putting pressure on the future utility business model. Competition is increasing driven by regulatory shifts and new technology options. In particular, the unbundling of Eskom will not only threaten City Powers Financial Sustainability, but also open a number of opportunities. One of City Power's strategic objectives is the safe secured smart grid to drive improvement of revenue management that will be aligned to future customer needs.

In summary the risk profile indicates that there are many challenges and complexities facing the organisation and City Power's Executive Management is driving a new performance culture on the challenges that are within our own control external challenges are mostly pointing to the changes in the industry. Admittedly the risk profile has not matured to a point where the cost benefit analysis is done on most of the treatment plans, but work has started to educate the business on the importance of doing this exercise. Newly developed programmes or risk treatment plans reflect the return on investment and stimulate the right debates on what to prioritise.

9.6 Key Strategic Risks

An annual risk assessment is conducted for both strategic and tactical risks and is aligned with the strategic planning process of City Power. The risks are documented accordingly and monitored on an on-going basis in relation to risk mitigation strategies, relevance of existing risks and the identification of additional and new/emerging risks.

The following table lists the key strategic risks with the risk ratings:

Group	#	Strategic Risks	Status
Finance	1	Liquidity - City Power may have insufficient funds to meet its financial obligations in the short term as a result of revenue decline and cash flow which may compromise planned business operations, delivery on the mandate and financial sustainability.	
Engineering Services	2	Inability to implement refurbishment, asset renewal and expansion due to inadequate capital budget may lead to future network collapse.	
Metering Services	3	Reduction of non-technical losses to 10% by June 2019 may not be realized, ultimately putting the financial sustainability and of City Power at risk.	
	4	Escalation of theft and vandalism.	

Group	#	Strategic Risks	Status
Enterprise Support	5	Cyber security threats due to high exposure of the vulnerable City Power Network as a result of under investment.	
	6	The impact of in-sourcing security to City Power's operations and infrastructure.	
Engineering Operations	7	Increase in outages and poor technical performance due to network unavailability equipment failure.	
Business Sustainability	8	Failure to capitalise on new markets to ensure business sustainability.	
	9	Unethical business practices resulting in fraud and corruption activities.	
	10	Non-compliance to regulatory and policy requirements.	
HR and Transformation	11	Insufficient capability, capacity and commitment to deliver on the mandate.	
Overall Business	12	The unbundling of Eskom that will see the introduction of new competition requires a deliberate focus on acceleration the energy mix programme	

Table 21: Key Strategic Risks

The strategic risk profile gives management and the City Power Audit and Risk Committee, the Board and the shareholder an opportunity to gain an insightful and holistic bottom-up view of key risks facing the organisation and to take note of the level of effectiveness in the management of those risks; in order to increase the likelihood that set targets and approved business plan objectives are achieved.

9.7 Risk Financing

From a risk financing perspective, the value and frequency of claims remains a concern especially because the intention for insurance is to cater for unpredictable losses. Similarly, internally a more efficient and streamlined approach to settle long outstanding claims is necessary to reduce the financial risk.

It must be noted that frequent incidents not only result in asset claims but negatively impact some of the customers especially if there is damage or injuries.

The following diagram or wheel provides an overview of the key challenges to be prioritised as well as interventions or solutions to address them during the year. This followed an exercise of extensive engagement with all role players who are impacted or participate in the City Power value chain. The objective is to ensure effective settlement of claims so that cash flow is not negatively impacted by the backlog of unpaid claims.

Insurance Wheel

Figure 25: Insurance Wheel

Some of the key drivers for the insurance claims performance especially on the assets include:

- City Power's high value equipment (Increase in asset replacement values because of the nature of electrical infrastructure)
- Theft and vandalism (demand for copper)
- Re-insurance costs / market conditions
- Unplanned maintenance as a result of network failures from electrical infrastructure that is old
- Unplanned outages as a result of theft and vandalism
- High loss ratios

9.8 Business Continuity Management (BCM) Programme and Resilience

Business Continuity was identified as a major exposure in City Power and the work to establish this function began in June 2018. An Emergency Response team has been established to ensure that contingency plans are developed across the business.

Accepting that some identified risks could materialise, and that some unidentified risks could occur, there is a definite need to establish processes, structures, systems, skills, leadership and behaviours that support resilience at all levels within City Power. This is essential to arrive at organisation-wide application elements of resilience when major disruptive events occur.

During the 2018/19 financial year the revised BCM framework and plan were approved by the Operational EXCO as well as the proposed Terms of Reference for the ERCC (Emergency Response Command Centre) subject to minor modifications to align them to the delegation of authority. A presentation was also made to EXCO on the ESKOM challenges and the impact it poses on City Power.

Based on the approved plan the work has commenced to conduct business impact assessments on critical processes as well as risk assessments on different disaster scenarios which have been allocated to different areas of the business. This will culminate into revised and updated plans to align with the CoJ BCM, crisis and disaster management protocols. A dashboard has been developed and approved which will be monitored by EXCO to ensure effective implementation of the plan.

9.9 Insurance Risk Survey

A survey of 23 selected substations was carried out by the insurers, mostly area intake substations of City Power's distribution network between the 8th October and 29th November 2018. The main purpose of the survey was to provide an insurance underwriting report for submission to insurers. This provided City Power with an opportunity to understand operational and plant related risk exposures and get recommendations for risk improvement.

City Power has committed to extracting the recommendations and developing action plans with dates for implementation. The City of Johannesburg's Risk Control team has also approached City Power as they were mandated to assist all the MoE's with physical risk assessments to examine controls and control failures given the high number of insurance claims.

Key findings of the survey point to deficiencies around fire prevention, protection and security vulnerabilities but what was interesting was the scarce water situation at some of the stations. This also increases the risk of safety and health of employees. The hazard overview considered occupancy of each substation as well as site exposures both internally and externally with consideration for the natural hazards such as severe weather or lightning.

10. THE CITY POWER OF TOMORROW / FUTURE BUSINESS

In response to our strategic goal to "establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin" Eskom, especially in the wake of the unbundling of Eskom and the fourth industrial revolution (4IR), the efforts to define the business of tomorrow are crucial and require concerted commitment to accelerate City Power's mitigating actions.

10.1 Key Eskom Challenges and City Power's Strategic Response

An analysis and common understanding of the potential impact that both current and future Eskom challenges to City Power's financial sustainability critical considering that City Power currently purchases about 80% of electricity from Eskom. The financial challenges facing Eskom and the impending unbundling will have a major impact on the energy industry model and the market.

In the main, the operational or technical challenges highlighted affect Eskom's generation capacity and continuity of supply which has in recent months escalated in intense load shedding episodes. The negative impact of forced load reduction means interruption of supply to City Power customers and loss of revenue during the downtime. There is also an increase in opportunistic crime incidents targeting copper and cables which means a further increase in non-technical losses. The rate of ICT failures is also on the increase which reduces productivity and, in some cases, result in financial loss. These challenges demand that City power reviews its business model to inform the business of tomorrow.

City Power's financial health is already in negative territory and loss of further revenue worsens the liquidity risk and reduces the momentum of the turnaround plans that are targeting revenue improvement. Increase in tariffs already have a negative impact especially on large power users. The current plan to review Eskom's operating and financial model to unbundle it into Generation, Transmission and Distribution increases uncertainty for municipalities and clarity around this risk is dependent on facts which are still unclear at this stage.

Further, the impending unbundling of Eskom will increase the number of electricity generation entities, which will lead to increased competition for energy sales. The resultant risk of collapsing boundaries as a result of multiple points of electricity purchases (supply) might have both positive and negative implications. The positives will involve City Power acquiring high value customers e.g. Sandton, while it might also lead to acquisition of high-risk customers in non-affluent areas, e.g. Soweto.

The implication of the impending Eskom unbundling is that City Power has to accelerate the efforts associated with alternative business models, specifically diversifying its energy mix. This will not only address the negative impact of the impending unbundling, but also take advantage of the opportunity. City power is proactively making progress in these efforts and recognises the need to accelerate these efforts while balancing the operations of the business of today. These efforts include;

- Partaking in the unbundling project to influence decisions that can impact City Power's Financial sustainability (gaining "a seat at the table")
- Establishing PPPs for funding alternative business models especially the development of the energy mix,
- Leveraging City Power's Network Asset to introduce a wheeling service offering
- Partnership with sister MOE entities (Joburg Water, and Pikitup) to collaborative in developing the alternative energy mix

City Power has started exploring these alternative business models. The level of risk exposure might be reduced if the efforts are accelerated through investment funding. Section 10 describes in detail, the key elements of the City Power's energy mix, and the progress made to date.

10.2 Kelvin PPA

City Power has a 20 Year Power Purchase Agreement (PPA) with Kelvin Power Station (KPS) which is owned and operated as an Independent Power Producer. This PPA commenced in November 2001 and is expected to expire in 2021.

In May 2017 EY was engaged by the City Manager through EISD in an exercise that would investigate options that the City of Johannesburg as well as City Power would have to consider including extending the current PPA which expires in November 2021.

While City Power has a power off-take relationship with KPS it is essential to note that KPS has an agreement with the City of Johannesburg i.e. the Sale and Purchase Agreement where a number of obligations between KPS and COJ currently flow. The diagram below shows the legal framework in relation to these agreements;

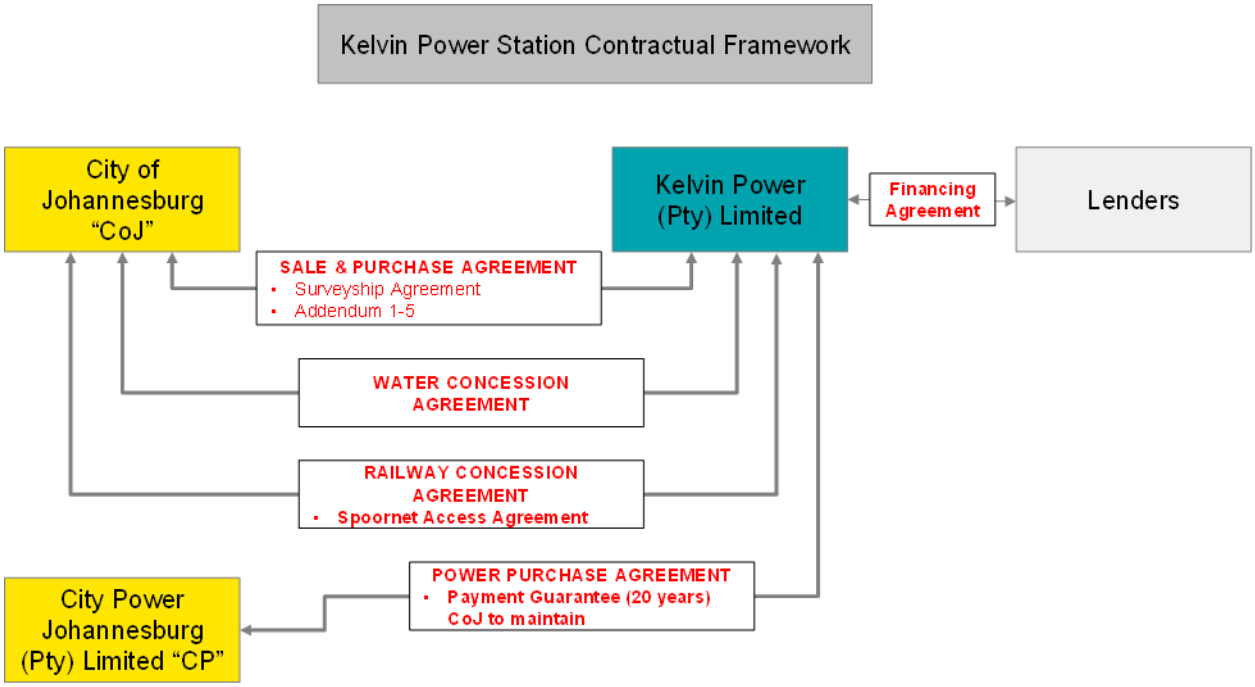


Figure 26: Kelvin Power Station Contractual Framework

In its analysis on the matter, EY advised of three options for City Power;

- Option 1: Continue with the existing contractual arrangement until 2021.
- Option 2: Terminate the contractual agreement before 2021.
- Option 3: Extend the PPA term beyond 2021, with or without amendment to contractual terms.

Considering the above issues, and the relative higher cost of KPS's unit average purchase price, combined with the Eskom challenges and impending unbundling, City Power in line with its future vision to diversify the energy mix, will not favour the renewal of the KPS Contract when it lapses in 2021. Rather, City Power will continue its concerted efforts to develop its energy mix options as outlined in section 10.3

While the shareholder is finalising its position on the matter, City Power has made inputs to this report outlining our position (option 1). City Power however recognises that the final decision needs to follow CoJ's governance structures and therefore approval by the CoJ council.

10.3 City Power's Future Energy Mix Proposition

City Power continues to explore and evaluate the applicability of such technologies through our Technology department (in research and studies) including engagements with industry stakeholders such that more progressive steps can be taken after proper considerations are done. This also includes exploring the funding mechanisms that would enable investments such as these, so that City Power's objectives and those of our Shareholder are fulfilled, including that of sustainability.

10.3.1 Energy Storage

The developments in the energy storage space also offer appealing and cost saving opportunities for electricity users. From a utility perspective the following are the obvious ones;

With the current electricity pricing regime particularly from Eskom, energy storage as a technology offers an opportunity to buy power from the grid when it is cheap (i.e. off-peak prices), store it (through the technology) and use it when the power from the grid is expensive (at peak periods).

A utility or end-user could invest in such in order to provide a measure of security of supply. This option would particularly appeal to those customers who require 100% reliable supply such that their production processes would be compromised should interruptions occur in the middle of a production process. Foundries would be typical examples. City Power could offer this service to these kinds of customers.

With the growth that is seen on certain nodes within the area of supply, this option would also be worthwhile considering. City Power has in the past been faced with situations where Eskom could not offer an upgrade solution per point of supply. This would be because Eskom would need to do own upgrades upstream prior to allowing City Power an upgrade at their point of supply. In some instances, the cost of the upgrade could be astronomical. The energy storage would also be an option such that the upgrade could be delayed while supplementing the additional electrical needs through this option.

The implementation of energy storage for 19/20 will begin at Eskom intake substations that are currently attracting notified maximum demand penalties from Eskom. The systems will be used daily to reduce bulk purchases costs through tariff arbitrage, as well as be operated to avoid NMD penalties.

The sites have been identified – Prospect, Fordsburg, Allendale, Klipfontein View and Ennerdale. For Allendale, Klipfontein View and Ennerdale, preliminary planning is complete, the sites have been individually visited to ensure there is adequate space for the installations and site plans drawn up.

In the case of Prospect and Fordsburg, where these stations in turn supply power to 88kV bulk supply substations in Johannesburg, the energy storage systems are to be located at the 88 to 11 kV substations that require load relief at the local level. These sites are being evaluated from a winter loading perspective.

10.3.2 Photovoltaic Generation

Prosumers – this is a category of customers within the distribution network who invest in generating energy through solar. This could primarily be for own consumption, while in some instances the excess power generated would be exported into the distribution system. City Power is geared not just to enable these developments through a network connection but has gone further to develop a tariff which is intended at incentivising any excess power at this level to be put back into the grid.

Own generation – As part of City Power's asset base and enhancing our sustainability, City Power is looking at diversifying by investing in the PV space. PV generation offers an attractive option in relation to the operational cost as the energy will come at no cost, leaving only the maintenance of the asset and whose cost would be capped at inflation. This would then ensure that the price of such power becomes more competitive in the long run. As there are various ownership models that could be used when embracing this technology, City Power needs to look into the least or most cost-effective option.

Independent Power Producers – The rise of IPPs in recent years also offers City Power another option towards tapping into the renewable resource away from the fossil fuelled Eskom electricity. The key attributes for City

Power venturing into such would amongst other things be the reliability of capacity as well as the electricity prices associated with the option. It is therefore imperative that there be a demonstration of at least these attributes in order to justify going into such an arrangement.

10.4 MOEs Collaboration on Energy Options

In developing City Power's energy mix options, City Power is planning to engage other MOEs (Johannesburg Water and Pikitup). Through Pikitup, City Power can explore Bio fuel/ energy generation from Pikitup Landfills. Johannesburg Water on the other hand will be engaged on their experience associated with water energy efficiency associated initiatives.

10.5 Funding of the Energy Mix

The City of Johannesburg is confronted by a backlog in electrification projects, of which this is exacerbated by high population influx to the City by locals and migrants in search for better opportunities. This increase is putting a strain on the City's infrastructure including the electrical network that is already old and decaying as a result of historical disinvestment. Moreover, new technologies that include the roll out of SCADA to enable remote controlling of the power station to improve security and visibility of the network are necessary as these will over time enable self-diagnosis that reduces human intervention and improved efficiencies. While this is the case, the Capital Expenditure that is allocated to City Power is never adequate to address these infrastructural needs.

The current funding arrangement are such that City Power is mainly dependent on external loans arranged by the City of Johannesburg as well as grants. In terms of the agreement between City Power and the shareholder, all financing arrangements of City Power are arranged by the City's Treasury office. The internal funds generated by City Power which can be availed for Infrastructure have over time diminished owing to poor financial performance for various factor explained above.

In order to achieve acceleration of infrastructure investments to clear the backlog and introduce the desired, alternative sources of energy and related technologies, alternative financing arrangements that include off-balance sheet funding models and public-private-partnerships will be explored together with the shareholder at the beginning of 2019.

11. ANNEXURES

Annexure A – Overall Key Performance Indicators

A1: Institutional Indicators

The Institutional Indicators incorporated into the City Power Business is to improve effectiveness and efficiency throughout the entities, departments of the CoJ. City Power must therefore comply with these institutional indicators from the CoJ.

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Targets Performance				2019/20 Budget Per Projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total Budget		Quarterly Budget Target Capex and Opex					
									Capex	Opex	Q1	Q2	Q3	Q4		
1	Percentage spent on operating budget against approved operating budget	96.3%	95%	95%	95%	95%	95%	95%	N/A	17.7bn	5.8bn	3.7bn	3.6bn	4,6bn	SAP System	Finance
2	Percentage spent on capital budget against approved budget	96.3%	97%	97%	10%	20%	35%	45%	722.4m	N/A	34.3m	137.2m	205.8m	308.8m	SAP System, and Spreadsheet	Engineering Services
3	Percentage spent on repairs and maintenance to	New Indicator	6.4%	6,4%	0%	2%	4.4%	6.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Engineering Operations

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Targets Performance				2019/20 Budget Per Projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total Budget		Quarterly Budget Target Capex and Opex					
									Capex	Opex	Q1	Q2	Q3	Q4		
	property, plant and equipment															
4	Percentage of valid invoices paid within 30 days of invoice date	100%	100%	100%	100%	100%	100%	100%	N/A	N/A	N/A	N/A	N/A	N/A	From the total invoice population received for the month, a calculation is done to determine how many were paid within 30 days.	Finance
5	Percentage resolution of Internal Audit findings (Targets to be confirmed by CoJ)	75%	100%resolution of Internal Audit findings(cumulative)	100%	10%	30%	70%	100%	N/A	5m	0	2m	1.5 m	1.5m	Schedule of the audit Finding	Internal Audit

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Targets Performance				2019/20 Budget Per Projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total Budget		Quarterly Budget Target Capex and Opex					
									Capex	Opex	Q1	Q2	Q3	Q4		
6	Percentage resolution of Auditor General findings Targets to be confirmed by CoJ	100%	100% resolution of Audit General findings(cumulative)	100%	50%	100%	5%	25%	N/A	5m	0	2m	1.5 m	1.5m	Schedule of the audit findings	Internal Audit
7	Percentage Compliance with relevant legislation and policy prescripts	New Indicator	100% Compliance	100%	100%	100%	100%	100%	N/A						Compliance Report	Business Sustainability
8	Percentage of predetermined objectives targets achieved	65%	85% achievement	85%	85%	85%	85%	85%	N/A						Excel Spreadsheets and Monthly, Quarterly reports	Business Sustainability
9	Percentage of the strategic risks' management action plans implemented	New Indicator	85% of management actions implemented.	85%	85%	85%	85%	85%	N/A						Governance Reports, Strategic Risk Register and Audit Reports	Business Sustainability

A2: National Treasury Rationalisation Planning and Reporting Requirements

National Treasury released a Circular 88, the Municipal Circular on Rationalisation Planning and Reporting Requirements for the 2019/20 MTREF which all municipalities must comply with.

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
10	Percentage provision of Free Basic Electricity (FBE) as per ESP beneficiary list)	100%	100% provision of Free Basic Electricity (FBE) as per ESP beneficiary list)	100% provision of Free Basic Electricity (FBE) as per ESP beneficiary list)	100%	100%	100%	100%	N/A	2m	500k	500 k	500k	500k	List of FBE from CoJ	Metering Services

NOTE:

EE1.11	Number of dwellings provided with connections to the mains electricity supply by the municipality	• The KPI is accounted for under the UISP KPIs • The wording of the KPI as per City Power measurement.	Number of units (structures) in informal settlements with access to electricity
EE3.11	Percentage unplanned outages that are restored to supply within industry standard timeframes	• This KPI is accounted for under the SLS KPIs • The wording of the KPI as per City Power measurement.	Restoration of power supply after logged forced interruption
EE4.11	Total renewable energy capacity available through IPPs	• This KPI is accounted for under the City Power Scorecard KPIs • The wording of the KPI as per City Power measurement	Tons of CO_2 offset in greenhouse gas emissions
EE3.21	Households receiving Free Basic electricity as a percentage of all households with electricity connections	• The wording of the KPI as per City Power measurement	Percentage provision of Free Basic Electricity (FBE) as per ESP beneficiary list)
EE4.12	Installed capacity of embedded generators on the municipal distribution network	• This KPI is accounted for under the City Power Scorecard KPIs • The wording of the KPI as per City Power measurement	Tons CO_2 offset in greenhouse gas emissions

A3: Upgrading Informal Settlement Programme (UISP)

Entities must incorporate the UISP indicators into the 2019/20 Business Plan in order to ensure that the City continues to benefit from the Provincial Treasury Grant for the upgrading of informal settlements.

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
11	Number of substations upgraded/developed	New Indicator	17	17	5	4	4	4	R154m	7,7m	8m	31m	46m	69m	SAP System	Engineering Services
12	Kilometres of electricity cables installed	New indictor	60km	60km	3	12	18	27	R65m	3m	13m	20m	29m	13m	SAP System	Engineering Services
13	Number units (structures) in informal settlements with access to electricity	1580	2000 units (structures) in informal settlements with access to electricity	2500	0			2000	95.3m	0	0	9.5m	28.5m	57m	SAP System, work completion certificate	Engineering Services

A4: Service Level Standards Indicators

The City of Johannesburg has Services Level Standards (SLS) that are agreed upon by the community and its entities. The table below describes the service levels that apply to City Power. City Power appreciates the requirement for quality, availability, among other key service aspects while delivering its services to the citizens

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly targets Performance				2019/20 budget per projects R 000						Means Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
14	Average hours to restore loss of logged electricity supply to traffic signals[1]	10.2 hours	Less than 18 hours	Less than 18 hours	Less than 18 hours	Less than 18 hours	Less than 18 hours	Less than 18 hours	N/A	1m	250k	250k	250k	250k	Forcelink	Engineering Operations
15	Average time taken to repair logged streetlight queries (Motorways)	3.8 days	Less than 5 days	Less than 5 days	Less than 5 days	Less than 5 days	Less than 5 days	Less than 5 days	N/A	10m	2.5m	2.5m	2.5m	2.5m	Forcelink	Engineering Operations
16	Average time taken to repair logged streetlight queries (Secondary Roads, Main	17.2 days	Less than 8 days	Less than 8 days	Less than 8 days	Less than 8 days	Less than 8 days	Less than 8 days	N/A	340m	85m	85m	85m	85m	Forcelink	Engineering Operations

	Arterials and Area lighting															

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000							Means Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex							
									Capex	Opex	Q1	Q2	Q3	Q4			
17	Percentage resolution on logged calls of damaged electricity meters	95% of calls logged	95%	95%	95%	95%	95%	95%	N/A	Part of the normal budget allocated for maintenance for Field Services						Forcelink and spreadsheet	Metering Services
18	Percentage Restoration of power supply for planned interruption	7.6 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	N/A	302m	7.5m	7.5m	7.5m	7.5m		Forcelink	Engineering Operations
19	Percentage Restoration of power supply after logged	TBC		Restoration of power supply after logged forced	30% within 1.5 hours	30% within 1.5 hours	30% within 1.5 hours	30% within 1.5 hours	N/A	355m	89m	89m	89m	89m		Forcelink	Engineering Operations

	forced interruption		Restoration of power supply after logged forced interruption 30% within 1.5 hours, 60% within 3.5%hours; 90% within 7.5 hours, 98% within 24 hours, 100% within 7 days	interruption 30% within 1.5 hours, 60% within 3.5%hours; 90% within 7.5 hours, 98% within 24 hours, 100% within 7 days	60% within 3.5 hours	60% within 3.5 hours	60% within 3.5 hours	60% within 3.5 hours								
					90% within 7.5 hours	90% within 7.5 hours	90% within 7.5 hours	90% within 7.5 hours								
					98% within 24 hours	98% within 24 hours	98% within 24 hours	98% within 24 hours								
20	Percentage resolution Investigation of illegal connections	95% investigation of logged calls	95% resolution within 24 hours of logged call	95% resolution within 24 hours of logged call	95%	95%	95%	95%	N/A	R8m	R2m	R2m	R2m	R2m	Forcelink and spreadsheet	Metering Services
			95% resolution within 21 days of logged call	95% resolution within 21 days of logged call												
21	Percentage Response time for City Power walk in queries	100%	All queries acknowledged within 1 hour	All queries acknowledged within 1 hour	100%	100%	100%	100%	N/A						Spreadsheet extracted from Forcelink	Metering Service

No	Key Performance Indicator	Baseline	2019/20 Target	202021 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
22	Percentage Read all meters as per CoJ download file2 and accurately read meters for billing by CoJ	90.15%	98% accurate automated meter reading for LPUs[3]	98% accurate automated meter reading for LPUs[3]	95%	96%	98%	98%	N/A						Upload file and spreadsheet	Metering Services
		64.58%	95% accurate manual meter reading for domestic	95% accurate manual meter reading for domestic	90%	93%	95%	95%	N/A	R10.8m	R2.7m	R2.7m	R2.7m	R2.7m		
23	Average days taken for Prepaid conversion on Smart Meter	30 Days	Within 7 days of receipt of complete application and payment	Within 7 days of receipt of complete application and payment	7	7	7	7	Public contribution	N/A					Outage management system/Forcelink	Engineering Services

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means Verification	Responsible Group
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
24	75% Reputation Index	71%	75%	75%	75%	75%	75%	75%	N/A	2 m	500k	500k	500k	500k	News clip survey	Relationship Management
25	Communication of service interruption	100	Planned: 7 days before interruption	Planned: 7 days before interruption	100 %	100%	100%	100%	N/A	1 m	250k	250k	250k	250k	Outage management system/Forcelink	Relationship Management
			Unplanned: Immediately	Unplanned: Immediately		100%	100%	100%	N/A	1 m	250k	250k	250k	250k	Outage management system/Forcelink	

A5: City Power Company Scorecard

The proposed City Power KPIs are aligned to the organisation's strategy and key performance areas and are as follows:

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
26	Average number of days taken to resolve disciplinary cases (90 days)	New	90	90	90	90	90	90	N/A						Date of serving a charge sheet and the date of the formal outcome of the disciplinary matter	HR & Transformation
27	Average number days taken to fill critical vacancies	Average number days taken to fill critical vacancies	90	90	90	90	90	90	N/A						Date of placement of advertisement and the date of acceptance of offer by individual	HR & Transformation

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
28	Percentage of net asset value spend on repairs and maintenance	7,46%	8%	8,5%	2%	2%	2%	2%	0	1,2m	305k	305k	305k	304k	Quarterly Report from Financial Analyst; Annual asset amount from AFS	Finance
29	Ratio Maintenance mix (Tactical vs Untactical)	New Indicator	30:70 Ratio	40:60	30:70				0	R1bn	252m	252m	252m	252m	SAP System	Engineering Operations
30	Percentage reduction in outages per annum	New Indicator	10%	10%	20%				0	R1bn	252m	252m	252m	252m	SAP System	Engineering Operations

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
31	Percentage achievement of Service Level Standards (SLS)	33.33%	85%	85%	80%	80%	80%	80%	N/A						Forcelink and Excel	Engineering Operations; Engineering Services; Metering Services
32	Percentage Non-Technical Losses	23.39%	8%	8%	16%	14%	12%	8%	0	232m	58m	58m	58m	58m	Zero based budget sheet	Metering Services
33	Increased Revenue from Sales	R15.6bn	R17bn	R18bn	R4.9bn	R3.8bn	R3.7bn	R4.2bn	0	232m	58m	58m	58m	58m	Zero based budget sheet	Metering Services
34	Percentage Collection Level	95.66%	96%	92%	96%	96%	96%	96%	N/A	232m	58m	58m	58m	58m	Zero based budget sheet	Metering Services
									N/A							

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
35	Percentage Customer Satisfaction Index	75%	75%	75%	75%										Survey Report	Relationship Management
36	Percentage spent on refurbishment in line with target	17%	18%	19%	1%	4%	5%	8%	106.7m	N/A	5.3m	21.3m	32m	48m	SAP System, Spreadsheet; and Project files	Engineering Services
37	No of Smart meter Rollout	6226	8000	0	1000	2500	2500	2000	40m	N/A	5m	12.5m	12.5m	10m	SAP System, and Spreadsheet	Engineering Services
38	Number public lights installed	1374	1200	1000	100	300	350	450	30m	0	2.5m	7.5m	8.75m	11.25m	Work Completion Certificate; SAP System	Engineering Services

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
39	Percentage compliance of monthly reporting into Capital Management System (iRIS)	100%	100%	100%	100%	100%	100%	100%	N/A						Excel Spreadsheet; Consolidated data to the IRIS team by the 9th working day of the month	Engineering Services
40	Percentage compliance to NRS048 (MV)	96%	95%	95%	95%	95%	95%	95%	N/A						The data is stored on the Quality of supply database	Engineering Services
41	Number of expanded programme work opportunities (EPWP work opportunity created)	1736	1500	1500	100	200	500	700	N/A						Spreadsheet with all details from the completed forms. EPWP data consolidated on Excel spreadsheet	Engineering Services

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
42	Tons CO_2 offset in greenhouse gas emissions	24 205,7	41355.5	41355.5	5000	5500	6800	6905.7	N/A						Manual calculation/Dashboard. Summary and Spreadsheet kept by Technology services	Engineering Services
43	Percentage Net Surplus Margin	2.4 %	4.1%	4.1%	0.68	0.80	1.025	1.595	N/A						Net surplus (loss) / Total revenue	Finance
44	Percentage Liquidity Management	-23%	3%	3%	0.25	0.50	1.00	1.25	N/A						Net cash position / Current portion of long term loans plus payables from exchange transactions	Finance
45	Percentage Asset Utilisation Efficiency	New Indicator	R1	R1	R1	R1	R1	R1	N/A						Service charges revenue / Total assets	Finance

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
46	Number of SMME's supported	100	100	100	25	25	25	25	N/A	21 631	5 408	5408	5408	5408	The number of SMME's supported	Finance
47	Unqualified audits	Unqualified audit with findings	Unqualified audit without matters of emphasis	Unqualified audit without matters of emphasis	-			Unqualified audit with matters of emphasis	N/A						Report from AG	Finance
48	Percentage achievement of Business Sustainability Index	100%	100%	100$	20%	40%	60%	100%	N/A						Monthly, Quarterly and Annual Performance Reports in Excel Spreadsheets, Word and PowerPoint.	Business Sustainability

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
49	Percentage of technology enabled energy systems.	25%	50%	55%	5%	10%	20%	15%	N/A						Technology driven systems	Enterprise Support
50	Percentage of data initiatives undertaken to improve data integrity.	70%	100%	100%	25%	25%	25%	25%	N/A	21m	4m	5m	7m	5m	Number of initiatives completed on data quality and analytics	Enterprise Support
51	Maturing Security Risk Management: Enterprise Support	New Indicator	1.5	1.5	0.40	0.40	0.40	0.40	N/A	70m	10m	20m	20m	20m	Security survey outcome expressed as a ratio	Enterprise Support
52	Percentage Compliance to SHERQ framework	New Indicator	100%	100%	10%	30%	50%	10%	N/A	10m	2m	2.5m	3m	2.5m	SABS Audit outcome/certification	Enterprise Support

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
53	Employee satisfaction index (mean)	Mean of 3.6	Mean of 3.38	Mean of 3.38	Mean of 3.2				0						Survey report	HR & Transformation
54	Leadership effectiveness index (mean)	New Indicator	Mean of 3.2	Mean of 3.2	Annual target of 3.2				0						Survey results and assessment results	HR & Transformation
55	Percentage Vacancy Rate	14.21%	12%	12%	12%	12%	12%	12%	0	34m	8.5m	8.5m	8.5m	8.5m	Vacancy Report	HR & Transformation
56	Percentage of employees trained in line with the Workplace Skills Plan, organisational focus and budget	New	100%	100%	100%	100%	100%	100%	0	6m	1.5m	1.5m	1.5m	1.5m	Training Report aligned to the WSP Organizational focus and budget	HR & Transformation
57	Employment equity ratios (EE; GE; PWD)	91.89%;28.26%; 2.17%	85%; 29%; 2%	85%; 29%; 2%	85%; 28%; 2%	85%; 28%; 2%	85%; 28%; 2%	85%; 29%; 2%	0						Staff Report (SAPHR)	HR & Transformation

No	Key Performance Indicator	Baseline	2019/20 Target	2020/21 Target	Quarterly Performance targets				2019/20 budget per projects R 000						Means of Verification	Group Responsible
					Q1	Q2	Q3	Q4	Total budget	Quarterly Budget target capex and Opex						
									Capex	Opex	Q1	Q2	Q3	Q4		
58	Percentage Skills development spend (learning expenditure) as a percentage of payroll	1.43%	1% of payroll costs	1% of payroll costs	1% of payroll costs	1% of payroll costs	1% of payroll costs	1% of payroll costs	0						Monthly training cost and Payroll cost	HR & Transformation
59	Percentage of employees receiving performance coaching as per the performance management policy	New	100%	100%	100%	100%	100%	100%	0						Quality performance score card and aligned scores	HR & Transformation

A6: Key Performance Indicator (KPI) Definition and Means of Verification

No	Key Performance Indicator	Definition and Measure Objectives
Institutional KPIs		
1.	Percentage spent on operating budget against approved operating budget	CoJ to define/confirm universal definitions and measures
2.	Percentage spent on capital budget against approved budget	The percentage of controllable Capex budget against the approved budget.
3.	Percentage spent on repairs and maintenance to property, plant and equipment	CoJ to define/confirm universal definitions and measures
4.	Percentage of valid invoices paid within 30 days of invoice date	This indicator measure percentage of valid invoices paid within 30 days
5.	Percentage resolution of Internal Audit findings	The percentage resolution of Auditor General findings resolved as per management comments
6.	Percentage resolution of Auditor General findings	The percentage resolution of Internal Audit findings resolved as per management comments
7.	Percentage Compliance with relevant legislation and policy prescripts	CoJ to defined/confirm universal definitions and measures/ To be Defined and updated at midterm
8.	Percentage of predetermined objectives targets achieved	To be Defined and updated at midterm
9.	Percentage of the strategic risks' management action plans implemented	CoJ to define/confirm universal definitions and measures
National Treasury (Circular 88) KPIs		
10.	Percentage provision of Free Basic Electricity (FBE) as per ESP beneficiary list)	The total number of kWh provided for Free Basic Electricity (FBE) for the qualifying customers as per the ESP beneficiary list.
Upgrading Informal Settlements Programme (UISP) KPIs		
11.	Number of substations upgraded/developed	To be Defined and updated at midterm
12.	Kilometres of electricity cables installed	To be Defined and updated at midterm

No	Key Performance Indicator	Definition and Measure Objectives
13.	Number units (structures) in informal settlements with access to electricity	The number of units (structures) in informal settlements that are electrified
Service Level Standards KPIs		
14.	Average hours to restore loss of electricity supply to traffic signals[1]	This KPI measures the average hours to restore loss of electricity supply to traffic signals
15.	Average time taken to repair logged streetlight queries (Motorways)	This KPI measures average time taken to repair logged streetlight queries (Motorways)
16.	Average time taken to repair logged streetlight queries (Secondary Roads, Main Arterials and Area lighting	This KPI measures average time taken to repair logged streetlight queries (Secondary Roads, Main Arterials and Area lighting
17.	Percentage resolution on logged calls of damaged electricity meters	This KPI measures the percentage resolution on logged calls of damaged electricity meters
18.	Restoration of power supply for planned interruption	This KPI measures the restoration of power supply for planned interruption
19.	Percentage unplanned outages that are restored to supply within industry standard timeframes	This KPI measures the percentage unplanned outages that are restored to supply within industry standard timeframes
20	Percentage resolution Investigation of illegal connections	This KPI measures the percentage resolution Investigation of illegal connections
21.	Response time for City Power walk in queries	This KPI measures the response time for City Power walk in queries
22.	Read all meters as per CoJ download file2 and accurately read meters for billing by CoJ	This KPI measures the reading of all meters as per CoJ download file2 and accurately read meters for billing by CoJ
23.	Average days taken for Prepaid conversion on Smart Meter	This KPI measures the average days taken for Prepaid conversion on Smart Meter
24.	75% Reputation Index	This KPI measures the percentage reputation Index
25.	Communication of service interruption	This KPI measures the communication of service interruption
City Power KPIs		

No	Key Performance Indicator	Definition and Measure Objectives
26.	Average number of days taken to resolve disciplinary cases (90 days)	The average number of days taken to conclude a disciplinary case from the date of serving the charge sheet to the date of the formal outcome of the inquiry (calculated in working days)
27.	Average number days taken to fill critical vacancies	The average number of days taken to fill critical positions from the date of placing the advertisement to the date of acceptance of the offer by the individual (calculated in working days)
28.	Percentage of net asset value spend on repairs and maintenance	Percentage of net asset value spend on repairs and maintenance
29.	Ratio Maintenance mix (Tactical vs Untactical)	Tactical work orders- Work orders that are proactively created by Asset Management for planned maintenance. Our target is 90% Untactical work orders- Work orders that are created by the depots or ad hoc work orders which are for planned maintenance. Our target is 90%
30.	Percentage reduction in outages per annum	All unplanned outages which are related to logged queries by customers Our target is 10% reduction per annum
31.	Percentage achievement of Service Level Standards (SLS)	This indicator measures the service level standards with COJ. It is made up of the following KPIs: 1. Average hours to restore loss of electricity supply to traffic signals 2. Average time taken to repair logged streetlight queries (Motorways and Main Arterials) 3. Average time taken to repair logged streetlight queries (Secondary Roads and Area lighting) 4. Repair work on damaged electricity meters 5. Restoration of power supply after forced interruption 6. Restoration of power supply for planned interruption 7. Investigation of illegal connections 8. Read all meters as per CoJ download file and accurately read meters for billing by CoJ 9. Prepaid meter conversion from Smart Meter 10. Communication of service interruption Response time for walk in queries

No	Key Performance Indicator	Definition and Measure Objectives
32.	Percentage Non-Technical Losses	The Billed units (KWh) as a percentage of purchased units (KWh). (Less: Self usage, street light usage
33.	Increased Revenue from Sales	Billing of conventional and prepaid customers based on the consumption they have used. The billing will be for energy, demand, reactive energy, service charge and network charge for the financial year.
34.	Percentage Collection Level	The Current Month payments against the previous month billing.
35.	Percentage Customer Satisfaction Index	Based on customer satisfaction survey & Sentiment analysis conducted across Traditional media (Print, Online, Broadcast) and Social Media (Weighted 70% & 30%) respectively
36.	Percentage spent on refurbishment in line with target	The percentage of Capex spent on refurbishment projects
37.	No of Smart meter Rollout	Number of smart meters installed
38.	Number public lights installed	Public lighting refers to infrastructure for illumination of streets in the City of Joburg. This KPI measures the number of public lights installed
39.	Percentage compliance of monthly reporting into Capital Management System (iRIS)	The percentage of projects reported on iRIS
40.	Percentage compliance to NRS048 (MV)	The Quality of Supply (MV) as outlined by NERSA e.g. Voltage characteristics, compatibility levels, limits and assessment methods (National Regulatory Standard 048)
41.	Number of expanded programme work opportunities (EPWP work opportunity created)	The number of job opportunities created
42.	Tons CO_2 offset in greenhouse gas emissions	The Total Green House Gasses Reduction Contribution: tonnes of CO2 emissions per mega Watt hour
43.	Percentage Net Surplus Margin	The direction of the company's profitability is negative due to the reduction in revenue.
44.	Percentage Liquidity Management	The liquidity is measured based on the ability to utilise the cash to cover current debt (Short term portion and account payables).

No	Key Performance Indicator	Definition and Measure Objectives
45.	Percentage Asset Utilisation Efficiency	The asset turnover ratio is an efficiency ratio that measures a company's ability to generate sales from its assets by comparing net sales with average total assets. In other words, this ratio shows how efficiently a company can use its assets to generate sales.
46.	Number of SMME's supported	The number of SMME's participating in City Power available job opportunities.
47.	Percentage valid invoices paid within 30 days	This indicator measure percentage of valid invoices paid within 30 days
48.	Unqualified audits	The opinion that the auditor expresses after auditing the annual financial statement of the entity
49.	Percentage achievement of Business Sustainability Index	The consolidated outcome of the four business units' indices (ERM, PME&R, Compliance/KM and Strategy/Planning.
50.	Percentage of technology enabled energy systems.	To be confirmed
51.	Percentage of data initiatives undertaken to improve data integrity.	This indicator measures the Number of initiatives completed on data quality, data analytics and process mapping. it is made up of the following KPIs: 1. Develop and review Data Quality Standards - Enterprise-wide 2. Develop Data Management Quality Framework 3. Develop Data Architecture & Framework 4. Develop BI reports per group/departments 5. Conduct process-Re-modeling per Focus Area
52.	Maturing Security Risk Management: Enterprise Support	Framework aimed at improving Security Risk Management capability.
53.	Percentage Compliance to SHERQ framework	A number of programs undertaken in compliance to the SHERQ Management System.
54.	Employee satisfaction index (mean)	This indicator measures the extent to which employees are satisfied/content with their jobs and work environment. The satisfaction level is measured through surveys. The survey is conducted by City Power.
55.	Leadership effectiveness index (mean)	This indicator is an evaluation of the Company's leadership as a key change lever in delivering sustainable performance for City Power. The satisfaction level is measured through competency assessments and/or surveys.

No	Key Performance Indicator	Definition and Measure Objectives
56.	Percentage Vacancy Rate	This indicator measures the number of positions that are vacant, in a point in time, in relation to the approved staff establishment.
57.	Percentage of employees trained in line with the Workplace Skills Plan, organisational focus and budget	The number of employees trained in line with the Workplace Skills Plan (WSP), organizational focus and available budget, expressed as a percentage.
58.	Employment equity ratios (EE; GE; PWD)	The number of Affirmative Action employees as a percentage of the total employees. The number of female employees as a percentage of the total employees. The number of employees who have voluntarily declared their disabilities as a percentage of the total employees.
59.	Percentage Skills development spend (learning expenditure) as a percentage of payroll	The learning (training) expenditure as a percentage spend against the Payroll (1% of Payroll).
60.	Percentage of employees receiving performance coaching as per the performance management policy	The number of employees receiving performance coaching and review, as per the policy, as a percentage of the total eligible workforce.

Annexure B – Strategy Enabling Group Programmes

B1: Business Sustainability

Strategic Goal 1: Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin

The mandate of the Business Sustainability group is to provide an integrated strategy, planning, risk management, compliance, performance monitoring, evaluation and reporting services to City Power.

	PROGRAMME	MILESTONE DATE	% COMPLETION	TARGET	KEY ACTIONS	RESOURCES REQUIREMENTS
1	Integrated Business Sustainability framework	✓June 2020	✓10%	✓100%	✓Development of the Business Sustainability Framework ✓Approval and adoption Framework ✓Communication and Implementation of framework ✓Stakeholder Engagement and management	✓Capacity
2	Strategic Direction Rethink	✓January 2019 ✓June 2019 ✓June 2022	✓10%	✓100% ✓100% ✓50%	✓Set the Strategic Direction ✓Develop strategic Plan ✓Implement the integrated strategy plan	✓Capacity ✓GM Strategy and Planning ✓Manager strategy
3	Alignment and Planning	✓June 2019	✓80%	✓100%	✓Develop Planning Directive ✓Develop the Business and operational Plans ✓Approval and adoption of the plans ✓Communicate and Implement the plans	✓Capacity ✓GM Strategy and Planning
4	Innovation programme	✓June 2020	✓0	✓100%	✓Defining of requirements ✓Develop innovation systems and tools ✓Approval and adoption ✓Communication and Implementation of innovation system	✓Capacity ✓GM Strategy and Planning ✓Innovation specialists
5	Enterprise Risk Management	✓June 2020	✓30%	✓100%	✓Risk management strategy and plan ✓Risk policy, procedure and process approved for Governance ✓Risk appetite and tolerance ✓Enhance BCM capability throughout the organisation ✓Insurance communication strategy ✓Operational risk assessments ✓Insurance surveys	✓Capacity

	PROGRAMME	MILESTONE DATE	% COMPLETION	TARGET	KEY ACTIONS	RESOURCES REQUIREMENTS
6	Knowledge management programme	✓June 2020	✓15%	✓100%	✓Definition of stakeholder requirements ✓Finalise framework and Knowledge Management Plan ✓Review and updated Tacit and Explicit Knowledge ✓Communication and Implementation of the plan	✓Capacity ✓Manager Knowledge Management
7	Compliance programme	✓June 2020	✓15%	✓100%	✓Definition of stakeholder requirements ✓Finalise framework and compliance Risk Management plan ✓Review and updated compliance universe and priority ✓Communication and Implementation of the plan	✓Capacity ✓Manager Compliance
8	Performance monitoring, evaluation and reporting programme	✓June 2019	✓25%	✓100%	✓Develop M&E framework and Plans ✓Monitoring, tracking and of performance ✓Approval and adoption of the plans ✓Communicate and Implement the plans	✓Capacity ✓Manager: M&E ✓Manager Report

B2: Human Resources and Transformation

Strategic Goal 2: Creating value through a productive and engaged workforce.

HR and Transformation is mandated to lead the organisational renewal efforts of re-energizing and re-focusing our people as well as positioning our organisation as an ethical entity.

Labour Productivity Programme

STRATEGIC PILLAR

Capacity: Appropriate staffing and optimal use of the workforce

PROGRAMME OVERVIEW

There is a need to identify the broad categories of collective skills the organisation needs to execute its business strategy. Translating business strategy into organisational capabilities makes it possible for an organisation to convert concepts into actions by articulating the collective knowledge and skills City Power must apply to succeed. This programme will therefore direct optimal capacity for the company and so City Power has adopted the 7Bs of managing talent (Birth, Buy, Build, Borrow, Bridge, Bind, Boost) to enable the identification of the appropriate resourcing channels.

OBJECTIVES

- To create an environment where City Power has the right number of people, working in the right place, at the right time to enable City Power's growth strategy

KEY OUTCOMES

- Employment cost to total organisation cost that is in line with the Shareholder specification
- Enabling rest periods and safeguarding employee exposure to injuries that result in lost productivity
- Minimal vacant and 'acting' positions across the organisation
- Reduction in consecutive working days on full pay lost due to extensive sick leave
- Creating a pipeline for the business of tomorrow
- Reduction of dependency on external service providers

Q1 July 2019 – September 2019	Q2 October 2019 – December 2019	Q3 January 2020 – March 2020	Q4 April 2020 – June 2020
• Approval of the job architecture • Approval the City Power competency library • Review, update and develop job profiles • Grade jobs for all changed/ new jobs • Develop the succession plan and career paths • Approval of the recruitment plan • Report on skills transfer from consultants for the FY18/19 • Develop a consultants dependency reduction plan • Review the shift model • Develop overtime expenditure management SOP • Report on impact of SDSL • Facilitate GIT/EIT intake for 2019/20 • On board and orientate new graduate recruits on GIT/EIT Programme • Assign and allocate graduates to respective Groups and line managers • Document and sign off group specific GIT/EIT 70:20:10 learning approach • Communicate performance of Medical Surveillance Programme (MSP) 2018/2019 and roll out of MSP 2019/2020 - compliance	• Publish and socialise job architecture • Publish and socialise competency library • Approval of the succession plan and career paths • Monitor, evaluate and report on the implementation of the recruitment plan • Engage organized labour on the revised shift model • Report on the overtime expenditure management SOP • Conduct GIT programme check-in and satisfaction survey • Report on GIT Q1 programme satisfaction survey • Sign off GIT (2018/19 intake) individual development plans • Conduct Q1 GIT progress reviews and facilitate individual feedback process	• Publish and socialise career paths and succession plan • Report on GIT Q2 programme satisfaction survey • Conduct Q2 GIT progress reviews and facilitate individual feedback process	• Review the organisation structure total organisation cost • Review employment cost versus • Conduct GIT programme check-in and satisfaction survey • Report on GIT Q3 programme satisfaction survey • Conduct Q3 GIT progress reviews and facilitate individual feedback process • Facilitate GIT FY19/20 programme close-out • Engage programme role players in preparation for FY2020/2021 GIT group

KEY PERFORMANCE INDICATORS

• Labour productivity index	• Ratio of employment cost to total organisation cost • Lost time rate • Organisational vacancy rate • Number of employees on special dispensation sick leave • Number of employees on both acting and substantive positions

Performance Productivity Programme

STRATEGIC PILLAR

Capability: Defining, assessing and building individual and collective contribution

PROGRAMME OVERVIEW

This programme is being rolled out to enable and strengthen individual contribution of each and every employee through:

- Achieving results - goals, objectives and key responsibilities aligned to the organisational mandate;
- Demonstrating the ideal behaviours, competencies, conduct and demeanor that the organisation requires of its employees.

OBJECTIVES

- To ensure that the City Power people have the right knowledge, skills and attitudes to perform at the right level of competency in their jobs consistent with the organisation's strategic objectives

KEY OUTCOMES

- A direct correlation between organisation KPIs and individual KPIs
- Maintenance of discipline and the promotion of workplace stability
- Reduction in the number of employees who are not fully functioning in the workplace because of an illness, injury, lack of frequently monitored performance or other limiting conditions
- Employees across all levels attending learning and development programmes clearly aligned to the company's and group's strategic objectives and aligned to the 70:20:10 principle

Q1 July 2019 – September 2019	Q2 October 2019 – December 2019	Q3 January 2020 – March 2020	Q4 April 2020 – June 2020
• Facilitate organisation to individuals KPI cascading • Report on Individual Performance Management system adoption rate • Conduct individual performance management pulse check for Q1 • Confirm learning requirements • Define the City Power Learning Curriculum • Schedule and monitor training attendance for Q1 • Develop training on discipline and the promotion of workplace stability	• Schedule and monitor training attendance for Q2 • Facilitate training on discipline and the promotion of workplace stability • Develop presenteeism assessment survey	• Schedule and monitor training attendance for Q3 • Report on presenteeism assessment survey • Apply for re-certification of accredited training centres (Roodepoort and Cable-Jointing School) • Apply for the Infrastructure Skills Development Grant (ISDG) for EITs for FY2020-2023 through National Treasury	• Schedule and monitor training attendance for Q4 • Develop and submit the annual WSP to the SETA • Develop and submit the ATR to the SETA • Assess City Power workforce (qualifications, experience, and professional bodies registrations)

KEY PERFORMANCE INDICATORS

• Performance productivity index	• Ratio of organisational performance to individual performance • Number of employees that were disciplined for various reasons • Number of employees that underwent counselling and support due to work-related stress. • Self-assessment on presenteeism • Learning days per skills category

"I am IN" Programme

STRATEGIC PILLAR

Commitment: Employee care and advocacy as a catalyst for employees giving of their time and energy

PROGRAMME OVERVIEW

"Culture more than rule books, determines how an organisation behaves." When an organisation's culture and reward systems are aligned with its strategy and customers, good things happen. This alignment creates an energy that drives individual and team performance, innovation, customer confidence, thus value creation – which is what the VUCA strategy is about. Creating employee commitment requires a deliberate shaping of workplace culture and strengthening the leadership bench.

OBJECTIVES

- To design and deliver a leadership brand and an employee value proposition that drives employee engagement and cultural transformation.

KEY OUTCOMES

- All employees inducted in the City Power Way
- A leadership bench that individually and collectively contributes to the delivery of the business strategy
- A work environment and systems that promotes satisfied and motivated employees positively influencing City Power's performance
- Effective mechanisms to deal with any discontent, dissatisfaction, and unfair treatment within the context of the employment relationships and the fair and equal treatment of all employees
- Building a sustainable and adaptive organisation in this Volatile Uncertain Complex Ambiguous (VUCA) times

Q1 July 2019 – September 2019`	Q2 October 2019 – December 2019	Q3 January 2020 – March 2020	Q4 April 2020 – June 2020
• Publish and socialise climate survey results (FY18-19) • Onboard, train and roll out change agent network (CAN) • Roll out Q1 employee recognition programme • Design and develop the "get to know your business" booklet • Facilitate induction • Deliver managers and team (Q1) leaders coaching sessions • Distribute online and library based training material in line with leadership effectiveness plan • Conduct pro-active group counselling • Conduct 'get moving challenge' • Facilitate City Power Way programme workshops	• Monitor and evaluate the implementation of survey interventions • Conduct CAN pulse checks • Publish Q1 employee recognition programme communique • Roll out Q2 employee recognition programme • Facilitate Business Appreciation Day • Deliver managers and team leaders coaching sessions (Q2) • Distribute online and library based training material in line with leadership effectiveness plan • Conduct pro-active group counselling • Conduct 'get moving challenge' • Conduct health campaign: awareness and screening (HRA) focusing on diseases of Lifestyle, HIV (HCT) and Cancer	• Design and develop an employee climate survey (FY19-20) • Publish Q2 employee recognition programme communique • Roll out Q3 employee recognition programme • Facilitate induction • Deliver managers and team leaders coaching sessions (Q3) • Distribute online and library based training material in line with leadership effectiveness plan • Health campaign: awareness and screening (HRA) focusing on non-communicable diseases/Lifestyle diseases • Conduct customer service rating (cleaning, canteen and wellness center) • Conduct 'get moving challenge' • Review of the Hearing Conservation Programme - compliance	• Conduct climate survey • Monitor and evaluate the implementation of the CAN programme • Publish Q3 employee recognition programme communique • Roll out Q4 employee recognition programme • Measure leadership effectiveness • Facilitate 360 degrees assessment • Deliver managers and team leaders coaching sessions (Q4) • Provide feedback and certificates of attendance for Q3 sessions • Screening of non-communicable diseases amongst employees (Cancer screenings) • Conduct health campaign: Influenza (flu) vaccination drive • Conduct customer service rating (cleaning, canteen and wellness center)
KEY PERFORMANCE INDICATORS			
• Employee satisfaction index (mean) • Leadership effectiveness index (mean)			

Diversity and Inclusion Programme

STRATEGIC PILLAR

Compliance : Adherence to transformation imperatives, employment regulations and organisational directives

PROGRAMME OVERVIEW

City Power employees at all levels do not have a full appreciation of the HR regulatory environment and consequently, management's ability to resolve worker issues is significantly compromised;

The reputation of our business and value of our brand is built on City Power's commitment to being a responsible, regulatory compliant and ethical business. Our business principles and policies are the foundation for how we do business wherever we operate. We cannot anticipate every ethical issue we may face, but our business principles and policies are designed to ensure that stakeholders know City Power will always strive to choose the responsible option.

OBJECTIVES

- To enable adherence to transformation imperatives, employment regulations and organisational directives

KEY OUTCOMES

- Meaningful transformation through a diversity workforce profile that is in line with the BBBEE guidelines
- Training and development spend that is in line with organisational focus and legislation
- Promotion and development of black enterprises to enable meaningful social and economic transformation

Q1 July 2019 – September 2019	Q2 October 2019 – December 2019	Q3 January 2020 – March 2020	Q4 April 2020 – June 2020
• Develop management toolkit on employee relations focusing on discipline and compliance • Maintain the shared platform where policies, processes and procedures are housed and communicated • Sign off enterprise and supplier development strategy • Develop enterprise development (ED) operational plan • Facilitate diversity and inclusion workshops • Drive the signing of declaration of interest forms by all employees	• Facilitate management workshops on employee relations focusing discipline and compliance • Develop policy communication material • Facilitate training and development of the enterprises as per ED plan • Develop Code of Ethical Conduct communication material • Conduct awareness workshops on the Code of Ethical Conduct • Drive the signing of Code of Ethical Conduct forms by all employees • Report on the City Power Employment Equity status (internally)	• Conduct policy awareness workshops • Facilitate training and development of the enterprises as per ED plan • Develop and submit the annual Employment Equity report to the Department of Labour	• Develop and submit the annual WSP to the SETA • Develop and submit the ATR to the SETA

KEY PERFORMANCE INDICATORS

- Employment equity ratios (EE; GE; PWD)
- Skills development spend as a percentage of payroll
- % of enterprises trained in line with the enterprises development plan

B3: Finance

Strategic Goal 6: Sustainability of the Business.

The Finance Group is mandate is to lead in the development of the financial strategy of the company, directing, and monitoring the financial health, sustainability and stability of the business.

Programme	Programme Activities	Strategic Objectives	Programme Objective	Expected Output	Timeline
Development of cash flow management and modelling plan	In conjunction with Metering, Finance will be: • Monitoring the improvement of revenue and decrease in bulk purchases and operational costs The following activities will be performed by Metering: • Smart Meters roll out initiatives • Timeous clearing of billing exceptions • Manual adjustment recovery • Collection of 96% on current debt and 25% on debt. • Disconnection non-paying customers • Collection on non-vending prepaid customers	Enhance Financial Sustainability	Programs geared towards maximising revenue and revenue collection	Improve revenue and collection levels	June 2020

Programme	Programme Activities	Strategic Objectives	Programme Objective	Expected Output	Timeline
Cost Containment and Efficiency Plan	• Analysis of costs against budget • Implementation and monitoring of prices	Enhance financial Sustainability	Expenses as % of income from service charges	To ensure expenses are aligned to Income	June 2020
Supplier Development Strategy	• Implement and monitor the strategy • Development programmes in order to qualify for future work with City Power thereby reducing unemployment	Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment by 2021	To increase the number of SMME's supported	Economic and social transformation	June 2020

B4: Enterprise Support

Strategic Goal 6: Sustainability of the Business.

The Enterprise Support division is a horizontal and diverse structure, which acts as an enabler to attain business set targets and objectives. The group is poised to make a meaningful contribution towards such through the provision of an effective ICT, Data and Process mapping, Physical Security, Logistics and SHERQ services.

Programmes	Programme Activities	Strategic Objectives	Programme Objective	Output	Timeline
Smart Grid Roadmap	• OWMS System Upgrade • Disaster Recovery • High availability Systems • Business Intelligence Platforms • Warehouse System Automation • Integrated Electronic Security • Geo-Spatial Intelligence System • Metering Security Enhancement Systems	Strategy driven, risk intelligent and innovative organisation	• Provide Customer Benefits by improving grid reliability, enhancing customer communications. • Reduce Peak Demand through demand management programs and services. • Increase Energy Conservation & Efficiency by enabling integration of customer energy management systems and grid energy management systems, this integration can reduce system losses. • Reduce Operating Expenses by lowering the cost of planning and support functions, operating costs and energy costs. • Promote Economic Growth & Productivity by fostering the development of City of Johannesburg clean technology economy, and associated job growth.	• Improve restorations times and compliance to NRS standards. • Improve service Delivery & Business Continuity for prepaid vending systems. • Secure ICT environment and corporate network from unauthorized access. • Support initiative to improve revenue collection. • Compliance to ICT Architecture Strategy. • Minimize the outages • Secured and Reliable Network	2022
Reliable Stable ICT Network	• Second Generation ICT Network • Implementation Cloud Computing	Strategy driven, risk intelligent and	• Provide Customer Benefits by improving grid reliability, enhancing customer communications.	• Secure ICT environment and corporate network from unauthorized access.	2022

Programmes	Programme Activities	Strategic Objectives	Programme Objective	Output	Timeline
	• Implementation Mobile Solution • Business Intelligence Platforms • Security Architecture	innovative organisation	• Reduce Peak Demand through demand management programs and services. • Increase Energy Conservation & Efficiency by enabling integration of customer energy management systems and grid energy management systems, this integration can reduce system losses. • Reduce Operating Expenses by lowering the cost of planning and support functions, operating costs and energy costs. • Promote Economic Growth & Productivity by fostering the development of City of Johannesburg clean technology economy, and associated job growth.	• Support initiative to improve revenue collection. • Compliance to ICT Architecture Strategy. • Minimize the outages • Secured and Reliable Network	
Process re-engineering/ Data Analytics	• Data analytics, profiling, verification and quality improvement. • Compile business process matrix. • Business process and value chain re-engineering • Review Business Intelligence Reporting. • Build enterprise wide data analytics	Strategy driven, risk intelligent and innovative organisation	• To improve data quality and data standards. • To improve adherence and compliance to business processes. • To provide an accurate view of business performance. • To support group requirements to improved operational efficiencies. • To support revenue enhancement. • To support improved customer service delivery.	• Improved Data quality. • Improved business processes and governance. • Ensure Compliance. • Revenue enhancement.	2022

Programmes	Programme Activities	Strategic Objectives	Programme Objective	Output	Timeline
	• Develop instantaneous visualisation boards.				
Integrated ISO management System (Behavior Based Safety)	• Conduct Gap Analysis. • KPI development. • Conduct HIRA`s for critical tasks. • Conduct SHERQ training and awareness campaigns. • Review legal appointments. • Review policies, update legal register. • Migration OHSAS 18001 and Implementation of ISO 45001. • Alignment to ISO 31000 – ERM.	Re-energised, refocused and ethical organisation	• Reduce staff/contractor work related incidents. • Inculcate a safe culture and risk- free workplace. • To sustain the integrated ISO Certificates. • To offer employees/contractor the quality of working life benefit and improve morale. • Comply with statutory requirements. • Continuous improvement and sustainability.	• Reduce the incidents statistics by restating the safety tool box meetings • ISO Certified Organisation on the new 2015 Standards. • An ISO compliant Organisation to the new ISO 45001. • Improve and change organisational culture on SHERQ matters. • Safe and affordable electricity. • Comply with legal and regulatory requirements.	2022

B5: Metering Services

Strategic Goal 1: Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin
Strategic Goal 5: A technology and innovation-driven organization
Strategic Goal 6: Sustainability of the Business

The mandate of the Metering Services Group to ensure sustainability of revenue, gross margin and quality customer experience by:

- Effective energy trading
- Reducing non-technical losses (Revenue completeness)
- Recognising accurate revenue
- Effective Revenue collections

Programmes	Programme Key Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
Continuous improvement in gross margins	• New supply connections without a metering service point (Electrification, New Quotes etc.) • Smart Meter Roll-out initiative • Improved billing from Meter Reading Performance Improvement (Domestic AMR) • Improved billing from Meter Reading Performance Improvement (Domestic Manual) • Verify tariffs done on SAP ISU	Financial Sustainability	The objective is to reduce non-technical losses and increase revenue through continuously managing the short fall in gross margin	Timeously manage the following to improve revenue: • Completeness of revenue through metering, and Billing all new connection • Improved Meter Reading Performance will increase billable revenue • Billing Accuracy from the Technical audits • Consumption from under-billed LPU customers	Ongoing proactive management of revenue improvement activities

Programmes	Programme Key Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
	• Verify Factor changes done on SAP ISU • Energy Purchase - Eskom bill verification • Identify and bill unbilled/unmatched customers on the CP system • Timeous Clearance of billing exceptions • Manual Adjustment verification from technical audit • Missing billing orders • Technical audits on LPU meters				
Shortfall in gross margin for Collections	• Collection of 96% of current billed accounts (less than 30 Days) Improve meter reading performance • Collection of 25% of the debtors book (greater than 30 days) • Prepaid Non-vending Collection (Affluent) • Audit Disconnections • Domestic collection will be monitored through the	Financial Sustainability	• Improve collection performance from 89% to 96% of the planned revenue • Determine priority interventions to collect revenue • Oversee the execution of interventions to ensure cash	• Increase in cash flow • Availability of funding • Increase in customer satisfaction • Reduction in legal cost • Savings will be on the provision to bad debts	Yearly Target: • 96% Collection • Provision for bad debts in line with budget

Programmes	Programme Key Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
	regional collection performance		collection against set targets		
Improve reconciliation of energy against customer consumption for Unregistered Customers on bulk purchases	• Match LIS data with SAP data • Audit stands not registered on SAP • Investigate closed electricity installation on SAP • Monthly reconciliation of property data • Energy balancing and Customer to network link	Revenue driven customer centric organisation	• Reduce non-technical losses emanating from customers that are consuming electricity but not registered on SAP • Increase revenue by eliminating inability to reconcile energy and customer consumption against bulk purchases	• Revenue Completeness • Reduction of non-technical losses • Improve losses identification and planning • Identification of customers that are not billed will improve revenue • Energy reconciliation from Eskom to customer	• Complete Work Package 2 June 2020
Address shortfall in gross margin to Improve Prepaid Revenue Collection	• Ensure management of prepaid customer participation • Address non-vending meters in Affluent areas • Replace faulty meters and normalise the site • Investigate meters with incorrect SGID • Perform a comparison of LIS to Rates data	Financial Sustainability	• Prepaid customers not buying electricity due to meter theft, old meter technology and electricity theft • Reduce non-technical losses • Increase Revenue • Culture of monitoring within City Power • Change the culture of non-payment	• Revenue Completeness • Reduction of non-technical losses • Improvement of revenue collection • Improve data accuracy	December 2019: • Increase Percentage of Vending Performance from 54% to 70%.

Programmes	Programme Key Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
Improve poor meter reading performance	• Repair faulty and bypassed meters reported • System enhancement • Update change meters from the Smart meter rollout project • Data match and updating of meter changes on all systems • Fix all AMR & AMI Meters not successfully reading • Maintain all Online Meter Status month-to-month • Revise internal processes and streamline all interdepartmental processes between CP and CoJ to cover exceptions: • Investigate unused readings • Investigate missing billing orders • Action deleted readings • Resolution of Interface errors • Field audit and disconnection on customers whose meter are not read due to access	Revenue driven customer centric organisation	Improve and increase the overall meter reading performance from 86.10% to 95%.	• Improve meter reading performance to 95% • To improve operational efficiencies • Reduction in Customer Queries	December 2019 • Overall meter reading performance – 95%

Programmes	Programme Key Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
Develop ability to independently verify Eskom purchases and determine losses at connection points	• Install check meters • Aggressive manual reading of meters • Configure the metering systems to provide half hourly consumption values for demand, energy, etc. for all Eskom intake points • Energy Balancing • Allow Real-time / day after access to the above data	Revenue driven customer centric organisation	• To address City Power inability to independently verify all Eskom bulk purchases • To ascertain the level of losses at connections points with Eskom	• Assurance & alignment on Eskom invoices • Enhanced energy balancing • Revenue recovery • Ability to ascertain the level of losses between City Power and Eskom networks • Test assumptions to ensure benefits are qualitative	June 2019: • The remainder of 21 intakes will be audited. The total is 44 • AMR at all Eskom intakes
Achieve optimisation of Bulk Purchases to avoid excess charges incurred on exceeding Notified Maximum Demand (NMD)	• To get to the leakages, the analysis must focus on the following elements: • Maximum Demand (Winter) • Existing NMD levels in relation to load • Engage Eskom and Planning departments and follow the process to correct NMDs for each intake point	Financial Sustainability	• To ensure that NMD levels are at optimal levels and are reviewed in line with infrastructure plans. • To cap wasteful expenditure.	• Five intake points which City Power incurred R33, 6m in the past financial year have been changed.	City Power is still incurring NMD penalties at the points below. These penalties are expected to amount to R217m. Detailed timelines per Eng. Services are as follows; • Lunar - 2021/22 • Houtkoppen – 2021/23 • Fordsburg – 2024/25

Programmes	Programme Key Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
					• Prospect – 2022/23 • Allandale – 2020/21 • Klipfonteinview – 2020/21
Re-introduction of 1st and 2nd Line Validation	• Clear backlog of change meters • Conduct and clear Implausible • Clear billing outsorts and implausible • Clear invoice outsorts and uninvoiced • Investigate incorrectly billed service charge • Investigate reversals above R500k credit	Revenue driven customer centric organisation	Roll out the recommendations of the Mayoral Lekgotla of transferring the Device Management functions to the MOE's.	• Increase Revenue • Increase in billing accuracy	June 2020
Energy balancing and Customer to network link	• Audit existing meters where required to ensure meters are correctly installed and configured; • Rectify installations where required and ensure meter can communicate with IEE; • Supply and Install meters where required;	Revenue driven customer centric organisation	Identify and/or recover non-technical losses by using techniques of revenue analysis to identify areas and/or customers contributing to high losses	• Ability to replicate Eskom bill and highlight any discrepancies • Accurately bill Key Customers • Accurately bill Large Power Users • Revenue Completeness	• Work Package 1 – June 2019 Complete the audit and installation of meters at the Eskom intake points (23 of 44 has been installed)

Programmes	Programme Key Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
	• Ensure meter reads are being exported on the SAP integration file; • Deploy meters onto Dashboard.				• Work Package 2 – Technical audit on LPU customers • Ongoing till June 2021
Re-Introduction of Key Customer Managers	• A comparative analysis of performance around; • Query resolution & turnaround times • Meter reading performance • Revenue and collections	Revenue driven customer centric organisation	To improve customer satisfaction at Key Accounts level Enhance revenue collection	• Improved customer experience through quick turnaround times • Improved revenue and collections	June 2020: Implementation

B6: Engineering Operations

Strategic Goal 1: Establish City Power's own energy generation capability and capacity to reduce over-reliance on Eskom and Kelvin
Strategic Goal 4: Develop and Maintain a Reliable Network Infrastructure Asset
Strategic Goal 6: Sustainability of the Business

The purpose for Engineering Operations is to prevent outages by operating the network safely, effect appropriate planned maintenance and to restore electricity supply to customers where outages occur, quickly and in the most cost-effective manner.

Programmes	Programme Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
Workmanship Improvement Plan	• Conduct competency baseline assessment. • Ensure that all jointing teams are qualified jointers. • Conduct quality inspections. • Enforce consequences management.	• To ensure a safe working environment with a DIFR of <1 • To develop Emergency Preparedness plans for major incidents	Reduce the number of outages caused by poor workmanship.	• Reduced number of outages	FY 18/19: Q1
Outage Investigation	• Investigate all outages and produce flash reports on HV & MV • Prioritize rectification of defects identified	Improve restoration times	Reduce the number of outages caused by poor root cause identification	• Reduction of repeated outages	On going
Execution of Planned Maintenance	• Revise maintenance plan • Execute maintenance as per plan • Execute defects identified by PCM	• Improve planned versus unplanned maintenance ration to 40:60 (five-year plan)	Reduce the number of outages caused by equipment failure	• Reduction of outages related to equipment failure • Expected reduction in the reactive: proactive maintenance ratio	On going

Programmes	Programme Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
	• Determine baseline for reactive: proactive maintenance ratio				
Restoration Time Improvement	• Restore plant out of service within stipulated times • Improve time taken to dispatch resources & close work orders • Ensure adequate resources allocation and optimisation • Enforce partial restoration of supply ○ Ensure usage of MDT	• Improve restoration times to meet four of the five categories of the NRS 047 restoration time standard.	To meet and exceed the set targets	• Improved restoration time • Reduced losses • Increased revenue	On going
Reduction of Outages	• Execute Planned Maintenance plan • Removal of illegal connections • Ensuring availability of strategic spares • Root cause analysis and remedial action to prevent repeat trips	• Reduce outages by 5% per annum • Improve planned versus unplanned maintenance ration to 40:60 (five-year plan)	Prevent outages	• Reduced outages • Increased revenue • Improved company image and customer satisfaction	Plan immediate Program and funding, over next five years
Public Lighting Improvement	• Ensure spotting is done weekly. • Conduct quality inspections	• Improve public lighting performance to resolve queries to less than an average of five days for motorways	Reduce the number of defective street lights	Reduced number of street lights that are off at night and on during the day	On going

Programmes	Programme Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
	• Enforce consequences management • Measure performance	and main arterials, and eight days for secondary roads. • Improve traffic signal power loss restoration times to less than an average of 18 hours			
Scoping of the OMS system (Forcelink Replacement)	• Conduct benchmarking exercise for OMS • Develop a business case • Approve business case Manage field resources	To have a Spec that will improve the management of logged queries, manage field resources and produce reports	• Manage outages • Interface with the SAP CRM	• A Working Outage Management system • Improved restoration times • Compliance to audit • Data creation	1 year

B7: Engineering Services

Strategic Goal 4: Develop and Maintain a Reliable Network Infrastructure Asset
Strategic Goal 6: Sustainability of the Business

The mandate of the Engineering Services Group is to optimise the long-term stability and sustainability of the electrical distribution networks by the ongoing strengthening and immediate refurbishment to meet current and future demand through the process of research, plan, construct, and monitor and evaluate.

Programmes	Programme Activities	Strategic Objectives	Programme Objective	Expected Output	Timeline
Execute Refurbishment and Upgrade Projects within Capex Allocation	Plan projects as per needs analysis from Engineering Operation and Metering Services: • Approval compliance with PEC and TEC • Approval compliance with CIC • Compilation of project files • Compilation of the Acquisition plan	• Plant Reliability • Energy Sustainability • Financial Sustainability	Ensure that Capex execution commence from July 2019	• 100% of ES controllable Capex projects	• April 2019 -25% of projects • May 2019 -35% of projects • June 2019-60% of projects • November 2019-90% of projects • January 2020- 100% of projects
Improve Technology Workgroups to increase participation of departments in the technology-approval value chain.	• Appointment of committee members • Draft terms of reference • Quarterly meetings • Comments and voting on related documents	• Strategy driven, risk intelligent and innovative organisation • Financial Sustainability	• Centralise approvals for new and existing technologies. • • Seek solutions to company challenges such as theft and vandalism • • Strategize on energy mapping	• Continuous approval following Technology Value Chain	• April 2019 Appointment letters • May 2019 Terms of references • June 2019 Workshops • 2019/20 Benefits realisation

Programmes	Programme Activities	Strategic Objectives	Programme Objective	Expected Output	Timeline
Implement Metering Programme to ensure mass roll out of meters	• Replacement of inaccessible, faulty, bridged and conventional meters • Approval compliance with CIC • Compilation of project files • • Compilation of the Acquisition plan	• Revenue driven customer centric organisation	• To ensure that customers are measured accurately	• Reduction of meter reading estimation • Reduction of non-technical losses	• September 2019 -25% of projects • December 2019 -35% of projects • March 2019 -70% of projects • June 2019-100% of projects • Compilation of project files • Compilation of the Acquisition plan

B8: Legal

Strategic Goal 6: Sustainability of the Business

The mandate is to provide, manage and coordinate quality legal services to City Power including:

- Legal counsel and representation;
- Litigation;
- Legal risk management;
- Contract drafting and vetting;
- Policy development and vetting; and
- Legal advice

Programmes	Programme Activities	Strategic Objectives	Programme Objective	Expected Output	Timeline
Awareness programmes	• Inform and provide advisory services on legal requirements	• Strategy driven, risk intelligent and innovative organization	• To keep groups informed on legal requirements	• Reduce legal costs • Informed business environment	June 2020

B9: Internal audit

Strategic Goal 6: Sustainability of the Business

To provide City Power with an efficient and effective assurance and advisory service on the overall control environment in support of the achievement of company goals / objectives.

Programmes	Programme Activities	Strategic Objective	Programme Objective	Expected Output	Timeline
Embedding the Internal Audit Function in Business	• Conducting Inductions into the Internal audit Function to all Divisions	• Financial sustainability	• Awareness of the internal audit function	• Achievement of clean audits for the Divisions and the organisation; • Implementation of controls within the business	June 2020

Annexure C - Service Delivery Operational Programmes

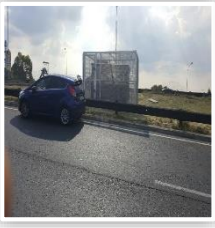
Background

City Power owns and operates an extensive transmission and distribution network as well as public lighting infrastructure. The Engineering Operations Group is tasked with undertaking planned and unplanned maintenance with the aim to achieve maximum continuity of supply.

The Group is mandated to operate and maintain the electricity network in a manner that is safe, reliable and cost-effective to maximize continuity of electrical supply.

There are 10 depots distributed across the City Power footprint. Each depot takes full accountability for service delivery within the designated geographical area.

Below is the overview of various network components within the entire City Power footprint as at June 2018;

10 Depots					
	268 Substations	**18,577 Load Centres**	**270,000 Streetlights**	**17,500km Underground Cables**	**846km Overhead Lines**

Critical challenges

City Power's infrastructure continues to age, and therefore it is critical to take active steps to counter network failures. As a result, the Group has identified the following challenges that affect the optimal functioning of the network;

- Age of existing infrastructure presents challenges in terms of sourcing of spare parts, maintenance, operation and Original Equipment Manufacturers ("OEMs") support.
- Cable theft, illegal connections and vandalism of infrastructure, particularly underground cables.
- Illegal connections causing unsafe working conditions, premature equipment failure and potential fatalities.

Frequent equipment failure due to overloading

The electrification networks to service townships were designed for 1x RDP house per stand. The electrical infrastructure was well within the design limits until the advent of backyard dwellers.

The areas affected include Freedom Park, Vlakfontein, Eldorado Park, Dube Hostel, Lawley, Pimville Zone 9, Alexander, Tshepisong etc. The problem arises as follows;

- Owner of RDP house decides to build and rent out shacks within the available erf.
- On average more than 8 shacks ("backyard dwellers") per RDP house have been observed.
- Electrical supply point designed for 1x RDP house only but now there are 8 more houses to be supplied per RDP erf.

An average, 8 shacks per formal RDP house can be observed in Pimville Zone 9. Instead of supplying the original 2,000 RDP dwellings, the network now supplies 16,000 dwellings. The network originally designed for 4MVA is made to supply 32MVA load. This situation gives rise to the following consequences;

- High frequency and large number of outages as a result of overloading.
- Catastrophic failure of equipment such as pole mounted transformers and fuses.

Theft & vandalism of electricity infrastructure

Theft and vandalism incidents occur at the substations, underground copper cable circuits, overhead bare copper lines and supply points to the streetlights.

Infrastructure targeted includes the following;

- Substations
- Supply points for streetlights
- Streetlights
- Mini-substations
- Underground copper cables

Plant out of service

The term plant out of service refers to the equipment that has been isolated to be out of service due to internal faults, vandalism or conscious decision to mitigate potential network risk. This equipment requires repairs, refurbishment or complete replacement in order to restore back to service

Programme	Description	Expected Outcome	KPI
Back to Basics	• ***Restoration*** of Plant Out of Service back into the network • **Inspection and repairs** of streetlights for primary roads and arterial routes • ***Decentralization of critical functions*** to the various depots to allow for quick restoration of supply • Purchase of ***emergency response equipment*** such as ***mobile substations*** to limit customer downtime in the event of major equipment failures	• Shorter supply restoration times • Shorter turnaround times to repair defective streetlights	• NRS 047 • Customer Service Charter

Winter Plan	• ***Upgrade all 100kVA transformers*** to 315kVA • Replace all ***mobile generators*** with 315kVA transformers • Remove ***illegal*** connections • Install or normalize existing protective structures to ***limit access to the meters***	• Reduction in the number of outages during winter • Minimal use of mobile generators	• Reduction of average number of outages • Reduction of average number of generators
Response to Theft & Vandalism	• **Reduction in the number of outages** arising from theft and vandalism of electrical infrastructure. • **Underground cables**: replace with aluminium cable or overhead conductor; place boulders where feasible • **Substations**: roll out armed security response services to respond to substation incidents • **Streetlights**: enclose supply points in steel cages; weld pole covers to eliminate risk of electrocution • **Overhead copper conductor**: replace with aerial bundle conductor	• Reduction in the number of outages caused by theft and vandalism	• Reduction of average number of generators

This is mostly equipment that is obsolete and no longer supported by OEMs. The business has to launch capital projects or consciously decide to overspend on the Repairs & Maintenance budget in order to ensure reliable supply.

Response to the Service Delivery Critical Challenges

Funding Requirements and allocation

The table below outlines the projected Capex available for the first two quarters of 2019/20

JSIP	Programme	Budget	Q1	Q2
	Theft and Vandalism			
4114	All fencing and security lighting for various substations Renewal Building Alterations REUVEN F City Wide	R 10,950,000	R 547,500	R 1,642,500
2465	Replace open LV conductors with ABC Renewal Low Voltage REUVEN F City Wide	R 29,200,000	R 1,460,000	R 4,380,000
	Sub Total	**R 40,150,000**	**R 2,007,500**	**R 6,022,500**
	Back to Basics			
2910	Emergency work on the transmission network Renewal Bulk Infrastructure REUVEN F City Wide	R 40,000,000	R 2,000,000	R 6,000,000
2448	Emergency Work Renewal Medium Voltage Network NORTH RIDING EXT.30 C Regional	R 36,500,000	R 1,825,000	R 5,475,000
2466	Emergency work Renewal Medium Voltage Network REUVEN F City Wide	R 39,771,000	R 1,988,550	R 5,965,650
	Sub Total	**R 116,271,000**	**R 5,813,550**	**R 17,440,650**

Annexure D – Legacy Projects

CITY POWER						
Projects	Substation fibre roll out	LED lighting	Solar Farm	Reduce theft of copper cables by replacing it with aluminium cable where applicable	Electrification of Slovo Park	Electrification of Meriting
Challenges	None	None	No budget for Solar Farm project for 2018/19 FY	None	People that have built under power lines have to be relocated by housing department	Incomplete houses.
Mitigation	None	None		None	Awaiting housing to relocate the people that have built under the power lines. Budget has been allocated for 2018/19 FY	Awaiting for beneficiary list. Stakeholder engagement in progress. Budget allocated for 2018/19 FY
Progress	The Fibre rollout will be implemented in the 3rd quarter. Procurement process still in progress. Once contracts are in place, work will commence.	Braamfisherville – Community engagements have been completed and CLO has been appointed. Finetown completed. Malibongwe, Protea Glen stakeholder engagement in progress	No budget for Solar Farm project for 2018/19 FY	In progress	Electrification of Slovo park was completed in June 2018. Slovo park infills will be done this financial year.	Awaiting for beneficiary list. Designs completed.
Next Steps	To be rolled out as per plan	Plan to roll out 2000 lights in 2018/19 FY		Continue with replacing copper with aluminum cable where applicable	Awaiting housing to relocate people currently located within the HV power lines servitude. Budget has been allocated for 2018/19 FY	Community engagements in progress. Budget allocated for the 2018/19 FY

Annexure E – Smart Utility Programmes

Strategic Goal 5: A technology and innovation-driven organization

#	Programme	Objective/ motivation/ risk to be addressed	Output/impact	Delivery Timeline 2018/2019	Strategic Objective Alignment	Proposed budget 2018/2019	Allocated Budget 2018/2019	Proposed budget 2019/2020	Proposed budget 2020/2021
1	Cloud Computing – Prepaid (Suprima) High Availability Infrastructure	Provide High Availability for Prepaid electricity systems. Provide Prepaid system Disaster Recovery.	Ensure business continuity for Customer prepaid vending Minimise vending system failures Address Audit Findings	Dec 2018	Revenue Enhancement Financial Sustainability	R 5,000,000	R 0	R 15,000,000	R 0
2	Outage and Workforce Management System	Implementation of OWMS (Outage and Workforce Management Solution) to ensure OWMS compliance to MFMA. Ensure that City Power Intellectual Property remains and owned by City Power. Provide OWMS system Disaster Recovery.	Compliance to MFMA. Provision of accurate NRS stats. Minimise outage restoration time.	Phase 1: Jun 2019	Service Delivery (NRS Compliance) Financial Sustainability	R 10,000,000	R 9,000,000	R 10,000,000	R 30,000,000
3	SCADA System Upgrade	Upgrade of the SCADA system to	Resolution of SCADA Audit Findings.	Dec 2018	Service Delivery	R 14,000,000	R 12,840,000	R 20,000,000	R 10,000,000

	(Substation Automation)	address Audit Findings. Secure substations against Cyber Threats. Provide SCADA system Disaster Recovery.	Securing substations against Cyber Threats.		(Prevention of Outages				
4	Telco Network Implementation	Provide network connectivity to bring back information from the substations – SCADA, Quality of Supply Metering, Protection Relays & Intertripping, Physical Security Access Control & Surveillance Alarms.	Real-time information for quick decision making. Minimise Outages.		Enablement of SMART Grid platform	R 0	R 0	R 20,000,000	R 20,000,000
5	Create redundancy for core switch	ICT Network currently only have a single core switch connecting the entire Corporate network together The IPS on the switch has reached end of life and is no longer supported. IPS must be renewed for the existing and implemented on the proposed redundant switch. Failure of the core switch will result in ICT	To provide redundancy for the ICT Network Redundancy created for the City Power ICT Network. Business Continuity in case of hardware failure.		Enablement of SMART Grid platform	R 10,000,000	R 0	R 6,000,000	R 3,000,000

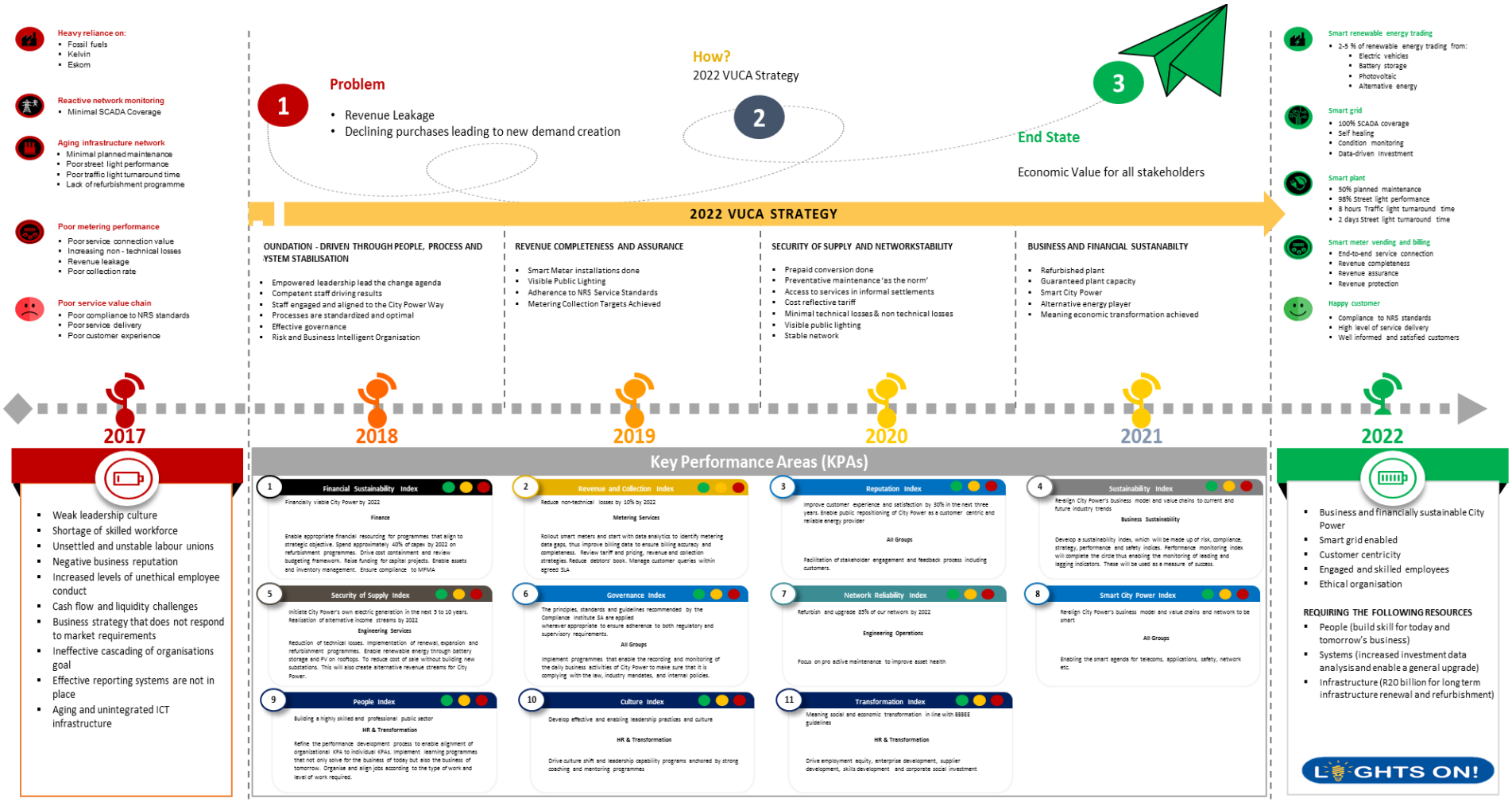
		related Systems failure. Failure to renew the IPS will result in security vulnerabilities.							
6	Mobile Solutions	Provide access to business processing anytime, anywhere through mobile devices. Management of mobile device access security to City Power Network.	To enable the organization to conduct business more effectively. • Reduce Operational Costs • Improve Service Delivery • Improve Productivity • Ensure Business Continuity • Provide Staff and Customer with greater flexibility • Real Time Return On Investment • Return Customer Loyalty		Enablement of SMART Grid platform	R 10,000,000	R 0	R 10,000,000	R 10,000,000
7	Implement Network Access Control	ICT Network Access is not protected from rogue equipment being connected to the Corporate City Power Network and this may lead to Security Vulnerabilities	To protect and secure the City Power ICT Corporate Network from unauthorised access with rogue devices. Protection against rogue devices connecting to the City		Business Sustainability	R 0	R 0	R 0	R 40,000,000

			Power corporate ICT Network. Address Audit Findings – Cyber Security						
8	Backup Solution (Systems and Applications)	Disk-disk-tape back-up solution ICT is currently only backing up from Disk to Disk. Data is only kept for 5 years whereas with tape solution implemented it can be kept for longer.	• To backup from Disk to Disk and to create a long-lasting backup on tape • We have a Tape library that is not currently in use • The disk-to-disk-to-tape backup enables quick access to data from a disk medium, and stores exactly the same data on tape.		Business Sustainability	R 0	R 0	R 10,000,000	R 0
9	Backup Solution (Desktops and Laptops)	Connected Backup (DataPro) The business does not have a backup system for Laptops and Desktops currently in	Provide backup for desktops and Laptops.		Business Sustainability	R 5,000,000	R 0	R0	R 0
10	LAN (Local Area Network) Upgrade	The current LAN is old, unstable and is no longer supported. It cannot provide the required bandwidth for end-user access to	• To upgrade the existing LAN to the latest supported hardware and software.		Enablement of SMART Grid platform Business Sustainability	R 10,000,000	R 0	R 10,000,000	R 10,000,000

		applications and systems. This causes slow response and poor system performance resulting in negative end-user experience affecting business continuity.	• This will provide stable access network with adequate bandwidth to support access to applications and systems. This will improve system performance, end-user experience and business continuity.						
11	Procurement of ICT Hardware (Computers)	Procurement of Computers (Desktops and Laptops) Replace the old workstations that are running old and unsupported OS (Operating System) with no security patches. These workstations are vulnerable to security breaches and cyber threats.	• To provide workstations with the latest supported OS that is protected against security breaches and cyber threats.		Business Sustainability	R 4,333,333	R 1,600,000	R 4,333,333	R 4,333,333
12	ICT Security Upgrade (Cyber Security)	Upgrade ICT security to minimise/eliminate security vulnerabilities and protect City Power from Cyber Threats.	• To provide a secure ICT environment. • Address Audit Findings		Business Sustainability	R 50,000,000	R 0	R 20,000,000	R 20,000,000

13	DR Site Upgrade – Additional capacity	The capacity at the DR site is not sufficient to cater for all critical applications.	• To provide additional capacity to cater for critical applications in order to ensure business continuity in the event of a disaster. • Address Audit Findings		Business Sustainability	R 30,000,000	R 0	R 5,000,000	R 5,000,000
14	Protection	Substation and grid automation	• TBC						
15	DC Monitoring and Management	Substation and grid automation	• TBC						
16	Integrated Security System	Security of network and assets	Technology-driven and optimized security for employees, network infrastructure and assets		Enable Smart Grid	R0	R0	R30 000 000	R35 000 000
17	Protective Structures	Protection of electricity network devices	Reduced non-technical losses iro meter-related incidents		Enhance Revenue and Collection Enable Smart Grid	R0	R0	R10 000 000	R12 000 000
18	Stats and Check Metering	Reliability and quality of supply	• TBC						

Annexure F – VUCA Landscape



VUCA 2022 is City Power's turnaround strategy that aims to ensure that the company becomes business and financially sustainable, is smart grid enabled, customer centric with engaged and skilled employees and is an ethical organisation. It is built on the premise that the following resources are required to realise the end state of creating "Economic Value for all stakeholders":

- People (build skill for today and tomorrow's business)
- Systems (increased investment data analysis and enable a general upgrade)
- Infrastructure (R20 billion for long term infrastructure renewal and refurbishment).

7 Strategic goals / objectives are broken down annually to achieve the following:

Foundation – Driven Through People, Process and System Stabilisation (2018)

- Empowered leadership lead the change agenda
- Competent staff driving results
- Staff engaged and aligned to the City Power Way
- Processes are standardized and optimal
- Effective governance
- Risk and Business Intelligent Organisation

Revenue Completeness and Assurance (2019)

- Smart Meter installations done
- Visible Public Lighting
- Adherence to NRS Service Standards
- Metering Collection Targets Achieved
-

Security of Supply and Network Stability (2020)

- Prepaid conversion done
- Preventative maintenance 'as the norm'
- Access to services in informal settlements
- Cost reflective tariff
- Minimal technical losses & non-technical losses
- Visible public lighting
- Stable network

Business and Financial Sustainability (2021)

- Refurbished plant
- Guaranteed plant capacity
- Smart City Power
- Alternative energy player

By year 2022 the outcomes of the VUCA 2022 strategy are:

Smart renewable energy trading

- 2-5 % of renewable energy trading from:
- Electric vehicles
- Battery storage
- Photovoltaic
- Alternative energy

A Smart grid

- 100% SCADA coverage
- Self-healing
- Condition monitoring
- Data-driven Investment

A Smart plant

- 60% Proactive Maintenance
- 50% Reduction in outages
- 8 hours Traffic light turnaround time
- 2 days Street light turnaround time

Smart meter vending and billing

- End-to-end service connection
- Revenue completeness
- Revenue assurance
- Revenue protection

A Happy customer

- Compliance to NRS standards
- High level of service delivery
- Well informed and satisfied customers

Annexure F – Stakeholder Engagement

Governance Structures	Why it's important for us to engage	What matters most to them	Ways we engage
Domestic Customers	Our customers are also shareholders and as such they need to take ownership of the business and protect it. We need them to pay for services rendered to them	Reliable and affordable electricity supply at all times	▪ Social media ▪ Traditional media ▪ Face-to-face interaction ▪ City Power website ▪ Public meetings
Business Customers	They are the lifeblood of the business	Reliable and affordable electricity supply	▪ Face-to-face interaction ▪ Social media ▪ Business forums ▪ Websites
Key customers	▪ They are central to the financial sustainability of City Power and of the City of Johannesburg. ▪ They have the ability to relocate from the city if they are not happy with the services rendered to them	▪ Reliable and affordable electricity supply. Introduction of green energy ▪ Introduction of other sources of energy ▪ Recognition and respect ▪ Accurate billing ▪ Working meters	▪ Meetings ▪ Key customer forums ▪ Golf days ▪ Telephone calls ▪ Direct service by dedicated key customer Executives ▪ Direct Interaction with the CEO and COJ

Governance Structures	Why it's important for us to engage	What matters most to them	Ways we engage
Re-sellers of power	These categories of customer re-sell our product. They interact directly with electricity consumers	▪ Reliable electricity supply ▪ Affordable electricity supply ▪ Working electricity meters ▪ Recognition	▪ Face to face dialogue ▪ Website ▪ Re-sellers forums ▪ Social media ▪ Telephone ▪ emails
Communities	This is a combination of paying, non-paying customers and receivers of free basic electricity. Customers should be encouraged to continue paying, to start pay or, to be advised on how to apply to receive free basic electricity. WE need to encourage them to report illegal connections, theft and vandalism of electricity network and to take ownership of the electricity network	Reliable electricity supply at all times	▪ Social media ▪ Traditional media ▪ Face to face interaction ▪ website
Civic organisation	▪ They are very influential bodies in particular as we approach elections. ▪ They have a capacity to stop a capital project and even to influence communities not to pay for services.	▪ Being recognised as a legitimate body in a community. Influencing service delivery ▪ Influencing the project implementation. ▪ Acceptance	▪ Community meetings ▪ Face to face interaction ▪ Pamphlets ▪ Social media ▪ emails

2

Governance Structures	Why it's important for us to engage	What matters most to them	Ways we engage
Employees	Our employees are responsible for delivering on the strategy of the company. It is them who are tasked with service delivery and changing in a positive manner the lives of the people of Johannesburg	▪ Cross-functional employee engagement & knowledge sharing ▪ Being fairly remunerated for their service and commitment ▪ Career development aligned to business growth	▪ Internal magazine ▪ Intranet ▪ Staff meetings ▪ Notice boards ▪ Labour Unions ▪ Mass meetings ▪ Management meetings
Employees of COJ	The employees of the City of Johannesburg together with those of City Power are responsible for delivering on the strategy of the company. It is them who are tasked with service delivery and changing in a positive manner the lives of the people of Johannesburg	▪ Being informed of key business activities and changes ▪ Simplified and consistent internal communication ▪ Equipping them with the necessary tools of trade to cater to customers	▪ Internal magazine ▪ Intranet ▪ Staff meetings ▪ Notice boards ▪ Management ▪ Mass meetings ▪ Labour Unions meetings
Labour Unions	Labour Unions task themselves with ensuring that employees rights are protected.	▪ Protection of employee rights. ▪ Representing employees in disciplinary hearings. Representing employees in management forums	▪ Labour & Management forum ▪ Employee mass meetings

3

Governance Structures	Why it's important for us to engage	What matters most to them	Ways we engage
COJ Communities	They are our partners in communicating with our stakeholders.	That City Power communicates with its stakeholders. That City Power is supported in achieving the objective	▪ Emails ▪ Telephones ▪ Meetings
COJ Regional Directors	COJ Regional Directors are the CEO of the Regions of the City. All services that are rendered by City Power in the various regions are rendered	▪ That customers and communities receive reliable and affordable electricity supply. ▪ That communities are informed about all projects that City Power is doing in the regions. ▪ That employment and business opportunities are made available and accessible to the residents through City Power projects. That City Power succeeds	▪ CRUM ▪ Regional Director meetings ▪ RDs ward councillors forum ▪ Telephones ▪ emails
Office of the Mayor and the MMC	▪ The Office of the Mayor and the MMC represent the shareholders. It also ensures that City Power delivers on promises of the IDP. They are the political head for the company	▪ That City Power delivers on the IDP promises. That service delivery promises are achieved. ▪ That City Power delivers on its mandate	▪ Management meetings. ▪ Emails ▪ Office of the CEO ▪ Telephone

4

Governance Structures	Why it's important for us to engage	What matters most to them	Ways we engage
Business organisations	Business are key to our revenue collections. They provide employment to City's residents. They are critical to the economic success of the City.	▪ Reliable and affordable electricity supply ▪ Accurate billing ▪ Recognition	▪ Business forums ▪ Customer forums ▪ Meetings ▪ Direct interaction with City Power officials
Kelvin Power Station	Kelvin Power Station supplies electricity to City Power.	That the power supply agreement with City Power is maintained.	▪ Meetings ▪ Telephone ▪ Emails
Eskom	Eskom is the major supplier of electricity to City Power	That the power supply agreement is maintained for as long as possible. That there is no load shedding	▪ Meetings ▪ Telephone ▪ Emails

5

Governance Structures	Why it's important for us to engage	What matters most to them	Ways we engage
National Electricity Regulator	▪ The National Regulator is the regulator and license provider in the electricity industry.	▪ That electricity is supplied to communities. ▪ That City Power adheres to license conditions. ▪ That electricity is affordable and accessible to all South Africans	▪ Meetings. ▪ Customer forums ▪ Golf days ▪ Telephone calls ▪ Direct communications with dedicated City Power officials ▪ Direct interaction with the CEO and COJ Leadership
SABS	SABS assist City Power to comply with safety and environmental standards.	▪ Management meetings. ▪ Telephone ▪ Emails ▪ Executive Management meetings	▪ Management meetings. ▪ Telephone ▪ Emails ▪ Executive Management meetings
Ward Councillors	▪ They provide political leadership in the political wards. ▪ They are political representatives of the communities. It is in their interest that all IDP promises are delivered on	▪ Reliable and affordable electricity. ▪ Job opportunities for their constituencies ▪ Business opportunities for their constituencies ▪ Free basic electricity ▪ Victory in elections	▪ Community meetings ▪ Ward councilors ▪ Councillors forums ▪ Regional Director meetings

6

Governance Structures	Why is it important to engage	What matters most to them	Methods of engagement
Business forums	They are central to the financial sustainability of City Power and that of the city of Johannesburg. They represent several businesses. They are a voice of organised business	▪ Reliable and affordable electricity supply for their members. ▪ Positive relations with City Power and the City of Johannesburg.	▪ Meetings. ▪ Customer forums ▪ Golf days ▪ Telephone calls ▪ Direct communications with dedicated City Power officials ▪ Direct interaction with the CEO and COJ Leadership
Media	Media keeps customers informed about City Power projects and challenges. They are a critical voice which can be used to communicate City Power information	▪ Information ▪ News ▪ New developments	▪ Media statements ▪ News conferences ▪ Media responses ▪ Telephone ▪ Email ▪ Media project tours ▪ Mayoral events
Board Directors	▪ They represent the shareholder in the business. ▪ They are custodians of corporate governance ▪ Provide support to management to ensure that its objectives are achieved.	▪ Business viability ▪ Adherence to governance ▪ Business success	▪ Board committee meetings ▪ Board meetings ▪ Telephone ▪ Individual meetings with management ▪ Emails ▪ Telephones