

REPORT TO: ENERGY

1. ITEM NUMBER **EN 08/09/24**

2. SUBJECT

ENERGY DIRECTORATE’S MONTHLY FINANCIAL PROGRESS REPORT (JULY 2024)

ONDERWERP

MAANDELIKSE FINANSIËLE VORDERINGSVERSLAG VAN DIE DIREKTORAAT ENERGIE (JULIE 2024)

ISIHLOKO

INGXELO ENGENKQUBELA ENGEZIMALI YARHOQO NGENYANGA

YECANDELO LOLAWULO LEZAMANDLA OMBANE (EYEKHALA 2024)

Q3310

3. DELEGATED AUTHORITY

In terms of delegation

This report is FOR NOTING BY

Committee name : Energy

The Executive Mayor together with the Mayoral Committee (MAYCO)

Council

4. DISCUSSION

Glossary	
CRR	Capital Replacement Reserve
CGD	Capital Grants and Donations
EFF	External Financing Fund
EGD	Electricity Generation & Distribution
IDP	Integrated Development Plan
PCER	Progressive Capital Expenditure Report
R & M	Repairs & Maintenance
SEM	Sustainable Energy Markets
USDG	Urban Settlement Development Grant

The Energy directorate consists mainly of two departments and the Executive Directors office. The departments Electricity Generation & Distribution and Sustainable Energy Markets have 102 cost centres and a staff complement of approximately 2 766. All the financial aspects are managed in accordance with relevant pieces of legislation and policies through monitoring of adherence and consistency of application, while ensuring maximum expenditure in service delivery.

This report seeks to track progress against period planned targets, identify opportunities and take corrective action where necessary. The Energy directorates budget and performance, as at end July 2024, is provided for the committee members to ascertain adequacy in meeting its IDP targets set.

Capital expenditure

At the end of July 2024, the Energy directorate achieved an actual implementation of R61.4million as compared to the year to date planned of R42.9million which equates to a 5.0% spend to-date. Electricity Generation & Distribution planned to spend R40.9million of their R1.2billion budget and spent R61.2million resulting in a 5.2% spend. Sustainable Energy Markets planned to spend R2.0million of their R63.1million budget and spent R0.1million resulting in a 0.2% spend.

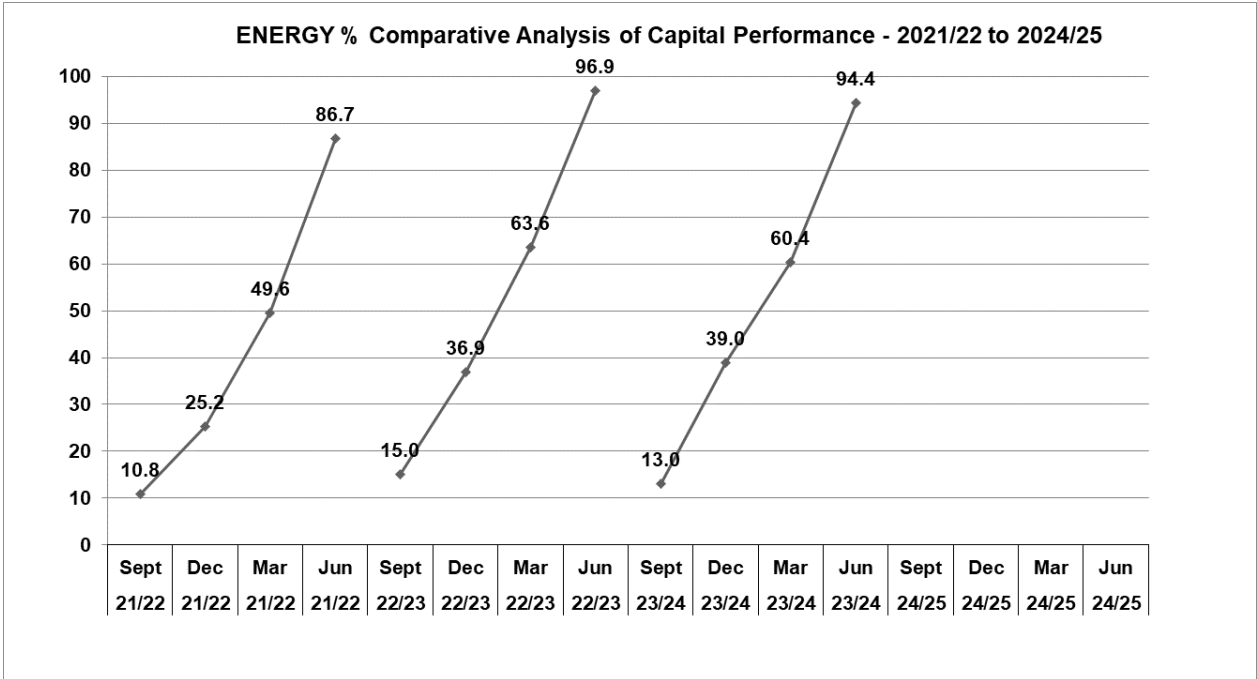
Department	2024/25 Current Budget	YTD Planned Spend	YTD Actual Spend	% YTD Actual Spend of Current Budget
Electricity Generation & Distribution	1 170 532 308	40 918 674	61 241 727	5.2%
Sustainable Energy Markets	63 062 636	1 999 734	142 603	0.2%
Energy Directorate	1 233 594 944	42 918 408	61 384 330	5.0%

Comparison of Capital Expenditure Current Vs Original Budget

2024/25 Capital Budget Detail	Electricity Generation & Distribution	Sustainable Energy Markets	Energy Directorate Total
Original budget	1 170 532 308	63 062 636	1 233 594 944
Current budget (adjusted)	1 170 532 308	63 062 636	1 233 594 944
YTD actual spend	61 241 727	142 603	61 384 330
Current budget/Original budget (%)			
YTD actual spend/Original	5.2%	0.2%	5.0%
YTD actual spend/Current	5.2%	0.2%	5.0%

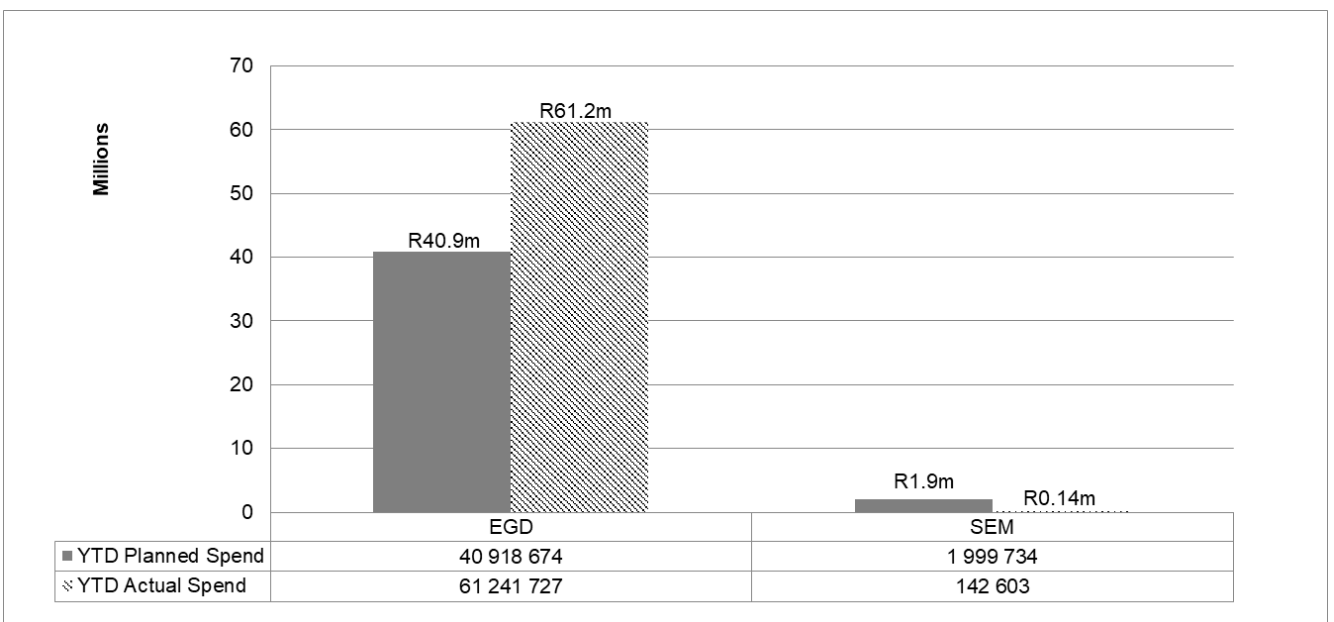
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Analysis of Capital Expenditure as at end July 2024 (Section 71)



The reasons for major (over and under) expenditure variances are addressed in the July 2024 PCER attached as Annexure A.

Capital Expenditure per Department



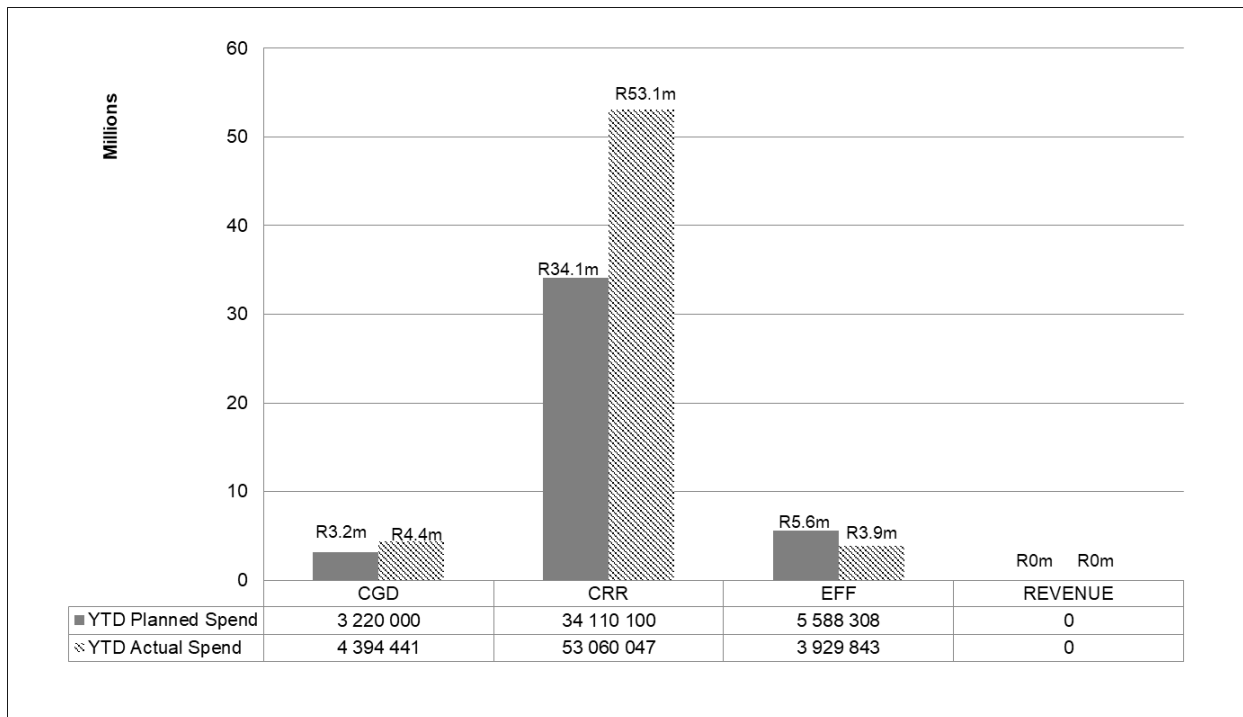
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Top 10 Capital projects

Energy's top 10 capital projects indicated by value:

WBS Element	WBS Element Description	Fund Source Desc	Original Budget	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance
CPX.0014782-F1	Ground Mounted PV	1 EFF	183 469 120	183 469 120	500 000	0	-500 000
CPX.0016555-F1	Revenue Protection Meter Replacem FY25	3 CRR: Electricity	84 000 000	84 000 000	7 000 000	4 858 644	-2 141 356
CPX.0016721-F2	Vehicles: Replacement FY25	1 EFF	56 088 999	56 088 999	0	0	0
CPX.0016510-F1	System Equip Repl: North Area N FY25	3 CRR: Electricity	55 000 000	55 000 000	3 500 000	7 599 308	4 099 308
CPX.0022539-F1	Triangle 132kV Upgrade	1 EFF	41 660 000	41 660 000	0	1 523 028	1 523 028
CPX.0004006-F1	Noordhoek LV Depot	3 CRR: Electricity	41 230 570	41 230 570	0	0	0
CPX.0016523-F1	System Equip Repl: South Area S FY25	3 CRR: Electricity	40 000 000	40 000 000	500 000	6 861 327	6 361 327
CPX.0016521-F1	Prepayment Meter Replacement FY25	3 CRR: Electricity	37 950 000	37 950 000	3 335 000	4 073 450	738 450
CPX.0004793-F1	Belville South Main Substation Upgrade	1 EFF	35 853 520	35 853 520	0	0	0
CPX.0016551-F1	System Equip Repl: East Area E FY25	3 CRR: Electricity	30 000 000	30 000 000	2 700 000	5 051 519	2 351 519

Capital Expenditure per Funding Source



Operating Expenditure

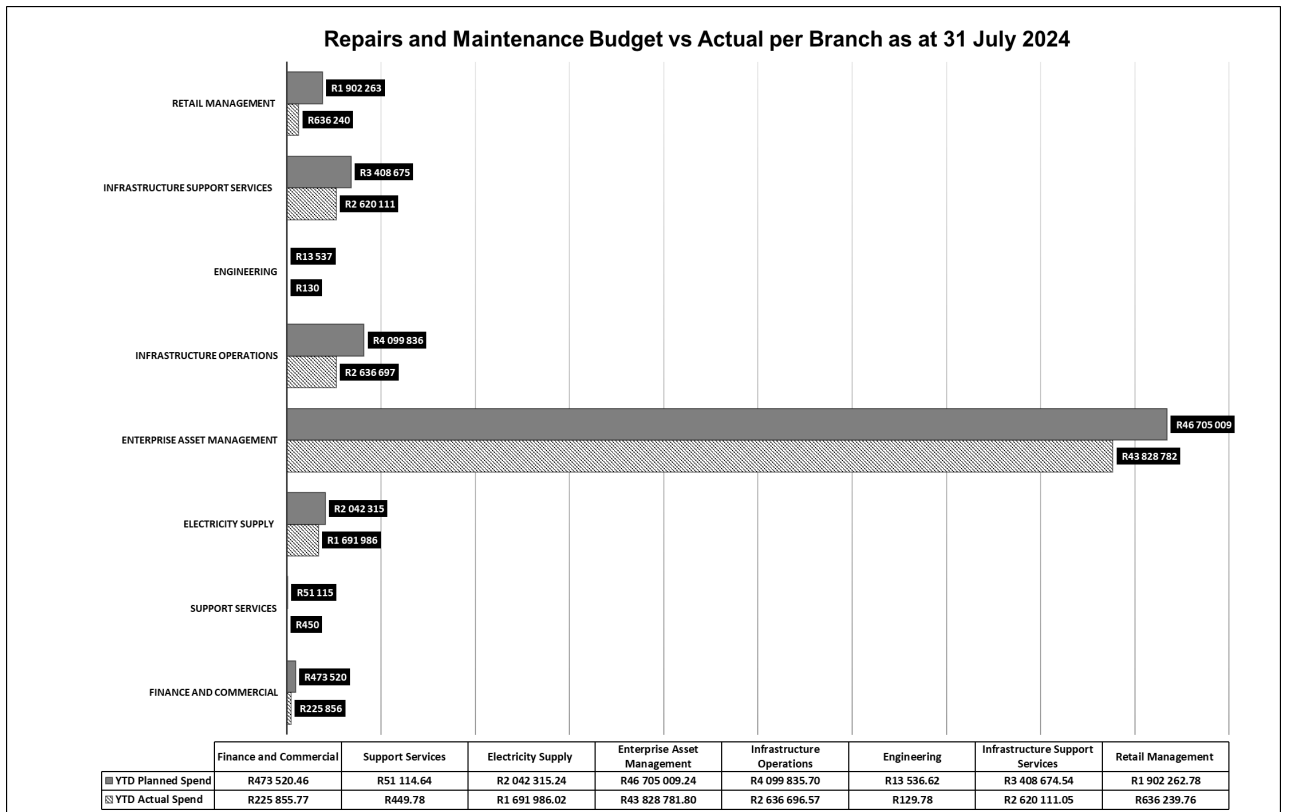
The Energy directorates operating budget for the period under review is R623.3million and actual expenditure R562.1million. This equates to a 90.2% spend for the period. Electricity Generation and Distribution's period budget is R608.8million, R548.9million was spent resulting in a 90.2% spend. Sustainable Energy Markets had a period budget of R14.5million and R13.2million expenditure resulting in a 90.8% spend.

Department	2024/25 Current Budget (A)	YTD Plan Spend (B)	YTD Actual Spend (C)	% YTD Actual Spend (C/B)
Electricity Generation & Distribution	22 910 332 708	608 765 078	548 864 808	90.2%
Sustainable Energy Markets	175 087 694	14 528 867	13 191 104	90.8%
Energy Directorate Total	23 085 420 402	623 293 945	562 055 912	90.2%

There are variances recorded in Employee Related Costs, Contracted Services, Repairs and Maintenance and Internal Utilities as outlined below.

- Employee Related Costs** (R16.1m under) - Variance on Salaries Wages and Allowances is due to the turnaround time in the filling of vacancies as well as the impact of the filling of vacancies by internal staff. Energy had 218 vacancies (EGD 214, SEM 4, Administrative Support 0 and Energy: PMO 0) out of 2 766 staff establishment as at 31 July 2024. Energy has made 37 appointments of which 17 were internal appointments. As we tend to promote internal staff predominantly, this creates more vacancies at lower levels. The long lead-time of filling vacancies (especially in scarce skill areas) causes posts to remain vacant for longer. It must also be borne in mind that the vacancy numbers include apprentice as well as artisan and technician posts (these posts are required to remain vacant in order to absorb those staff that qualify through the training programs). For the same period there were 13 terminations. These terminations include resignations, retirements, medical boarding, deaths, dismissal and/or disciplinary outcomes.
- Contracted Services** (R4.4m under) - This is due to a delay in the receipt of invoices in respect of cleaning, transportation and security services.
- Repairs and Maintenance** (R7.1m under) – This is due to invoices relating to services rendered in July being processed in August. This is also due to Labour to Operating being less than anticipated for the period under review as the budget is based on the previous financial year's actuals, which was more as a result of internal work being performed as at the time the Repairs and Maintenance tenders not was not in place.

Repairs and Maintenance	2024/25 Current Budget (A)	YTD Plan Spend (B)	YTD Actual Spend (C)	% YTD Actual Spend (C/B)
Electricity Generation & Distribution	819 263 200	58 696 269	51 640 251	88%
Electricity Generation & Distribution Total	819 263 200	58 696 269	51 640 251	88%



- **Internal Utilities** (R42.9m under) – This is due to the internal billing for Electricity Streetlights not being posted as a result of a restriction on the SAP system relating to a payment limit.
- **Bulk Purchases** (R7.8m over) – This is due to no loadshedding being experienced during this period as compared to prior year during the same period

Bulk Purchases Expenditure	2024/25 Current Budget (A)	YTD Plan Spend (B)	YTD Actual Spend (C)	% YTD Actual Spend (C/B)
Electricity Generation & Distribution	15 472 230 000	77 820 408	85 626 921	110%
Energy Total	15 472 230 000	77 820 408	85 626 921	110%

Kindly click on the link for additional information per cost centre.

[Cost Centre Report - All Documents](#)

Comparison of Operating Expenditure Original Vs Current Budget

2024/25 Operating Budget Detail	Electricity Generation & Distribution	Sustainable Energy Markets	Energy Directorate Total
Original budget	22 910 332 708	175 087 694	23 085 420 402
Current budget (Adjusted)	22 910 332 708	175 087 694	23 085 420 402
YTD actual spend	548 864 808	13 191 104	562 055 912
Current budget/Original budget (%)			
YTD actual spend/Original	2.4%	7.5%	2.4%
YTD actual spend/Current	2.4%	7.5%	2.4%

Revenue

Collection ratio:

Month	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
City: 12 Months	95.57%	96.47%	96.72%	96.51%	96.36%	96.91%	97.25%	96.65%	97.36%	97.19%	96.96%	98.14%
Electricity												
12 Months Collection ratio	96.50%	97.85%	97.83%	97.85%	98.41%	98.23%	98.50%	97.50%	98.25%	98.13%	97.78%	99.56%

The percentages quoted above are reported on a 12-month rolling period. The fluctuation is attributed to the economic climate. The directorate continues to show a consistent collection ratio due to revenue protection actions undertaken.

Actual revenue billed for the directorate (primary and secondary) as at end July 2024 equates to R2.2billion against the period budget of R2.1billion. This translates to an overall revenue over-recovery of 3.4%, this equates to R71.7million.

The table below shows total budget, period budget against actual revenue collected for the period under review.

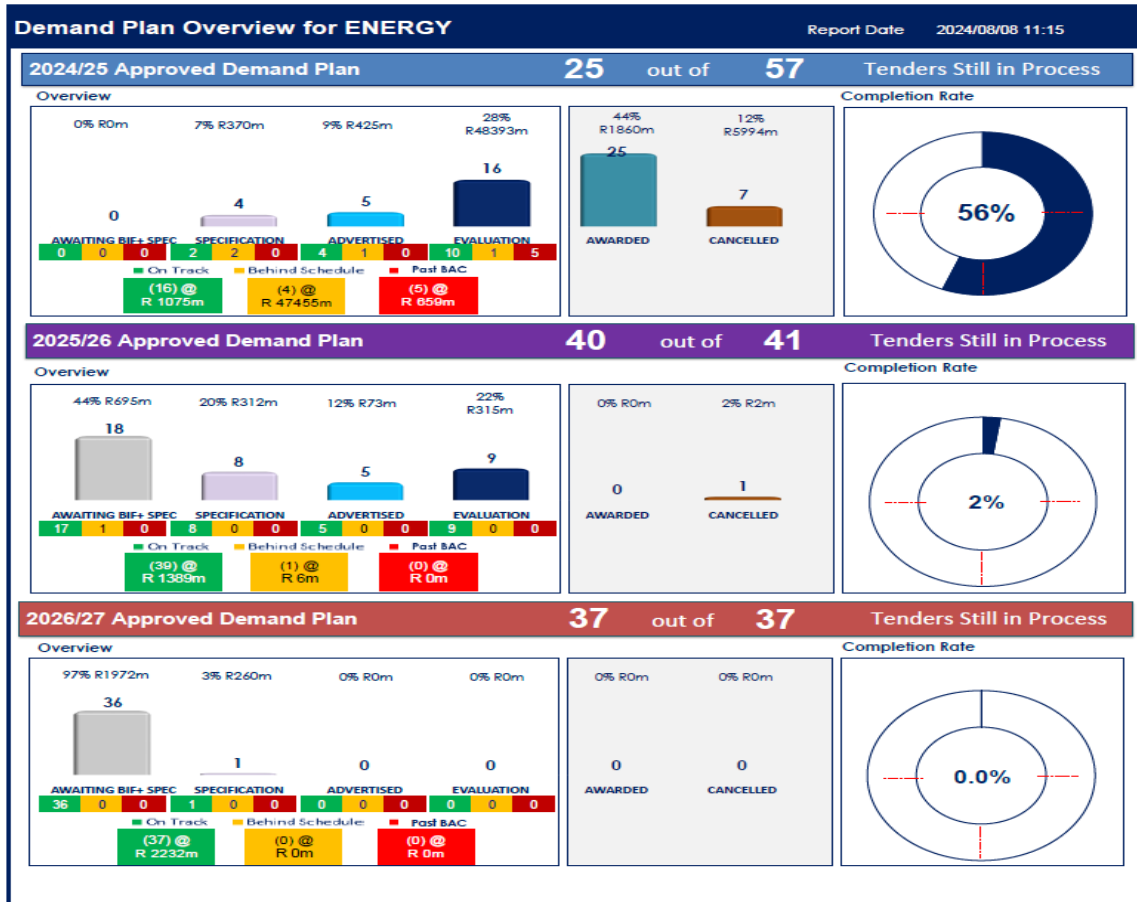
Department	2024/25 Current Budget (A)	YTD Plan Revenue (B)	YTD Actual Revenue (C)	% YTD Actual Revenue (C/B)
Electricity Generation & Distribution	-22 748 432 708	-2 115 968 758	-2 188 044 277	103.4%
Sustainable Energy Markets	-6 000 372	-368 031	-24 445	6.64%
Energy Directorate Total	-22 754 433 080	-2 116 336 789	-2 188 068 722	103.4%

- **Revenue (R71.7m over)** – This is due to no loadshedding being experienced during this period as compared to prior year during the same period. Unpredictable stages of load shedding makes budgeting difficult.

Energy Directorate Demand Plan

Directorate Performance – Key points across all departments

i) Directorate demand plan overview:



ii) Energy Completion rate

Completion Rate 2024/25	56%
Tenders still to be processed for - 2024/25	25 of 57
2025/26	40 of 41
2026/27	37 of 37
BIF and Specification overdue - late	1
- submitted and under review	0
- not submitted yet	1
BIF and specifications due in the next 3 weeks (in addition to the above)	1
Tenders behind schedule	5
Tenders overdue (past the BAC)	5
Tenders overdue (past the BAC)	8

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One (1) BIF and Specification overdue and one (1) BIF and Specification due in the next 3 weeks:

- The overdue BIF and Specification is a duplication DP and has been requested to be abandoned in the system
- The other BIF and Specification is due on 26 August 2024, and is on track for submission by the due date.

The five (5) tenders are currently behind schedule in various stages of the supply chain management process ranging from Awaiting BIF and Doc to Evaluation.

- One (1) x Evaluation status where the financial impact of the contract is currently being considered at management level.
- One (1) x Currently advertised and closing on 13 August 2024
- One (1) x Compiling documents status and will be advertised on 13 September 2024
- One (1) x BIF Complete – BSC in final stages, pending feasibility study to be finalised on 16 August 2024
- One (1) x Awaiting BIF and Doc identified as overdue, however DP to be abandoned due to duplication

The five (5) overdue tenders are in the final stages of the supply chain management process ranging from Evaluation to Report Ready.

- One (1) x Report Ready, BAC however referred the report back on 05 August 2024 for a CIDB Analysis to be completed by the BEC
- Two (2) x Draft report of which final award reports will serve at BAC of 19 August 2024 and 02 September 2024 respectively
- Two (2) x Evaluation status with planned awards for September 2024

For all repeatable tenders, appropriate risk mitigation strategies have been implemented to ensure reduced to no contract gap.

The issues which have contributed to the overdue tenders relate to various factors such as:

- BSC phase delays impact on advert period such as Specification changes
- CIDB analysis post BEC process
- Pricing schedule due to volume of tenders and rates
- BEC multiple clarifications

i) Energy Procurement Matrix

The Procurement Matrix tracks the Demand Plan Implementation against the Capital Budget and forecast spend. It monitors the forecast anticipated spend values against the individual contracts and their alignment to the projects. This provides the Directorate with the ability to assess whether our Demand Plan implementation progress will yield an ability to achieve our forecast capital spend.

Status		SCM Allocation FY25	& Proc Alloc	SCM Allocation FY26	& Proc Alloc
Tender Process	Awaiting Biff/Spec	200 000	0.0%	36 010 000	2.8%
	BIF Complete	4 000 000	0.3%	43 000 000	3.4%
	Compiling Documents	9 784 345	0.8%	179 618 354	14.1%
	Advertised	-	0.0%	10 000	0.0%
	Scheduling	-	0.0%	3 500 000	0.3%
	Evaluation	168 819 577	13.4%	217 101 768	17.1%
	Drafting Report	17 574 463	1.4%	101 249 385	8.0%
	Report Ready	-	0.0%	-	0.0%
	In Appeal Period	29 700 000	2.4%	65 000 000	5.1%
	Preferred Bidder	-	0.0%	1 800 000	2.2%
	Finalising Award	10 442 570	0.8%	15 217 716	1.2%
	Active Contract	932 420 227	74.1%	469 948 803	37.0%
	Contract Concluded/ Expired/ Cancelled/ Duplication	9 400 000	0.7%	31 880 900	2.5%
	Not Applicable - Not linked	12 952 120	1.0%	29 140 000	2.3%
	Non- SCM		49 140 402	3.9%	69 903 000
RFQ		6 241 000	0.5%	7 344 000	0.6%
Deviation		7 820 000	0.6%	819 000	0.1%
Total Allocation		1 258 494 703	100%	1 271 542 926	102.0%
Under/ (Over) allocation (1)		24 899 759		82 417 994	
Total Budget		1 233 594 944		1 189 124 932	
Under/ (Over) allocation (2)		24 899 759		82 417 994	
Total Latest Plan		1 258 494 703		1 271 542 926	

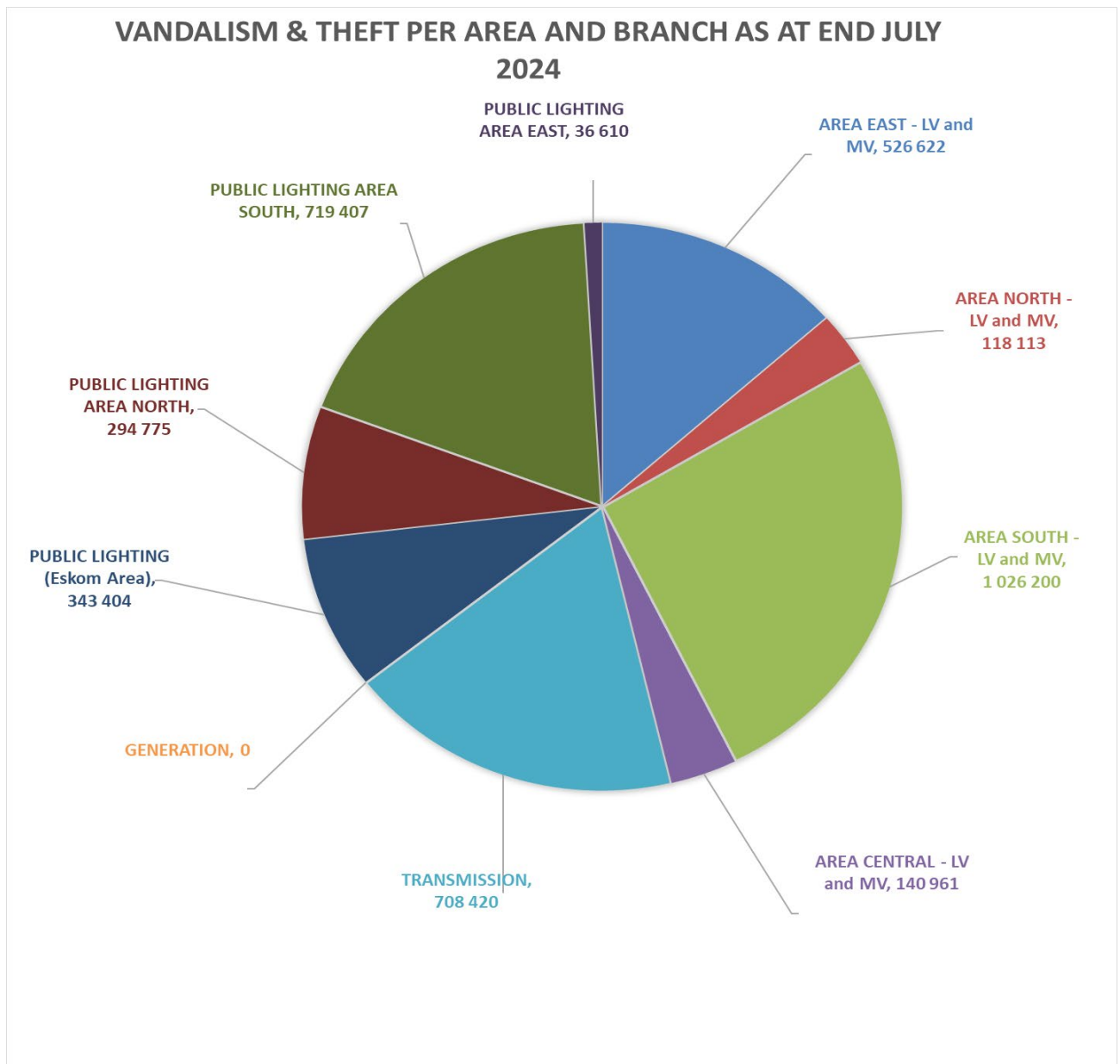
Mayoral Priority Programme

The directorate's Mayoral Priority Programme expenditure and progress is depicted in Annexure B.

Energy Directorate Vandalism and Theft

Theft and vandalism of electrical infrastructure is a safety risk to residents and continues to plague the City of Cape Town. The directorate's vandalism and theft capital expenditure is R353 215 and operating expenditure is R3 563 295 for July 2024.

Accumulated Vandalism & Theft as at end July 2024			
	OPERATING	CAPITAL	TOTAL
July 2024	R 3 563 295.41	R 351 215.32	R 3 914 510.73



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4.1. Financial Implications

- None Opex Capex
 Capex: New Projects
 Capex: Existing projects requiring additional funding
 Capex: Existing projects with no additional funding requirements

4.2. Policy and Strategy Yes No

4.3. Legislative Vetting Yes No

4.4. Legal Implications
None Yes No

4.5. Staff Implications Yes No

4.6. Risk Implications Yes The risks for approving and/or not approving the recommendations are listed below:

No Report is for decision and has no risk implications.

No Report is for noting only and has no risk implications.

4.7. POPIA Compliance Yes It is confirmed that this report and the content of the annexures have been checked and considered for POPIA compliance.

5. RECOMMENDATIONS

It is recommended that the Portfolio Committee note the contents of this report.

AANBEVELINGS

Daar word aanbeveel dat die portefeuljekomitee van die inhoud van hierdie verslag kennis neem.

IZINDULULO

Kundululwe ukuba iKomiti yeMicimbi yeSebe mayiqwalasele okuqulathwe kule ngxelo.

ANNEXURES

Annexure A: PCER July 2024

Annexure B: Mayoral Priority Programme detail for July 2024

FOR FURTHER DETAILS CONTACT

NAME	Donovan Leeuwendaal	CONTACT NUMBER	021 444 8501
E-MAIL ADDRESS	Donovan.Leeuwendaal@capetown.gov.za		
DIRECTORATE	Energy	FILE REF NO	«ZEA_FP_POS»

Approval Form

Supported for inclusion on the agenda



Energy Monthly Financial Progress Report - July 2024

Report Reference: 526438
Meeting: Section 79 Portfolio Committee - Energy
Meeting Date: 04.09.2024
Meeting Venue: Committee Room D

Contact Person: Donovan Leeuwendaal
Contact Telephone: 0214448501
Contact Email: DONOVAN.LEEUWENDAAL@CAPETOWN.GOV.ZA

Item	Section	Approver	Approval	Approved Date	Approver Comments
01	Author	Donovan Leeuwendaal	Approved	20.08.2024 06:33:15	in order.
02	Director/Directorate Support Manager/Chief	Leslie Rencontre	Approved	21.08.2024 13:11:35	
03	Executive Director	Kadri Middlekoop Nassiep	Approved	21.08.2024 17:19:27	Approved for submission
04	Legal Compliance	Joan Mari Holt	Approved with Comments	22.08.2024 13:10:54	For information.

ECS Officer:

Annexure A - Extract from July 2024 - Progressive Capital Expenditure Report (PCER)

WBS Element	WBS Element Description	Major Fund	Fund Source Desc	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	Commitments	Anticipated Exp	Comments
CPX.0016523-F1	System Equip Repl: South Area S FY25	CRR	3 CRR: Electricity	40 000 000	500 000	6 861 327	6 361 327	751 342	40 000 000	Ahead of schedule due to satisfactory contractor performance.
CPX.0016510-F1	System Equip Repl: North Area N FY25	CRR	3 CRR: Electricity	55 000 000	3 500 000	7 599 308	4 099 308	1 041 172	55 000 000	Ahead of schedule due to satisfactory contractor performance.
CPX.0016551-F1	System Equip Repl: East Area E FY25	CRR	3 CRR: Electricity	30 000 000	2 700 000	5 051 519	2 351 519	563 253	30 000 000	Ahead of schedule due to satisfactory contractor performance.
CPX.0030810-F1	Resource efficiency municipal bldng FY25	EFF	1 EFF	17 187 500	1 500 000	0	-1 500 000	5 735 022	17 187 500	Multi-funded project: Project is on track. Awaiting invoices for work completed July 2024. PM is following up on outstanding invoice. Cashflow to be amended during the August 2024 adjustments budget.
CPX.0016663-F1	Area East LED Refurbishment FY25	CRR	3 CRR: Electricity	17 490 000	1 574 100	0	-1 574 100	0	17 490 000	Behind schedule as prioritisation of projects with the contractor is taking longer than anticipated. Cashflow to be amended during the August 2024 adjustments budget.
CPX.0016555-F1	Revenue Protection Meter Replacem FY25	CRR	3 CRR: Electricity	84 000 000	7 000 000	4 858 644	-2 141 356	20 553 800	84 000 000	Less applications for meter replacements received than anticipated after Revenue Protection investigations completed. Cashflow to be amended during the August 2024 adjustments budget.

MAYORAL PRIORITY PROGRAMMES as at end July 2024

Capital:

2024/25						
Mayoral Pledge	Original Budget	Current Budget	YTD Planned Spend	YTD Actual Spend	YTD Variance	Variance Comments
MPP	411 220 076	411 220 076	12 151 408	3 505 072	-8 646 336	
Energy Efficiency of Buildings	32 636 636	32 636 636	1 899 734	0	-1 899 734	Multi-funded project: Project is on track. Awaiting invoices for work completed July 2024. PM is following up on outstanding invoice. Cashflow to be amended during the August 2024 adjustments budget.
Generation Development	183 469 120	183 469 120	500 000	0	-500 000	Behind schedule as tender 280Q/2022/23 became active later than anticipated. Orders have been placed for professional services. Cashflow to be amended during the August 2024 adjustments budget.
Generation Refurbishment	30 970 320	30 970 320	1 246 574	0	-1 246 574	Behind schedule as the agreement activation for the extension of contract period took longer than anticipated. Order has been placed final unit is being manufactured. Cashflow to be amended during the August 2024 adjustments budget.
LED Refurbishment	53 470 000	53 470 000	4 731 600	2 445 655	-2 285 945	Behind schedule as prioritisation of projects with the contractor is taking longer than anticipated. Cashflow to be amended during the August 2024 adjustments budget.
Legacy Equipment Replacement	61 500 000	61 500 000	2 050 000	20 096	-2 029 904	Behind schedule as inclement weather has impacted the execution of some projects on site. Cashflow to be amended during the August 2024 adjustments budget.
Meter Replacement	4 000 000	4 000 000	400 000	1 039 320	639 320	Ahead of schedule due to satisfactory contractor performance.
Quality of Supply Monitoring and Enhancement	33 446 908	33 446 908	1 003 500	0	-1 003 500	Behind planned expenditure as there is no procurement vehicle available. Awaiting approval of the extension of contract 071G/2020/21. Cashflow to be amended during the August 2024 adjustments budget.
Operational Efficiency	4 503 092	4 503 092	0	0	0	Project is on track. Orders have been placed.
HV Infrastructure	7 224 000	7 224 000	320 000	0	-320 000	Behind schedule as prioritisation is taking longer than anticipated; to avoid previous financial years CPA issue with vendor. Cashflow to be amended during the August 2024 adjustments budget.

Operating:

2024/25						
Priority/ Programme	Original Budget	Current Budget	YTD Planned Spend	YTD Spend	YTD Variance	Variance Comments
End Loadshedding	30 050 000	30 050 000	4 504 720	2 772 960	1 731 760	This is due to various services in respect of the Mayoral Priority Programme (MPP) still being procured. R4.4m has been committed to date.