



**MINISTRY: FINANCE
REPUBLIC OF SOUTH AFRICA**

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Ref:M2/1/1/14(307/19)

Hon. RA Lees MP
Shadow Minister of Finance (DA)
PO Box 15
CAPE TOWN
8000

Dear Mr Lees

RE: ESKOM BAILOUTS

Your letter dated 13 March 2019, regarding Eskom bailouts refers.

The National Energy Regulator of South Africa still has to publish details in support of its tariff determination for Eskom which will then enable National Treasury to understand the areas that were disallowed from the entity's revenue application. Thereafter, National Treasury will discuss with Eskom and the Department of Public Enterprises to understand the impact that the lower tariffs will have on Eskom's projected future financial position.

Should it be established that Eskom will experience future financial challenges, all possible options which can be implemented to address these challenges will be considered. These options will amongst others include additional cost cutting, raising of additional debt and possible additional equity allocations. It is important to note that the National Treasury stated in the 2019 Budget that beyond the medium term, the size of future allocations will depend on various factors including economic growth, tariff increases and the implementation of Eskom's strategy.

Therefore, at this stage it will be premature to speculate on whether additional allocations will be provided to Eskom until the discussions between National Treasury, Eskom and the Department of Enterprises have been concluded.

I trust that you will find the above in order.

Yours sincerely

**TT MBOWENI
MINISTER OF FINANCE**

Date: 19/3/2019