

Fix City Power Johannesburg

A report by



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For



This report was commissioned by the Centre for Development and Enterprise (CDE) to inform its policy series, **Johannesburg Matters: Fixing South Africa's Growth Engine**.

Johannesburg Matters is a series of reports from CDE that sets out to provide analysis and recommendations that a reformed Johannesburg administration could implement after the 4 November 2026 Local Government Elections.

CDE is an independent think tank based in Johannesburg; a national resource, committed to building a prosperous democracy with expanding opportunities for everyone. CDE's research and recommendations are public and available to all.

CDE's report **Powering Joburg's Turnaround**, and other reports in the **Johannesburg Matters** series are available and can be downloaded at www.cde.org.za.

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Introduction

Brief

CDE is currently developing a set of policy priorities focused on how to “fix Johannesburg.” As part of this work, CDE is examining the performance of key municipal entities responsible for delivering essential services in the City.

Within this broader project, CDE requires a paper providing a deep dive into City Power, focusing in particular on its financial position, institutional capability and service delivery performance. What is wrong with City Power? Why is such frequent ‘load reduction’ necessary? What would have to change at City Power in order to deliver efficient services?

CDE requires analysis of:

1. The financial position of City Power, including revenue, expenditure, debt, and the sustainability of its current business model.
2. The institutional and technical capacity of the entity, including governance arrangements, management capability and operational constraints.
3. How has the frequent turnover of boards and CEOs affected City Power’s stability and institutional capacity?
4. The state of service delivery, including the reliability of electricity supply, maintenance backlogs, infrastructure investment and customer service performance.
5. The nature of the staff at City Power. Are there sufficient skilled engineers? Are there too many unskilled people? Does City Power currently have the kind of staff they need for the job? Any information on payment levels of these staff would be helpful? How do payment levels compare with Eskom and one other Metro?
6. The key risks facing City Power, and the implications of these risks for Johannesburg’s electricity supply and the broader finances of the municipality.
7. Precise figures regarding repayment for electricity: Which areas? How many people? For how long. What is being done about this? How is it accounted for in City Power’s accounts? Does national government have a strategy with Eskom?
8. How does the R54- billion incentive to reform electricity and other services affect Johannesburg? What, if anything, has been done to access this money? What should the new mayor do?

CDE requires recommendations for action (potential reforms or policy options) for the next mayor/coalition to govern Johannesburg. What should they do to strengthen City Power’s performance, governance and long-term sustainability within the City of Johannesburg’s institutional framework? What should be done immediately? What should be aimed for in a year or two? Is there anything the national government can do to help Johannesburg and City Power? Can Eskom do more?

CDE envisages a report of approximately 15,000 words in length, with an executive summary of 2 to 3 pages, and a slide pack summarising the report.

About the Authors

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Chris Yelland obtained a Bachelor of Science degree in electrical engineering from the University of Natal in 1976 and is the managing director of EE Business Intelligence.

The company provides consulting, advisory and advocacy services in the energy and electricity sectors of South Africa and the region.

In February 2020, Chris was appointed associate consultant for financial services and capital markets research group, Krutham (previously Intellidex), and energy advisor to the Organisation Undoing Tax Abuse (OUTA).

Chris has won several energy industry awards, including the 2002 South African Bureau of Standards Media Award, the 2004 ABB Technology Journalist of the Year Award, and the 2009 South African National Energy Association (SANEA) Journalism Award.

In 2018, Chris was received the prestigious South African Institute of Electrical Engineers (SAIEE) President's Award for "in recognition of his outstanding contribution to the South African electrical engineering industry".

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Linsey holds a BEng (Civil) degree from McGill University in Montréal, Canada, and has 39 years of experience spanning engineering, infrastructure advisory, business development, project development and corporate governance across 41 countries, including 34 in Africa.

Her career has included senior leadership roles with SNC-Lavalin, Africon and Aurecon, where she worked extensively across the energy, water, transport and infrastructure sectors. She has advised governments, municipalities, utilities, regulators, development finance institutions and private sector clients on infrastructure planning, utility reform, institutional restructuring, project development and investment mobilisation.

Linsey has particular expertise in utility governance, infrastructure finance and service delivery reform. She has led or contributed to numerous assignments involving municipal electricity distribution restructuring and ring-fencing, utility governance, regulatory reform, infrastructure asset management, public-private participation and municipal service delivery. Her experience includes advisory assignments for EDI Holdings, NERSA, the South African Department of Energy, the African Development Bank, NEPAD and multiple metropolitan and local municipalities.

She currently serves as Chairperson of JoburgCAN (Johannesburg Community Action Network) and is a member of the Institute of Directors South Africa.

Executive Summary

City Power's crisis is often presented as a financial problem, a governance problem or a maintenance problem. This report reaches a different conclusion. These are symptoms of a deeper structural failure. Over more than a decade, weaknesses in leadership, financial architecture, governance, operational management and institutional capability have reinforced one another to create a self-perpetuating cycle of decline. The utility has evolved an institutional, financial and operational architecture that produces deteriorating performance regardless of the efforts of individual managers or periodic interventions.

Breaking that cycle requires more than financial relief, organisational restructuring or isolated corrective actions. It requires restoring the alignment between governance, financial architecture, performance governance and asset management so that accountability, revenue, maintenance and operational decision-making reinforce rather than undermine one another. Sustainable recovery therefore depends on integrated structural reform rather than piecemeal interventions. The November 2026 local government elections present Johannesburg with an opportunity to break that cycle. This report is addressed to whoever accepts that responsibility.

The report is organised in three parts. Section 2 presents the evidence. Sections 3 and 4 explain why these outcomes arise. Sections 5 and 6 propose a practical recovery framework based on restoring the system rather than treating individual symptoms.

What the data shows

Section 2 of this report presents the financial and operational evidence on which the report's diagnosis is based. City Power has operated below 100% cost recovery for several years, meaning its collected revenue is insufficient to cover operating expenditure. This deficit is financed by an overdraft that has grown from R9.98- billion in June 2023 to approximately R19.1- billion in FY2025/26. The escalating cost of bulk electricity purchases from Eskom – City Power's single largest expense – has progressively squeezed the margin between recoverable revenue and operating expenditure.

Electricity losses of approximately 30% constitute a structural financial haemorrhage. Of the R5.67- billion in FY2024/25 losses, R3.96- billion (70%) arose from non-technical losses – theft, illegal connections, meter tampering and billing failures – and R1.71- billion (30%) resulted from technical losses associated with the physical network. Losses peaked at 40.53% in July 2025 before declining to 25.95% by April 2026 following targeted interventions. Even so, they remain far above the City of Cape Town's benchmark of 12 to 15%.

Leadership instability has compounded every other failure. Since 2017, City Power has experienced sustained turnover at board level, in the CEO role, and in the CFO and COO functions, creating a pattern in which institutional accountability has been diffused, strategic direction interrupted, and the audit record progressively worsened. Maintenance execution, capital investment and billing accuracy have all remained persistently below plan as a consequence.

Why this system produces these outcomes

Section 3 identifies the structural drivers underlying the financial and operational outcomes described in Section 2. Electricity revenue generated by City Power does not flow directly into the electricity value chain. Instead, it enters the City of Johannesburg's consolidated revenue pool, creating a persistent misalignment between revenue collected and the funds available for electricity operations. This structural weakness has been compounded by bulk electricity cost increases that have outpaced the utility's ability to recover and retain sufficient revenue. The City of Johannesburg's broader fiscal crisis—with total creditor exposure of R25.2 billion and restricted cash of R3.9 billion (as of 31 March 2026)—means that City Power's financial challenges cannot be resolved at the utility level alone.

The Municipal Debt Relief Programme (MDRP), valued at approximately R54 billion to R56 billion nationally, offers a potential mechanism for addressing historical debt, but only where municipalities can demonstrate the governance, financial management and operational capability needed to sustain reform. The failure of the R3.2 billion debt arrangement concluded in June 2025—brokered by SANEDI following court proceedings—illustrates the point. Agreements that address historical debt without addressing the structural conditions that created it will simply reproduce the same outcome.

The performance framework

Section 4 and Appendix A establish a practical performance governance framework comprising 29 key performance indicators across five categories—financial, operational and technical, governance and institutional, customer-centred, and segmented performance—supported by three management dashboards: a COO Weekly Dashboard, a Segmented COO Dashboard and a Board Dashboard. Together, these tools translate measurement into management action, executive accountability and board oversight. City Power does not lack performance data; it lacks an integrated system that converts information into timely intervention and continuous organisational learning. That is the purpose of the framework proposed in this report.

What needs to change

Section 5 identifies five mutually reinforcing categories of change that together define City Power's recovery programme. Leadership stability is the essential starting point because it enables the governance, financial and operational reforms that follow. Early improvements in revenue recovery and financial discipline create the capacity to restore maintenance, rebuild institutional capability and improve customer service over time.

The first priority is stable, accountable leadership, with permanent CEO, CFO and COO appointments operating under enforceable performance contracts and effective board oversight. The financial architecture must be reformed through ring-fenced electricity revenue arrangements and a sustainable resolution of the Eskom debt.

Operationally, City Power must shift from reactive to preventive asset management, prioritising the reduction of non-technical losses through smart metering, revenue protection and billing integrity, while restoring its ability to deliver maintenance and capital projects effectively.

Over the medium term, institutional capability must be rebuilt through investment in people, systems and organisational culture, while the customer relationship is restored through transparent communication, accurate billing, segmented service delivery and reliable delivery of Free Basic Electricity to qualifying households.

Implementation roadmap

Section 6 translates the strategic reforms proposed in Section 5 into a sequenced implementation programme, recognising that successful recovery depends as much on timing and institutional capacity as on the reforms themselves. The first 100 days focus on stabilisation: establishing effective governance, activating crisis management, rebuilding institutional credibility with Eskom and national government, and introducing transparent public performance reporting.

By the end of Year 1, City Power should have permanent executive leadership in place, a binding Eskom debt resolution mechanism, ring-fenced electricity revenue arrangements, measurable operational improvements, and quarterly public reporting of reliability indicators including SAIDI and SAIFI. By Year 3, the objective is a financially sustainable utility with operating cost recovery at or above 100%, substantially reduced electricity losses, a credible path to a clean audit, and strengthened institutional capability.

The report also identifies the complementary actions required from national government and Eskom to support Johannesburg's recovery. Appendix B provides a practical implantation guide comprising 70 prioritised recommendations across seven implementation categories, each linked to time horizons, responsible parties and performance indicators.

The case for confidence

City Power's situation is serious. But the analysis in this report also establishes something equally important: the failures are identifiable, their causes understood, and the interventions required—while demanding—are within the capacity of a determined and competent administration to implement.

Within South Africa, the City of Cape Town demonstrates that a metropolitan electricity distributor can be managed with a clean audit, losses below 15%, reliable supply and a consistently executed capital programme. The gap between Cape Town's current performance and City Power's position illustrates the scale of the challenge. It also demonstrates what is achievable.

By Year 5, a recovered City Power should have electricity losses below 15%, SAIDI below 500 minutes per customer per year, a cash collection rate of 95% or above, a clean audit, and Free Basic Electricity reaching at least 95% of qualifying households. This is not transformation—it is stability. But for South Africa's largest city, a stable, well-managed electricity utility is itself a profound civic and economic achievement.

Ultimately, Johannesburg's recovery will depend not only on restoring financial stability and improving operational performance, but on rebuilding institutional credibility. Sustainable recovery depends on integrating financial architecture, institutional design, performance governance and asset management into a coherent management system that delivers reliable, affordable and trusted electricity services, creating long-term public value.

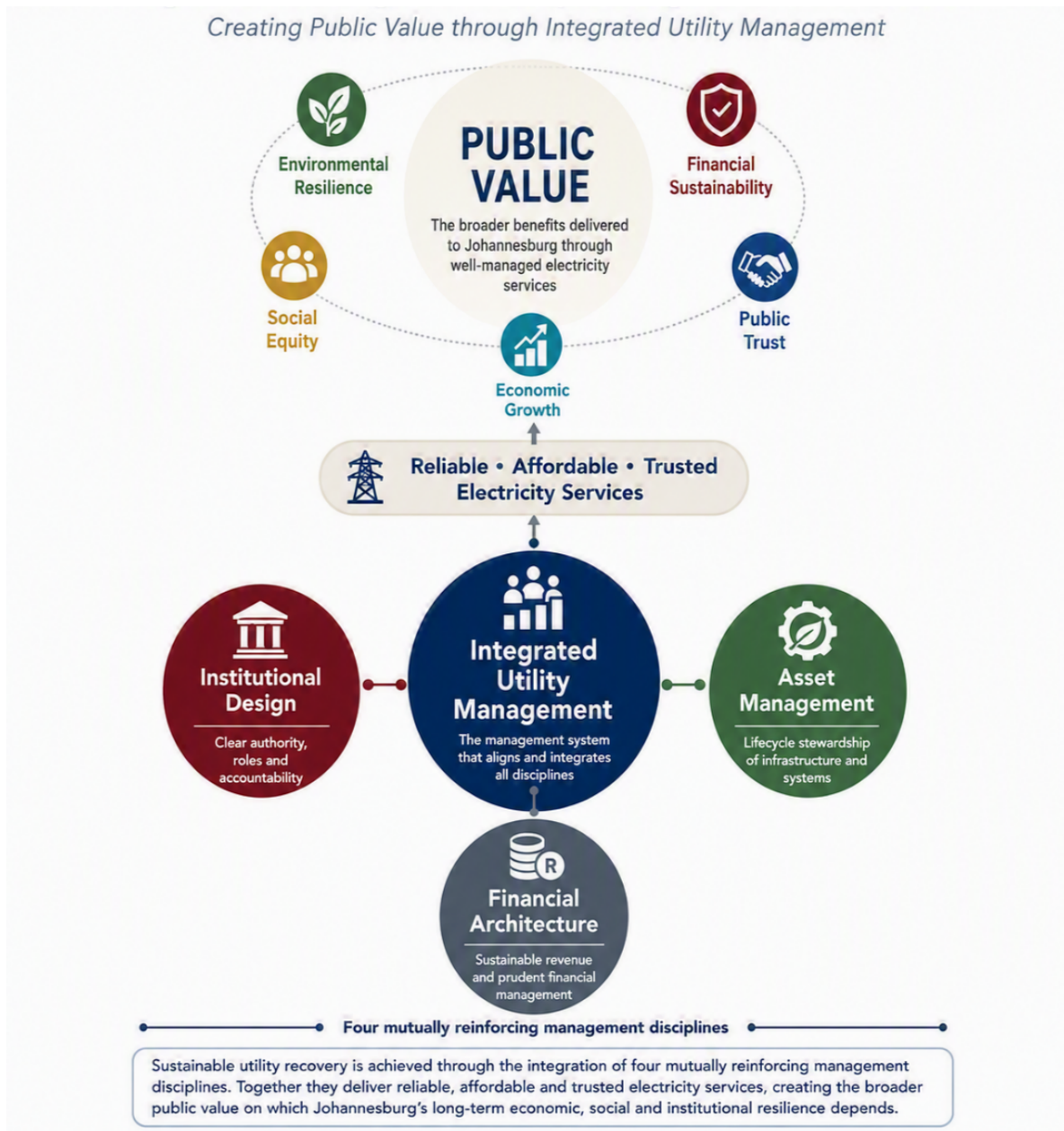


Figure 1: Integrated Utility Management Framework

The November 2026 elections offer Johannesburg a genuine opportunity: a clear mandate to choose stability over patronage, accountability over narrative management, and the long-term interests of the city over the short-term convenience of its political managers. This report is addressed to whoever accepts that responsibility. The evidence, the framework, the practical tools and the implementation pathway are all here. The decision is whether to use them.

What the Data Shows

Financial Performance: City Power's Liquidity Trap

City Power's financial position is best understood as a structural liquidity trap that constrains the utility's ability to operate, maintain and invest in its network.

A persistent and widening cash deficit

City Power has operated in a sustained overdraft position for several years. Publicly reported overdraft levels have continued to deteriorate, from R9.98- billion in June 2023, to R14- billion in July 2024. Their FY2025/26 report disclosed a net overdraft position of approximately R19.1- billion. This reflects a sustained inability to fund operations, maintenance and investment entirely from internally generated cash flows, with the utility increasingly reliant on borrowing and accumulated liabilities to sustain its activities. The same report identified liquidity constraints as a material impediment to contractor payments, capital programme delivery, meter reading, outage restoration, revenue integrity initiatives and bulk electricity purchases.

Figure 2 overleaf illustrates the evolution of this position. From FY2019 onward, revenue and expenditure track broadly together, but with a persistent and widening gap in which expenditure consistently exceeds revenue. By FY2024, this deficit reaches approximately R2.5- billion, indicating a structurally loss-making position rather than short-term volatility. Subsequent quarterly reporting suggests that while short-term operating performance may improve intermittently, the underlying liquidity position has continued to deteriorate, reinforcing the conclusion that the deficit is structural rather than cyclical.

The introduction of quarterly reporting from FY2025 reveals a further shift from structural imbalance to operational volatility. Deficits are no longer confined to year-end outcomes but emerge within individual quarters, indicating a system operating with limited financial resilience. The apparent sharp decline in City Power revenue between FY2018 and FY2019 reflects both underlying financial deterioration and a shift toward more realistic revenue recognition. This suggests that the financial position had already weakened prior to FY2018 but was partially obscured by earlier reporting practices.

Cost-revenue misalignment

At the core of this liquidity trap is a misalignment between the cost of supply and recoverable revenue.

City Power's cost base is dominated by bulk electricity purchases from Eskom, which have increased steadily over time. Tariff adjustments have not kept pace with these increases due to affordability constraints, regulatory processes and declining consumption among higher-paying customers.

As a result, revenue growth has lagged cost increases, compressed operating margins and limited the utility's ability to absorb shocks or fund essential expenditure.

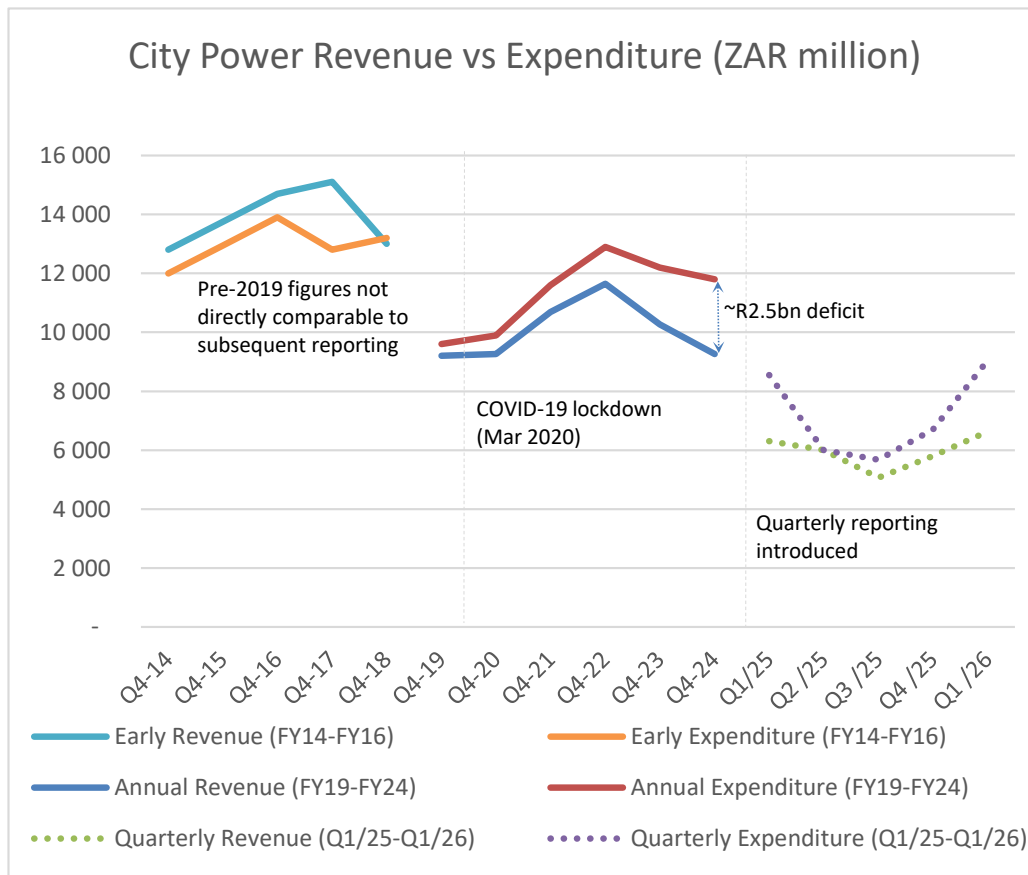


Figure 2: City Power Financial Evolution FY14-FY25

Sources: City Power Annual Reports, Integrated Annual Reports, Quarterly Reports, CoJ Annual Reports, City Power Business Plans

Notes:

- Q4-14 annual expenditure estimated.
- Pre-2017 expenditure figures are reconstructed from available financial statements and may not be strictly comparable with later reported totals due to changes in reporting structure and classification.
- Q4 FY2024/25 values estimated based on average of reported quarterly performance.

Losses as a central driver of financial decline

Electricity losses are a central driver of this misalignment.

Over time:

- units purchased have declined,
- units sold have declined more sharply, and
- losses have increased from the mid-20% range to approximately 30% and above, with recent quarterly data indicating significant volatility.

These losses reflect a combination of infrastructure deterioration, theft and illegal connections, metering inefficiencies and weaknesses in revenue management. Critically, they translate directly into unrecovered costs, as electricity is purchased but not fully billed or collected.

Revenue collection and cash flow pressure

Revenue collection challenges further constrain liquidity.

Customer debt is estimated at approximately R9- billion, reflecting persistent weaknesses in billing accuracy, enforcement capacity and credit control. Even where revenue is billed, it is not fully realised as cash, tightening liquidity and reinforcing the overdraft position.

At the same time, broader municipal financial pressures further constrain available cash. Revenue underperformance, liquidity stress, and misaligned financial flows at City level limit the extent to which electricity revenues translate into operational funding for City Power. Meter reading performance remains a particular concern. City Power's Q3 FY2025/26 report indicated overall meter reading performance of approximately 72% against a target of 98%, with over 36 000 customer registers generating no bills during a billing cycle. This points to continuing weaknesses in revenue integrity and cash realisation.

From financial stress to operational constraint

These financial pressures translate directly into operational outcomes. Limited cash availability forces trade-offs between supplier payments, maintenance and capital investment. As a result:

- 12. maintenance programmes are not fully executed,
- 13. capital expenditure is constrained, and
- 14. performance targets are missed.

Together, these dynamics reinforce the underlying causes of losses and revenue decline.

Conclusion: a self-reinforcing liquidity trap

This creates a self-reinforcing cycle: financial constraint → reduced maintenance and investment → higher losses and poorer service → further revenue erosion → deeper financial constraint. Table 1 overleaf shows the trends in key financial and operational indicators and the implications for City Power's sustainability.

Indicator	FY2023/24	FY2024/25	FY2025/26 (latest)	Trend	Implication
Net overdraft	R11.34 bn	R15.58 bn	R19.12 bn (Q3)	▲	Growing dependence on shareholder borrowing to fund operations.
Eskom arrears	~R2.7 bn*	~R4.0 bn*	R5.25 bn (plus current account)	▲	Threatens security of bulk electricity supply.
Cash liquidity	Persistent overdraft	Persistent overdraft	~ 12 days cash (CoJ)	▼	Insufficient liquidity to sustain normal operations.
Energy losses	~30%	~40%	40–42%	▲	Electricity purchased but not recovered through billing or collection.
Capital programme	Increasing cash constraints	Under-expenditure	Projects delayed by liquidity and contractor non-payment	▼	Asset renewal deferred, increasing future maintenance costs.
Trade creditors	Rising	Rising	Suppliers increasingly unpaid due to funding constraints	▲	Weakens supplier confidence and service delivery.

Table 1: Key indicators of City Power's financial deterioration (FY2023/24–FY2025/26)

City Power is operating within a system in which:

- 15. costs are rising faster than recoverable revenue,
- 16. losses are structurally embedded in the network,
- 17. cash collection is incomplete, and
- 18. liquidity is insufficient to sustain operations and investment.

Together, these dynamics create the self-reinforcing liquidity trap illustrated in Figure 3 overleaf.

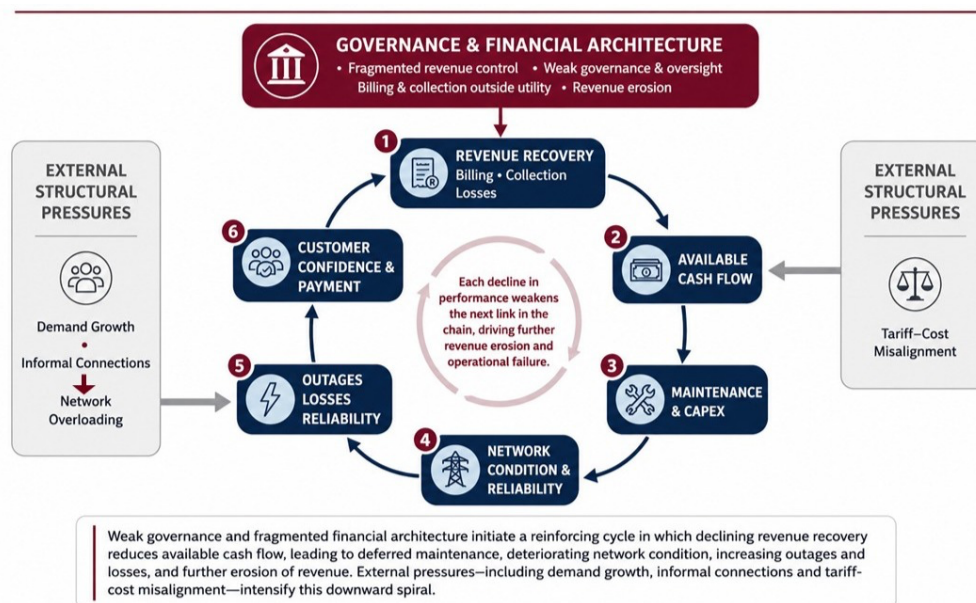


Figure 3: The Self-Reinforcing Cycle of Operational and Financial Decline

Weak governance and fragmented revenue control initiate a reinforcing cycle in which declining cash flows reduce maintenance and capital investment, leading to deteriorating network condition, increasing losses and further revenue erosion. External pressures – including demand growth, informal connections and tariff-cost misalignment – intensify this downward spiral. Breaking this cycle requires coordinated reforms across governance, financial architecture, operations and performance management.

At the top of the value chain, increasing bulk electricity costs place upward pressure on required tariffs. However, tariff adjustments are insufficient to fully recover these costs, creating a persistent gap between expenditure and revenue. This gap is compounded by high levels of losses and declining collection efficiency, which causes a feedback loop that continues to reduce the proportion of billed revenue that is ultimately realised as cash.

City Power is therefore not simply underperforming financially. It is operating within a liquidity trap that undermines its ability to stabilise or recover without structural intervention.

Operational Performance: Declining Service Capability

Reliability and Outages

Network reliability has deteriorated over time, as reflected in increasing variability in outage frequency and duration. Standard performance indicators such as SAIDI (duration) and SAIFI (frequency), where reported, indicate that customers are experiencing both longer and more frequent interruptions.

Quarterly performance data reinforces this trend, showing inconsistent restoration performance and increasing pressure across high-, medium- and low-voltage networks. This variability suggests a system operating with reduced resilience, where outages are becoming less predictable and more difficult to manage.

The decline in reliability is consistent with a combination of ageing infrastructure, rising demand pressures and constrained maintenance capacity. For customers, this translates into

a progressively less reliable electricity supply, with growing implications for economic activity and customer confidence.

Losses and Energy Balance

Electricity losses represent a critical point of intersection between operational and financial performance. Loss levels have increased from the mid-20% range in the late 2010s to approximately 30% and above in recent years. Quarterly reporting reveals significant volatility in performance. Total losses reached 40.53% in July 2025 before declining to 25.95% by April 2026 following targeted intervention programmes. While this improvement is encouraging, losses remain materially above the levels achieved by better-performing metropolitan distributors and continue to impose a substantial financial burden on the utility. The volatility itself is indicative of a system under stress, in which performance improvements remain vulnerable to operational, financial and governance constraints.

These losses comprise both technical losses and non-technical losses such as theft, illegal connections and metering inaccuracies. While some level of technical loss is inherent in any network, the scale and persistence of total losses indicate a significant and growing non-technical component.

Operational and planning documents consistently highlight constraints in detecting and addressing non-technical losses, including infrastructure vulnerability and limited enforcement capacity. As a result, a growing proportion of electricity supplied is not converted into billable and collectible revenue.

Losses are therefore not only a technical inefficiency but a structural feature of system decline, directly linking network condition, governance challenges and financial instability.

Maintenance and Asset Condition

Evidence from annual reports, business plans and quarterly data indicates a growing gap between maintenance requirements and actual delivery. While maintenance programmes are defined, execution is uneven, with completion rates frequently below target and schedules disrupted by resource constraints and unplanned outages.

This has resulted in a shift from preventative to reactive maintenance. Increasing volumes of plant out of service, rising fault incidence, and infrastructure backlogs point to a system in which asset condition is deteriorating faster than it is being restored.

Financial constraints are a key driver of this dynamic. Limited cash flow restricts the resources available for maintenance and capital investment, forcing prioritisation of immediate operational needs over longer-term asset management. This contributes to a feedback loop in which declining asset condition leads to more frequent failures, increasing reactive maintenance demands and further constraining preventative interventions.

In effect, the system continues to operate, but with declining resilience and increasing fragility.

Operational Volatility

The introduction of quarterly reporting reveals a level of operational volatility that is not apparent in annual averages. Recent data shows significant fluctuations in performance indicators, including losses, maintenance execution and restoration outcomes.

This intra-year variability indicates a system operating with limited buffers, where short-term disruptions translate directly into operational and financial instability. The shift to more frequent reporting does not create this volatility but makes it visible.

Operational volatility is therefore not a temporary fluctuation but a defining characteristic of the system's current state.

Revenue and Collection Performance

City Power's financial deterioration is closely linked to sustained weaknesses in revenue generation and collection. The utility is increasingly unable to convert electricity supplied into cash received, reflecting a combination of metering gaps, electricity losses and institutional constraints.

A central issue is the integrity of the revenue chain, beginning with accurate meter reading. Meter reading performance has historically fallen short of required levels, with a significant proportion of consumption estimated rather than based on actual readings. Recent reporting suggests that these challenges remain significant. City Power continues to report substantial gaps between meter-reading targets and actual performance, with a material number of customer accounts not generating bills during each billing cycle. This undermines billing accuracy, contributes to disputes, and weakens the conversion of electricity supplied into revenue billed and ultimately cash collected.

Revenue collection performance, while previously reported at relatively high levels, has come under increasing pressure. Broader City-level data indicates declining cash collections relative to billing, rising arrears, and a growing stock of outstanding debt, estimated at approximately R9- billion. This reflects persistent constraints in enforcement, credit control, and the ability to recover revenue in certain customer segments.

High and rising electricity losses further erode the revenue base. As shown in Section 2.2, a growing proportion of electricity supplied is neither billed nor collected, reflecting both technical inefficiencies and non-technical losses such as theft, illegal connections, and metering failures. As a result, tariff increases cannot translate proportionately into realised revenue.

While detailed disaggregated data by customer segment is limited in public reporting, available evidence indicates that non-payment and losses are concentrated in specific high-loss segments of the network, particularly in areas characterised by informal connections and weak revenue enforcement. Publicly reported City Power data indicates that customer debt is unevenly distributed across the network. Service Delivery Centre (SDC) debt figures published in late 2024 showed arrears ranging from approximately R352-million in Midrand to R2.72- billion in the Inner-City service area, with the Inner City, Reuven and Hursthill SDCs accounting for approximately two-thirds of reported customer debt, as shown in Figure 4. While comprehensive geographic collection-performance data is not routinely published, these figures suggest that non-payment is concentrated in specific areas of the network rather than being evenly distributed across the City.



Figure 4: City Power Debt by Region (2024).

Source: <https://www.citizen.co.za/news/south-africa/which-city-power-sdc-has-highest-debt-levels/>

However, public reporting does not routinely disclose revenue collection performance, losses, outage performance and maintenance outcomes at a geographic or customer-segment level. This limits the ability of management, the board and external stakeholders to identify where losses are concentrated and whether interventions are producing measurable improvements.

The absence of publicly reported geographic and customer-segment collection data is itself significant. Effective revenue protection and loss reduction programmes require management to identify where losses, non-payment and service delivery failures are concentrated. While City Power undoubtedly possesses operational and billing data at a more granular level, this information is not routinely disclosed in a form that enables external assessment of

intervention effectiveness. Segmented performance reporting should therefore be regarded as a governance requirement rather than merely a reporting enhancement.

Institutional arrangements compound these challenges. City Power does not exercise full control over key components of the revenue chain, including billing and revenue collection, which are managed at the City of Johannesburg level. This separation of operational responsibility from financial control limits the utility's ability to address revenue leakage, enforce collection or implement corrective measures in a coordinated manner.

The combined effect is a progressive decoupling of electricity supply from revenue recovery. Even where energy is delivered and tariffs are adjusted, the proportion of revenue successfully collected declines in real terms. This dynamic contributes directly to the widening gap between revenue and expenditure and reinforces the utility's reliance on external financial support.

In this context, revenue and collection performance is not simply an operational issue, but a central driver of financial instability.

Maintenance Performance

Maintenance performance is a critical determinant of network reliability and asset longevity. Available evidence from quarterly reports and planning documents indicates that City Power is not consistently achieving required maintenance levels, with execution falling short of planned targets in multiple periods.

Planned maintenance programmes are reported annually and quarterly, but delivery against these plans is uneven. Where data is available, maintenance completion rates are frequently below target, and schedules are disrupted by resource constraints and unplanned outages. This results in a growing reliance on reactive maintenance, with teams responding to faults rather than undertaking preventative interventions.

Operational indicators reinforce this pattern. Reports of plant out of service, fault volumes and backlog pressures suggest that maintenance activity is insufficient to stabilise network condition. The increasing incidence of outages and the variability observed in reliability indicators such as SAIDI and SAIFI are consistent with a system in which preventative maintenance is being deferred.

Financial constraints play a central role in this dynamic. As shown in Sections 2.1 and 2.3, reduced cash flow limits the resources available for maintenance and capital expenditure. This creates a direct linkage between revenue performance and asset condition: lower revenue recovery constrains maintenance, which in turn accelerates asset deterioration and increases fault incidence.

The result is a shift in the operating model from preventative to reactive maintenance. While this may sustain short-term service continuity, it is not sufficient to maintain system integrity over time. Instead, it contributes to a progressive weakening of network performance, increasing both the frequency and duration of outages.

Against this backdrop, maintenance performance is not simply an operational issue but a key transmission mechanism through which financial and institutional constraints translate into declining service outcomes.

Financial Flow Misalignment

The financial, operational and revenue patterns described in the preceding sections point to a common structural cause: misalignment of financial flows across the electricity value chain.

As illustrated in Figure 3, rising bulk electricity costs, constrained tariff recovery, high losses and weak collection performance reduce the cash available for maintenance, refurbishment, and capital investment. The problem is compounded by the separation of operational responsibility and financial control. While City Power is accountable for network performance, key elements of billing, revenue collection and broader financial management remain embedded within the City of Johannesburg.

This institutional arrangement weakens the link between revenue recovery and operational decision-making. Revenue generated from electricity sales does not consistently translate into resources available for maintenance and investment, while operational interventions alone are often insufficient to address underlying financial constraints.

The result is a system in which financial flows are not fully aligned with the requirements of sustainable electricity service delivery. In this context, operational underperformance is not solely a technical or managerial issue, but also a consequence of the way financial resources are generated, managed and allocated across the system. This misalignment lies at the heart of the reinforcing dynamics illustrated in Figure 3.

Maintenance Gap

Together, financial constraints and under-executed maintenance programmes are causing a widening maintenance gap. This gap represents the difference between the level of maintenance and refurbishment required to sustain network performance and the level that is actually delivered.

Evidence of this widening gap is visible across multiple operational indicators, including incomplete maintenance programmes, increasing plant out of service, growing infrastructure backlogs, and deteriorating reliability performance.

The scale of the gap is also reflected indirectly in financial outcomes. As shown in Section 2.1, expenditure pressures continue to rise, but this does not translate into improved network performance. Instead, available resources are increasingly absorbed by reactive maintenance and emergency response, leaving insufficient capacity for planned maintenance and asset renewal.

The maintenance gap is self-reinforcing. Preventative maintenance is deferred to address immediate operational pressures, but this increases future fault volumes, further consuming resources that would otherwise be available for planned maintenance and renewal.

Once established, the maintenance gap is difficult to reverse. Catch-up requires not only increased funding, but also sustained execution capacity and system stability – conditions that are not currently present. In the absence of such interventions, the gap continues to widen, resulting in further deterioration in asset condition and service reliability.

In effect, the system is no longer managing its assets – it is managing their decline.

Segmented System Reality

City Power's performance is not uniform across its network. Instead, the system operates as a set of distinct segments, each characterised by different demand profiles, loss levels, revenue recovery rates and service outcomes. Aggregate indicators therefore mask significant variation in underlying performance.

At one end of the spectrum are lower-loss, higher-income areas, where metering is more reliable, revenue collection rates are higher and service delivery is relatively stable. In these segments, the utility is largely able to convert electricity supplied into revenue, and maintenance interventions are more effective in sustaining network performance.

In contrast, high-loss segments – often associated with informal settlements, overloaded networks, and widespread illegal connections – exhibit very different dynamics. In these areas, non-technical losses are significantly higher, billing is less reliable, and revenue recovery is weak. Infrastructure is frequently subject to overloading, theft and vandalism, resulting in more frequent outages and greater maintenance demands.

This segmentation has important financial implications. Revenue generated in lower-loss areas effectively cross-subsidises service delivery in higher-loss areas. However, as losses increase and collection efficiency declines, the capacity for such cross-subsidisation is eroded. The result is a system in which the financial viability of the entire network becomes increasingly dependent on a shrinking base of reliable customers.

Operationally, segmentation also affects maintenance and service delivery. In high-loss areas, maintenance efforts are often reactive and resource-intensive, reducing the capacity to sustain preventative maintenance elsewhere. This contributes to a broader deterioration in network performance, even in segments that were previously stable.

The segmented nature of the system also limits the effectiveness of uniform interventions. Measures such as tariff adjustments, maintenance programmes, or performance targets do not have consistent effects across all segments. Without recognising and addressing these differences, system-wide interventions risk being either ineffective or counterproductive.

In this context, City Power's challenges are not only systemic but also spatially differentiated. Understanding and responding to this segmented reality is essential to designing interventions that can stabilise performance and restore financial sustainability.

This segmented reality reflects broader structural features of South African cities, including spatial inequality, uneven economic activity, and differentiated service delivery conditions. As a result, City Power's operational and financial challenges cannot be fully understood without recognising that the electricity network operates across fundamentally different socio-economic environments, each placing distinct demands on the system.

Workforce and Skills Capacity

Workforce capacity and skills availability are critical enablers of operational performance. Available evidence indicates that City Power faces constraints not only in staffing levels, but in its ability to consistently execute key operational, financial and system improvement functions.

The available HR data is sufficient to identify capacity constraints, but not sufficiently consistent to support a robust multi-year workforce trend analysis. Annual reports provide point-in-time indicators on vacancies, recruitment and training, while business plans highlight ongoing shortages in technical and operational roles. The study brief requested comparative

staffing and remuneration benchmarking against Eskom and other metropolitan distributors. Publicly available information proved insufficient to support a robust comparative assessment at the level of detail required. While high-level staffing information is available, consistent and comparable data on workforce composition, remuneration structures, vacancy rates and productivity metrics could not be obtained from public sources.

Despite a significant employee cost base, this does not translate into consistent delivery of planned activities. Maintenance programmes are not fully executed, and operational performance indicators point to increasing reliance on reactive interventions, indicating a gap between resourcing and effective execution. Recent reporting reinforces this concern. City Power's Q3 FY2025/26 risk reporting identified Workforce Capability as a material organisational risk and recorded implementation progress significantly below target. This suggests that workforce and capability challenges are recognised internally and remain unresolved despite ongoing intervention efforts.

Leadership continuity provides an important indicator of institutional capability. Table 2 overleaf shows sustained board and executive turnover over time, including periods of elevated churn and discontinuity in key roles. In particular, there have been periods during which the Chief Financial Officer (CFO) position was vacant or filled in an acting capacity. Given the central role of the CFO function in revenue management, cash flow oversight, financial controls, creditor management and regulatory reporting, instability in this position is particularly significant within a utility experiencing sustained financial stress.

Capacity constraints also extend beyond staffing to systems capability. City Power's operations depend on the effective management and integration of complex systems, including billing, metering, outage management and asset registers. Gaps in the capability required to operate these systems contribute to revenue inefficiencies, maintenance delays and reporting inconsistencies. Fragmentation between municipal and utility systems further compounds these challenges.

Accordingly, workforce and skills constraints reflect broader limitations in organisational capability, leadership continuity and systems management. These constraints act as a key transmission mechanism through which financial and institutional pressures translate into operational outcomes.

The chronology in Table 2 demonstrates that leadership instability has been a defining institutional characteristic of City Power over the past decade. Repeated changes in board membership and executive leadership have interrupted strategic continuity, weakened accountability and constrained the sustained implementation of reform initiatives. Understanding this pattern is essential to understanding why governance renewal is the first priority in the recovery programme proposed in this report.

Period	Board Stability	CEO and CFO Stability	Key Institutional Impact and Outcome
2013–2016	Moderate; first governance strain; board composition changes begin; political cycle effects emerging	CEO continuity weakening; first acting CFO appointments; financial controls under pressure	Maintenance begins slipping below plan; non-technical losses rise; financial stress increases; qualified audits with growing number of findings
2017–2019	Increasing churn; board reconstitution accelerates; fragmented executive oversight	Multiple CEO changes; acting appointments normalised; first extended CFO vacancies; financial control environment weakens materially	Reactive maintenance dominates; Eskom arrear debt accumulates; MFMA compliance weakens; first adverse audit findings; overdraft building
2020–2022	High churn; multiple reconstitutions; COVID-19 compounds governance strain; effective shareholder oversight absent for extended periods	No permanent CEO for extended periods; repeated CFO vacancies; crisis management displaces strategic management; financial controls materially impaired	Losses rise above 30%; capital programme near-collapse; ministerial interventions begin; overdraft reaches R9.98- billion (June 2023); adverse audits; Scopa censure; MDRP engagement begins
2023–2026	Continued churn; shareholder oversight weakened; political instability at CoJ level adds to governance strain	C. Tlouane (acting CEO); acting CFO for extended periods; two Eskom negotiation rounds conducted without settled executive leadership	Losses peak at 40.53% (July 2025); overdraft reaches R19.1- billion; Scopa: ‘a horror show’ (June 2026); two rounds of ministerial negotiation fail to produce binding agreement

Table 2: City Power – Leadership Instability and Institutional Impact, 2013 to 2026

Sources: City Power Annual Reports; Quarterly Performance Reports (FY2025/26); Auditor-General reports; Scopa proceedings; ministerial statements (2025–2026).

While detailed benchmarking data is limited, the combination of execution gaps, leadership instability, workforce capability risks and continued reliance on reactive maintenance suggests that City Power's organisational capacity is not currently aligned with the requirements of managing a complex metropolitan electricity distribution system.

Risks

The patterns identified across financial, operational, revenue and capacity indicators point to a set of interrelated risks that threaten the stability and sustainability of City Power's operations.

Financial sustainability risk

The combination of rising input costs, constrained tariffs, high losses and weakening revenue collection creates a persistent gap between revenue and expenditure. This places increasing pressure on cash flow and liquidity, raising the risk that the utility will be unable to meet its financial obligations without continued external support. Recent reporting suggests that these pressures continue to intensify, with City Power disclosing a net overdraft position of approximately R19.1- billion and identifying liquidity constraints as a material impediment to operational delivery.

Operational reliability risk

Declining maintenance performance, ageing infrastructure, and increasing demand pressures contribute to a growing risk of system instability. As the maintenance gap widens, the likelihood of more frequent and prolonged outages increases, with potential impacts on economic activity, public services and customer confidence.

Revenue erosion risk

High and rising non-technical losses, combined with billing inaccuracies and collection constraints, create a structural risk of ongoing revenue erosion. As the effective revenue base shrinks, the utility becomes increasingly dependent on a smaller group of paying customers, further undermining financial resilience.

Institutional and governance risk

Fragmented control over key functions, including billing and revenue collection, and instability in leadership and control roles reduce the organisation's ability to respond coherently to emerging challenges. This increases the risk that identified problems will persist without effective resolution.

Execution capacity risk

Constraints in workforce capacity, skills availability and systems capability limit the utility's ability to implement planned interventions. Even where strategies are well defined, insufficient execution capacity reduces the likelihood of sustained performance improvement. Recent internal risk assessments indicate that organisational capability remains a material concern, suggesting that efforts to strengthen workforce effectiveness and operational capacity are not yet delivering the level of improvement required to support a sustained turnaround.

Systemic risk

Taken together, these factors create a systemic risk of self-reinforcing decline, as illustrated in Figure 3. Financial constraints drive operational deterioration, which in turn further weakens revenue performance and limits recovery capacity. Without structural intervention, this cycle is likely to intensify over time.

Taken together, these risks describe a system in self-reinforcing decline. Without structural intervention, deterioration is likely to continue despite periodic operational improvements.

The cost of inaction

The cumulative effect of persistent governance failures extends beyond deteriorating infrastructure and financial distress. It progressively erodes institutional credibility. Residents lose confidence that service improvements will follow payment. Suppliers and bulk service providers become increasingly reluctant to extend credit. Skilled professionals become harder to attract and retain. National Treasury is likely to impose increasingly direct oversight, while development finance institutions and commercial lenders face higher risks and transaction costs in supporting municipal investment. Rebuilding Johannesburg's infrastructure will therefore require more than financial recovery: it will require restoring confidence in the City's capacity to govern, maintain and invest effectively over the long term.

Without decisive intervention, however, the current trajectory is likely to become progressively more difficult and more expensive to reverse.

The evidence presented throughout this section suggests that City Power has moved beyond a position of operational underperformance to one of systemic institutional risk. Without decisive intervention, the current trajectory is likely to become progressively more difficult and more expensive to reverse.

Continued inaction is likely to result in:

1. **Deepening financial distress**, with growing overdrafts, escalating creditor exposure and increasing dependence on emergency financial interventions.
2. **Accelerating infrastructure deterioration**, as deferred maintenance and under-executed capital programmes lead to more frequent equipment failures, longer restoration times and rising lifecycle costs.
3. **Continued erosion of the revenue base**, as households and businesses with the financial means to do so invest in self-generation, leaving a shrinking customer base to fund fixed network costs and the City's social obligations.
4. **Declining public confidence and institutional legitimacy**, reducing customers' willingness to pay, increasing billing disputes and making enforcement against electricity theft and illegal connections progressively more difficult.
5. **Increasing fiscal and economic risk for Johannesburg**, as deteriorating electricity services constrain investment, undermine business confidence and weaken the performance of South Africa's largest metropolitan economy.

The question is therefore no longer whether City Power requires reform, but whether that reform will be implemented while the utility still retains the institutional, financial and operational capacity to recover.

The remaining sections of this report set out the governance, financial, operational and performance management reforms required to achieve that recovery.

Why This System Produces These Outcomes

The patterns identified in Section 2 are not coincidental but arise from the way the system is structured and governed.

Institutional Evolution

City Power's current performance cannot be understood its institutional evolution within the City of Johannesburg. The utility was originally established as a corporatised municipal entity, intended to operate with a degree of commercial discipline while remaining publicly owned and aligned with municipal service delivery objectives. This model sought to combine operational efficiency with public accountability.

In its initial conception, corporatisation was intended to create clearer accountability for performance, including responsibility for revenue collection, maintenance and service delivery. Over time, however, this alignment has weakened. Key functions – most notably billing and revenue collection – have become increasingly centralised within the municipality, while operational responsibility has remained with the utility. This has resulted in a separation between financial control and operational accountability. Recent discussions regarding ring-fenced electricity revenues and potential Distribution Agency Agreement (DAA) arrangements further highlight concerns regarding the alignment between revenue control, financial accountability and operational responsibility within the current institutional model.

This institutional configuration has three important consequences. First, it reduces the utility's ability to directly influence revenue outcomes, even where these are closely linked to operational performance. Second, it weakens the feedback loop between revenue recovery and expenditure decisions, as financial flows are mediated through broader municipal processes. Third, it complicates accountability, as responsibility for outcomes is distributed across multiple entities and functions.

At the same time, the operating environment has become more complex. The utility now operates within a system characterised by rising input costs, increasing demand pressures, and significant variability in customer behaviour and revenue recovery across different segments of the network. These conditions place greater demands on coordination, flexibility and execution capacity – requirements that are not fully supported by the current institutional arrangements.

Governance dynamics have further shaped this evolution. Changes in leadership, organisational restructuring and shifting policy priorities have affected continuity in strategy and implementation. As reflected in Table 2, periods of leadership instability have contributed to discontinuity in strategy and weakened institutional control.

While planning documents consistently identify key challenges and required interventions, the institutional environment has limited the ability to sustain long-term corrective action.

Recent allegations and legal actions involving senior City Power executives further highlight the importance of strong governance, effective internal controls and leadership stability in restoring organisational performance and public confidence.

The result is an institutional model in which responsibility and control are no longer fully aligned. City Power is expected to deliver reliable electricity services, manage losses and maintain infrastructure, but does not have full control over the financial and administrative levers required to achieve these outcomes. This institutional misalignment is a central factor in

explaining the performance patterns identified in Section 2 and helps explain the growing reliance on external interventions, including repeated ministerial facilitation of disputes between City Power, the City of Johannesburg and Eskom.

Accordingly, City Power's challenges are not simply operational or managerial. They arise from an institutional model that no longer provides the conditions necessary for effective performance in an increasingly complex operating environment.

Tariff and Revenue Model

City Power's financial and operational challenges are closely linked to the structure of its tariff and revenue model. The model is intended to balance cost recovery, affordability and cross-subsidisation, but in practice these objectives are increasingly in tension, resulting in a system that is unable to sustain itself.

At the core of the model is a cost structure dominated by bulk electricity purchases from Eskom. These costs have risen steadily and, in many cases, at rates above inflation. In principle, tariffs should adjust to reflect these input costs. In practice, however, tariff adjustments are constrained by affordability considerations, regulatory processes and political acceptability. The result is a persistent gap between the cost of supply and the revenue that can realistically be recovered from customers.

The model also relies on cross-subsidisation, whereby higher-consumption and higher-income customers subsidise lower-income and higher-loss segments of the network. This approach is both necessary and appropriate in a context of high inequality. However, it becomes increasingly fragile as the base of paying customers shrinks and loss levels rise. As shown in Section 2, non-technical losses have increased significantly, while revenue collection has weakened, reducing the pool of customers from whom cross-subsidies can be effectively drawn.

The effectiveness of the tariff and revenue model is further weakened by the growing gap between electricity supplied and electricity for which revenue can be reliably recovered. While losses are quantified in aggregate terms, the available evidence indicates that the non-technical component – driven by theft, illegal connections and constraints in revenue protection – has increased materially over time. This erodes the fundamental assumption underlying the tariff model: that consumption can be accurately measured, billed and collected. As this assumption weakens, tariff adjustments become progressively less effective, as a rising share of electricity supplied does not translate into revenue. In this context, the challenge is not only one of price or affordability, but of the system's diminishing ability to convert energy delivered into cash flow. The tariff model is no longer capable of producing the outcomes it was designed to produce because its underlying assumptions have progressively failed.

In parallel, customer behaviour is changing. Higher-income and commercial customers are increasingly able to reduce their dependence on the grid through self-generation and energy efficiency measures. This erodes the very segment of the customer base on which the cross-subsidy model depends, further weakening revenue stability.

Tariff design has attempted to respond to these pressures through adjustments such as increased fixed charges, time-of-use tariffs, and rebalancing of consumption blocks. While these measures can improve cost reflectivity at the margin, they do not address the underlying structural issues. In some cases, they may exacerbate them by increasing the burden on already constrained customers or accelerating the exit of higher-paying customers from the system.

The result is a tariff model that attempts to reconcile competing objectives without sufficient structural support. Rising costs, declining revenue recovery and a shrinking base of paying customers create a situation in which tariff adjustments alone cannot restore financial balance. Instead, the model becomes increasingly dependent on external support and internal cross-subsidies that are themselves under strain. Recent tariff increases and ongoing debt relief measures illustrate the growing difficulty of simultaneously pursuing affordability, cost recovery and financial sustainability within the current framework.

In this context, the revenue challenges identified in Section 2 are not simply the result of operational inefficiencies or weak enforcement. They are a direct consequence of a tariff and revenue model that is no longer aligned with the underlying cost structure and customer dynamics of the system. In effect, the tariff system is attempting to stabilise a structurally unstable revenue base, and cannot do so without broader changes to the underlying system.

Municipal Finance Constraints

City Power operates within the broader financial framework of the City of Johannesburg, and its performance is therefore shaped not only by utility-level factors, but also by municipal fiscal conditions and governance arrangements. These constraints play a central role in limiting the utility's ability to restore financial and operational stability.

At a system level, municipal finances are under increasing pressure. Rising operating costs, constrained revenue growth and declining collection rates have contributed to growing fiscal stress. This is reflected in increasing creditor balances, cash flow constraints, and the need to prioritise short-term obligations over longer-term investment. In this environment, the ability to fund infrastructure maintenance and renewal is significantly constrained. Recent developments indicate that these pressures have intensified.

In May 2026, the Minister of Finance warned that the City of Johannesburg owed creditors approximately R25.2- billion while holding cash and cash equivalents of only R3.9- billion. The Minister further raised concerns regarding the sustainability of the City's budget and the credibility of its underlying financial assumptions. These indicators point to a municipality operating under severe fiscal strain, with limited capacity to absorb further financial shocks.

Recent engagement by the Minister of Finance on the legality of the City of Johannesburg's budget further underscores the severity of these constraints. Issues relating to compliance with statutory financial management requirements, including the credibility of revenue projections and the alignment of expenditure with available resources, raise broader questions about the sustainability of the municipal fiscal framework.

The implications extend beyond the City's budget to the use of intergovernmental transfers, including equitable share funding intended to support indigent households. Where municipal financial pressures are acute, there is a risk that such transfers may not be fully aligned with their intended purpose or may be absorbed into broader fiscal balancing. For municipal entities such as City Power, this has direct implications. Budgetary instability at the municipal level can translate into uncertainty in funding allocations, constraints on capital investment, and increased pressure to operate within financially unrealistic parameters. In such a context, even well-designed operational or financial interventions at the utility level may be undermined by weaknesses in the overarching municipal budget framework.

These concerns have subsequently been reinforced by National Treasury's decision to temporarily withhold a portion of the City of Johannesburg's equitable share allocation pending corrective action. While the withholding is directed at the municipality rather than City Power, it reflects escalating concern regarding the City's financial governance and reinforces the extent

to which municipal fiscal instability now has direct implications for the sustainability of essential service delivery.

This raises important questions about whether funding intended to support vulnerable consumers is effectively reaching electricity service providers in a manner that supports both affordability and system sustainability. The issue is particularly significant in the electricity sector, where affordability objectives, cost recovery requirements and infrastructure funding needs increasingly compete for limited fiscal resources.

The structure of municipal finance further complicates the situation. Revenue from electricity sales is not fully ring-fenced within the utility, but forms part of the broader municipal revenue pool. While this allows for cross-subsidisation across services, it also weakens the direct link between electricity revenue and electricity expenditure. As a result, funds that could be used for maintenance and investment in the electricity network may be used to support broader municipal obligations and priorities, while the utility remains responsible for service delivery.

The significance of this issue has become increasingly apparent in recent discussions between Eskom, City Power, the City of Johannesburg and national government. Proposals to establish ring-fenced electricity revenue accounts and explore DAA arrangements reflect growing recognition that the current financial architecture does not provide sufficient assurance that electricity revenues are being protected and applied in a manner that supports the sustainability of the electricity distribution function.

At the same time, the municipality bears the financial risk associated with non-payment and losses, while the utility is responsible for operational performance. This separation of financial risk and operational control reduces accountability and makes it more difficult to implement targeted interventions to improve revenue recovery or cost efficiency.

These dynamics are reinforced by regulatory and governance constraints. Tariff approvals are subject to external processes, limiting the municipality's ability to respond quickly to cost increases. Procurement rules, budget cycles, and approval processes further reduce flexibility, particularly in responding to emerging operational challenges or infrastructure failures.

The result is a system in which financial flows are fragmented and constrained. Even where revenue is generated, it does not consistently translate into available funding for maintenance and capital investment. This underlines the dynamics illustrated in Figure 3, where limited cash flow leads to deferred maintenance, declining network condition and further revenue erosion.

Accordingly, City Power's challenges cannot be fully addressed at the utility level alone. They are embedded within a municipal finance system that is under strain and not fully aligned with the requirements of sustainable infrastructure service delivery. Without reforms to municipal financial structures, incentives and revenue governance arrangements, improvements at the utility level are unlikely to be sufficient to stabilise the system.

National Policy and Reform Context

City Power's challenges must also be understood within the broader national policy and reform context for the electricity sector. While significant attention has been given to generation capacity and the restructuring of Eskom, less progress has been made in addressing the structural challenges facing municipal electricity distributors.

National policy has long recognised the need for reform in the distribution segment, including improved financial sustainability, enhanced operational performance and clearer institutional arrangements. However, implementation has been uneven and, in many cases, slow. As a

result, municipal distributors continue to operate within legacy frameworks that are not well suited to current conditions.

This is particularly evident in the misalignment between policy objectives and operational realities. Policies aimed at promoting affordability and expanding access have increased the complexity of municipal service delivery, while mechanisms to support financial sustainability – such as cost-reflective tariffs, effective revenue protection and infrastructure funding – have not been fully realised. This creates an enduring tension between social objectives and financial viability.

Meanwhile, broader reforms in the electricity sector are reshaping the operating environment. The growth of embedded generation, increased customer choice, and evolving market structures are altering demand patterns and reducing reliance on traditional municipal supply. The progressive development of competitive electricity market arrangements is likely to reinforce these trends by further increasing customer choice and reducing reliance on traditional municipal supply. These developments, while positive in many respects, further erode the revenue base on which municipal distributors depend.

The relationship between municipalities and Eskom remains a central feature of the South Africa's electricity distribution system, with rising bulk supply costs and municipal arrears forming a key axis of financial stress. Recent disputes between Eskom and the City of Johannesburg have highlighted the extent to which weaknesses in municipal distribution have become one of the least resolved elements of South Africa's electricity reform agenda. Although significant progress has been made in generation liberalisation and transmission restructuring, persistent challenges relating to municipal debt, revenue recovery, cost-reflective tariffs and distribution governance continue to expose weaknesses in the sector's institutional architecture.

Efforts to reform the sector, including the unbundling of Eskom and the introduction of new market mechanisms, have focused primarily on generation and transmission. The distribution segment – particularly at the municipal level – has received comparatively less attention, despite being central to service delivery and revenue collection.

The result is a policy environment that recognises the need for reform but has not yet delivered the institutional and financial changes required to stabilise municipal distribution. Municipal distributors such as City Power are therefore required to adapt simultaneously to internal operational pressures and an electricity sector undergoing partial and uneven reform.

The Municipal Debt Relief Programme

The national government's Municipal Debt Relief Programme, announced in the 2023 Budget and valued at approximately R54- to R56- billion, provides conditional debt relief to municipalities in arrears to Eskom. The programme is designed not as a direct financial transfer, but as a reform-linked mechanism, with debt write-offs phased over time subject to compliance with strict financial and operational conditions.

The programme's design reflects a clear policy intent: to link financial relief to improvements in municipal financial management and electricity sector performance. Participating municipalities are required to demonstrate credible budgeting, improve revenue collection, prevent the accumulation of new arrears, and implement measures to reduce losses and strengthen billing and metering systems. Compliance with these conditions is assessed on an ongoing basis, with debt relief contingent on sustained performance.

The experience of the City of Johannesburg illustrates both the importance and the difficulty of implementing these conditions in practice. In June 2025, a repayment arrangement was concluded between Eskom and the City following an extended dispute regarding arrear electricity debt. The agreement provided for the repayment of approximately R3.2- billion over a four-year period and was presented as a potential model for resolving similar disputes elsewhere in the municipal sector. However, the arrangement proved unsustainable. By May 2026 Eskom reported that the City of Johannesburg and City Power owed approximately R5.25- billion in arrears, excluding a further current account obligation of approximately R1.58- billion. This prompted renewed threats of supply interruption and a second round of ministerial intervention aimed at restoring financial discipline and preventing escalation of the dispute.

The discussions that followed are noteworthy because they extended beyond debt repayment and began to address deeper structural issues. Proposals included the establishment of ring-fenced electricity revenue accounts, enhanced revenue management arrangements, and consideration of DAA mechanisms through which Eskom could play a more direct role in revenue protection and metering functions. These proposals implicitly recognise that municipal electricity sector challenges are not solely the result of historical debt burdens, but also reflect weaknesses in revenue governance, financial controls and institutional accountability.

As of June 2026, however, negotiations had not yet produced a final agreement. The continued need for ministerial facilitation, together with the emergence of increasingly interventionist reform proposals, illustrate the extent to which municipal electricity sector distress remains unresolved despite the availability of debt relief and restructuring mechanisms.

In principle, the programme represents a significant opportunity for municipalities such as the City of Johannesburg to stabilise their financial position and support reforms within entities such as City Power. By reducing historical debt burdens, it could create fiscal space for maintenance, infrastructure investment and improvements in operational performance.

However, the effectiveness of the programme depends critically on the ability of municipalities to meet and sustain the required conditions. The patterns identified in Sections 2 and 3 – particularly those relating to revenue leakage, financial instability, and execution capacity constraints – suggest that these conditions may be difficult to achieve in practice. This creates a risk that municipalities most in need of support may also be least able to access or retain it.

The programme also highlights the importance of alignment between intergovernmental fiscal transfers and service delivery outcomes. Where equitable share and other transfers are intended to support indigent households, their effectiveness depends on the ability of municipalities and utilities to translate these resources into reliable service provision and sustainable financial flows. In the absence of such alignment, the impact of both debt relief and ongoing transfers may be diluted.

The Municipal Debt Relief Programme underscores both the scale of the challenge and the limitations of current reform mechanisms. While substantial financial support is available, its impact is contingent on institutional capability and governance conditions that are not yet fully in place. The programme therefore illustrates the gap between policy intent and implementation capacity as well as the growing tension between financial relief measures and the deeper institutional reforms required to achieve sustainable outcomes.

System Performance Framework

City Power is not without performance metrics. The utility reports on a range of financial and operational indicators through its annual reports, quarterly performance submissions and oversight reporting to the City of Johannesburg. Yet despite this activity, the utility continues to decline. This is not a coincidence – it reflects weaknesses in the performance management system itself: what is measured, how it is measured, how frequently it is measured, who is accountable for performance, and whether measurement leads to corrective action.

The framework proposed in this section is designed to serve three purposes: to give management actionable operational intelligence on a weekly and monthly basis; to give the board a clear, high-level view of institutional health and strategic performance on a quarterly basis; and to give the City of Johannesburg and external stakeholders a credible accountability framework against which to assess progress or failure.

Full definitions, measurement methodologies, data sources, baseline values, targets and reporting frequencies for all proposed KPIs are set out in Appendix A4. The narrative below describes the structure and rationale of the framework.

Why Current Metrics Fall Short

Reporting without accountability

City Power's current performance reporting is driven primarily by compliance and disclosure obligations rather than by an integrated performance management framework. Metrics are often reported after the fact, without meaningful targets, network or customer segmentation, or clear accountability for underperformance.

The result is a body of data that describes failure without enabling its correction. Reporting that electricity losses stand at approximately 30% – amounting to R5.67- billion in FY2024/25 – does not, in itself, direct anyone to act. Without targets, timelines, responsible owners and consequences for non-delivery, even accurate data is operationally inert.

Aggregate metrics that mask segmented reality

As shown in Section 2.7, City Power's network is not a uniform system. It operates across fundamentally different socio-economic and infrastructure environments – from well-maintained suburbs with reliable metering and high revenue recovery, to informal settlements characterised by illegal connections, overloaded infrastructure and near-zero collection rates.

Aggregate metrics smooth over this variation and create a misleading picture of performance. A system-wide loss rate of 30% conceals the likelihood that losses in certain high-risk segments exceed 50 to 60%, while losses in more stable areas may be well below 15%. System-wide outage averages conceal the fact that in Q2 of FY2025/26, only 19.2% of outages were restored within 1.5 hours – declining to just 13.6% in December 2025. These critical operational differences disappear within system-wide averages. A meaningful performance framework must disaggregate results by network segment, customer category and operational area.

Metrics that do not reflect financial reality

The institutional separation between City Power and the City of Johannesburg's billing and revenue collection function – described in Sections 2.3 and 4.1 – means that conventional

financial performance metrics do not capture the utility's true operational position. Revenue billed is not revenue collected. Cash available is not budget allocated. Expenditure reported is not work delivered.

Without metrics that trace the full financial flow – from energy purchased through billing and collection to cash available for maintenance and investment – financial reporting provides an incomplete and potentially misleading picture of the utility's sustainability.

Metrics not linked to consequence

City Power has received qualified or adverse audit outcomes from the Auditor-General for several consecutive years. Members of the Standing Committee on Public Accounts (Scopa) described the City of Johannesburg's FY2024/25 audit outcome as "pathetic", "extremely alarming" and "a horror show", noting that City Power incurred R5.67- billion in electricity losses and the city wrote off R9.5- billion in consumer debt. Yet this has not translated into measurable corrective action.

This reflects a broader governance failure: metrics and audit findings exist, but they are not linked to executive performance contracts, board consequences or structured improvement plans with defined milestones. The absence of these linkages renders the metrics decorative rather than functional.

The case for a new framework

What City Power requires is not more reporting, but a performance management framework that links reporting to accountability, operational decision-making and practical consequences. The framework proposed here organises KPIs across four dimensions: system-level financial and operational health (Section 4.2); customer experience (Section 4.3); segmented network performance (Section 4.4); and governance and institutional capacity (embedded across all three). Together, they form the basis for the board dashboard, the COO weekly dashboard and the segmented COO dashboard set out in Appendices A1 to A3.

System-Level KPIs

System-level KPIs provide the foundational view of City Power's financial health, operational performance and governance integrity. They are reported quarterly at board level and monthly at executive management level. Together, these indicators provide management and the Board with an integrated view of whether the utility is becoming more financially sustainable, operationally resilient and institutionally effective. Each KPI is intended to have a clearly identified executive owner and defined escalation thresholds.

The proposed performance framework is organised around five fundamental management questions (see Table 3 overleaf). Each question is answered by a distinct group of KPIs, ensuring that performance measurement supports decision-making rather than simply reporting outcomes.

Key Management Question	Primary KPI Group
Are we financially sustainable?	Financial KPIs
Is the network becoming healthier?	Operational & Technical KPIs
Are customers experiencing improvement?	Customer KPIs
Are governance weaknesses being corrected?	Governance KPIs
Where should management intervene next?	Segmented Performance Metrics

Table 3: Performance Management Framework

Financial KPIs

19. *Operating cost recovery ratio* measures total cash revenue collected as a percentage of total operating expenditure. City Power has operated persistently below 100% for several years – meaning expenditure consistently exceeds recoverable revenue – and this ratio is the single most important indicator of financial sustainability. A minimum target of 100% is required for operational viability; a target of 105% to 110% is necessary to provide headroom for maintenance and capital investment.
20. *Bulk electricity cost ratio* tracks the cost of bulk electricity purchased from Eskom as a percentage of total revenue collected. Bulk electricity purchases dominate City Power's cost structure and have escalated steadily, creating a persistent squeeze on operating margins. A well-managed distributor should target this ratio below 65 to 70%; City Power's position has been considerably worse.
21. *Cash collection rate* monitors cash actually received as a percentage of revenue billed in the period. This is distinct from reported collection rates, which may include accruals or estimates. The R9.5- billion written off by the City of Johannesburg in FY2024/25 reflects years of billed revenue that was never converted to cash. A target cash collection rate of 95% or above is standard for well-functioning urban distributors.
22. *Capital expenditure execution rate* records actual capital expenditure delivered as a percentage of the approved capital budget. Persistent underspending on capital investment directly drives the maintenance gap and asset deterioration cycle described in Section 2.6. This KPI provides early warning of deteriorating asset condition and flags the gap between planned investment and actual delivery.
23. *Eskom arrear debt ratio* captures City Power's outstanding arrears to Eskom as a proportion of its annual bulk electricity spend. This directly affects the utility's ability to maintain uninterrupted supply, its eligibility for the Municipal Debt Relief Programme (see Section 3.5) and the stability of its relationship with its primary bulk supplier.

Operational and Technical KPIs

24. *Total electricity losses* – expressed as a percentage of units purchased – is among the most critical operational indicators for any electricity distributor. At approximately 30% in FY2024/25, City Power's losses amounted to R5.67- billion. Of this, R3.96- billion comprised non-technical losses – theft, illegal connections, meter tampering and billing failures – and R1.71 - billion comprised technical losses. Losses peaked at 40.53% in July 2025 and had declined to 25.95% by April 2026 following targeted interventions, but they remain nearly double the performance of better-managed South African metros.

The City of Cape Town has consistently maintained total losses in the range of 12 to 15%. International best practice for urban distributors is typically below 8 to 10%. City Power's current loss level represents a structural financial drag that no tariff adjustment alone can resolve. Reducing this KPI is therefore the single largest operational opportunity to improve City Power's financial sustainability.

25. *Technical vs non-technical loss ratio* disaggregates total losses into their technical and non-technical components. This distinction is critical for intervention design: technical losses require infrastructure investment, while non-technical losses require metering, enforcement and revenue protection measures. Both must be tracked separately and assigned to accountable managers.
26. *Planned maintenance completion rate* measures the percentage of scheduled maintenance tasks completed within the planned period. As shown in Section 2.4, City Power has consistently fallen short of maintenance targets, driving a shift from preventive to reactive maintenance. A target completion rate of at least 90% is required to prevent further asset deterioration.
27. *Reactive to preventive maintenance ratio* tracks the balance between unplanned and planned maintenance. A system in good operational health will be weighted toward preventive maintenance. City Power's current position – characterised by high reactive workloads, frequent unplanned outages and growing fault backlogs – indicates a system in which reactive maintenance has become the dominant mode. This ratio, a leading indicator, provides one of the earliest indications that asset condition and network resilience are improving – or deteriorating.
28. *Plant availability* monitors the proportion of key network assets – substations, transformers, cables and switching equipment – available for service at any given time. Persistently high levels of plant out of service are both a cause and a consequence of financial and operational stress. Tracking this KPI monthly enables early detection of deteriorating network segments before they translate into customer outages.

Governance and Institutional Capacity KPIs

Effective governance depends not only on oversight, but also on sustained executive leadership and institutional continuity.

- *Audit outcome* tracks the Auditor-General's annual opinion – clean, qualified, adverse or disclaimed – and the number and severity of material findings. City Power has received qualified or adverse outcomes for several consecutive years. A credible medium-term target is a clean audit outcome within three years.
- *Executive vacancy rate* measures the proportion of senior leadership roles – CEO, CFO, COO and direct reports – that are vacant or filled on an acting basis. As shown in Table 2 of Section 2.8, sustained leadership instability has been a defining feature of City Power's institutional environment since 2017. A target vacancy rate below 10% for executive positions is a minimum condition for effective governance.
- *CFO tenure* records the continuous length of service of the chief financial officer. The CFO role – as the central control function for revenue management, cash flow and financial oversight – warrants particular attention as a standalone indicator. Acting or vacant CFO positions have materially weakened City Power's financial control environment on multiple occasions and should be treated as a governance risk trigger requiring immediate board-level response.

- *Municipal Finance Management Act compliance score* tracks performance against key obligations under the Municipal Finance Management Act 56 of 2003 – including timely submission of financial statements, compliance with procurement requirements, alignment of budgets with available resources, and prevention of irregular, fruitless and wasteful expenditure. Weaknesses in compliance have been consistently highlighted by the Auditor-General and Scopa.

Customer-Centred KPIs

Customer-centred KPIs measure what residents, businesses and public institutions actually experience: the reliability of electricity supply, the accuracy of billing, the responsiveness of the utility to faults, and the quality of customer interactions. Unlike financial or operational indicators, these measures reflect whether improvements within the utility translate into tangible benefits for those who depend on the service. Public reporting of customer-centred KPIs is therefore essential to rebuilding trust and strengthening accountability.

Supply Reliability

- *SAIDI – System Average Interruption Duration Index* measures the average total duration, in minutes, that each customer is without electricity over a defined period – typically one year or one quarter. SAIDI is the primary international benchmark for distribution network reliability and is used by regulators, investors and customers to assess utility performance.

City Power does not consistently publish SAIDI data in a form that enables year-on-year comparison or benchmarking against peer utilities. The absence of consistent public reporting is itself indicative of a governance weakness, as neither decisionmakers nor the public can reliably assess trends in network performance or hold the utility accountable for improvement. Based on the 1.29-million forced interruptions recorded in the six months to December 2025 alone – with restoration times frequently exceeding several hours – it is reasonable to conclude that City Power's SAIDI is substantially worse than that of peer South African metros and far outside international norms. The City of Cape Town has broadly achieved a SAIDI below 500 minutes per customer per year. International best practice for urban utilities in comparable middle-income country contexts is typically 200 to 400 minutes. Establishing and publicly reporting SAIDI on a quarterly basis should be an immediate priority for any new administration.

- *SAIFI – System Average Interruption Frequency Index* measures the average number of interruptions experienced by each customer per year. Where SAIDI measures duration, SAIFI measures frequency. Together they provide a complete picture of supply reliability. Both must be reported consistently and publicly. Persistent increases in SAIFI often indicate deteriorating network condition, insufficient preventative maintenance or inadequate vegetation management, making it an important leading indicator of asset health.

Fault Response and Restoration

- *Fault restoration time distribution* tracks the proportion of outages restored within defined time windows – within 1.5 hours, within 3.5 hours, within 8 hours, and within 24 hours. City Power's own outage performance dashboard provides this data, and it is deeply concerning.

In Q1 of FY2025/26 (July to September 2025), only 25% of the 693,913 forced interruptions recorded were restored within 1.5 hours. By Q2 (October–December 2025), this had declined further to 19.2% of 597,844 outages, with December recording the worst performance at just 13.6%. Less than half of all outages – 45.6% – were resolved within 3.5 hours in Q2. For an urban utility serving households, businesses, hospitals and schools, these figures represent a fundamental failure of service delivery.

A realistic but stretching short-term target – achievable within 12 months with sustained management focus – is 40% restoration within 1.5 hours and 65% within 3.5 hours. A medium-term target – achievable within two to three years with structural improvements to maintenance capacity and network condition – is 70% within 1.5 hours and 90% within 3.5 hours.

Billing and Revenue

1. *Billing accuracy rate* measures the proportion of accounts billed on the basis of actual meter readings rather than estimates. Systematic estimation introduces inaccuracies that generate customer disputes, undermine trust and distort revenue data. A target billing accuracy rate of 95% or above is standard for utilities with modern metering infrastructure. When City Power assumed the billing function from the City of Johannesburg in July 2025, it inherited more than 4000 unresolved historical billing queries – a starting position that illustrates the scale of accumulated failure. Accurate billing is also fundamental to revenue collection. Customers are more willing to pay invoices they regard as fair and correct than estimated or disputed accounts.
2. *Billing dispute resolution rate and time* tracks the number of billing disputes resolved as a proportion of those lodged, and the average time taken to resolve them. Unresolved disputes generate legal exposure, damage customer relationships and distort revenue data. An appropriate medium-term target would be to resolve at least 90% of billing disputes within 30 days, with all disputes tracked through a central customer relationship management system and reported quarterly.

Customer Access and Social Obligation

1. *New connection lead time* measures the average elapsed time from application to energisation for new electricity connections. Excessive lead times impose direct costs on households and businesses and undermine the city's economic development. Delays discourage investment, impede housing delivery and increase the likelihood of illegal connections.
2. *Indigent household free basic electricity delivery rate* tracks the proportion of qualifying households registered on the indigent register that are receiving their free basic electricity (FBE) entitlement. There is a structural risk that grant funding intended to support vulnerable households is not reaching its intended beneficiaries due to billing system failures and registration backlogs. Failure to deliver FBE not only undermines social protection objectives but may also encourage unsafe and illegal electricity connections among vulnerable households.
3. *Customer satisfaction index*, based on an annual survey conducted by an independent research organisation and publicly reported, provides an overall measure of customer experience across fault reporting, billing, service interactions and supply reliability. Published annually alongside other performance indicators, this creates a credible external accountability mechanism.

4. *Customer query resolution* measures the number of unresolved customer enquiries outstanding beyond defined service standards (for example, 30 days). Persistent backlogs indicate inadequate customer service capacity, poor workflow management and weak accountability. Reducing the backlog should be a priority for any turnaround strategy.

Segmented Performance Metrics

The most important – and arguably the most neglected – feature of an effective performance management framework is the ability to disaggregate performance by network zone and customer segment. System-wide averages, as established in Section 2.7, conceal vast differences in loss rates, revenue recovery, service reliability and maintenance workload across different parts of the city. Uniform interventions applied to a non-uniform system will inevitably be ineffective.

Why segmentation matters

A utility reporting a system-wide loss rate of 30% cannot prioritise its interventions effectively unless it knows which zones account for the bulk of those losses. A utility reporting a system-wide cash collection rate of, say, 80% cannot design effective revenue protection without knowing which customer categories and geographic areas are driving the shortfall. Without segmented data, management decisions are based on averages that may be accurate for no part of the network.

Segmented metrics serve four purposes: they enable targeted operational interventions; they provide early warning of deteriorating conditions in specific zones before failures cascade to system level; they supply the evidence base needed to design fair and effective tariff, maintenance and social policy measures; and they enable management accountability by making local performance visible and comparable across operational areas.

Proposed segmentation framework

City Power's network and customer base can be disaggregated along two primary dimensions.

- *Geographic and network segmentation* divides the network into operational zones corresponding broadly to service delivery centre areas, classifying each according to infrastructure condition, technical and non-technical losses, reliability performance and revenue recovery. This enables identification of high-priority intervention zones and systematic tracking of progress.
- *Customer category segmentation* tracks performance across the customer segments identified: indigent households; low-income residential; middle-income residential; high-income residential; small, medium and micro enterprise (SMME) commercial; commercial; corporate; and manufacturing and industrial customers. Each segment carries a different revenue profile, loss exposure and service requirement, and each therefore requires different operational strategies, customer engagement approaches and performance targets.

Key segmented KPIs

The following KPIs should be tracked and reported at both zone and customer segment level, supplementing the system-level indicators in Section 4.2 and the customer-centred indicators in Section 4.3:

- Loss rate – total, and disaggregated into technical and non-technical components – by zone and by customer category.
- Cash collection rate by customer category, identifying where revenue shortfalls are concentrated.
- SAIDI and SAIFI by zone, enabling prioritisation of reliability improvement investment.
- Fault restoration time distribution by zone, identifying areas where response capacity is most constrained.
- Planned maintenance completion rate by zone, exposing areas where maintenance execution is lagging behind schedule.
- Billing accuracy by customer segment.

Segmentation should not be viewed as an additional layer of reporting but as an analytical principle applied across the entire performance management framework. Financial, operational, customer and governance indicators should all be capable of being disaggregated by network zone and customer segment, enabling management to target interventions where they will have the greatest operational, financial and social impact.

Integrated Performance Management Framework

The performance indicators proposed in this chapter should not be viewed as isolated measures. Together they form an integrated performance management framework that combines financial sustainability, operational excellence, customer outcomes and governance into a coherent management system. Supported by robust data management, institutional oversight and continuous learning, the framework enables City Power to monitor performance holistically, identify emerging risks early, target interventions where they will have the greatest impact, and strengthen accountability for service delivery outcomes.

PERFORMANCE MANAGEMENT ARCHITECTURE

From Data to Decisions to Outcomes

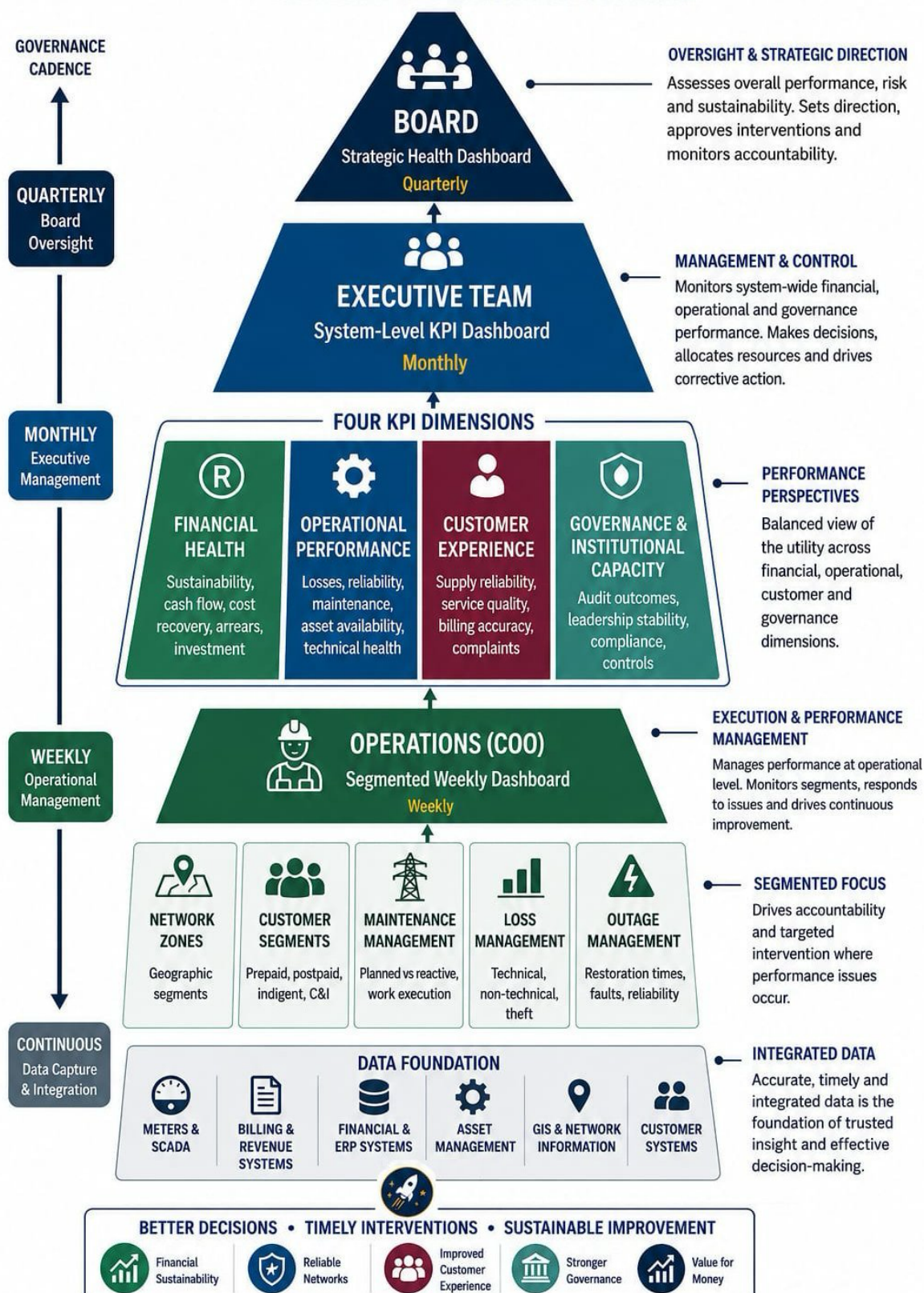


Figure 5: Performance Management Architecture

Effective utilities do not improve simply by collecting more data. They improve by integrating financial, operational, customer and governance information into a management system that supports evidence-based decision-making, timely interventions and organisational learning, as illustrated in Figure 5. Applying this framework consistently – and disaggregating performance by network zone and customer segment – provides the foundation for continuous improvement and sustainable utility recovery.

Year 1 Vital Signs Scorecard

Although the full performance governance framework comprises 29 KPIs, City Power is unlikely to have the data quality, systems maturity or institutional capacity to monitor all of them effectively during the first year of recovery. The initial management focus should therefore be on a small "Vital Signs" scorecard comprising the most critical indicators of financial stability, operational performance and organisational recovery. As institutional capability improves, this core scorecard should progressively expand into the full performance governance framework described earlier in this section.

Domain	Vital Sign
Financial	Cash collection rate
Financial	Eskom current account paid on time
Financial	Ring-fenced electricity revenue operational
Operations	Electricity losses (%)
Operations	Fault restoration within target
Operations	Planned maintenance completion
Governance	CEO/CFO/COO appointments completed
Governance	Public dashboard published
Customer	Billing accuracy by customer segment
Customer	Customer query resolution

Table 4: Year 1 Vital Signs Scorecard

The case for a public performance dashboard

The integrated performance management framework described in Figure 5 provides the foundation for measuring, managing and improving utility performance. To be effective, however, it must be supported by disciplined reporting that serves both internal management and external accountability. A publicly accessible performance dashboard provides the mechanism through which selected performance indicators can be monitored consistently, enabling decisionmakers and stakeholders alike to track progress towards the utility's strategic objectives.

The data required to populate the segmented KPIs is largely available within City Power's existing operational and billing systems – or should be. What is missing is the discipline to

extract, analyse and report it consistently, and the governance accountability to act on what it reveals.

A publicly accessible quarterly performance dashboard – covering both system-level and segmented KPIs – would serve multiple purposes: it would give residents, businesses and investors a credible and transparent view of the utility's performance; it would create structured external pressure for improvement; and it would give the City of Johannesburg's political and administrative leadership the information they need to hold the entity's board and executive management to account between annual audit cycles.

Such a dashboard is not an additional burden on a struggling utility. It is a minimum governance standard for an entity entrusted with a critical public service. Cities such as Cape Town publish comparable data routinely. There is no rational basis for Johannesburg to do less.

Full definitions, measurement methodologies, data sources, baseline values, targets and reporting frequencies for all KPIs described in this section are set out in Appendix A4.

What Needs to Change

The performance governance framework proposed in Section 4 provides the means to understand, monitor and manage City Power's performance. It does not, by itself, change that performance. Sustainable recovery depends on translating information into action, accountability into consequence, and strategy into disciplined execution. That requires structural change across the organisation.

The evidence assembled in Sections 2 and 3 establishes that City Power's crisis is structural, not circumstantial. It is the product of multiple compounding failures – across leadership stability, financial architecture, operational execution, institutional capability, and the alignment between financial control and operational responsibility. These failures have reinforced each other over many years, creating a self-reinforcing cycle of decline that resists incremental intervention.

This has one critical implication for the incoming administration. Piecemeal measures – replacing a CEO without changing governance, improving maintenance without resolving the cash crisis, engaging Eskom without reforming the financial architecture – will not work. They have been tried before, repeatedly, and each time the system has reverted to decline. The pattern of ministerial intervention, short-term agreements, default and re-intervention – most recently culminating in the breakdown of two rounds of negotiations in June 2026 – is itself evidence that interventions within the existing institutional framework have been insufficient.

What is required is a coordinated programme of structural, financial, institutional and operational transformation, implemented concurrently across multiple dimensions, with clear sequencing and explicit accountability. The five categories of change described in this section are not alternatives. They are all necessary. The question is not which to attempt, but how to sequence and prioritise them.

Three things must be true before any other changes can take sustainable effect: the right leadership must be in place; the financial haemorrhage must be arrested; and a credible accountability framework must be operational and linked to consequence. Section 6 translates the changes described here into a specific action plan with timelines and assigned responsibilities.

Reset Leadership, Governance and Performance Accountability

The single most important prerequisite

The evidence in Section 2.8 and Table 2 is unambiguous. Sustained leadership instability – at board level, at CEO level, and in the CFO and COO functions – has been the single most consistent institutional feature of City Power's decline since 2017. It has not been the sole cause of decline; rather it has been the institutional mechanism through which every other dysfunction has been reinforced and perpetuated.

When leadership roles are filled on an acting basis for extended periods, or rotate rapidly, several things follow. Strategic direction is interrupted. Decision-making slows. Accountability is diffused – an acting CEO inherits problems and is rarely held responsible for resolving them. Institutional memory erodes. Staff become adept at managing expectations rather than delivering outcomes. External stakeholders – including Eskom, NERSA, contractors and investors – lose confidence in the entity's ability to honour commitments. The board, even when

composed of competent members, cannot exercise genuine oversight over a management team that is itself in flux.

The CFO function deserves particular attention. It is not simply a financial management role – it is the central control function for revenue recognition, cash flow, creditor management, audit compliance and regulatory reporting. Repeated vacancies and acting appointments in this role have directly weakened City Power's financial control environment at precisely the moments when that control was most needed. The pattern is reflected in the audit record: qualified and adverse findings are not coincidental with periods of CFO instability.

The new administration must treat filling leadership roles on a permanent, carefully selected and properly contracted basis not as an administrative process step, but as a strategic intervention in its own right.

What the board must be, and what it must be able to do

City Power's board plays a structurally more complex role than a commercial company board. It must simultaneously exercise commercial governance discipline, discharge its public interest mandate, satisfy the shareholder requirements of the City of Johannesburg, and operate within the constraints of the Municipal Finance Management Act. These roles are sometimes in tension. The board must therefore be composed of members who understand both the commercial realities of utility management and the regulatory and political environment in which City Power operates. The board's role is not to manage the utility, but to ensure that it is competently managed, appropriately challenged and held accountable for agreed outcomes.

Specifically, the board must be able to: appoint and hold accountable a permanent CEO and executive team; approve and monitor a credible multi-year financial and operational plan; commission regular, independent performance assessments; escalate institutional risks to the shareholder before they become crises; and resist pressure to make decisions that are politically convenient but operationally or financially damaging.

It must also be able to exercise the most fundamental governance discipline: removing an executive team that is not performing, promptly, fairly and without unnecessary delay. The track record documented in Section 2.8 suggests this capacity has been absent or has not been consistently exercised when it should have been.

Board appointments must be made on the basis of published criteria emphasising competence, independence and relevant experience. They must be insulated from political cycles and patronage pressure. The cost of failing to do so is evident in the decade of leadership instability and organisational decline documented throughout this report.

The executive team: from acting to permanent

Three executive positions – CEO, CFO and COO – must be filled by permanent appointments, not acting incumbents, within the first three months of the new administration's term. This is not an aspiration. It is a minimum operational requirement.

The CEO appointment must be made on the basis of criteria that include deep utility management experience; a demonstrated track record of financial and operational turnaround; the ability to build and lead a capable team; an explicit commitment to the accountability framework set out in Section 3 and Appendix A; and the ability to work constructively within a complex political and stakeholder environment without compromising operational integrity. The CEO must be given genuine authority to act – and genuine accountability for results.

Each of the three most senior executives must operate under a performance contract with measurable annual milestones tied to the KPIs in Appendix A4, with clear and enforceable consequences for non-delivery. *Performance contracts that exist but are not enforced are worse than no contracts at all, because they create an illusion of accountability while perpetuating its absence.*

Succession planning must begin from the date of each permanent appointment. City Power cannot afford a repeat of the institutional discontinuity that has repeatedly disrupted its financial control and operational management functions. A credible succession plan, reviewed annually by the board, must be a standing governance requirement.

Establishing a crisis management capability

The scale and urgency of City Power's challenges require that the new leadership team operate in a structured crisis management mode during its first year. This is distinct from normal management. It means daily operational reviews at COO level for the first 90 days, supported by a live operational dashboard; weekly executive team reviews covering the full dashboard in Appendix A1; monthly board reporting against the framework in Appendix A3; and a standing crisis committee with authority to take decisions and mobilise resources rapidly.

The crisis management mode is a transitional posture, not a permanent one. Its purpose is to arrest deterioration, establish control and create the conditions for sustainable management. As performance stabilises and the institutional environment improves, the mode should transition to normal governance – but only when the data supports that transition.

Making accountability consequential

Section 4 and Appendix A establish a comprehensive performance measurement framework. But measurement without consequence is, as Section 4.1 establishes, decorative rather than functional.

The new administration must establish explicit accountability structures that link the performance framework to real consequences. The CEO's annual performance assessment must be determined in significant part by outcomes against the KPIs in Appendix A4. The board's quarterly oversight must be structured around the Board Dashboard in Appendix A3. The City of Johannesburg's shareholder oversight must be based on the same data. NERSA licence compliance assessments must be aligned with the same framework.

This also means that when the framework reveals underperformance – as it inevitably will, given City Power's current position – the response must be corrective action, not explanation. The instinct to manage the narrative rather than improve the outcome has been one of the most damaging institutional patterns of the past decade. The incoming administration must establish, from its first week in office, that performance information exists to drive decisions, accountability and continuous improvement – not merely to report what has already gone wrong.

Align the Financial Architecture and Resolve the Eskom Crisis

The scale of the immediate financial crisis

The financial position as of June 2026 is beyond the capacity of operational improvement alone to resolve. Even a perfectly managed utility cannot restore financial sustainability while operating within a fundamentally dysfunctional financial architecture.

City Power's overdraft stands at approximately R19.1- billion. Its Eskom arrear debt is R5.25- billion, with a further R1.58- billion in current account obligations outstanding. Two rounds of ministerial negotiations have failed to produce a binding agreement. Finance Minister Godongwana has described a municipality that owes its creditors R25.2- billion while holding only R3.9- billion in cash, with a budget whose credibility has been publicly questioned. The City of Johannesburg's total creditor exposure and its restricted cash position mean that City Power's financial crisis cannot be resolved at the utility level alone – it is embedded in a municipality operating under conditions of severe fiscal stress.

This is not simply a liquidity problem. It represents a material risk of structural insolvency for one of South Africa's largest metropolitan utilities. Any incoming administration that does not treat the resolution of this financial crisis as its first priority will find that every other element of its reform agenda is overtaken by events.

Ring-fencing electricity revenue: correcting the architecture

The root cause of the financial architecture failure is identified in Sections 2.5 and 3.1. Electricity revenue generated by City Power does not flow directly and exclusively into the electricity value chain. It enters the City of Johannesburg's consolidated revenue pool, subject to broader municipal fiscal pressures. The consequence is that operational responsibility and financial control remain structurally misaligned. This means that even where revenue is collected, it is not guaranteed to fund the maintenance, capital investment and operational expenditure that City Power requires to remain functional.

The establishment of ring-fenced electricity revenue accounts is not a novel concept. By separating electricity receipts from general municipal revenue, ring-fencing realigns financial control with operational responsibility and ensures that electricity revenues are available, transparently and accountably, to fund electricity operations. It has featured repeatedly in proposals for municipal electricity reform over the past two decades and resurfaced prominently during the May/June 2026 ministerial negotiations. It is a standard feature of well-governed utilities in comparable international contexts.

Ring-fencing is not a panacea, and it requires careful design. It must not deprive the municipality of funds it genuinely requires for indigent subsidies and cross-service obligations. But the absence of ring-fencing has allowed a structural misalignment to persist and deepen for many years. A new administration must establish ring-fenced accounts as a matter of immediate policy or satisfy itself – with independent verification – that an alternative governance mechanism achieves the same outcome: ensuring that electricity revenues fund electricity services.

Resolving the Eskom debt: resolution, not deferral

The Eskom debt is the most visible manifestation of the crisis; it is not its root cause.

As Section 3.5 documents, the R3.2- billion repayment arrangement concluded in June 2025 – presented as a model for the sector – was not sustained. Within months, default occurred. A second round of ministerial negotiations, which proposed ring-fenced revenue accounts, enhanced revenue management and DAA mechanisms, collapsed without agreement in June 2026.

The pattern is instructive. Agreements that address the historical debt without reforming the conditions that created the debt will produce the same outcome: brief apparent stability followed by renewed default and renewed crisis. A sustainable resolution requires three things

simultaneously: a legally binding payment plan that is credible given available and ring-fenced cash flows; reforms to the financial architecture that make future default structurally less likely; and verified improvement in operational performance – loss reduction, billing integrity, collection rates – that reduces the underlying cost pressure driving debt accumulation.

The new administration must enter negotiations with Eskom from a position of institutional credibility: a permanent CEO, a credible financial plan, a ring-fenced revenue mechanism, and a measurable operational improvement programme. Negotiations conducted from a position of institutional weakness – an acting CEO, an unresolved billing system, no ring-fencing – will produce the same result as their predecessors.

The Municipal Debt Relief Programme: obligation and opportunity

The MDRP, valued at approximately R54- billion to R56- billion, provides a potential mechanism for resolving the historical municipal debt burden – including City Power's arrears to Eskom. As Section 3.5 establishes, the programme is reform-linked: debt relief is contingent on compliance with financial management and operational performance conditions. The conditions attached to the MDRP are intended not merely to recover debt, but to improve the long-term financial sustainability of municipal electricity distribution.

For Johannesburg, the MDRP represents both a significant opportunity and a significant obligation. The opportunity is the creation of fiscal space – through debt reduction – for maintenance investment, capital programme delivery and operational improvement. The obligation is the demonstration of the institutional capability required to meet and sustain the programme's conditions: credible budgeting, improved collection, prevention of new arrears, and measurable progress on loss reduction and billing integrity.

The patterns documented in Sections 2 and 3 suggest that meeting these conditions will be genuinely difficult. But the alternative – exclusion from the programme or loss of relief already received – is worse. The MDRP must be treated not as a financial windfall but as a conditional contract with national government, requiring the same management rigour as any other binding obligation.

The Distribution Agency Agreement: understanding what is on the table

The DAA model, which surfaced during the May/June 2026 negotiations, would give Eskom a direct operational role in City Power's revenue management and metering functions – including the installation of advanced metering infrastructure, revenue collection mechanisms and the ring-fencing of associated revenues. It represents a fundamental departure from the current institutional arrangement, blurring the traditional distinction between creditor, supplier and municipal distributor.

The new administration must form a clear, informed view of the DAA option. This requires understanding: what functions would be transferred or shared; who is accountable for what; what the implications are for City Power's revenue base, workforce, tariff-setting autonomy and institutional development; what conditions Eskom would impose; and whether the mechanism would address the underlying financial and governance weaknesses or merely displace them.

The DAA should not be accepted or rejected on ideological grounds. It should be assessed rigorously – with full technical and legal advice, and with explicit evaluation against the alternative of a reformed internal governance model. If implemented, it must include explicit protections for City Power's long-term institutional development and for the interests of Johannesburg's ratepayers.

What national government must do

The Eskom–municipality relationship is a national policy failure as much as a local governance failure. The distribution segment remains one of the least resolved aspects of three decades of electricity sector reform. National government bears structural responsibility for this, and the new Johannesburg administration should use the leverage of its political scale to press for national reforms that support financial sustainability: sufficiently flexible MDRP conditions that accommodate genuine capacity constraints; consistent NERSA licence enforcement that supports well-governed distributors; equitable share allocations that reflect the true cost of electricity service delivery to indigent households; and a regulatory framework that manages the impact of embedded generation on municipal distributor revenue in a fair and structured way.

The reforms proposed in this report therefore require action at multiple levels of government. Some are entirely within the authority of a new City Power board and executive team; others require policy, regulatory or fiscal reforms led by national government. Sustainable recovery depends on both.

In summary

City Power needs:

- 29. better revenue architecture,
- 30. better governance,
- 31. better financial control,
- 32. better incentives,
- 33. *then* sustained investment at the scale required for recovery.

Transform the Operational Model

From reactive to preventive: the fundamental shift

As Section 2.4 documents, City Power has become a predominantly reactive operational system. Maintenance teams respond to faults rather than preventing them. Capital investment is deferred to manage short-term cash flow. Plant deteriorates until it fails rather than being maintained to defined condition standards. The transition from reactive to preventive maintenance must be underpinned by a disciplined asset management approach, in which maintenance, renewal and replacement decisions are based on asset condition, criticality and lifecycle cost rather than on crisis response. The reactive to preventive maintenance ratio has progressively worsened – not because maintenance planning is absent, but because the cash, capacity and institutional discipline required to execute planned maintenance have not been consistently available.

This operational model is self-reinforcing. When cash is unavailable for planned maintenance, maintenance is deferred. Deferred maintenance increases fault frequency. Increased fault frequency consumes the capacity that would otherwise be used for preventive work. The cycle cannot be broken from the operational side alone – it requires the financial stabilisation described in Section 5.2 as its prerequisite. But once that stabilisation begins, the operational transformation must follow immediately and concurrently.

The immediate goal is not best-practice maintenance performance. It is to arrest the deterioration: to stop the maintenance gap from widening further, to begin working systematically through the backlog of deferred maintenance, and to establish a credible, measurable and publicly reported trajectory of improvement. The Planned Maintenance Completion Rate KPI in Appendix A4 – with a Year 1 target of 70% – is the operational benchmark for this phase.

Capital programme execution: delivery, not planning

City Power consistently includes capital investment in its business plans. It consistently underdelivers. The capital expenditure execution rate has been persistently below acceptable levels for several years. As established in Section 2.4, this under-delivery is a direct contributor to the maintenance gap, asset deterioration and loss levels documented throughout Section 2. The problem is not primarily the size of the capital budget. It is the execution capacity required to convert budget into delivered infrastructure: project management capability, asset management discipline, procurement competence, contractor relationship management, predictable payment terms and rigorous project tracking.

A new administration that increases the capital budget without addressing execution capacity will produce the same result as its predecessors – a large, approved budget and a small amount of delivered infrastructure. What must change is the operational model for capital delivery: permanent project managers and engineers accountable for specific projects; pre-qualified contractor panels with transparent procurement; payment terms to suppliers based on performance milestones that are met, not prepaid or deferred; and milestone-based project tracking reported monthly to the COO and quarterly to the board.

The capital programme must also be strategically sequenced. Asset management principles should guide this sequencing. Renewal and rehabilitation decisions should be informed by asset condition, criticality, failure risk, customer impact and whole-of-life cost, rather than by historical budget allocations or reactive replacement following failure. Not all infrastructure investment has equal operational or financial return. Priority must be given to investments that directly reduce losses, improve reliability in high-revenue zones, and enable the advanced metering infrastructure required for billing accuracy and non-technical loss detection. Priority should also be informed by the segmented performance framework proposed in Section 4, directing investment to those areas where operational, financial and customer benefits coincide.

Non-technical loss reduction: the R3.96- billion problem

Of City Power's estimated R5.67- billion in electricity losses in FY2024/25, approximately R3.96- billion – roughly 70% of total losses – represented non-technical losses: electricity purchased, distributed and consumed, but neither billed, collected nor paid for. This is theft, illegal connection, meter tampering, billing failure and fraud at a scale that constitutes a structural financial haemorrhage. Every percentage point reduction in non-technical losses creates recurring financial benefits without requiring additional electricity sales. It is not a marginal operational issue. It is the single largest addressable financial drain on the utility.

Addressing non-technical losses requires a sustained, multi-pronged approach. Smart metering – replacing conventional meters with advanced metering infrastructure enabling remote reading, tamper detection, accurate billing and remote disconnection/reconnection where appropriate – is a necessary long-term investment that must be planned, budgeted and commenced under the new administration. Revenue protection teams, working in partnership with law enforcement and community structure, must systematically target illegal connections

in high-loss zones identified through the segmented loss reporting framework in Appendix A2. Billing and metering systems must be capable of accurately capturing, recording and billing every unit of consumption.

None of these is a quick fix. Smart metering requires capital investment and system integration. Revenue protection requires staff, legal support and the political will to act in communities where illegal connections are institutionally embedded. Billing improvement requires ICT investment and sustained data quality management.

The priority must be to begin – systematically, measurably and with zone-level accountability for progress. The segmented approach in Appendix A2 is essential: non-technical loss reduction must be targeted at the highest-loss zones first, where the financial return is greatest. System-wide campaigns without geographic prioritisation dilute effort and produce diffuse results.

Metering, billing and revenue integrity

Revenue integrity is the operational link between service delivery and financial sustainability. Electricity that is distributed, metered accurately, billed correctly and collected in cash is what funds the utility. Electricity that is estimated, disputed, written off or stolen is a direct financial loss, regardless of whether it was consumed.

City Power's meter reading performance of approximately 72% against a 98% target, and the more than 36,000 accounts generating no bills in a single billing cycle (Q3 FY2025/26), represent a measurable and addressable revenue integrity failure. Each unbilled account is electricity supplied without revenue recovery, regardless of the underlying cause.

The assumption of the billing function from the City of Johannesburg in July 2025 – beginning with an inheritance of more than 4000 unresolved billing queries – was a structurally important development, creating, for the first time, direct institutional link between operational delivery and revenue management. That link must now be made to function. Billing accuracy, dispute resolution and metering performance must be treated as operational priorities by the COO, tracked weekly through the COO Dashboard in Appendix A1, and reported publicly on a quarterly basis.

Operational systems: SCADA, data and digital infrastructure

City Power's ability to manage its network in real time depends on the integration of its SCADA, outage management, geographic information system (GIS), asset management and billing platforms. Together these systems provide the operational visibility required to understand where assets are located, their condition, maintenance history, failure patterns and customer impact, enabling more effective planning, dispatch and investment decisions.

The new administration must commission a systematic review of City Power's operational technology and ICT infrastructure – including SCADA coverage, outage management capability, asset register completeness, GIS and billing system integration – and produce an investment plan that prioritises the gaps most directly constraining operational performance. Digital infrastructure is not a luxury for a utility in crisis. It is foundational to operational control, performance governance and sustainable recovery.

Rebuild Institutional Capability

The workforce challenge: composition, not headcount

City Power's workforce challenge is not primarily one of headcount. It is one of composition and capability. As Section 2.8 notes, despite a significant employee cost base, performance in maintenance execution, capital delivery and operational management has been consistently below target. The problem is not the number of people – it is whether the right people, with the right skills, are in the right roles.

The specific capability gaps that most directly constrain operational performance are: qualified electrical engineers and engineering technicians capable of managing network assets and capital projects; competent project managers capable of executing the capital programme to scope, time and budget; skilled artisans – electricians, cable jointers and substation technicians – capable of maintaining and repairing network infrastructure; and data analysts and systems managers capable of operating the billing, metering, outage management and asset register systems on which management decisions depend.

Addressing these gaps requires a workforce strategy that goes beyond conventional HR process. It requires: a skills audit to establish what the current workforce actually consists of in terms of qualifications, competencies and experience; a workforce plan that identifies priority gaps and aligns recruitment with operational needs; a salary and conditions review to ensure that City Power can compete for skilled candidates against Eskom, the private sector and other metros; and a structured programme of graduate recruitment, apprenticeships and bursaries to rebuild the engineering pipeline over the medium term.

The CDE brief specifically requests comparison of City Power's staffing levels and salaries with Eskom and another metro. Publicly available data is insufficient to support a robust comparative analysis at the level of detail required; this should be addressed through a formal benchmarking exercise by the new administration in its first year, using data available from the relevant entities under appropriate governance frameworks.

Labour relations add a further layer of complexity. Any significant change to workforce composition, working conditions or performance management will require careful engagement with organised labour. This is not an argument against necessary change – it is an argument for planning and managing the engagement proactively, with appropriate stakeholder consultation, rather than allowing labour disputes to derail operational improvement programmes.

Culture: from narrative management to outcome accountability

The culture of an organisation – the shared assumptions, norms and behaviours that determine how people actually work, as opposed to how policy says they should – is both the most difficult thing to change and, ultimately, the most important.

City Power's institutional culture, as reflected in the patterns documented across Sections 2 and 3, exhibits several features that work against performance: a tendency to manage reporting rather than manage outcomes; diffusion of responsibility across management layers and across the City Power / City of Johannesburg institutional boundary; a reactive orientation that treats faults as discrete events to be responded to, rather than as symptoms of systemic problems to be addressed; and limited tradition of transparent, externally verified accountability.

These cultural features are rational adaptations to an institutional environment in which accountability has been weak, leadership unstable, and the system rewarding narrative management over outcome delivery. They cannot be addressed directly through cultural programmes or values statements – these are well-intentioned but rarely effective in the absence of structural change.

Culture follows structure. The governance reforms in Section 5.1 – stable leadership, clear performance frameworks, transparent reporting, genuine consequences for non-delivery – are the prerequisites for cultural change. Once the institutional environment changes, cultural norms begin to follow. The new administration must understand that it is not merely reforming processes; it is creating the conditions under which a different set of professional behaviours and expectations become rational for staff at all levels.

Specific elements of the desired culture – professionalism, service excellence, pride in performance, customer focus, safety discipline, getting it right first time – must be reinforced through visible leadership behaviour, through training and through the day-to-day management practices that the new executive team models for the rest of the organisation.

ICT, systems and data infrastructure

City Power's capacity to manage its operations, revenue and assets is directly constrained by the quality of its information systems. Billing accuracy depends on metering system capability. Maintenance management depends on asset registers and work order systems. Loss analysis depends on metering data granularity. Financial management depends on the integrity of revenue and expenditure data. The entire performance framework in Section 4 and Appendix A depends on data that can be extracted, validated and reported consistently.

Several of these systems are inadequate, fragmented or disconnected from each other. The billing function separation between City Power and the CoJ – recently partially resolved – is one manifestation of a broader data and systems fragmentation that makes integrated management of the utility structurally difficult.

The new administration must commission a comprehensive audit of current ICT and operational technology capability; produce a prioritised investment plan addressing the gaps most directly constraining operational performance; and establish a governance framework ensuring that ICT investment serves operational management needs rather than being driven by vendor preferences or technology fashion. This is not a luxury for a utility in crisis. A utility that cannot accurately measure what it produces, bill what it sells, or track what it spends cannot be effectively managed, regardless of the quality of its leadership or the strength of its governance framework.

Restore the Customer Relationship

Why customers are central to the recovery, not peripheral to it

It may seem counterintuitive, in a report primarily focused on financial and operational turnaround, to devote a dedicated section to the customer relationship. But the customer relationship is not peripheral to City Power's recovery – it is foundational to it.

Customers are the source of all revenue. They are also the ultimate beneficiaries against whom the success of every reform proposed in this report will ultimately be judged.

The willingness of high-revenue commercial and residential customers to remain on the grid, rather than investing in solar and battery storage, determines the utility's long-term revenue base. Their progressive exit from grid dependence is not a future risk – it is an accelerating present trend, visible in the erosion of the customer base from which cross-subsidies are drawn. The willingness of non-paying customers to enter into payment arrangements depends partly on enforcement capacity and partly on the quality of service received and the perceived legitimacy of the utility. The ability to act against illegal connections depends in part on community trust. And the political legitimacy of the new administration's reform programme depends, ultimately, on whether residents experience tangible improvement in their daily electricity supply.

In short: every financial and operational improvement that the new administration achieves must translate, eventually, into something that customers experience and value. If it does not, the reform programme will lose the public support it needs to sustain itself.

Segmented service delivery

Section 2.7 establishes that City Power's network serves fundamentally different communities with fundamentally different needs, loss profiles and revenue recovery characteristics. The service delivery approach must reflect this segmented reality. Uniform interventions applied to a non-uniform system produce diffuse results and waste resources.

High-income and commercial customers – who generate the bulk of City Power's collected revenue and have the most viable alternatives – require reliable supply, predictable service restoration, accurate billing, transparent communications and rapid fault response. If they do not receive these consistently, they will continue to invest in self-generation, accelerating the erosion of the revenue base on which the rest of the system depends. Retaining and re-engaging this customer segment requires a level of service quality and responsiveness that City Power currently does not consistently provide. Delivering it must be a demonstrable operational priority from year one.

Low-income and indigent households – who depend on the grid and have limited alternatives – require affordable, reliable access to electricity; accurate billing; effective delivery of free basic electricity entitlements; responsive customer service; and straightforward dispute resolution. The evidence suggests that FBE entitlements are not consistently reaching their intended beneficiaries, that billing inaccuracies disproportionately affect this segment, and that customer service interactions are frequently frustrating and unresolved.

Informal settlements – where non-technical losses are concentrated and illegal connections are embedded as a norm – require a fundamentally different approach. Enforcement without formalisation does not resolve illegal connections; it merely displaces them. Sustainable solutions require coordinated action across land administration, settlement formalisation, infrastructure provision, affordable tariff design and community engagement, creating a viable pathway from illegal to legal supply. This is operationally complex and requires sustained political and community engagement. It cannot be avoided.

Communication and transparency

Public trust in City Power is at a low point, and this matters operationally. Communities that do not trust the utility are less likely to pay, more likely to tolerate illegal connections, and more likely to resist revenue protection activities. Rebuilding trust requires sustained, transparent communication – not corporate messaging, but specific, honest, actionable information delivered through channels that communities actually use.

Residents should know – via social media, SMS, local media, and the public performance dashboard described in Section 4.6 – when planned outages are scheduled, what the expected restoration time is for unplanned outages, and what is being done about recurring problems in specific areas. When things go wrong, and in the current operational environment they will continue to go wrong, the communication should acknowledge this honestly, explain what is being done, and provide a realistic timeline. The instinct to manage perceptions rather than communicate transparently is not only dishonest – it is operationally counterproductive.

Indigent customers and the social obligation

City Power has a statutory and ethical obligation to ensure that electricity services are accessible to low-income and indigent households. This obligation is not separate from the financial turnaround agenda – it is integral to it. A utility that fails its social obligation, or that is perceived to be prioritising revenue recovery at the expense of vulnerable customers, will lose the political and community support its reform programme requires to succeed.

Free Basic Electricity (FBE) delivery to qualifying households must be a measurable operational target, tracked through the FBE delivery rate KPI in Appendix A4. The indigent register must be kept current and accessible. Billing and metering systems must be capable of correctly identifying and crediting qualifying accounts. Where the billing system transition has disrupted FBE delivery, this must be identified, corrected and publicly acknowledged as a priority.

The social obligation framework – including the structure of cross-subsidies and the adequacy of equitable share funding – must be reviewed for long-term sustainability, in close consultation with national government and the City of Johannesburg. As the cost of supply rises and the number of households experiencing affordability constraints grows, the current FBE framework may need redesign. That redesign must be evidence-based, adequately funded and protective of the most vulnerable – not used as a pretext for withdrawing support.

Customer choice

Unlike many municipal services, electricity is increasingly contestable. As the cost of distributed generation and battery storage falls, City Power must increasingly earn the continued participation of many of its highest-value customers through service quality rather than relying solely on its historical monopoly position.

Breaking the cycle

The structural failures described in this report reinforce one another, creating a self-perpetuating cycle of financial deterioration, declining operational performance and weakening governance. Sustainable recovery requires reversing this dynamic. Rather than isolated interventions, City Power requires a sequence of mutually reinforcing reforms that progressively strengthen financial resilience, operational capability and public confidence. Figure 6 overleaf illustrates this virtuous cycle of recovery.

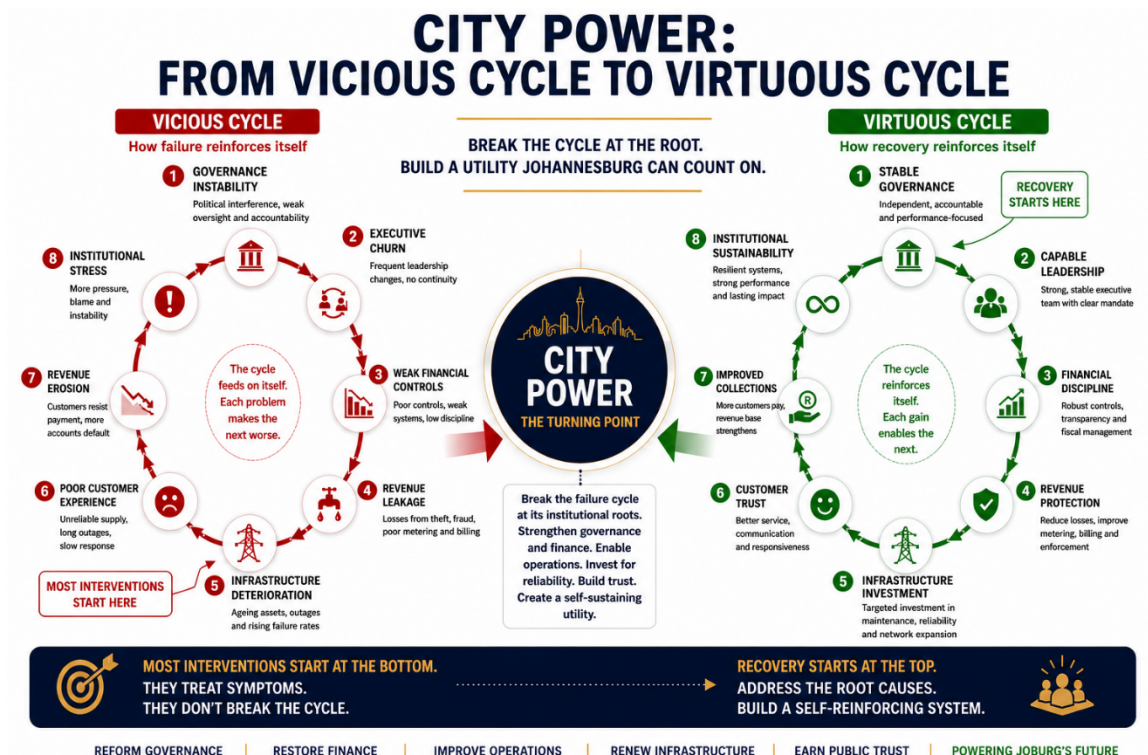


Figure 6: City Power: From vicious cycle to virtuous circle

Implementing the Recovery Programme

Having established the reinforcing dynamics required for sustainable recovery, the remaining question is one of sequencing. Given City Power's limited institutional capacity and acute financial distress, not all reforms can or should be pursued simultaneously. This section therefore sets out a phased implementation roadmap that translates the strategic reforms described in Section 5 into a practical programme of action.

The objective is not to complete one phase before beginning the next, but to build momentum through a sequence of mutually reinforcing interventions. Leadership stability, governance reform and financial stabilisation establish the conditions under which operational transformation can succeed, while operational improvements strengthen revenue integrity, customer confidence and institutional credibility, reinforcing the recovery process over time.

The new administration will inherit a utility facing simultaneous financial, operational and governance crises. The first 100 days are therefore not about transformation, but stabilisation: establishing control, restoring institutional credibility and creating the conditions for sustained recovery. Three priorities dominate this phase.

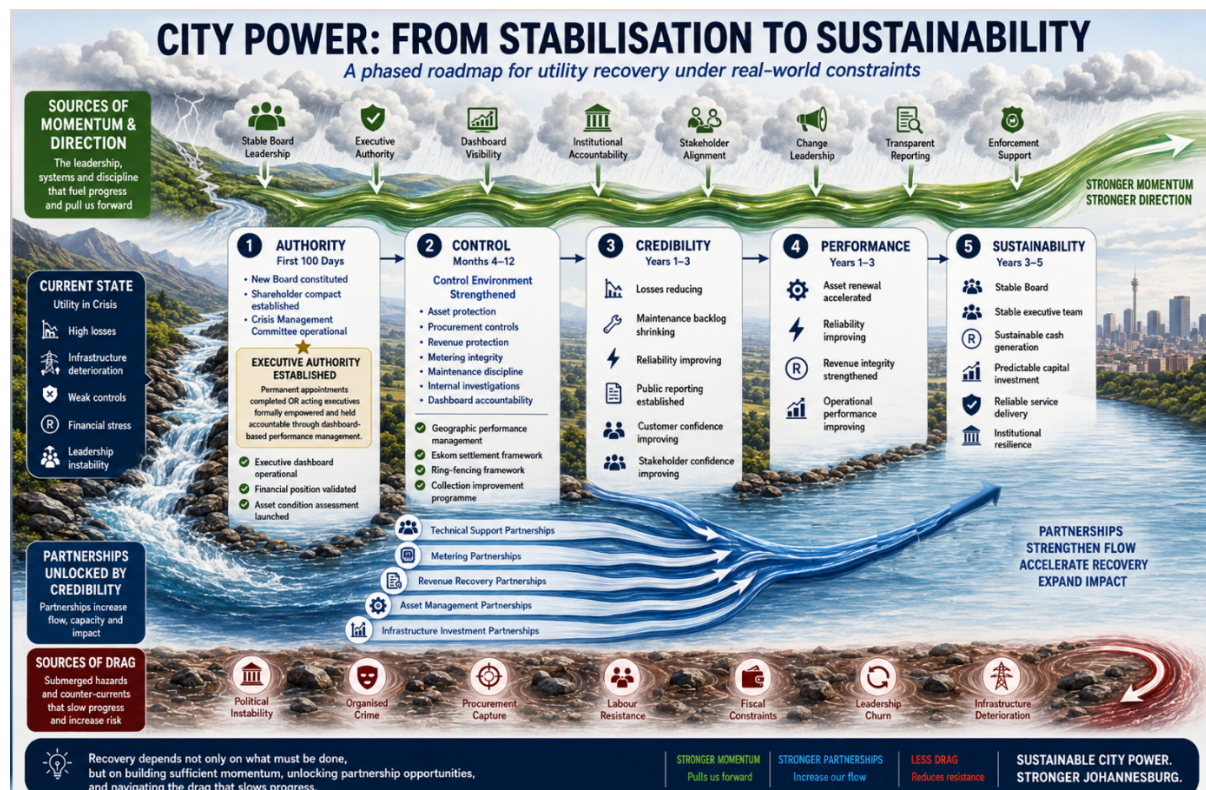


Figure 7: City Power Recovery Roadmap: Sequencing the utility turnaround

Figure 7 illustrates the sequencing of the recovery programme and the reinforcing relationships between its principal workstreams.

The first 100 days: Stabilisation

The first 100 days are about stabilisation rather than transformation. Their purpose is to halt further deterioration, establish control and demonstrate that City Power is once again capable of disciplined execution.

Although the recovery programme comprises multiple, interconnected workstreams, implementation is adaptive rather than strictly linear. Progress in one area creates the conditions for progress in others, while continuous performance measurement enables priorities to be refined as new evidence emerges.

Three immediate priorities establish the foundations upon which every subsequent intervention depends. The detailed recommendations supporting this section are set out in Appendix B, organised by category and time horizon for practical reference by the new administration.



Immediate Priority 1

Establish authority

Constitute stable governance and executive leadership capable of directing the recovery programme.



Immediate Priority 2

Regain financial control

Stabilise cash flows, restore creditor confidence and establish the financial architecture required for sustainable operations.



Immediate Priority 3

Restore operational control

Establish disciplined performance management, target the highest operational risks and begin measurable service improvements.

Priority 1: Establish authority

The first act of the new administration must be to constitute a competent, independent board of directors for City Power – within 30 days of taking office. Board composition must be driven by published criteria: demonstrated expertise in utility management, infrastructure finance, engineering, governance and public sector administration. Board appointments should be made against published competency criteria covering utility management, infrastructure finance, engineering, governance and public administration.

The Board's first priority is to appoint an interim CEO and to establish a Crisis Management Committee, chaired by the CEO, to drive implementation of the turnaround programme. The committee should comprise key executives required to drive implementation, meet daily during the first 100 days, and report progress directly to the Board through the CEO.

The permanent CEO appointment process must begin within 30 days. It must be transparent, criteria-driven and completed within the first six months. The same applies to the CFO and COO. These three roles must be occupied by permanent appointments – not acting incumbents – by the end of Year 1 or earlier if possible.

Priority 2: Regain financial control

Within the first 14 days, the mayor, the newly constituted Board and the City Manager should engage Eskom, the Electricity Minister and National Treasury to establish a structured process for negotiating a binding debt resolution and recovery programme.

Within 60 days, the Crisis Management Committee must produce a preliminary 3-year financial recovery plan covering: the cash position and creditor exposures; prioritised payment commitments; a ring-fenced electricity revenue mechanism or equivalent; a structured Eskom debt resolution proposal; and a realistic trajectory for loss reduction, billing improvement and collection rate recovery. This plan must be sufficiently specific to constitute the basis for a binding arrangement with Eskom and engagement with the National Treasury on the Municipal Debt Relief Programme (MDRP).

Within 100 days, the ring-fenced electricity revenue account – or the legal and governance mechanism to achieve the same result – must be agreed in principle between City Power, the City of Johannesburg and relevant oversight bodies.

Simultaneously, the CFO must implement immediate controls to prevent any new irregular, fruitless or wasteful expenditure from the first day of the new administration.

Priority 3: Restore operational control

The COO Weekly Dashboard in Appendix A1 must be operational from day one. Outage data, fault restoration times, maintenance completion, metering performance and non-technical loss indicators are all to be tracked and reported from the first week. Weekly reporting establishes the accountability culture described in Section 5.

Within 30 days, the COO must commission: a systematic review of all ongoing capital projects for status, funding and completion prospects; an audit of SCADA coverage and network monitoring gaps; a zone-by-zone assessment of non-technical loss sources across the nine Service Delivery Centre areas; and a review of all major contractor relationships, identifying those in default or underperforming.

Within 60 days, a revenue protection emergency programme must be operational in the five highest-loss zones, targeting the most quantifiable non-technical loss sources.

Within 100 days, the first public performance report – covering the KPIs in Appendix A4 against baseline data collected in this period – must be published.

Year 1: Establishing Credibility

Year 1 is about establishing the platform on which medium-term recovery can be built. By the end of Year 1, the following must be measurable, evidenced and publicly reported.

Leadership and governance

All three most critical executive roles – CEO, CFO and COO – must be occupied by permanent appointments, with performance contracts signed and tied explicitly to the KPIs in Appendix A4. The Board must have conducted its first formal performance assessment of the executive team against those contracts. A succession plan must be documented and Board-approved for each role.

The audit of the first financial year under the new administration should show a qualified opinion with materially reduced findings. No new irregular or fruitless expenditure should have occurred from the date the new administration took office.

Financial architecture

A binding debt resolution arrangement with Eskom must be in place. A binding, legally enforceable debt resolution arrangement with Eskom must be operational, supported by ring-fenced revenue flows, compliance monitoring and clear consequences for non-performance.

The MDRP conditions must be actively being met. Cash collection must be trending toward 85%. Eskom bulk payments must be current – no new arrears accumulated from the date the arrangement was concluded. The ring-fenced revenue mechanism must be operational. Capital expenditure execution must reach at least 70% of the approved budget – measurably higher than in predecessor years.

Operations

Fault restoration performance should improve to 40% within 1.5 hours and 65% within 3.5 hours. Total electricity losses should be below 25%. Planned maintenance completion should reach 70% of plan. Meter reading completion should exceed 85%. Smart metering deployment should prioritise smart prepayment functionality in the highest-loss customer segments.

SAIDI and SAIFI should be measured, published quarterly and used to establish the baseline against which future performance improvements will be assessed.

Customers and social obligation

A City Power-specific customer satisfaction survey must have been conducted and published. The free basic electricity (FBE) delivery rate must be tracked, published quarterly and demonstrably higher than at the start of the administration. All billing queries inherited from the City of Johannesburg billing transition must have been resolved or have a documented resolution plan with a completion date. New connection lead times must be measured and reported publicly for the first time.

Years 2 to 3: Performance and Sustainability

By the end of Year 3, City Power should no longer be in crisis management mode. The financial architecture should be stable; the leadership team should be settled; operational performance should be improving measurably; and the utility should be managing its network on the basis of data rather than reaction. The following outcomes define the medium-term reform agenda.

Financial sustainability

The operating cost recovery ratio must be at or above 100%. The Eskom arrear debt ratio must be below 25%. The cash collection rate must be 90% or above. Capital expenditure execution must reach 80% of the approved budget. A clean audit should have been achieved or be demonstrably within reach for the following financial year.

Operational transformation

Total electricity losses must be below 20%, with non-technical losses specifically below 15% of units purchased. Planned maintenance completion must be 80% of plan. Fault restoration must reach 55% within 1.5 hours and 80% within 3.5 hours. The reactive-to-preventive maintenance ratio must be below 50% reactive – the system must have shifted, measurably, from managing deterioration to managing condition.

The smart metering programme must be underway: scoped, budgeted, procured and in the process of deployment in the highest-loss customer segments. Procurement should commence in Year 1 or early Year 2 to enable meaningful deployment by Year 5.

People and institutional capability

By Year 3, City Power must have a functioning skills pipeline. A graduate recruitment programme must be delivering qualified engineers into the organisation each year. A structured artisan apprenticeship programme must be building the technical workforce for the medium term. The salary and conditions framework must be competitive enough to attract and retain the skills the utility requires. An independent salary benchmarking exercise commissioned in Year 1 should inform the workforce plan now under implementation.

The workforce plan developed in Year 1 should be measurably on track. Labour relations should be stable, with organised labour engaged as a constructive partner in the reform programme rather than as a structural obstacle to it.

Customer experience

By Year 3, residents should be experiencing a demonstrably improved utility from the one they experienced in 2025 and 2026. Outages should be less frequent and shorter in duration. Billing should be more accurate. Disputes should be resolved faster. FBE should be reaching 95% of qualifying households. The public performance dashboard – established in Year 1 – should be a trusted and established source of information. Customer satisfaction, measured annually and published, should show an upward trend.

What National Government and Eskom Should Do

City Power's recovery requires complementary action by national government and Eskom. Many of the structural constraints facing municipal electricity distributors—including debt

relief, regulatory reform and the changing economics of electricity distribution—cannot be resolved by the City of Johannesburg acting alone.

National government

The MDRP must be implemented in a way that creates genuine fiscal space for recovery – not merely a rescheduling of obligations. This means conditions that are sufficiently flexible to accommodate the real institutional and financial constraints that municipalities face during a credible reform period; accelerated implementation for municipalities that are demonstrably committed to reform; and independent compliance monitoring that is transparent, fair and timely.

The equitable share allocation formula must be reviewed to ensure it adequately reflects the actual cost of delivering electricity to indigent households. The current formula no longer reflects the rising cost of electricity supply to indigent households, placing additional fiscal pressure on already financially constrained distributors. National Treasury must address this – not as a municipal concession, but as a structural weakness in the funding framework.

NERSA should be adequately resourced and empowered to enforce licence conditions consistently and transparently.

The regulatory framework governing embedded generation – grid access rules, feed-in tariff arrangements and the wheeling framework – must be developed in a way that manages the impact on distribution revenue fairly and transparently. Accelerating rooftop solar adoption is steadily eroding the traditional municipal electricity revenue model and should be explicitly recognised in future regulatory reforms.

COGTA must provide structured financial governance support to municipalities demonstrating genuine reform effort – not as a rescue for failure, but as an institutional capacity-building instrument for entities that are committed to change but lack the institutional capacity to execute it alone. Given Johannesburg's economic significance, Gauteng Province should be an active partner in supporting the City's recovery.

Eskom

Eskom must negotiate on the debt in good faith – not simply as a creditor seeking maximum recovery, but as a systemic participant in a distribution sector whose health is in Eskom's long-term commercial and institutional interest. A Johannesburg that cannot pay its electricity bills is damaging to Eskom's revenue. A Johannesburg that has been cut off is catastrophic for the economy from which Eskom's revenue ultimately derives.

If the DAA option is agreed, Eskom must implement it as a genuine partnership – with clear governance and timeframe, transparent revenue flows, and explicit performance expectations on both sides – not as a displacement of accountability from the municipal to the national level. If it is not agreed, Eskom must respect the new administration's decision and engage constructively on alternative mechanisms that achieve the same ring-fencing and revenue protection objectives.

Eskom should also make available technical assistance – where requested and on agreed terms – for the smart metering programme, network condition assessment, and the operational systems improvements that are prerequisites for effective distribution management.

The Credible Path Forward

City Power's situation is serious. The financial data, operational performance, audit record and sequence of failed recovery efforts documented in this report leave no doubt about the scale of the challenge. But they also demonstrate something equally important: the failures are identifiable, their causes understood, and the interventions required – while demanding – are within the capacity of a determined and competent administration to implement.

Experience elsewhere shows that recovery is possible. Cities that have reversed comparable declines have done so through stable leadership, disciplined financial management, data-driven operations and transparent public accountability. Within South Africa, the City of Cape Town demonstrates that a metropolitan electricity distributor can achieve a clean audit, electricity losses below 15%, a SAIDI of approximately 500 minutes per customer per year and consistently strong capital programme execution. Cape Town is not Johannesburg, but it demonstrates what competent utility management can achieve.

What might success reasonably look like after five years? Electricity losses below 15%. SAIDI below 500 minutes per customer per year. Cash collection above 95%. Operating cost recovery above 105%. Eskom arrears resolved. A clean audit. Stable executive leadership. Quarterly public performance reporting trusted by customers and stakeholders. Free Basic Electricity reaching at least 95% of qualifying households. A capital programme consistently delivering measurable improvements in network condition. Together these describe not a transformed utility, but a stable one—and for South Africa's largest city, that is itself a profound civic and economic achievement.

The reforms proposed in this report are neither novel nor untested. Their challenge lies not in identifying what must be done, but in implementing it consistently through stable leadership, sound governance, institutional capability and sustained accountability. They are intended to establish the minimum financial, governance and operational conditions under which investment can deliver lasting value.

Ultimately, City Power's recovery will depend not on any single reform, but on integrating four mutually reinforcing disciplines: financial architecture, institutional design, performance governance and asset management. Together they create the conditions under which investment, operational excellence, public trust and long-term resilience can be sustained.

The November 2026 elections offer Johannesburg a genuine opportunity: a clear mandate to choose stability over patronage, accountability over narrative management, evidence over assumption, and the long-term interests of the city over short-term political convenience. This report provides a practical roadmap for that recovery. The evidence, implementation framework, performance measures and supporting tools are all set out here. Sustainable recovery is not an event. It is the product of consistent institutional behaviour over time. The decision – and the discipline to follow through – now rests with those entrusted to lead the city.

APPENDIX A: OPERATIONAL AND GOVERNANCE TOOLS

City Power Performance Framework – Dashboards and KPI Reference

The four appendices that follow translate the analytical framework set out in Section 3 of this report into practical tools for City Power's board of directors, the chief operations officer, and the City of Johannesburg's political and administrative leadership. Together, they are designed to create a direct and accountable link between performance measurement and corrective action – tools that the new administration should implement from day one of its term.

The appendices form a hierarchy of accountability, matched to the frequency and nature of the decisions they are intended to support:

Appendix A1 – COO Weekly Dashboard

Provides real-time operational control at the level of the chief operations officer and operations management team. It focuses on the performance indicators most sensitive to week-on-week change: outage volumes, fault restoration, maintenance execution, metering, and non-technical loss protection. It is designed to drive rapid intervention, not retrospective reporting. The dashboard is organised into five operational domains: Outage Performance and Fault Restoration; Infrastructure Availability; Maintenance Execution; Revenue Integrity and Metering; and Loss Control and Revenue Protection.

Appendix A2 – Segmented COO Dashboard

Translates system-wide performance into geographically specific and customer-segment-specific views, reported monthly. It is designed to end the practice of managing Johannesburg as though it is a single uniform network. Loss rates, collection performance, reliability and maintenance outcomes differ substantially across the eight service delivery centre (SDC) areas and across customer segments. This dashboard makes those differences visible, manageable, and accountable. The City Power SDC areas covered are Midrand, Randburg, Alexandra, Roodepoort, Hursthill, Siemert Road (Inner City), Reuven, Soweto and Lenasia.

Appendix A3 – Board Dashboard

Provides the board with a quarterly, high-level view of City Power's institutional health across three dimensions: financial sustainability, operational reliability, and governance integrity. It is designed to support strategic oversight and to hold executive management accountable to the targets set out in this report. Current baseline values are pre-populated from data available as of June 2026; Year 1 targets are drawn from Appendix A4.

Appendix A4 – KPI Definitions

Provides the complete reference framework for all KPIs used across the three dashboards above: definitions, measurement formulae, data sources, current baselines, targets, and reporting frequencies. Appendix A4 is the authoritative reference for any dispute about how a KPI is defined or measured. All targets are indicative as of June 2026 and should be formally adopted and refined by the new administration following a detailed operational review after November 2026.

All three dashboards use a Red/Amber/Green (R/A/G) traffic-light status system and a simple trend indicator (↑ Improving / ↓ Declining / → Stable) to give decisionmakers an immediate visual summary of where intervention is required. The thresholds for each status tier are defined in the RAG legend at the foot of Appendix A1 and Appendix A3. Year 1 targets are shown in the dashboards; the full target trajectory over three to five years is set out in Appendix A4.

APPENDIX A1: COO WEEKLY DASHBOARD

Purpose: Operational control and rapid intervention | Frequency: Weekly | Audience: COO, Operations Managers, Revenue Protection, Maintenance Managers

Reporting week ending:	(dd/mm/yyyy)
Prepared by:	
Distributed to:	COO, Operations Managers, Revenue Protection Manager, Maintenance Manager, CFO (Revenue Integrity section)

A1. COO WEEKLY DASHBOARD – KPI TRACKING

KPI	This Week (Actual)	Last Week	Year 1 Target	Trend (↑↓→)	Owner	Status (R/A/G)
Outage Performance and Fault Restoration						
Forced outages (number)			Reduce week-on-week	↑↓→	COO / Operations Manager	
% outages restored within 1.5 hours			≥50% (Year 1)		COO / Operations Manager	
% outages restored within 3.5 hours			≥65% (Year 1)		COO / Operations Manager	
Infrastructure Availability						
Plant out of service (% of total network capacity)			Establish baseline (Year 1); target >90% availability		COO / Technical Director	
Maintenance Execution						
Planned maintenance tasks completed (% of schedule)			≥70% (Year 1)		COO / Maintenance Manager	

Reactive: Preventive maintenance ratio (%)			<70% reactive (Year 1)		COO / Maintenance Manager	
Revenue Integrity and Metering						
Meter reading completion (% of accounts read)			≥98% (City Power target)		CFO / Revenue Management	
Accounts generating no bill in this cycle (number)			Establish baseline; target <500 per cycle (Year 1)		CFO / Revenue Management	
Loss Control and Revenue Protection						
Non-technical losses (% of units purchased)			Reduce; <15% (Year 3–5); current est. ~22–24%		COO / Loss Control Director	
Revenue protection recoveries (R value)			Increase week-on-week		COO / Loss Control Director	

TOP 5 EMERGING OPERATIONAL RISKS						
#	Risk Description	Potential Addressed	Impact if not	Owner	Due / Review Date	Status (R/A/G)
1						
2						
3						
4						
5						

ESCALATIONS REQUIRING EXECUTIVE ACTION (maximum 3 items)

List only items that require a decision or resource allocation above COO authority. Format each item as: [Issue] | [Action required] | [Urgency / Deadline]

1.

2.

3.

RAG STATUS AND TREND LEGEND

RAG	Status	Interpretation	Trend Indicators
RED	Immediate action required	Performance $\geq 15\%$ below Year 1 target	↑ Improving ↓ Declining → Stable (no material change vs prior period)
AMBER	Monitor closely; corrective action required	Performance 5–15% below Year 1 target	
GREEN	On track	Performance within 5% of Year 1 target or above	

APPENDIX A2: SEGMENTED COO DASHBOARD

Purpose: Segment-specific performance visibility | Frequency: Monthly | Audience: COO, Regional Managers, Revenue Protection Teams

Reporting month:	(mm/yyyy)				
Prepared by:					
Distributed to:	COO, SDC Regional Managers, Revenue Protection Manager, Loss Control Director, CFO				
A2. SEGMENTED COO DASHBOARD – CUSTOMER SEGMENT PERFORMANCE					
Customer Segment	Electricity Losses (% of units purchased)	Revenue Collection Rate (%)	Fault Restoration <1.5 hours (%)	Planned Maintenance Completion (%)	Status (RAG)
High-income residential					
Middle-income residential					
Low-income residential					
Informal settlements					
Commercial and SMME					
Corporate and industrial					
SERVICE DELIVERY CENTRE (SDC) PERFORMANCE					
Service Delivery Centre	Areas / Communities Served	Electricity Losses (%)	Revenue Collection Rate (%)	Fault Restoration <1.5 hours (%)	Status (RAG)
Midrand SDC	Midrand, Kyalami, Waterfall, Halfway House, Sunninghill				
Randburg SDC	Bryanston, Sandton, Fourways, Randburg, Northcliff				
Alexandra SDC	Alexandra, Marlboro, Wynberg, Linbro Park				

Roodepoort SDC	Roodepoort, Florida, Dobsonville, Meadowlands, Soweto (west)				
Hursthill SDC	Auckland Park, Westdene, Newlands, Crosby, Industria				
Siemert Road SDC	Inner City, Doornfontein, Jeppestown, Troyeville, Eastern suburbs				
Reuven SDC	Reuven, Booyens, Turffontein, Johannesburg South				
Soweto (South)	Soweto				
Lenasia SDC	Lenasia, Eldorado Park, Ennerdale, Zakariyya Park, Lehae				
Note: SDC boundaries are indicative. Actual service delivery areas should be confirmed against City Power's current operational mapping. Row data to be populated from City Power's operational systems.					

RAG STATUS AND TREND LEGEND

RAG	Status	Interpretation	Trend Indicators
RED	Immediate action required	Performance $\geq$ 15% below Year 1 target	↑ Improving ↓ Declining → Stable (no material change vs prior period)
AMBER	Monitor closely; corrective action required	Performance 5–15% below Year 1 target	
GREEN	On track	Performance within 5% of Year 1 target or above	

APPENDIX A3: BOARD DASHBOARD

Purpose: Strategic oversight, accountability and governance | Frequency: Quarterly | Audience: Board of Directors

Quarter ending:	(dd/mm/yyyy)
Prepared by:	
Distributed to:	Board of Directors, Company Secretary, City of Johannesburg Shareholder Representative
Note:	Current position values are pre-populated from data available as of June 2026. These should be updated with actual current data each quarter.

FINANCIAL SUSTAINABILITY				
KPI	Current Position (as at reporting quarter)	Year 1 Target (indicative)	Trend (↑↓→)	Status (R/A/G)
Operating Cost Recovery Ratio	Below 100% for several years; operating deficit ~R2.5bn (FY2024); overdraft position ~R19.1bn (FY2025/26)	≥100%		
Eskom Arrear Debt Ratio	R6.83bn outstanding (May 2026); R5.25bn arrears + R1.58bn current account; two rounds of ministerial intervention have failed to produce agreement	Halt accumulation of new arrears		
Cash Collection Rate	Declining; ~R9.5bn written off by CoJ in FY2024/25; ~R9bn outstanding customer debt; meter reading at 72% vs 98% target (Q3 FY2025/26)	≥85%		
Capital Expenditure Execution Rate	Below 70% est.; capex underspend confirmed across multiple reporting periods; contributes directly to maintenance gap	≥70%		

OPERATIONAL RELIABILITY				
KPI	Current Position (as at reporting quarter)	Year 1 Target (indicative)	Trend (↑↓→)	Status (R/A/G)
Total Electricity Losses (% of units purchased)	25.95% (April 2026); peaked at 40.53% (July 2025); FY2024/25 average ~30%	<25%		

	(R5.67bn); benchmark: City of Cape Town 12–15%			
Planned Maintenance Completion (%)	Consistently below target; execution gaps confirmed in AG reports and quarterly data; reactive maintenance dominates	≥70%		
SAIDI (min per customer per year)	Not consistently published; estimated well above 1,000 min based on 1.29 million outages recorded in 6 months to December 2025	Establish and publish quarterly SAIDI		
SAIFI (interruptions per customer per year)	Not consistently published; estimated very high based on outage volumes	Establish and publish quarterly SAIFI		

GOVERNANCE AND INSTITUTIONAL INTEGRITY

KPI	Current Position (as at reporting quarter)	Year 1 Target (indicative)	Trend (↑↓→)	Status (R/A/G)
Audit Outcome	Qualified or Adverse for several consecutive years; Scopa members described FY2024/25 outcome as 'a horror show' (June 2026)	Qualified with materially reduced findings		
Executive Vacancy Rate (%)	>30% est.; multiple acting positions in C-suite; sustained leadership instability since 2017 (see Table 1, Section 2.8)	<20%		
CFO Tenure	Acting or interim occupancy on multiple occasions throughout 2017–2026; repeated discontinuity in central control function	Permanent appointment within 3 months of any vacancy		
MFMA Compliance	Multiple compliance failures reported; irregular and fruitless expenditure identified; CoJ budget credibility questioned by Minister of Finance (2025/26)	No new irregular expenditure		

BOARD ATTENTION ITEMS – Maximum 5 items

#	Item / Issue Requiring Board Attention	Status and Actions Under Way	Responsible Party	Target Date	Review
1					
2					
3					
4					
5					

RAG STATUS AND TREND LEGEND

RAG	Status	Interpretation	Trend Indicators
RED	Immediate action required	Performance ≥15% below Year 1 target	↑ Improving ↓ Declining → Stable (no material change vs prior period)
AMBER	Monitor closely; corrective action required	Performance 5–15% below Year 1 target	
GREEN	On track	Performance within 5% of Year 1 target or above	

APPENDIX A4: KPI DEFINITIONS

City Power Performance Framework – Definitions, Measurement, Baselines and Targets

Prepared by EE Business Intelligence (Pty) Ltd and 6th Wave Africa (Pty) Ltd | Report: Fix Johannesburg – City Power | June 2026

KPI	Definition	Measurement / Formula	Data Source	Current Baseline	Targets (Year 1 Year 2–3 Year 3–5)	Frequency / Owner
A. FINANCIAL KPIs						
A1. Operating Cost Recovery Ratio	Total cash revenue collected as a percentage of total operating expenditure. The primary indicator of financial sustainability.	$(\text{Cash revenue collected} \div \text{Total operating expenditure}) \times 100\%$	ERP financial system; Treasury system; Revenue mgmt system	Below 100% for several years; deficit ~R2.5bn in FY2024; cumulative overdraft position ~R9.98bn by June 2023	Yr 1: $\geq 95\%$ Yr 2–3: $\geq 100\%$ Yr 3–5: 105–110%	Monthly (management); Quarterly (board); Annual (public) Owner: CFO
A2. Bulk Electricity Cost Ratio	Eskom bulk electricity purchase cost as a percentage of total cash revenue collected. Captures the core cost–revenue squeeze.	$(\text{Eskom bulk electricity cost} \div \text{Cash revenue collected}) \times 100\%$	Eskom billing records; ERP financial system; Revenue mgmt system	Estimated >70%; precise ratio not publicly disclosed	Yr 1: <72% Yr 2–3: <68% Yr 3–5: <65%	Monthly; Quarterly; Annual Owner: CFO
A3. Cash Collection Rate	Cash actually received as a percentage of revenue billed in the period. Distinct from reported collection rates that may include accruals or estimates.	$(\text{Cash received from customers} \div \text{Revenue billed}) \times 100\%$	City Power billing system; CoJ revenue mgmt reports	Declining trend; R9.5bn in consumer debt written off by CoJ in FY2024/25; total outstanding customer debt ~R9bn	Yr 1: $\geq 85\%$ Yr 2–3: $\geq 90\%$ Yr 3–5: $\geq 95\%$	Monthly; Quarterly; Annual Owner: CFO / Revenue Management

KPI	Definition	Measurement / Formula	Data Source	Current Baseline	Targets (Year 1 Year 2–3 Year 3–5)	Frequency / Owner
A4. Capital Expenditure Execution Rate	Actual capital expenditure delivered as a percentage of the approved capital budget. Flags the gap between stated intention and operational delivery.	$(\text{Actual capex spent} \div \text{Approved capex budget}) \times 100\%$	City Power Business Plans; ERP financial system; Treasury system	Consistently below budget target; precise execution rates not publicly disclosed	Yr 1: $\geq 70\%$ Yr 2–3: $\geq 80\%$ Yr 3–5: $\geq 90\%$	Monthly; Quarterly; Annual Owner: CFO / COO
A5. Eskom Arrear Debt Ratio	Outstanding arrears owed to Eskom as a percentage of annual bulk electricity spend. Affects supply security and eligibility for the Municipal Debt Relief Programme.	$(\text{Outstanding Eskom arrears} \div \text{Annual Eskom bulk electricity cost}) \times 100\%$	National Treasury municipal debt database; MDRP compliance reports; Eskom billing records	Significant arrears; part of the ~R54–56bn national Municipal Debt Relief Programme (MDRP)	Yr 1: Halt new arrears Yr 2–3: Ratio $< 25\%$ Yr 3–5: Ratio $< 10\%$	Monthly; Quarterly; Annual Owner: CFO
B. OPERATIONAL AND TECHNICAL KPIS						
B1. Total Electricity Losses	Electricity purchased from Eskom but not billed or collected, as a percentage of units purchased. Combines technical and non-technical losses.	$((\text{Units purchased} - \text{Units billed}) \div \text{Units purchased}) \times 100\%$	SCADA; Asset mgmt system; Outage mgmt. system; Maintenance mgmt. system, GIS	~30% FY2024/25 (R5.67bn); peaked at 40.53% in July 2025; declined to 25.95% by April 2026. Benchmark: City of Cape Town 12–15%; international best practice $< 10\%$.	Yr 1: $< 25\%$ Yr 2–3: $< 20\%$ Yr 3–5: $< 15\%$	Monthly; Quarterly; Annual Owner: COO / Technical Director

KPI	Definition	Measurement / Formula	Data Source	Current Baseline	Targets (Year 1 Year 2–3 Year 3–5)	Frequency / Owner
B2. Technical vs Non-Technical Loss Split	Disaggregation of total losses into infrastructure losses (technical) and theft, fraud and metering losses (non-technical). Essential for targeting interventions correctly.	Technical loss % = $\frac{\text{Technical losses (kWh)}}{\text{Total losses (kWh)}}$. Non-technical = balance. Both expressed as % of units purchased.	SCADA; Asset mgmt system; Outage mgmt. system; Maintenance mgmt. system, GIS	FY2024/25: Technical R1.71bn (~30% of total losses); non-technical R3.96bn (~70% of total losses)	Non-technical losses: <15% of units purchased (Yr 1), <10% (Yr 3–5). Both tracked and managed separately.	Monthly; Quarterly; Annual Owner: COO / Loss Control Director
B3. Planned Maintenance Completion Rate	Percentage of scheduled maintenance tasks completed within the planned period. A key leading indicator of asset condition trajectory.	$\frac{\text{(Maintenance tasks completed on schedule} \div \text{Total maintenance tasks planned)}}{\times 100\%}$	SCADA; Asset mgmt system; Outage mgmt. system; Maintenance mgmt. system, GIS	Consistently below target; precise completion rates not publicly disclosed; execution gaps confirmed in AG reports and quarterly operational data	Yr 1: $\geq 70\%$ Yr 2–3: $\geq 80\%$ Yr 3–5: $\geq 90\%$	Weekly (COO); Monthly; Quarterly Owner: COO / Maintenance Manager
B4. Reactive to Preventive Maintenance Ratio	Proportion of total maintenance activity that is unplanned and reactive. A rising reactive ratio signals deteriorating network resilience – a system managing	$\frac{\text{Reactive maintenance hours}}{\text{Total maintenance hours}}$, expressed as percentage	SCADA; Asset mgmt system; Outage mgmt. system; Maintenance mgmt. system, GIS	Predominantly reactive; precise ratio not publicly disclosed. Evidence: rising fault incidence, growing backlogs, increasing plant out of service.	Yr 1: Reactive <70% Yr 2–3: Reactive <50% Yr 3–5: Reactive <30%	Monthly; Quarterly Owner: COO / Maintenance Manager

KPI	Definition	Measurement / Formula	Data Source	Current Baseline	Targets (Year 1 Year 2–3 Year 3–5)	Frequency / Owner
	decline rather than condition.					
B5. Plant Availability	Percentage of key network assets – substations, transformers, cables and switching equipment – available for service at any given time. A leading indicator of network resilience.	$(\text{Available network capacity} \div \text{Total installed network capacity}) \times 100\%$	SCADA; Asset mgmt system; Outage mgmt. system; Maintenance mgmt. system, GIS	Not publicly disclosed; high volumes of plant out of service consistently reported in quarterly performance data	Yr 1: Establish and publish baseline Yr 2–3: >90% Yr 3–5: >95%	Weekly (COO); Monthly; Quarterly Owner: COO / Technical Director
C. GOVERNANCE AND INSTITUTIONAL KPIS						
C1. Audit Outcome	Auditor-General's annual opinion on City Power's financial statements, and number and severity of material findings.	Opinion category: Clean / Qualified / Adverse / Disclaimed. Number and rand value of irregular, fruitless and wasteful expenditure findings.	Board secretariate; Internal audits; HR information system	Qualified or adverse outcomes for several consecutive years; described by Scopa members as 'a horror show' (June 2026)	Yr 1: Qualified with materially reduced findings Yr 2–3: Qualified, trending to clean Yr 3–5: Clean audit	Annual Owner: Board / CFO
C2. Executive Vacancy Rate	Percentage of defined senior leadership roles – CEO, CFO, COO and direct reports – that are vacant or filled on an acting basis.	$(\text{Acting or vacant executive roles} \div \text{Total defined executive roles}) \times 100\%$	Board secretariate; Internal audits; HR information system	Multiple acting positions; sustained board and C-suite churn 2017–2026 (see Table 1, Section 2.8 of main report)	Yr 1: <20% Yr 2–3: <10% Yr 3–5: <5%	Monthly; Quarterly Owner: Board / CEO

KPI	Definition	Measurement / Formula	Data Source	Current Baseline	Targets (Year 1 Year 2–3 Year 3–5)	Frequency / Owner
C3. CFO Tenure	Continuous length of service of the Chief Financial Officer in a permanent (not acting) appointment. CFO instability directly weakens financial control and cash flow oversight.	Months in post (permanent appointment only; acting periods excluded and automatically flagged as a governance risk trigger requiring board action)	Board secretariate; Internal audits; HR information system	Multiple acting and interim occupancies throughout 2017–2026; repeated discontinuity in this critical control role	Permanent appointment within 3 months of any vacancy; minimum 3-year tenure target for institutional stability	Quarterly; Annual board review Owner: Board
C4. MFMA Compliance Score	Performance against key obligations under the Municipal Finance Management Act 56 of 2003.	Composite assessment across: (i) timely financial statement submission; (ii) procurement compliance; (iii) budget credibility; (iv) prevention of irregular/fruitless/wasteful expenditure; (v) intergovernmental reporting	Auditor-General's reports; National Treasury municipal assessments; City Power Annual Reports	Board secretariate; Internal audits; HR information system	Yr 1: No new irregular expenditure Yr 2–3: Full compliance across all measures Yr 3–5: Sustained clean compliance	Quarterly; Annual Owner: Board / CFO

D. CUSTOMER-CENTRED KPIs

D1. SAIDI (System Average Interruption Duration Index)	Average total duration in minutes that each customer is without electricity per year. The primary international benchmark for distribution network reliability.	Sum of (customers affected × interruption duration in minutes) ÷ Total customers served. Reported quarterly and annually.	City Power outage management system; NERSA licence compliance reporting	Not consistently published. Estimated well above 1 000 min/year based on 1.29m outages in 6 months (July–Dec 2025). Benchmarks: City of Cape Town <500 min; international best practice 200–400 min.	Yr 1: Establish and publish quarterly SAIDI Yr 2–3: <800 min Yr 3–5: <500 min	Monthly (operational); Quarterly (public); Annual (regulatory) Owner: COO
D2. SAIFI (System Average Interruption Frequency Index)	Average number of supply interruptions per customer per year. Measures interruption frequency; used alongside SAIDI's duration measure.	Sum of (customers affected per interruption) ÷ Total customers served. Reported quarterly and annually.	City Power outage management system; NERSA licence compliance reporting	Not consistently published. Estimated very high: 1.29 million forced interruptions in 6 months to December 2025.	Yr 1: Establish and publish quarterly SAIFI Yr 2–3: Reduce by ≥20% from baseline Yr 3–5: Reduce by ≥40% from baseline	Monthly (operational); Quarterly (public); Annual (regulatory) Owner: COO
D3. Fault Restoration Time Distribution	Percentage of forced outages restored within defined time windows. The most direct measure of what customers experience during supply interruptions.	(Outages restored within time window ÷ Total forced outages) × 100%. Windows: within 1.5h / 3.5h / 8h / 24h.	City Power outage performance dashboard (publicly available)	Q1 FY2025/26: 25% within 1.5h; 58.1% within 3.5h. Q2 FY2025/26: 19.2% within 1.5h (Dec 2025: 13.6%); 45.6% within 3.5h.	Within 1.5h: Yr 1: 40% Yr 2–3: 55% Yr 3–5: 70%. Within 3.5h: Yr 1: 65% Yr 2–3: 80% Yr 3–5: 90%.	Weekly (COO); Monthly; Quarterly (public) Owner: COO / Operations Manager
D4. Billing Accuracy Rate	Percentage of customer accounts billed on the basis of actual meter readings rather than estimates. Systematic estimation	(Accounts billed on actual meter reading ÷ Total accounts billed) × 100%	City Power billing system; metering performance reports	Not publicly disclosed. Over 4 000 historical billing queries inherited when City Power	Yr 1: ≥85% Yr 2–3: ≥92% Yr 3–5: ≥97%	Monthly; Quarterly Owner: CFO / Revenue Management

	drives billing disputes and distorts revenue data.			assumed the billing function from CoJ in July 2025.		
D5. Billing Dispute Resolution Rate and Time	Percentage of billing disputes resolved within 30 days, and average resolution time in days.	(Disputes resolved within 30 days ÷ Total disputes lodged) × 100%; Mean days to resolution.	City Power customer services system; billing dispute register	Not consistently published; 4 000+ inherited disputes at July 2025 billing takeover from CoJ	Yr 1: ≥70% within 30 days; avg <20 days Yr 2–3: ≥85%; avg <15 days Yr 3–5: ≥95%; avg <10 days	Monthly; Quarterly Owner: CFO / Customer Services
D6. New Connection Lead Time	Average elapsed time in working days from application submission to energisation for new standard residential electricity connections.	Mean elapsed working days (application to energisation) across all new standard residential connections in the period	City Power customer services system; connections register	Not consistently published	Yr 1: Establish and publish baseline Yr 2–3: <30 working days Yr 3–5: <20 working days	Monthly; Quarterly Owner: COO / Customer Services
D7. Indigent Household FBE Delivery Rate	Percentage of qualifying indigent households on the CoJ indigent register receiving their free basic electricity (FBE) entitlement.	(Indigent households receiving FBE ÷ Total indigent households on CoJ register) × 100%	CoJ indigent register; City Power billing system; FBE grant transfer records	Not publicly reported; structural risk of non-delivery identified due to billing system weaknesses and registration gaps	Yr 1: Establish and publish baseline Yr 2–3: ≥90% Yr 3–5: ≥95%	Quarterly; Annual Owner: CFO / Social Services Director
D8. Customer Satisfaction Index	Composite index of customer experience covering supply reliability, billing, fault reporting and service centre interactions. Independently conducted annual survey.	Survey score (0–100 scale); independently conducted and publicly reported. City Power-specific (not CoJ-wide).	Independent annual customer satisfaction survey (City Power-specific)	City Power-specific survey not yet conducted. CoJ-wide service satisfaction (all services) was 61% in 2022/23.	Yr 1: Conduct and publish first City Power-specific survey Yr 2–3: Score >55 Yr 3–5: Score >65	Annual Owner: CEO / Customer Services Director

D9. Customer Query Resolution	Measures the utility's effectiveness in resolving customer enquiries and service requests, providing an indicator of customer service performance, process efficiency and organisational responsiveness.	Total unresolved customer queries (billing, metering and service-related), together with the average age of outstanding queries, monthly query closure rate, and percentage of queries resolved within the applicable service standard.	City Power customer service and billing systems (CRM/call centre/ billing database).	To be established and publicly reported following implementation of the City Power billing system.	Yr 1: Backlog fully quantified and ageing profile published; closure rate exceeds new queries received. Yr 2–3: Reduce backlog by ≥50%; average age <30 days. Yr 3–5: Sustain backlog at operational levels with >95% of new queries resolved within service standard. **	Monthly Owner: Customer Services Director (or equivalent) with COO oversight.
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E. SEGMENTED PERFORMANCE METRICS

E1. Loss Rate by Zone and Customer Category	Total electricity losses as a percentage of units purchased, reported separately by service delivery centre zone and by customer category.	Same formula as KPI B1, applied at zone and customer segment level	City Power zone-level metering data; network management system; billing system	System-wide ~30% FY2024/25; zone-level breakdown not publicly reported	Yr 1: Publish zone-level data quarterly. High-loss zones: <35% (Yr 1), <25% (Yr 2–3), <18% (Yr 3–5).	Monthly (COO); Quarterly (public) Owner: COO / Loss Control Director
E2. Cash Collection Rate by Customer Category	Cash collected as a percentage of revenue billed, reported by customer segment: indigent; low-income residential; middle-income residential; high-income residential; SMME; commercial; corporate; industrial.	Same formula as KPI A3, applied at customer segment level	City Power billing system; CoJ revenue management records	Not publicly reported by segment; aggregate position declining	Yr 1: Establish and publish segmented baseline Yr 2–3: Drive each segment toward ≥90% Yr 3–5: ≥95% across all segments	Monthly; Quarterly Owner: CFO / Revenue Management

E3. SAIDI and SAIFI by Zone	SAIDI (D1) and SAIFI (D2) reported at service delivery centre zone level. Enables geographic prioritisation of reliability improvement interventions.	Same formulae as KPIs D1 and D2, applied at zone level	City Power outage management system; zone-level operational data	Not publicly reported by zone; system-wide estimated critically high	Yr 1: Establish and publish zone-level SAIDI/SAIFI; identify and prioritise the 5 worst-performing zones for targeted investment	Quarterly Owner: COO
E4. Fault Restoration Time by Zone	Fault restoration time distribution (KPI D3) reported at service delivery centre zone level. Identifies zones with weakest operational response capacity.	Same formula as KPI D3, applied at zone level	City Power outage performance dashboard; zone-level operational data	Not publicly reported by zone; system-wide Q2 FY2025/26: 19.2% within 1.5h	Yr 1: Establish zone-level baseline; identify and target the 5 lowest-performing zones Drive toward system-wide targets, zone by zone	Monthly (COO); Quarterly (public) Owner: COO / Operations Manager
E5. Planned Maintenance Completion Rate by Zone	Planned maintenance completion rate (KPI B3) reported at service delivery centre zone level.	Same formula as KPI B3, applied at zone level	City Power maintenance management system	Not publicly reported by zone; system-wide position confirmed below target	Yr 1: Establish zone-level baseline Yr 2–3: ≥80% across all zones Yr 3–5: ≥90% across all zones	Monthly (COO); Quarterly (public) Owner: COO / Maintenance Manager
E6. Billing Accuracy by Customer Segment	Billing accuracy rate (KPI C3) reported by customer segment, enabling identification of customer categories experiencing disproportionate billing errors, disputes or estimated billing.	Same formula as KPI C3, applied separately to each customer segment.	City Power billing system; meter reading system; customer information system (CIS).	Not publicly reported by customer segment; system-wide meter reading performance approximately 72% against a 98% target (Q3 FY2025/26), indicating significant	Yr 1: Establish customer segment baselines; identify segments with highest billing error rates and estimated billing. Yr 2–3: Achieve ≥90% billing accuracy across all customer	Monthly (COO); Quarterly (public) Owner: COO / Customer Services Manager / Revenue Management.

				billing accuracy risks.	segments. Yr 3– 5: Sustain ≥95% billing accuracy across all customer segments.	
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Notes: Baselines are based on the most recent publicly available data as of June 2026. Where data is not publicly disclosed, baseline establishment is included as a Year 1 target. Targets are indicative and should be refined following a detailed operational review by the new administration after November 2026. Abbreviations: FBE = Free Basic Electricity; MDRP = Municipal Debt Relief Programme; CoJ = City of Johannesburg; AG = Auditor-General; MFMA = Municipal Finance Management Act 56 of 2003; SAIDI = System Average Interruption Duration Index; SAIFI = System Average Interruption Frequency Index; SMME = Small, Medium and Micro Enterprise; NERSA = National Energy Regulator of South Africa.

APPENDIX B: PRIORITISED RECOMMENDATIONS AND ACTIONS

Fix Johannesburg – City Power | EE Business Intelligence (Pty) Ltd and 6th Wave Africa (Pty) Ltd | June 2026

This appendix sets out the prioritised recommendations and actions arising from Sections 5 and 6 of this report, organised by category and time horizon. It is intended as a practical implementation reference for the new administration taking office after the November 2026 local government elections. Actions are colour-coded by priority (see legend below the table). KPI references correspond to the KPI codes in Appendix A4. Where a KPI code is shown as ‘–’, the action does not correspond directly to a specific KPI but is a governance, structural or enabling action required for performance improvement.

PRIORITY AND TIME HORIZON LEGEND

Priority	Colour Code	Interpretation	Time Horizon Key
Critical	Light red	Must be initiated immediately and delivered on schedule. Failure prevents or materially delays other critical actions.	Days 1–90 = Immediate; crisis stabilisation phase Year 1 = First 12 months of new administration Years 2–3 = Medium-term reform agenda Years 3–5 = Longer-term consolidation and sustainability
High	Light amber	Important; significant performance or financial impact if delayed beyond the specified time horizon.	
Medium	Light green	Beneficial; can be deferred by one time period without immediate consequence but should not be omitted.	

#	Recommendation / Action	Priority	Time Horizon	Responsible Party	KPI Reference (Appendix A4)
A. LEADERSHIP, PEOPLE, CULTURE AND CUSTOMERS					
A1	Constitute a fully competent, independent board of directors within 30 days. Base appointments on published criteria: utility management, infrastructure finance, engineering, governance and public-sector administration expertise. Avoid political patronage appointments.	Critical	Days 1–90	New mayor / CoJ shareholder	C2
A2	Activate an interim Crisis Management Committee from day 1, with authority to act and a direct reporting line to the board. COO-level daily operational review for the first 90 days; weekly full committee review.	Critical	Days 1–90	Acting CEO / Board	C1, C2
A3	Begin permanent CEO appointment process within 30 days. Criteria to include utility management experience, financial and operational turnaround record, and explicit commitment to the performance framework in Section 3 and Appendix A.	Critical	Days 1–90 → Year 1	Board	C2, C3
A4	Appoint permanent CFO within 90 days. Interim CFO with full financial authority and control from day 1. No vacancy or acting status in this role beyond 90 days.	Critical	Days 1–90	Board / CEO	C3
A5	Appoint permanent COO within 90 days. Full operational authority from day 1 of appointment.	Critical	Days 1–90	Board / CEO	C2
A6	Issue first public communication from new leadership within 14 days: priorities, reform commitments and what customers can expect. Communicate through social media, local media and SMS – not corporate press releases.	High	Days 1–90	CEO / Mayor	D8
A7	Sign performance contracts for CEO, CFO and COO with measurable annual milestones tied explicitly to the KPIs in Appendix A4 and to consequences for non-delivery.	Critical	Year 1	Board	C2, C3, C4

#	Recommendation / Action	Priority	Time Horizon	Responsible Party	KPI Reference (Appendix A4)
A8	Complete a skills audit of the entire workforce. Identify priority capability gaps – particularly engineers, engineering technicians, project managers, artisans and data systems staff.	High	Year 1	CEO / HR	–
A9	Commission independent salary benchmarking of City Power’s remuneration structure against Eskom and at least one other major metropolitan distributor. Use findings to inform the workforce plan.	High	Year 1	CEO / HR	–
A10	Establish structured engagement programme with organised labour on the reform agenda. Plan and manage proactively to prevent labour disputes from derailing operational improvements.	High	Year 1	CEO / HR	–
A11	Conduct first City Power-specific customer satisfaction survey (independent, publicly reported). This establishes the baseline for KPI D8 and signals the new accountability culture.	High	Year 1	CEO / Customer Services	D8
A12	Review and systematically improve all walk-in service centre operations: staffing, wait times, complaint resolution and self-service options.	High	Year 1	COO / Customer Services	D5, D6
A13	Launch culture change programme anchored in service excellence, customer focus, accountability and safety. Reinforce through visible leadership behaviour, training and performance management.	Medium	Year 1	CEO / COO	D8
A14	Develop board-approved succession plans for CEO, CFO, COO and all senior management positions. Review annually.	High	Years 2–3	Board / CEO	C3
A15	Establish structured graduate recruitment programme and artisan apprenticeship scheme to rebuild the engineering and technical skills pipeline over the medium term.	High	Years 2–3	CEO / HR	–

B. FINANCE, STRUCTURE AND CORPORATE AFFAIRS

#	Recommendation / Action	Priority	Time Horizon	Responsible Party	KPI Reference (Appendix A4)
B1	Commission an immediate, independent audit of City Power's cash position, creditor exposures, current revenue collection rates and Eskom arrear debt. Results to board within 30 days.	Critical	Days 1–90	CFO / Board	A1, A3, A5
B2	Engage Eskom, the Electricity Minister and National Treasury within 14 days at the most senior political and administrative level. Present a credible reform commitment and request a defined stabilisation window before binding negotiations conclude.	Critical	Days 1–90	Mayor / Board / CEO	A5
B3	Implement immediate controls preventing any new irregular, fruitless or wasteful expenditure from the first day of the new administration. CFO to certify compliance monthly.	Critical	Days 1–90	CFO	C4
B4	Commission an independent technical and legal assessment of the DAA option within 30 days. Assess: functions to be transferred, revenue implications, workforce impacts, governance safeguards and comparison against a reformed internal governance model.	Critical	Days 1–90	CEO / Board	A5
B5	Begin the process to establish a ring-fenced electricity revenue account. Agree the mechanism in principle between City Power, the City of Johannesburg and relevant oversight bodies within 90 days.	Critical	Days 1–90	CFO / CoJ / Mayor	A1, A3
B6	Commission a 3-year financial recovery plan within 60 days, covering: cash flow; creditor priorities; ring-fenced revenue mechanism; Eskom debt resolution proposal; and a realistic improvement trajectory for losses, billing and collections.	Critical	Days 1–90	CFO	A1–A5
B7	Engage National Treasury on MDRP access, conditions and the Johannesburg-specific application within 30 days.	Critical	Days 1–90	CFO / Mayor	A5

#	Recommendation / Action	Priority	Time Horizon	Responsible Party	KPI Reference (Appendix A4)
B8	Ring-fenced electricity revenue account (or equivalent mechanism) fully operational. Electricity receipts segregated from general CoJ revenue and dedicated to electricity operations.	Critical	Year 1	CFO / CoJ	A1, A3
B9	Conclude a legally binding Eskom debt resolution arrangement with verified compliance monitoring and clear consequences for non-delivery on either side. Bulk payments current from conclusion of arrangement.	Critical	Year 1	CEO / CFO / Mayor	A5
B10	Actively meet all MDRP conditions: credible budgeting, improved collection, prevention of new arrears, and measurable progress on loss reduction and billing integrity.	Critical	Year 1	CFO	A1–A5
B11	Submit a credible, internally consistent and externally endorsed annual budget. Cash collection rate trending toward 85%. Capital expenditure execution rate of 70%+.	Critical	Year 1	CFO / Board	A1, A3, A4
B12	Commission a full review and update of the asset register. Verify completeness, condition classification and valuation.	High	Year 1	CFO / COO	B5
B13	Commission a review of the tariff structure and cross-subsidisation framework in consultation with NERSA, the CoJ and National Treasury.	High	Year 1	CFO / Board	A2
B14	Achieve operating cost recovery ratio at or above 100% and Eskom arrear debt ratio below 25%.	Critical	Years 2–3	CFO	A1, A5
B15	Achieve a clean audit outcome or demonstrate that it is within reach for the following financial year. Cash collection rate 90%+. Capital execution 80%+.	Critical	Years 2–3	Board / CFO	A1, A3, A4, C1
B16	Establish relationships with development finance institutions for structured capital programme financing.	High	Years 3–5	CEO / CFO	A4

C. CAPITAL PROJECTS AND OPERATIONS

#	Recommendation / Action	Priority	Time Horizon	Responsible Party	KPI Reference (Appendix A4)
C1	Activate the COO Weekly Dashboard (Appendix A1) from day 1. Track and report outage data, fault restoration, maintenance completion, metering performance and non-technical loss indicators from the first week.	Critical	Days 1–90	COO	B3, B4, D3
C2	Review all ongoing capital projects within 60 days: status, funding, completion prospects and whether they should continue. Produce a prioritised capital programme based on financial return and operational impact.	Critical	Days 1–90	COO	A4
C3	Commission an audit of SCADA coverage and network monitoring systems within 30 days. Identify zones with insufficient real-time visibility.	High	Days 1–90	COO / Technical Director	B5
C4	Review all major contractor relationships. Identify contractors in default or underperforming. Enforce contract terms or terminate and reappoint where warranted.	High	Days 1–90	COO / CFO	A4
C5	Achieve capital expenditure execution rate of 70%+. Establish a project management office with permanent engineers accountable for named projects.	Critical	Year 1	COO / CFO	A4
C6	Establish a pre-qualified contractor panel with transparent procurement and payment terms that are met, not deferred.	High	Year 1	COO / CFO	A4
C7	Develop and implement an annual maintenance plan with monthly execution tracking at COO level and quarterly board reporting.	Critical	Year 1	COO / Maintenance Manager	B3, B4
C8	Achieve fault restoration: 40%+ of outages restored within 1.5 hours; 65%+ within 3.5 hours. (Baseline Q2 FY2025/26: 19.2% within 1.5h; 45.6% within 3.5h.)	Critical	Year 1	COO / Operations Manager	D3
C9	Achieve meter reading completion of 85%+ (from 72% in Q3 FY2025/26). Assign operational accountability to COO with weekly tracking.	High	Year 1	COO / Revenue Management	D4

#	Recommendation / Action	Priority	Time Horizon	Responsible Party	KPI Reference (Appendix A4)
C10	Publish SAIDI and SAIFI quarterly for the first time. Absolute levels will be high; trend direction and transparency matter.	High	Year 1	COO	D1, D2
C11	Identify and commence the 20 highest-priority infrastructure projects based on loss reduction, reliability improvement and return on capital.	High	Year 1	COO	A4, B5
C12	Achieve fault restoration: 55%+ within 1.5h; 80%+ within 3.5h. Achieve planned maintenance completion of 80%.	Critical	Years 2–3	COO / Operations Manager	B3, D3
C13	Scope, budget and commence deployment of smart metering programme in highest-loss customer segments. Procurement to begin no later than Year 2.	High	Years 2–3	COO / CFO	D4, E1
C14	Materially expand SCADA coverage in highest-loss and lowest-performing zones. Network monitoring gaps closed.	High	Years 2–3	COO / Technical Director	B5
C15	Achieve plant availability above 90%; reactive maintenance below 50% of total. SAIDI below 800 minutes.	High	Years 2–3	COO / Technical Director	B4, B5, D1
C16	Achieve fault restoration: 70%+ within 1.5h; 90%+ within 3.5h. Capital execution 90%+. SAIDI below 500 minutes.	High	Years 3–5	COO / Operations Manager	A4, D1, D3

D. ASSET MANAGEMENT AND LOSS CONTROL

D1	Activate revenue protection emergency programme in the 5 highest-loss service delivery centre zones immediately. Target the most quantifiable non-technical loss sources.	Critical	Days 1–90	COO / Loss Control Director	B1, B2, E1
D2	Commission a zone-level assessment of non-technical loss sources across all 8 SDC areas within 30 days. Results to inform targeted intervention sequencing.	Critical	Days 1–90	COO / Loss Control Director	B1, B2, E1
D3	Commission an audit of meter status and accuracy across the highest-loss customer segments within 30 days.	High	Days 1–90	CFO / Revenue Management	D4, E2
D4	Assign a dedicated team to clear the 4 000+ inherited billing query backlog within 90 days. Produce a weekly progress report to the CFO.	High	Days 1–90	CFO / Customer Services	D5
D5	Review physical asset security across all SDC areas. Identify and address key vulnerabilities to cable theft and vandalism.	High	Days 1–90	COO / Security	B5
D6	Achieve total electricity losses below 25%. Segmented loss reporting by zone (Appendix A2) operational.	Critical	Year 1	COO	B1, E1
D7	Revenue protection teams operational and accountable in all 9 SDC areas with zone-level loss reduction targets.	Critical	Year 1	COO / Loss Control Director	B2, E1, E4
D8	Achieve billing accuracy of 85%+. Billing disputes: 70%+ resolved within 30 days.	High	Year 1	CFO / Revenue Management	D4, D5
D9	Undertake systematic programme to identify and address illegal connections in the 5 highest-loss zones. Working protocols established with SAPS.	High	Year 1	COO / Loss Control Director	B2, E1
D10	Complete full asset register review and a high-level network condition assessment. Produce an asset refurbishment and replacement schedule.	High	Year 1	COO / CFO	B5
D11	Achieve non-technical losses below 15% of units purchased. Smart meter deployment underway in highest-loss segments.	Critical	Years 2–3	COO / Loss Control Director	B1, B2

D12	Achieve billing accuracy of 92%+. All inherited billing disputes cleared. Average resolution time below 15 days.	High	Years 2–3	CFO / Revenue Management	D4, D5
D13	Full asset management plan with refurbishment and replacement schedule operational. Plant availability above 90%.	High	Years 2–3	COO / Technical Director	B5
D14	Achieve non-technical losses below 10%. Smart metering substantially completes in high-loss segments. Total losses below 15%.	High	Years 3–5	COO / Loss Control Director	B1, B2

E. STRATEGIC PLANNING AND GOVERNMENT SUPPORT OPTIONS

E1	Mayor to personally engage the Minister of Finance, Electricity Minister and Eskom CEO within the first 14 days. Establish a direct political relationship that supports resolution rather than escalation.	Critical	Days 1–90	Mayor	A5
E2	CEO to engage NERSA on City Power's licence compliance status and to provide a formal compliance improvement plan within 30 days.	High	Days 1–90	CEO	C4
E3	Commission a 5-year integrated strategic plan for City Power. Address: operational recovery, infrastructure investment, embedded generation, smart metering, workforce and institutional development.	High	Year 1	CEO / Board	–
E4	Make a formal, board- and shareholder-endorsed decision on the DAA option, supported by the independent assessment commissioned in Days 1–90.	Critical	Year 1	CEO / Board / Mayor	–
E5	Develop and publish City Power's policy on embedded generation, prosumers and wheeling. Ensure alignment with NERSA framework and CoJ planning.	High	Year 1	CEO / Board	A2
E6	Submit formal application to COGTA for structured municipal financial governance support.	High	Year 1	Mayor / CFO	C4
E7	Submit formal engagement to National Treasury on the adequacy of the equitable share allocation for electricity service delivery to indigent households.	High	Year 1	Mayor / CFO	–

E8	Align City Power's demand and infrastructure planning with the IRP 2025 projections and the City of Johannesburg's spatial development framework.	Medium	Year 1	CEO / Board	–
E9	Establish relationships with development finance institutions for capital programme financing. Identify eligible projects and begin application preparation.	High	Years 2–3	CEO / CFO	A4
E10	Develop a revenue model addressing the long-term impact of growing embedded generation on City Power's revenue base. Engage NERSA and National Treasury on regulatory design.	High	Years 2–3	CEO / CFO / Board	A2, A3
E11	Integrate electric vehicle charging infrastructure planning into the capital programme and urban development planning framework.	Medium	Years 2–3	COO / Strategic Planning	–
E12	Develop a just transition plan for the City Power workforce in the context of technology change and embedded generation growth.	Medium	Years 2–3	CEO / HR	–
E13	Secure DFI financing for the first tranche of the capital programme. City Power to meet creditworthiness criteria through demonstrated financial and governance improvement.	High	Years 3–5	CEO / CFO	A4

F. SOCIAL RESPONSIBILITY AND POVERTY RELIEF

F1	Commission an audit of FBE delivery rates across all households on the CoJ indigent register within 30 days. Identify gaps caused by billing system transition.	Critical	Days 1–90	CFO / Social Services Director	D7
F2	Identify and immediately correct all accounts where the CoJ-to-City Power billing transition has disrupted FBE delivery. Publicly acknowledge the problem and the corrective action taken.	Critical	Days 1–90	CFO / Billing	D7
F3	Review and update the CoJ indigent register. Ensure all qualifying households are registered and that City Power's billing system correctly identifies and credits them.	High	Days 1–90	CFO / CoJ	D7

F4	New leadership to hold community engagement meetings in the 3 most affected SDC areas within 60 days. Listen and commit to specific, publicly reported actions.	High	Days 1–90	CEO / Mayor	D8
F5	Publish FBE delivery rate quarterly. Year 1 target: 90%+ of qualifying households receiving their entitlement.	Critical	Year 1	CFO	D7
F6	Ensure billing and metering systems correctly identify and credit all qualifying indigent accounts. This is an operational requirement, not a social programme.	Critical	Year 1	CFO / ICT	D7
F7	Develop clear, accessible communications for indigent households on their rights, entitlements and how to access support. Deliver through community and social media channels.	High	Year 1	CEO / Communications	D7, D8
F8	Submit formal engagement to National Treasury on the adequacy of equitable share funding for electricity service delivery, including the FBE grant framework.	High	Year 1	Mayor / CFO	–
F9	Achieve FBE delivery rate of 95%+. Indigent register fully current with annual review process embedded in operations.	High	Years 2–3	CFO	D7
F10	Commence programme to formalise illegal connections in priority informal settlements. Combine infrastructure investment, tariff access and community engagement.	High	Years 2–3	COO / Community Relations	D7, E1
F11	Develop a formal social compact between City Power and community organisations in high-poverty areas. Establish joint accountability mechanisms.	Medium	Years 2–3	CEO / Mayor	D8
F12	Sustain FBE delivery rate of 95%+. Formally agreed and sustainably funded poverty relief framework in place with national government.	High	Years 3–5	CFO / Mayor	D7

G. TARGETS AND PERFORMANCE MONITORING

G1	COO Weekly Dashboard (Appendix A1) operational from day 1. All operational KPIs tracked and reported weekly to the crisis management committee.	Critical	Days 1–90	COO	All (B, D series)
G2	Commission collection of baseline data for all KPIs in Appendix A4 within 60 days. Where data is not available, establish data collection mechanisms. See Appendix A4 for each KPI's data source.	Critical	Days 1–90	CEO / COO / CFO	All A4 KPIs
G3	Publish the first public performance report within 90 days. Include all KPIs for which baseline data is available. Acknowledge gaps explicitly.	Critical	Days 1–90	CEO	All
G4	Full KPI framework (Appendix A4) operational with quarterly public reporting. Board Dashboard (Appendix A3) presented at every board meeting.	Critical	Year 1	CEO / COO / CFO	All
G5	SAIDI and SAIFI measured and published quarterly for the first time (KPIs D1 and D2). Establish as a standing public accountability mechanism.	Critical	Year 1	COO	D1, D2
G6	Segmented COO Dashboard (Appendix A2) operational monthly. Zone-level and customer-segment-level performance tracked and reported.	High	Year 1	COO	E1–E5
G7	Align City Power's KPI framework and public reporting with NERSA licence compliance requirements.	High	Year 1	CEO / CFO	C4
G8	Benchmark City Power's performance annually against the City of Cape Town and Eskom Distribution. Publish comparative results.	High	Years 2–3	CEO / COO	B1, D1, D3, A1
G9	Conduct annual customer satisfaction survey (KPI D8); publish results; use findings to drive service improvement priorities for the following year.	High	Years 2–3	CEO / Customer Services	D8
G10	City Power performance to be approaching best-practice South African metros on key KPIs. Public performance dashboard established as a trusted accountability mechanism.	Medium	Years 3–5	CEO / Board	All

Notes: Responsible parties shown are indicative and assume the organisational structure described in Section 5. 'CoJ' = City of Johannesburg; 'MDRP' = Municipal Debt Relief Programme; 'DAA' = Distribution Agency Agreement; 'FBE' = Free Basic Electricity; 'SDC' = Service Delivery Centre; 'NERSA' = National Energy Regulator of South Africa; 'COGTA' = Department of Co-operative Governance and Traditional Affairs; 'SAPS' = South African Police

Service; 'DFI' = Development Finance Institution. All recommendations are subject to legal, regulatory and labour relations requirements. Time horizons are indicative and should be refined by the new administration following a detailed operational review.

APPENDIX C: OPTIONS FOR MOBILISING PRIVATE PARTICIPATION IN CITY POWER

A practical legal-administrative and timing assessment

Final Draft | 4 September 2026

Prepared by EEBI - Chris Yelland and Linsey Dyer - for the Centre for Development and Enterprise

ANSWER UPFRONT: City Power need not wait for a comprehensive concession or municipal PPP. A new administration can mobilise private expertise and operating capacity relatively quickly through conventional, framework and performance-based contracts; prepare investment-bearing asset, energy and revenue arrangements over one to two years; and reserve concessions and formal PPPs for longer-term structural reform.

Acronyms

CoJ	City of Johannesburg	MTSR	Metro Trading Services Reform
DBOM	Design-Build-Operate-Maintain	NERSA	National Energy Regulator of South Africa
DER	Distributed Energy Resources	O&M	Operation and Maintenance
DFI	Development Finance Institution	PPA	Power Purchase Agreement
ICT	Information and Communications Technologies	PPP	Public-Private Partnership
IPP	Independent Power Producer	SCADA	Supervisory, Control and Data Acquisition
MFMA	Municipal Finance Management Act	SCM	Supply Chain Management

1. The choice is not public or private, but fit-for-purpose

Private participation is not one model. The appropriate instrument depends on the function, the contribution required and the responsibility or risk that can lawfully and credibly be transferred. Four questions must therefore be kept separate:

FUNCTION	What problem or service pathway requires intervention?
PARTICIPANT	What type of organisation has the capital, capability or operating depth required?
MODEL	Through what contract, financing or market arrangement should it participate?
OUTCOME	What result, rather than activity or equipment, will determine success?

2. Which options fit which horizon?

Horizon	Private contribution	Models to emphasise	Decision
First 100 days	Expertise and mobilisation	Professional services, secondments, existing lawful panels or frameworks, tightly bounded support contracts	Mobilise or initiate; do not promise completed turnaround
3-12 months	Operating capacity	Competitive service, managed-service, O&M and performance-based contracts	Prioritise for urgent revenue, loss, customer and asset functions
12-24 months	Capital plus capacity	Equipment/service leases, Design-Build-Operate-Maintain (DBOM) packages, Power Purchase Agreements (PPAs), Distributed Energy Resources (DER) and selected finance structures	Prepare selectively where payment and interface risks can be bounded

Timing discipline. 'Within 100 days' should mean authorise, define, test the baseline, select the lawful route and mobilise where possible. It should not conflate procurement, commencement and verified results.

3. Recommended option portfolio

The first portfolio should stem avoidable operational and financial loss while preparing a smaller number of investment-bearing interventions.

Priority Intervention Area	Likely private participant	Best-fit model	Indicative timing / readiness
Confidence, communications and customer response	Communications, reputation and customer-service specialists	Professional-services contract; managed customer-response support with defined service levels	Initiate in 100 days
Board, executive, structure and strategy	Executive-search and utility-management advisers	Time-bound professional services or specialist secondments; public bodies retain decisions	Initiate in 100 days
Billing, metering, ICT, SCADA, dispatch, stores and spares	Utility operator, ICT, metering and logistics specialists	Managed-service, O&M or performance-based service packages; avoid an ungovernable mega-contract	3-12 months
Technical and non-technical losses	Loss-control, metering, data and revenue-protection specialists	Performance-based service contracts using an independently verified baseline and customer safeguards	3-12 months
Fraud, capital-project leakage and criminal networks	Forensic investigators working with authorised law-enforcement bodies	Professional investigative mandate, separated from delivery and independent assurance	Initiate in 100 days
Asset register, maintenance, security and capital delivery	Asset, engineering, security, EPC and O&M providers	Performance maintenance; DBOM for bounded packages; lease or availability-based arrangement where appropriate	6-24 months
Debt and creditor management, supplier-payment arrangements, treasury and financing	Accounting, restructuring, DFI and commercial-finance participants	Advisory support plus lawful municipal/entity borrowing or project-linked finance	Initiate early; finance 6-24 months
Generation, resilience and participating customers	IPPs, energy-service firms, aggregators, generators and storage owners	PPA, wheeling, aggregation, embedded-generation and network-service arrangements	6-24 months

4. What should the next administration prioritise?

- Use ordinary and performance-based contracting first: these are the most plausible routes for bringing specialist and operating capability into urgent functions without awaiting structural reform.
- Prepare investment-bearing arrangements only where the asset, revenue source, public interfaces, payment security and retained risks are sufficiently visible to support credible pricing.
- Use MTSR and DFI support to strengthen the transaction pipeline and public counterparty, not as substitutes for project preparation or municipal accountability.
- Expand participation by IPPs, customers, aggregators and distributed-resource owners through lawful purchasing, connection, wheeling and network-service arrangements.
- Do not rely on a comprehensive concession, new joint venture or formal municipal PPP for near-term recovery; preserve these for later consideration where evidence, affordability and public value justify them.

CORE SELECTION TEST: Choose the least complex lawful instrument capable of producing the required outcome and allocating material responsibility to a party able to control it.

Scope note: This two-page core is a practical, high-level options map, not legal advice. The precise statutory route must be confirmed for each transaction from its substance and design. The expanded assessment follows.

5. Options assessment: capacity-led models

The following assessment is indicative rather than a legal opinion. Classification turns on substance, not the label placed on a transaction: a contract described as 'managed services' may still trigger external service-delivery or PPP requirements if, in substance, it transfers responsibility for providing a municipal service or performing a municipal function, or grants commercial use of municipal property, together with the requisite transfer of risk.

Model and contribution	Best City Power applications	Principal legal / administrative route	Timing and assessment
1. Professional services and secondments Expertise; little or no capital	Recruitment; utility structure and strategy; communications; forensic work; financial and legal support; project preparation.	Municipal/entity SCM policy and MFMA supply-chain requirements. Competitive procurement remains the norm. Existing panels or framework contracts are usable only where lawfully appointed and the proposed work falls within scope. Public authorities retain statutory and governance decisions.	Fastest route. Initiation or mobilisation may be possible within 100 days; results depend on scope and existing procurement vehicles.
2. Conventional or managed service Expertise plus operating capacity	Customer response; ICT; meter data; billing exceptions; logistics; stores; asset data; security and selected support operations.	Ordinary SCM and contract-management requirements. MFMA section 33 may apply where municipal financial obligations extend beyond the three-year budget period. If responsibility for providing a municipal service is transferred to an external mechanism, Municipal Systems Act sections 76-81 become relevant.	Generally 3-12 months for bounded competitive procurement. Suitable for urgent support but does not itself transfer investment risk.
3. Performance-based service or O&M Operating responsibility linked to results	Loss reduction; revenue protection; metering performance; maintenance; restoration; inventory availability; customer-service levels.	SCM route plus a defensible baseline, controllable indicators and contract management. Section 33 may apply to longer commitments. An external service-delivery mechanism or PPP analysis may be triggered by the actual scope, duration, property use and risk transfer.	Priority near-term model. A pilot or bounded package may be prepared in 3-9 months; larger awards may require 6-18 months.
4. Lease, equipment-as-a-service or DBOM, potentially with availability-based remuneration Equipment/capital plus lifecycle capability	Meters; communications and ICT platforms; storage; mobile substations; strategic equipment; defined network packages.	Competitive SCM; affordability and lifecycle assessment; MFMA section 33 for qualifying long-term obligations; section 14 or 90, as applicable, where ownership of capital assets is transferred. A lease or concession that does not transfer ownership is not necessarily a "disposal" under these provisions, although the Asset Transfer Regulations and other requirements may still apply. Test whether the substance meets the statutory definition of a municipal PPP and therefore triggers the requirements of MFMA section 120 (see Model 10 for more context on MFMA section 120).	Selective 6-24 month route. Faster for standard equipment; slower where design, construction, operating and financing risks are bundled.

Practical interpretation

These models can introduce capable firms quickly without pretending that advisory support is private investment. For functions such as loss reduction, billing and maintenance, payment should progressively shift from personnel and activity to verified performance. CoJ and City Power must nevertheless retain responsibility, within their respective statutory and governance roles, for tariff policy, customer rights, universal service, network stewardship and aggregate outcomes.

NOT EVERY CONTRACT IS A PPP: Private delivery, private finance or a multi-year term does not automatically create a PPP. Equally, calling an arrangement a lease, service contract or joint venture does not avoid PPP or external-service requirements if its substance meets the statutory tests.

6. Options assessment: investment and structural models

Model and contribution	Best City Power applications	Principal legal / administrative route	Timing and assessment
5. IPP / PPA Generation capital, energy and performance	New generation; embedded or distributed supply; storage paired with generation; resilience for defined loads.	Electricity-sector licensing or registration, grid and connection rules, procurement authority and NERSA-approved tariff treatment must be confirmed. Competitive procurement and affordability apply. Where CoJ itself assumes PPA obligations extending beyond the three-year budget period, MFMA section 33 will ordinarily apply unless a statutory exclusion applies. Where City Power contracts in its own name, the applicable municipal-entity, budget, business-plan, SCM and parent-governance requirements must instead be tested; section 33 should not be assumed to apply automatically.	Potentially 12-24 months where procurement, connection and payment security are ready; project delivery may extend beyond award.
6. Wheeling, aggregation and DER participation Customer and third-party assets, energy, flexibility and data	Third-party energy use of the network; customer generation and storage; aggregation; future network-support services.	Electricity Regulation Act framework, licence conditions, grid and distribution codes, connection agreements and approved tariffs/rules. Procurement law applies where City Power buys energy or services; simple network access is not necessarily a procurement transaction.	Some rule and process improvements can begin immediately. Scalable market participation depends on lawful tariffs, systems, settlement and network readiness.
7. Municipal/entity borrowing and project-linked finance Capital without transferring service responsibility	Grid refurbishment; meters; control systems; renewable integration; qualifying MTSR investment portfolio.	MFMA borrowing, disclosure, affordability, council/parent approvals and security rules apply, including the long-term debt provisions in sections 46-50. Municipal entity borrowing must align with its business plan and CoJ governance. DFI conditionalities and MTSR milestones add further disciplines. - Note that section 46 is particularly constrained around what may be refinanced. - The conditions on municipal debt in Section 47 require that borrowing must be in rand or structured so that somebody else carries or hedges the currency risk. - The provisions of section 48 protect basic services: security over an asset or right needed to provide minimum basic services cannot be enforced in a way that stops or impedes continuation of that service. - In terms of section 49, which governs disclosure, City Power cannot become bankable merely through persuasive presentations. It needs reliable financial statements, revenue data, asset information, contractual disclosures and a credible opening baseline. - Section 50 covers municipal guarantees. "CoJ guarantee" is not an uncomplicated answer to City Power's bankability problem. Depending on the recipient and structure, it may be expensive, procedurally demanding or practically unavailable. For City Power borrowing, MFMA section 108 applies: borrowing must accord with a municipal entity's multi-year business plan and the Chapter 6 borrowing provisions – including sections 46–50 – apply with the references to the municipality, Council and municipal accounting officer adapted to the entity, its board and its accounting officer.	Potentially 6-24 months for prepared investments. Finance cannot cure an unprepared project, insecure payment pathway or weak delivery capacity.
8. Joint venture or special-purpose structure Shared capital, capability and governance	A discrete platform or asset portfolio only where joint ownership creates demonstrable value unavailable through contracting.	Company, municipal-entity, procurement, asset-transfer and MFMA requirements require transaction-specific analysis. It cannot be used to confer work or ownership without competition, or to circumvent municipal accountability and SCM.	Usually medium to long term. High governance and interface burden makes it a poor default for urgent recovery.
9. Concession / external service-delivery mechanism Substantial operating and investment responsibility	Potentially a defined service or service area where sustained responsibility and risk can be transferred while public obligations remain enforceable.	Where an arrangement transfers responsibility for providing a municipal service, rather than procuring a bounded input or function within City Power, the service-delivery mechanism assessment and approval requirements in sections 76–81 of the Municipal Systems Act may also apply. Where the arrangement also satisfies the statutory PPP test, the Model 10 requirements apply.	Not a near-term instrument. Complex due diligence, consultation, affordability, procurement and transition requirements.
10. Formal municipal PPP Private performance of a municipal function or use of property with substantial risk transfer	Only substantial, well-prepared long-term packages with demonstrable value for money and affordability.	MFMA section 120 and the Municipal PPP Regulations apply where a transaction is substantively a municipal PPP. They require feasibility work addressing strategic and operational benefits, value for money, affordability, appropriate risk transfer, revenue and budget effects, and municipal capacity to manage and enforce the agreement. This is followed by a Council decision in principle, publication of the feasibility study, at least 60 days for the prescribed public process, consultation with Treasury and the relevant governmental authorities, competitive procurement and section 33 compliance where applicable. If the PPP entails external provision of a municipal service, Municipal Systems Act Chapter 8 must also be followed. Service authority and monitoring responsibility remain public.	Long-term option. Cape Town's reported work with Treasury suggests roughly three years even after proposed streamlining; it cannot anchor a 100-day or two-year turnaround.

Timing note: the approximately three-year municipal PPP duration is based on the Cape Town-National Treasury experience reported during CDE's stakeholder discussions and should be confirmed against the final amended municipal PPP process before publication.

7. Conditions for attracting credible participants and investment

Good private participants cannot be attracted simply by announcing that Johannesburg is open for business. The opportunity must be governable and bankable without rewarding those best able to exploit opacity or political access. The viability of every option depends on protecting project selection, procurement, contract management and site access from political or administrative interference, extortion and imposed intermediaries.

Condition	What credible participants need	Why it protects public value
Authority and scope	A lawful counterparty, defined function, assets, interfaces and decision rights.	Prevents parallel authority, scope drift and responsibility gaps.
Baseline and outcomes	Reliable technical, customer, financial and asset data; controllable performance measures.	Allows fair pricing, attribution, payment and independent verification.
Payment and affordability	A credible payment source, cash-flow rules and transparent tariff or remuneration assumptions.	Avoids unaffordable commitments and hidden diversion of service revenues.
Risk allocation	Responsibility only for risks the participant can control or materially influence.	Prevents both opportunistic claims and fictional risk transfer.
Integrity, competition and freedom from interference	Transparent decision rights; beneficial-ownership, conflict-of-interest and intermediary disclosure; protected reporting channels; and safeguards against political or administrative interference, extortion, imposed subcontractors and obstruction of site access.	Protects credible bidders, officials, local firms and communities from coercion or capture; preserves genuine competition; and reduces the risk that project costs, delivery decisions and benefits are diverted through politically connected gatekeepers or imposed intermediaries.
Assurance and remedies	Independent measurement, evidence access, dispute resolution, correction, step-in and termination rules.	Converts findings into consequences and protects continuity.
Local participation	Open, safe and productive routes for local firms, workers and skills development.	Produces durable transformation without compulsory intermediation or intimidation.

8. Overall conclusion

A new administration should focus first on lawful service, managed-service and performance-based contracts for urgent operational functions; prepare a limited pipeline of asset, energy and finance arrangements whose risks and payment pathways can be bounded; and open the network progressively to IPPs, customers and distributed resources. It should not wait for a full concession or PPP, nor mistake a collection of advisers and contractors for an integrated turnaround.

The practical priority is therefore not to choose one public-private model for City Power. It is to match each function to the least complex lawful instrument that can add the required capability or capital, produce a measurable result and preserve public accountability.

LEGAL STATUS: This paper is a practical, high-level mapping of potentially available instruments and their principal statutory requirements. It is not legal advice. The precise route for any selected transaction must be confirmed from its scope, duration, payment mechanism, property use, allocation of service responsibility and risk transfer.

Principal statutory and programme references

- Constitution of the Republic of South Africa, 1996, especially sections 152, 153, 195 and 217.
- Local Government: Municipal Systems Act 32 of 2000, especially sections 76-81 on service-delivery mechanisms and external provision.
- Local Government: Municipal Finance Management Act 56 of 2003, including sections 14, 33, 46-50, 90, 108 and 115-120. This covers the municipal-entity asset and borrowing provisions, as well as SCM responsibility, contract management, political exclusion and interference.
- Municipal Supply Chain Management Regulations, 2005; Municipal PPP Regulations, 2005; and applicable CoJ/City Power SCM policies.
- Electricity Regulation Act 4 of 2006, as amended; applicable NERSA licences, tariff decisions, grid/distribution codes and connection rules.
- National Treasury Metro Trading Services Reform programme documents and applicable World Bank/DFI financing and verification requirements.