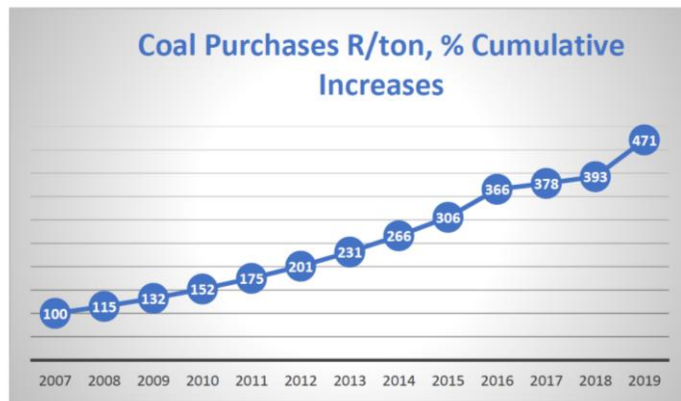


Measure and unit	Target 2021/22	Target 2019/20	Target 2018/19	Actual 2018/19	Actual 2017/18	Actual 2016/17	Target met?
Coal burnt, Mt ^{1,2}	n/a	n/a	117.10	113.76	115.49	113.74	n/a
Coal purchased, Mt ¹	n/a	n/a	122.97	118.25	115.25	120.25	n/a
Coal purchase R/ton, % increase ^{3C}	9.0	20.0	9.0	14.1	3.8	3.5	■
Coal stock days ¹	n/a	n/a	37	67	68	74	●
Normalised coal stock days ¹	n/a	n/a	37	26	28	38	■
Road-to-rail migration (additional tonnage transported on rail), Mt ^{3C,3}	37.1	10.6	11.5	8.2	11.6	13.2	■

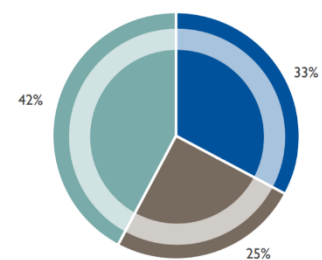
1. Future targets shown as n/a are dependent on system requirements.
2. The current year coal burnt figure excludes 3 085kt burnt during the commissioning of Medupi Units 3 and 2 and Kusile Unit 2 (March 2018: 1 901kt for pre-commissioning burn).
3. The 2021/22 road-to-rail target is the cumulative target over the next three years.



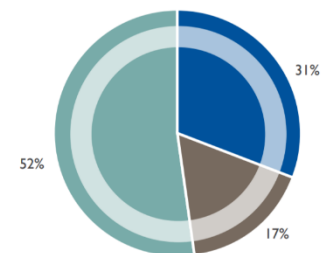
Source: Eskom^{1,2}

- Coal purchases in rand per ton increase by 471% between 2007 and 2019
- This is to be compared with the cumulative inflation increase of 98% over the same period
- That is an increase of more than 4 times.
- The increase in coal purchases for 2020 is projected to be 20%

Coal purchases by volume



Coal purchases by value



- Cost-plus
- Fixed price
- Short/medium-term contracts

- Cost – Plus: R10 billion
- Fixed price: R18.1 billion
- Short and medium-term contract: R30.4 billion

The coal total cost is R58.5 billion and is 38% of the electricity operating costs

The Total Coal Costs of **R58.5 billion** and the Independent Power Producers Costs of **R25 billion** make up **55%** of the electricity operating costs and Eskom does not seem to have control on both these costs items.

1. Historic coal cost increases more than 15% per year <http://www.eskom.co.za/IR2017/Interim/Pages/default.aspx>
2. FY2015 coal cost, R/ton increase was 19.5%

Nersa's multiyear price determination for the 2018-2019 financial year, allows Eskom to spend R39billion for 114-million tonnes of coal. This means that NERSA limits Eskom to R344 per tonne of coal without transportation costs.

An analysis of Eskom's coal price contracts shows that Eskom pays its suppliers significantly more than the R344 per tonne allowed by NERSA. Some companies, such as Glencore, are charging the utility double the price that smaller suppliers charge for the same or similar coal quality.

Four of the most expensive prices, per tonne, are part of Glencore contracts. The most expensive coal for Glencore is R980 per tonne compared to the R344 per tonne allowed by NERSA.

<https://mg.co.za/article/2019-10-11-00-the-high-price-of-coal-connections/>.

