



# SAKELIGA'S ENERGY LITIGATION IMPACT

## Protecting Businesses and Ensuring Reliable Power Supply

In the face of South Africa's municipal debt crisis and the crippling impact it has on businesses when Eskom cuts off power, Sakeliga emerged as a decisive force with its 4-phase energy litigation strategy. With a focus on empowering businesses and ensuring energy reliability, Sakeliga's strategic approach garnered attention in the courts and delivered tangible results.

### SAKELIGA'S 4 PHASE ENERGY LITIGATION STRATEGY

**PHASE 1**

#### Stop Power Cuts in The Musina Municipality

**SUCCESSFUL**

<b>PROBLEM</b>	Indebted Municipality Musina owed Eskom R73M	Emboldened Eskom Eskom planned to cut off power	3rd Party Hostages 431 Businesses & 143K Residents
<b>SOLUTION</b>	Sakeliga Litigation Sakeliga opposed Eskom in court	Litigation Victory Eskom settled with Musina	Businesses Protected From incurring significant losses

**PHASE 2**

#### Establish a National Legal Precedent

**SUCCESSFUL**

<b>PROBLEM</b>	Emalahleni and Thaba Chweu Owed Eskom over R125M	Emboldened Eskom Eskom planned to cut off power	3rd Party Hostages 5684 Businesses & 599K Residents
<b>SOLUTION</b>	Sakeliga Litigation Acted as a friend of the court	Supreme Court of Appeal Victory Overturned lower court decisions	Created a National Precedent Applicable to all 257 municipalities

**PHASE 3**

#### Ensure Payment Solutions

**IN PROGRESS**

<b>PROBLEM</b>	Insolvent Municipalities Together owe Eskom R60B	Eskom Deserves Payment for Services If municipalities cannot pay, sidestep them	Independent Oversight Eliminate corrupt payment channels
<b>SOLUTION</b>	Sakeliga Litigation Municipal case in Ditsobotla	Ensure Eskom is paid Limiting municipal malevolence	Businesses Protected Power delivered to paying customers

**PHASE 4**

#### Promote Energy Creation and Distribution

**IN DEVELOPMENT**

<b>PROBLEM</b>	Mismanaged Municipalities Debt to Eskom is up 194% in 5 yrs	Broken Power Supply Load shedding plagues the country	No Competition To generate and distribute power
<b>SOLUTION</b>	Sakeliga Litigation Pre-litigation case development	Remove Legal Barriers To privately generate & distribute power	Create New Power Supply Through existing and autonomous grids

### PHASE 1 & 2 IMPACT HIGHLIGHTS

#### LEVERAGE

13x

By setting legal precedents in 3 municipalities, Sakeliga's actions indirectly impacted 40 other insolvent and mismanaged municipalities

#### LITIGATION

90%

Sakeliga has more than a 90% success rate in court, securing favourable outcomes for businesses and in their energy-related litigation cases

#### PROTECTION

79k

Sakeliga safeguarded the operations of 79,492 formal businesses in 40 municipalities from unfair and harmful power cuts

#### SAVINGS

80%

Sakeliga spared businesses from having to spend up to 5x more (80% savings) on alternative power sources to sustain their operations

#### EFFICACY

R32.4B

Sakeliga spent R2M to help 79,492 businesses avoid up to R32.4B/year in lost productivity (16,000x return on investment)



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## A Closer Look at the Significance of Phases 1 and 2

Sakeliga stopped Eskom from enacting bulk electricity interruptions and acting harmfully against municipalities, local businesses, and the greater community.

### WITHOUT SAKELIGA

#### Eskom Cuts Power in Walter Sisulu

Eskom's power cuts in the Walter Sisulu Municipality from July 2017 to January 2018 impacted businesses and residents. A multi-national South African company challenged these cuts in court, seeking resolution and compensation, but lost the case. Sakeliga was not involved in this case. The outcome highlights the challenges businesses face in navigating the legal landscape surrounding Eskom's power cut decisions.

### SUCCESSFUL PHASE 1

#### Stopped Power Cuts in Musina

Sakeliga, assuming the role of the litigant, achieved a notable victory by putting an end to power cuts in Musina. Sakeliga's litigation team dedicated over 200 hours to the case. The team's pursuit of justice prevailed in the courtroom. This significant legal triumph underscores Sakeliga's commitment to shielding businesses and residents from the detrimental impact of unfair power disruptions.

### SUCCESSFUL PHASE 2

#### Established a National Legal Precedent

Sakeliga, acting as a friend of the court, played a significant role in establishing a new national legal precedent in the Resilient Properties versus Eskom case, ultimately decided by the Supreme Court of Appeal. The Sakeliga litigation team invested over 300 hours. Sakeliga's persuasive arguments proved instrumental in shaping the legal landscape for a favourable business environment.

### WHAT WAS AT STAKE

#### Eskom Owed

**R115M**

from the Walter Sisulu Municipality in 2018

#### Power Cuts to

**87 263**

residents and 19 570 Eskom accounts

#### Eskom Owed

**R73M**

from the Musina Municipality in 2018

#### Kept Power On

for **150 882**

residents and 21 443 Eskom accounts

#### Eskom Owed

**R125M**

from the Emalahleni and Thaba Chweu Municipalities in 2020

#### Kept Power On

for **598 716**

residents and 127 490 Eskom accounts

### WHY IT MATTERED

#### 1 Company Lost

**R100M**

from power cuts over 6 months

#### Businesses Paid

up to **5x**

more in alternative power sources

#### Business Saved

**R158M**

avoiding lost production and sales

#### Businesses Saved

up to **80%**

avoiding use of alternative power

#### Business Saved

**R2.34B**

avoiding lost production and sales

#### Businesses Saved

up to **80%**

avoiding use of alternative power

### WHAT IT MEANT

#### Businesses Remained

**HOSTAGES**

as good-standing bystanders in an intergovernmental dispute (The company was ordered to pay ALL court costs after loss)

#### Power Could Be Cut

**ANYTIME**

to any business or resident over municipal Eskom arrears (75% of municipalities have collapsed or are close to collapsing)

#### Eskom & Municipalities

**REQUIRED**

to work together to resolve payment terms (Eskom was prevented in Musina what it did in Walter Sisulu)

#### Created a

**BLUEPRINT**

for business access to power despite municipal nonpayment (previously the courts told businesses to appeal to their municipality)

#### Eskom & Water Boards

**PREVENTED**

from cutting off services to good-standing accounts (reversing previous court decision)

#### Created a Court

**PRECEDENT**

so good-standing businesses would not be held hostage (impacting every business in all 257 municipalities)