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Zondo Commission – Eskom execs helped Tegeta bully Glencore into selling Optimum

Another manager in Eskom's primary energy division has testified to the irregular processes that senior executives at the power utility used to impose penalties on Optimum mine while that it was owned by Glencore Minerals and during the lead up to its acquisition by Tegeta Exploration. Gert Opperman – the contract manager in charge of the Optimum mine account – testified before the commission of inquiry into state capture on Friday.

He confirmed that despite Optimum initially owing R2.1-billion in penalties in late 2015, by the time the mine had changed hands and was owned by Tegeta, that figure was a comparatively paltry R255-million. Despite his proximity to the issues of coal quality at Optimum, Opperman was never consulted on the matter.

Evidence leader advocate Vincent Maleka asserted that Eskom showed preferential treatment towards Tegeta, a point that Opperman again confirmed. Opperman's own calculation of the penalties owed by Optimum at the time came to just above R700-million, but when asked by Maleka, he could not say why his figure differed, and what eventually became of the official record he had made containing that figure.

Maleka asked Opperman if he would have led a process such as the penalty calculation, or whether his input would have been considered, under normal circumstances, to which he said yes. He was however not consulted on the decision to impose the penalties, and only learned of the figure when Eskom's lawyers notified Optimum. Eskom had cried foul over the quality of the coal, including its size and its abrasive index, the measure used to determine its burning quality. Opperman told the inquiry of the impact that substandard coal has on some key equipment used in the energy generation process.

The penalties issue was happening in the context of intense negotiation between Optimum and Eskom, when the mine was struggling financially to meet its supply obligations, and Eskom had rejected a proposed adjustment of pricing standards for the coal coming from Optimum, which supplied Hendrina power station. The penalties were in fact one of the factors that led to the struggling Optimum going into business rescue that year.

Former Optimum chief executive Clinton Ephron told the inquiry last month that soon after the mine went into business rescue, they were told of Eskom's plan to suspend payment for coal supplied, in lieu of the penalties owed. For two months, in July and August, Eskom did not pay for the coal it received. The business rescue team then in turn suspended supply to Hendrina, a move that prompted Eskom to come back to the negotiating table to discuss supply.

Optimum provided coal to Eskom's Hendrina power station for over 40 years, before that supply chain was shut down in 2018, while under the ownership of Tegeta. Hendrina now gets its coal from four different mines, Opperman said.

Tegeta, which was majority owned by the Gupta family's Oakbay Investments, is believed to have strong-armed Glencore into selling Optimum in late 2015, with some help from Eskom executives,

including former CEO Brian Molefe. Former minister of mineral resources Mosebenzi Zwane was said by Ephron to have travelled with one of the Gupta brothers, Rajesh, to Glencore's Swiss headquarters, in an effort to convince the head of the company, Ivan Glasenberg, to sell it to Tegeta, along with other assets attached to it. The meeting happened in December 2015, following months of intense negotiating between Glencore and Eskom, and subsequently between Oakbay and Glencore, after the former showed interest in buying the mine.

Opperman continues with his testimony today.

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