

MEDIA STATEMENT

Eskom welcomes ministerial approval for the next stage of separation, enabling more efficient service delivery, greater competition, and enhanced policy and investor certainty to drive reindustrialisation and economic growth

Tuesday, 09 December 2025: Eskom Holdings welcomes the approval by the Minister of Electricity and Energy, Dr Kgosisentsho Ramokgopa, of its revised unbundling strategy. The approval enables the next stage of Eskom's separation and supports the development of the future structure of South Africa's electricity supply industry as defined by the Electricity Regulation Amendment Act (ERAA).

The Minister approved the Eskom Board-endorsed structure for a separated Eskom, which will comprise a new holding company with the following subsidiaries:

- National Electricity Distribution Company of South Africa (NEDCSA).
- GenerationCo (GxCo).
- Eskom Green – a new subsidiary to house Eskom's renewable energy business.
- National Transmission Company South Africa (NTCSA) – legally separated in July 2024, formerly Eskom Transmission.

Additionally, a new and independent Transmission System Operator (TSO) will be established outside of Eskom.

Under the revised unbundling strategy, transmission assets remain owned by the National Transmission Company South Africa (NTCSA), which operates as a subsidiary of Eskom Holdings and will continue to expand and maintain the national grid.

"Today's announcement by the Minister represents a significant step forward in establishing a competitive electricity market in South Africa, supported by the rule of law while maintaining strong public oversight of the power system and its assets. This marks the next stage of the groundwork to enable more affordable and competitive pricing by driving competition, efficiency, and diversity of supply, ultimately stabilising South Africa's electricity system," said Eskom Group Chief Executive, Dan Marokane.

"We recognise the urgency of reform to benefit consumers, and among all the options for Eskom's next stage of unbundling, we have chosen the framework that enables the fastest and most orderly transition. This approach strengthens the level playing field for market participation and provides greater certainty for investors bringing much-needed capacity into the system," added Marokane.

"Growing the electricity marketplace requires expanding supply, with demand projected to increase by 1.5% in the short term and 2% in the long term. Given the variability of renewable energy, South Africa will need to grow generation capacity from 66GW in 2024 to 107GW by 2034. When the system grows, it creates space for all players, public and private, to contribute to South Africa's energy future," Marokane concluded.

The approved strategy aligns with the ERAA, which establishes the framework for restructuring the electricity supply industry and creating an independent TSO within five years. Under the ERAA, NTCSA continues to perform transmission-related functions during the transition.



Importantly, NTCSA achieved a major milestone in July 2024, becoming a legally separated entity and operating as a subsidiary of Eskom Holdings. This step laid the foundation for the next phase of unbundling and the establishment of the independent TSO.

Eskom's approach enables a smooth and orderly transition to the future market structure by retaining NTCSA as the transmission asset owner within Eskom Holdings, while a separate and independent TSO SOC Ltd is established. The TSO will oversee system and market operations, central purchasing, and non-discriminatory access for all market participants, supporting the development of a competitive wholesale electricity market as required by the ERAA.

This structure also provides strategic certainty for lenders and bondholders, supporting financial stability while the reforms are implemented and the electricity system continues to operate reliably.

This approval demonstrates government's ongoing implementation of the ERAA policy to deliver phased restructuring of the electricity sector, providing a level playing field for competition, investor certainty to enable new investment and generation, and contributing to electricity pricing becoming more affordable and predictable over time.

Building a modern, transparent, and reliable power system

Eskom is transitioning from a single, vertically integrated company to a group structure. Today's decision reflects international benchmarks and market best practice, adapted to South Africa's unique context, including the need to:

- Maintain baseload power while introducing renewable energy
- Protect vulnerable customers
- Maintain universal access
- Support a just energy transition

Key elements for the next stage of Eskom's unbundling include:

- The TSO will become a State-Owned Company, fully independent of NTCSA and Eskom Holdings, providing transparent access to the transmission network and managing electricity trading through the Market Operator, and System Operations.
- NTCSA will continue to own and expand the high-voltage transmission grid. Rolling out the Transmission Development Plan (TDP) of some 14 000kms of high voltage lines and MVAs of transformer capacity.
- NEDCSA will strengthen distribution networks and be unbundled once key solvency metrics are met, largely dependent on a solution to municipal debt.
- GxCo will operate as a dedicated generation company within the new holding structure.
- A separate TraderCo will operate alongside other licensed traders in a more open electricity market.
- Eskom Green will be Eskom Holdings' wholly owned renewable energy subsidiary, serving current and future customers, accelerating Eskom's participation in the renewables sector. The subsidiary will develop multiple clean energy projects, initially supported by a pipeline aimed at adding at least 2GW of capacity by 2026. Eskom Green will operate independently while remaining accountable to Eskom Holdings, allowing greater governance agility, competitive market positioning, and enhanced access to public-private partnerships. This initiative is part of Eskom's broader commitment to reduce carbon emissions and other air pollutants.



Next Steps

With the Minister's approval of the refined strategy, Eskom will proceed with implementation in a carefully sequenced manner, with overall transformation aimed for completion by 2030. This phased approach allows Eskom and government to manage financial, legal, and operational risks while building the skills, systems, and institutions required for a more open and competitive electricity market.

Eskom will manage these changes responsibly, in partnership with government, regulators, organised labour, municipalities, and all relevant stakeholders. A structured engagement process is underway to keep stakeholders informed, safeguard power system stability, and support employees throughout the unbundling journey.

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