



electricity & energy

Department:
Electricity and Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

TO ALL MEDIA/NEWS EDITORS

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MINISTER OF ELECTRICITY AND ENERGY ANNOUNCES APPROVAL OF ESKOM UNBUNDLING STRATEGY

The Minister of Electricity and Energy, Dr. Kgosientsho Ramokgopa, is pleased to announce the ministerial approval of Eskom Holdings' revised unbundling strategy, representing a significant advancement in transforming South Africa's electricity supply sector. This approval paves the way for the next phase in Eskom's separation, fostering enhanced service delivery, competition, and ensuring clarity for investors and policymakers.

The Minister's approval, had received the support of the ESKOM Board, and lays a strong foundation for a restructured electricity supply industry as mandated by the Electricity Regulation Amendment Act (ERAA).

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

At the same time, the Ministry will initiate the legal and regulatory process for the creation of a fully independent Transmission System Operator outside of the Eskom Group, as required by the amended Electricity Regulation Act. This independent TSO will perform the functions of system operations, market operation and central purchasing, ensuring non discriminatory access to all market participants and enabling the emergence of a competitive wholesale electricity market.

"This strategic decision represents a significant advancement towards establishing a competitive electricity market in South Africa," stated Minister Ramokgopa. "It supports strong public oversight and the rule of law while enabling affordable, competitive pricing, increased efficiency, and a diverse supply. Moreover, the proposed approach aims to preserve the financial stability of the Eskom Group by minimizing disruptions to its highly leveraged balance sheet, thereby mitigating risks to both Eskom and national energy security."

The unbundling strategy is designed to address the urgent need for reform in the electricity sector, facilitating independent and equitable access for all market participants. "In line with the approved framework, we are set to ensure a level playing field for market participation and instill greater certainty for investors looking to bring essential capacity into the system," the Minister added.

With the expected increase in electricity demand by 2% long-term, South Africa's generation capacity must rise from 66 GW in 2024 to 107 GW by 2034, accommodating both public and private sector contributions towards a robust energy future.

This unbundling strategy is meticulously aligned with the ERAA, which outlines the framework for restructuring the electricity supply industry and for establishing an independent TSO within five years. It's crucial to note the successful legal separation of NTCSA and its progress into a subsidiary of Eskom Holdings, which lays a solid groundwork for the continuing evolution of South Africa's energy landscape.

Minister Ramokgopa emphasized the importance of maintaining a balance between introducing renewable energy while ensuring traditional baseload generation is available, safeguarding vulnerable customers, and preserving universal access to electricity as we move towards a just energy transition.

Eskom is now poised to implement this refined strategy in a phased approach, ensuring careful management of financial and operational risks while developing the necessary skills, systems, and institutions for a competitive electricity market. Ongoing engagement with government, regulators, organized labor, and municipalities will be essential to support a stable and responsible transition.

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