Government reforms prompt surge in private power to keep lights on

The government and business expect a huge amount of new, utility scale private sector renewable energy capacity to come online in the next three years as corporate plans come to fruition, helping to keep SA's lights on.

The presidency's Rudi Dicks said at a joint business and government briefing on Thursday that 22GW of new private solar and wind power was due to come online, with an estimated 4,000MW in 2024 rising to 8,600MW by 2026 as a result of corporate board decisions in the past couple of years.

This comes after last year's unexpected 2,600MW spike in smaller rooftop solar energy installations.

With performance of Eskom's power stations now starting to improve, independent modelling commissioned by business and government sets out a "critical path" that will end load-shedding permanently by the end of 2025 — as long as all the enablers are in place.

The influx of new private sector renewable energy players is evidence of the success of reforms to open up the market and of the rapid effect they have had on SA's electricity supply.

It has been less than 18 months since the government opened the way for companies wanting to generate their own electricity by lifting the cap on own-generation, and business has pushed hard for other reforms to be put in place to support this.

The briefing also reflected the extent to which business has mobilised to help address SA's crises of energy, logistics, crime and corruption since Business for SA agreed with President Cyril Ramaphosa on a formal collaboration with the government last year.

B4SA chair Martin Kingston said that after 11 months of work, "it is clear that we're now getting real traction. In the case of energy, we've seen a 60% reduction in load-shedding year on year and 80% if we talk about stages four and above, in part due to enhanced performance ... but also substantial new generation has come on stream with much more being planned".

In transport and logistics, there had been a material turnaround in the waiting time for vessels at the ports, and business had mobilised technical expertise to support the new transport logistics road map. Dicks said implementation of the road map was in full swing.

The reforms would create full competition in rail and reinforce competition in the ports. The government aimed to open access to the rail network by new private operators by September 1.

There was a material reduction in crime on Transnet's coal line, with business having invested almost R700m to secure the line over the past three years.

Kingston said crime and corruption had been the most difficult of the three focus areas to get up and running, in a way that respected the independence of the criminal justice cluster.

But a structure had been put in place and terms of reference agreed. The critical NPA bill was now waiting for the president to sign it.

Energy Council CEO James Mackay used the briefing to counter misleading reports — prompted by a talk this week by former Eskom CEO Andre de Ruyter — that the power utility was keeping the lights on by burning huge quantities of diesel. In the past seven weeks, it had burnt less than in 2023 or 2022, Mackay said.

Eskom had cut unplanned outages and boiler tube leaks had reduced, and it was ahead of plans to end load-shedding.

Eskom spent R19bn on diesel in 2022 and almost R30bn in 2023. De Ruyter left the power utility in December.

Thursday’s briefing went ahead even though the president postponed his scheduled meeting with B4SA this week.

The partnership has committed to meeting the president every six to eight weeks to update him on progress in the three priority areas.

Business now has about 350 people working in the 15 workstreams under the energy, transport and logistics, and crime and corruption focus areas. More than 150 CEOs have pledged their support.

The initiative is working to fast-track structural reforms as well as to help improve performance at Transnet and Eskom and in areas such as forensics in the criminal justice system.

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