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## The Eskom crisis update: Where we are now

**Summary:** South Africa's energy crisis has deepened but could still get worse. Delayed reforms and persistent allegations of corruption obscure a clear pathway.

### Relevance:

- Technically insolvent state-owned power company Eskom now implements rolling blackouts (known as 'load-shedding') on a daily basis, at a huge cost to the South African economy and society.
- The Eskom crisis has implications for the entire southern African region. Once a major exporter, South Africa now seeks to import more power from its neighbors.
- Eskom is central to South Africa's plans to transition away from coal, to be supported by international climate finance through the [Just Energy Transition Partnership](#).

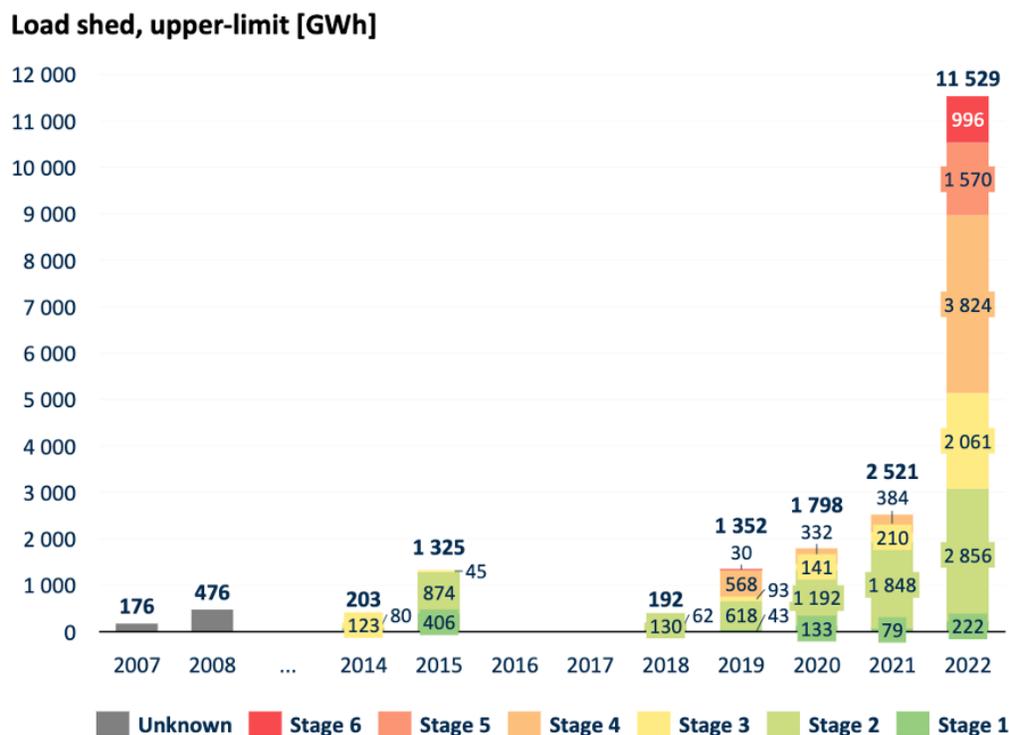
**Update:** In 2019, the severity of Eskom's troubles was already clear. At the time, [we highlighted](#) four core indicators: mounting debt, falling availability of generation capacity, an increase in load-shedding, and rising prices for power. In the same year, the government took or initiated several steps:

- Published a roadmap setting out plans to unbundle generation, transmission, and distribution in three years.
- Appointed a new CEO to Eskom, Andre de Ruyter, who was charged with improving plant performance, preparing the company for market reforms and restructuring, and repairing damage from corruption and underinvestment.
- Announced R150 bn (US\$8 bn) in bailouts, planned over ten years, including a front-loaded injection of R59 bn (US\$3.2 bn) between 2019-2021.
- Updated the national power plan, the 2019 Integrated Resource Plan.

But, more than three years later, the situation at Eskom has gone from bad to worse.

- **Debt remains unsustainably high** at ~R423 bn, despite support from government.
- **The energy availability factor** decreased from 66% to 58% in 2022.
- **Load-shedding multiplied by 16x** to 22,529 GWh or 157 full days in 2022 (Figure 1).<sup>1</sup> At the time of writing, load-shedding was affecting customers up to ten hours per day.
- **Tariffs rose 34%** to R1.40/kWh in 2023.<sup>2</sup>

FIGURE 1: Eskom load-shedding 2007-2022 (CSIR, 2023)



Note: Stage 1 is planned cuts to save 1 GW, Stage 2 saves 2 GW, etc.

## What happened?

Government has yet to implement key reforms that were meant to improve Eskom’s financial sustainability, transparency and governance, and operational performance. In parallel, the Ministry of Minerals and Energy has failed to procure new power needed by the utility to improve supply.

- New procurement of emergency power was botched and is now mired in court challenges.** The 2020 Risk Mitigation Independent Power Producer Procurement Programme (RMI4P) was intended to bring 2,000 MW of new power online in two years. But procurement irregularities relating to [Karpowership](#) “floating power plants” winning two-thirds of the 1,845 MW in selected bids led to several legal battles. A final ruling on the environmental aspects is expected in early March, but the deal is likely to face continued opposition.<sup>3</sup>
- The formerly successful renewable energy program is only limping back.** The Renewable Energy Independent Power Producer Procurement Programme (REI4P) famously came to a halt in 2015 due to political interference and only restarted in 2021. Despite repeated commitments for more frequent procurement rounds (every 6 months), only two bid windows have opened.<sup>4</sup>
- New power options are being limited by underinvestment in transmission infrastructure.** Investments in transmission have been deferred, in part due to policy uncertainty and financial constraints. This is now limiting power procurement. For

example, the Ministry of Minerals and Energy rejected bids for significant wind power capacity in bid window 6, ostensibly due to transmission constraints.<sup>5</sup>

Due to the deterioration in Eskom's plant performance and delays in procuring new power, government is turning towards more executive – often presidential – crisis interventions.

- **As load-shedding escalated, regulatory rules were loosened from the top to bring more power online.** [Earlier steps](#) included amendments to the Electricity Act that increased licensing exemptions for private power from 1 to 100 MW and allowed municipalities to procure power directly from independent power producers. A major draft regulatory bill was also introduced in February 2022. If passed it would boost competition, but also increase the discretionary powers of the Minister of Minerals and Energy. Then, in July 2022, the president announced several emergency measures and established the National Energy Crisis Committee (NECOM) to implement and coordinate action.<sup>6</sup>
- **The president announced a 'State of Disaster' in the power sector at the start of 2023, enabling further executive-level interventions.** According to the recently published Disaster Management Regulations, Cabinet members will be allowed to exercise additional executive authority. This includes issuing directions to: remove impediments to the construction of power plants, provide exemptions or expedite required approvals, streamline decisions relating to power procurement, and exclude upgrades, refurbishments, adjustments, and repairs of existing energy infrastructure from environmental regulations.<sup>7</sup> The president also created a new ministerial position in the Presidency to oversee the implementation of crisis measures and appointed the new Minister of Electricity on 6 March.
- **The National Budget released on February 22 includes another huge bailout of Eskom, with conditions to be determined by the Minister of Finance.** The R254 bn in loans and bailouts over the next three years is on top of R263 bn provided between 2009 and 2022.<sup>8</sup>

Meanwhile, new allegations of corruption at Eskom have been made by the recently-ousted CEO. If correct, crisis measures and reforms could be at risk of being misappropriated and misused.

- **Andre de Ruyter left Eskom following political attacks and an assassination attempt, alleging pervasive corruption.** The Minister of Minerals and Energy accused him of treason for failing to reduce blackouts before a conference of the ruling ANC party, and de Ruyter tendered his resignation in December 2022 after receiving no support from the administration. He was then removed with immediate effect after making public allegations of ministerial involvement in organized crime and corruption surrounding Eskom, including deliberate acts of sabotage at coal power plants.<sup>9</sup> While investigative journalists support de Ruyter's claims, they remain unproven and Ministers in the government say the onus is on him to go to the police with evidence.

**Conclusion:** Despite plans for reform, financial bailouts, and various other crisis interventions, Eskom's problems have deepened over the past three years and the country is likely facing even more rolling blackouts. A follow-up memo will look at future options.

## Endnotes

1. [Statistics of utility-scale power generation in South Africa](#), CSIR Energy Centre, Feb. 2023.
2. [Approved Municipal Electricity Tariffs](#), NERSA, 2022/2023.
3. Antony Sguazzin, [Karpowership to get SA environmental ruling by March 7](#), *News24*, Jan. 2023; Sheree Bega, [Environmental ruling on Karpowership to be made in early 2023](#), *Mail & Guardian*, Oct. 2022.
4. Julia Evans and Onke Ngcuka, [How the ANC's years-long delays on renewables plunged SA into darkness and scuppered plan to end blackouts](#), *Daily Maverick*, Jan. 2023.
5. Terence Creamer, [SAWEA expresses grave concern over grid-access rules as no wind project prevails under expanded bidding round](#), *Creamer Media's Engineering News*, Oct. 2022; Craig Richard, ['No grid access': South Africa rejects 4GW wind in tender](#), *Wind Power Monthly*.
6. Catrina Godinho, [What will drive South Africa's Energy Transition? 3 Factors to Watch](#), *Energy for Growth Hub*, March 2022.
7. Julia Evans, [State of Disaster statutes allow for emergency power acquisition but at expense of environment protections](#), *Daily Maverick*, Feb. 2023.
8. National Treasury of South Africa, [National Budget for 2023](#).
9. Stephen Grootes, [André de Ruyter, ANC and the end of Eskom as we know it](#), *Daily Maverick*, Feb. 2023.