



MINISTRY OF ELECTRICITY AND ENERGY  
REPUBLIC OF SOUTH AFRICA

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MINISTER OF ELECTRICITY AND ENERGY | REPUBLIC OF SOUTH AFRICA  
DEPARTMENT BUDGET VOTE ADDRESS  
ELECTRICITY AND ENERGY | VOTE 10

10 July 2025 | Cape Town, RSA.

Honourable Speaker of the National Assembly

Fellow Ministers, Deputy Ministers

The Deputy Minister of Electricity and Energy, Hon Samantha Graham Maré

Leaders of the Opposition

Chairperson and Members of the Portfolio Committee on Electricity and Energy

Distinguished Guests and Partners

People of the Republic of South Africa,

In his seminal critique of global inequality, *How Europe Underdeveloped Africa*, the African intellectual and freedom fighter **Walter Rodney** wrote, “*Development is a process of self-reliance, of drawing upon the resources of the people and mobilising them for their own benefit.*”

For millions of South Africans, the promise of democracy remains incomplete when homes are without power, hospitals face blackouts, and businesses operate under the shadow of uncertainty. Energy is not simply a technical input. It is about human dignity. It is about enabling children to study at night, clinics to preserve vaccines, and factories to power the jobs we so urgently need.

It is within this context that the Department of Electricity and Energy was established. Not as a bureaucratic reshuffle, but as a strategic intervention to restore public confidence, drive delivery, and reassert the role of the democratic state as a developmental force. This Budget Vote marks a turning point. It is not merely about expenditure. It is about direction. It is about renewal. And most of all, it is about delivery.

At the time of our formation, the Country was experiencing the most severe energy crisis in its democratic history. Loadshedding had become a daily feature of life. Growth was stalling, investor confidence was weakening, and the reliability of the state itself was under question.

Yet even under these conditions, we resisted despair. Guided by the Energy Action Plan, supported by Eskom, the private sector, and social partners, and strengthened by the formation of the National Energy Crisis Committee, the country rallied. Structural loadshedding has effectively been eradicated and occurrences of loadshedding are now sparsely intermittent. In the year ending April 2025, annualised EAF bridged the 60% mark. Eskom is now gearing to improve EAF to above 70% by the end of the current financial year.

It is this progress that we seek to consolidate in the 2025/2026 financial year. However, this Budget Vote is not just about resolving a crisis. It is about reshaping the future. Our long-term task is not only to stabilise the system, but to reform its structure. We must build an electricity sector that is affordable, democratic, and rooted in the needs of our People. That means expanding access, lowering prices over time, and using energy infrastructure to drive industrialisation, job creation and economic inclusion.

This is not an abstract policy ambition. It is the very foundation of a developmental state. Energy is not a commodity to be traded without consequence. It is a public good. It is a platform for dignity, for education, for health, for enterprise, and for full economic citizenship.

As we present this Budget Vote, we do so with clarity about our mission and humility about the scale of the work ahead. Our programme is organised around five strategic priorities, as set out in the Department's 2025 to 2030 Strategic Plan:

1. Achieve Universal Access; Availability, Affordable and Quality Energy
2. Attain sovereign and regional energy security
3. Drive industrialisation and lead innovation
4. Qualitatively transform energy demographics
5. Assert SA, Continental and global energy leadership

This Budget is therefore both a statement of intent and a plan for delivery. We will therefore, in presenting this inaugural budget address, outline the progress we have made, the interventions planned for the year ahead, and how we intend to work with partners across the state, private sector and communities to achieve our shared goals.

## Achieve Universal Access; Availability, Affordability and Quality Energy

Honourable Members

Since 1994, South Africa has made extraordinary progress in redressing energy poverty through one of the most extensive electrification programmes in the Global South. Over **8.4 million new household connections** have been delivered, expanding electricity access from just over **36 percent in 1994 to more than 94 percent** by 2024. This achievement reflects the State's commitment to universalising access as a core component of post-apartheid reconstruction and development. However, the momentum of recent years has slowed.

Unelectrified households, particularly in informal settlements, peri-urban areas, deep rural area and newly formed housing developments, now account for **1.6 million households**, demanding a renewed and accelerated national effort. The Department has therefore undertaken a review of the current electrification approach and initiated a comprehensive **Universal Access Strategy**. This intervention aims to expand beyond its historic grid-centric model and adopt a coordinated, technology-neutral framework that accelerates access delivery, integrates grid and non-grid solutions, and institutionalises implementation partnerships across all three spheres of government.

The revised strategy is structured around three critical reforms:

1. **Reconfiguration of the Delivery Model** to consolidate all access programmes under one hybrid planning and funding framework, including the review of the current INEP grant; towards a universal access grant.
2. **Infrastructure Modernisation**, with targeted investment in overloaded or under-capacitated networks to accommodate new connections and load growth.
3. **Innovation and Off-grid Integration**, scaling micro-grids and decentralised energy and smart grid systems for deep rural, peri-urban and informal areas.

The Universal Access Strategy reframes electrification as a developmental and rights-based obligation, rather than a legacy infrastructure backlog. By aligning spatial planning, funding reform, and capacity building into a single programme, the Department aims not only to close the access gap by 2030, but to embed energy access into a broader framework of inclusive growth, social equity and infrastructure-led transformation.

Over the Medium-Term Expenditure Framework, government has committed just over R13 billion to the Integrated National Electrification Programme. This allocation is more than a funding line. It is a baseline commitment to end energy poverty, and a platform to reconfigure how we deliver on the promise of universal access by 2030.

The scale of the financial requirement to achieve universal access by 2030 exceeds what the fiscus alone can carry. The Department is therefore working with National Treasury and our development finance partners to design a new blended financing approach. The goal is to use the R13 billion allocation to unlock additional capital through the debt markets and concessional funding windows. By using public funds to de-risk private investment, we are creating an infrastructure finance facility that will allow us to front-load the capital needed to accelerate roll-out.

To ensure that access is not only achieved but affordable, the Department has also initiated a comprehensive review of the Energy Pricing Policy. This review is central to addressing affordability constraints, particularly for indigent communities that remain energy poor despite formal connections. The revised framework will propose a differentiated pricing structure that protects vulnerable households, while also supporting large power users with internationally competitive tariffs for electricity-intensive, locally beneficiated exports.

### **Independent Power Producers and the Procurement Pipeline**

The Independent Power Producer Office, working with the Department, has now enabled over 2,030 MW of capacity currently under construction, and a further 2,991 MW in advanced stages of financial close. More than 7,700 MW has already been connected to the grid since the inception of the Independent Power Producer Programme (IPP)

In the year ahead, new rounds under the Renewable Energy Independent Power Producer Procurement Programme, the Battery Energy Storage Programme, and the Gas-to-Power programme will be issued. These will incorporate stronger localisation obligations, clearer project timelines and enhanced oversight mechanisms to ensure implementation discipline.

## Securing Gas Supply and Mitigating the Impending Cliff

Honourable Members

South Africa is approaching what analysts have termed a **gas cliff**, a structural supply shortfall arising from the imminent depletion of domestic gas reserves, declining imports via the Rompco pipeline from Pande/Temane Fields in Mozambique to Secunda in Mpumalanga, and delayed infrastructure investments. Without urgent intervention, this cliff will undermine industrial continuity, threaten baseload capacity, and stall progress on our energy transition.

Gas is not a luxury in our context. It is a critical enabler of power system flexibility, a baseload substitute in select industrial applications, and a critical feedstock to produce fertiliser, hydrogen and other value-added chemicals. While we continue to expand renewable generation, we must also recognise that a **reliable, dispatchable baseload** will remain essential for a functioning power system.

Recognising this, the Department has prioritised a national response that secures current supply and positions South Africa for long-term resilience in the gas market. Three interventions will be prioritised in the 2025/26 financial year. First, the Department will finalise a **Gas Master Plan and Implementation Framework**, identifying demand anchors, pipeline corridors and investment instruments to support gas-to-power projects and industrial use. Secondly, working with the Department of Transport, and the Department of Mineral and Petroleum Resources we will fast-track the **procurement and development of liquefied natural gas (LNG) import infrastructure**. Thirdly, **securing long-term and competitively priced gas supply contracts** is now an economic imperative. These contracts will underpin investor confidence in gas-to-power infrastructure and ensure that installed assets are dispatched with efficient load factors, allowing them to operate consistently and cost-effectively over their economic lifespans. Without predictable offtake and price stability, gas projects will remain stranded and financially unviable.

Honourable Members,

### Transmission Infrastructure and Grid Access

None of our generation interventions will be successful unless they are matched by investment in the transmission grid. The Transmission Development Plan anticipates over 14,000 kilometres of new lines to be built by 2032.

In April 2025, the Department published draft regulations to support the entry of private capital through the Independent Transmission Projects Procurement Programme. We are scheduled to issued the Request for Qualification (RFQ) in July 2025, followed by the Request for Proposal (RFP) in November 2025

## **Rebuilding Distribution Capacity as a Foundation for Structural Reform**

Speaker, Honourable Members

A resilient and responsive electricity distribution system is central to energy security, universal access and local economic development. Yet, across much of the country, the distribution network is in a state of structural decline. Years of underinvestment, inadequate maintenance, technical and non-technical losses, and institutional fragmentation have eroded the performance of this critical tier of the electricity value chain.

If we are to ensure reliable supply and enable the transition to a decentralised and dynamic electricity market, we must begin by **securing investment in the distribution sector**, particularly at the municipal level, where the majority of households and small businesses receive electricity. The Department has therefore prioritised the rollout of **Distribution Agency Agreements (DAAs)**, which establish clear roles, technical standards, and accountability frameworks for municipalities to manage, maintain and expand their distribution infrastructure. These agreements are already being piloted in targeted municipalities and will be scaled up in the 2025/26 financial year.

Our approach is not to centralise for the sake of control, but rather, to build fit-for-purpose distribution architecture that is financially sustainable, technically capable and responsive to the needs of users, as a basis for quality and affordable access.

Honourable Speaker and esteemed Members,

## **Driving Local Industrial Development through Strategic Procurement**

Energy investment must serve as a catalyst for reindustrialisation, job creation and transformation. Public procurement, particularly in a capital-intensive sector like energy, must be deliberately structured to secure local economic value, deepen industrial capability and expand equitable participation in supply chains.

To this end, the Department is working closely with the **Department of Trade, Industry and Competition (DTIC)** to develop a **comprehensive localisation and socio-economic maximisation model for the energy sector**, covering generation, transmission, distribution and associated infrastructure. This model will provide a policy-aligned framework to guide sector-wide procurement processes, ensuring that industrial, skills and equity targets are integrated from project conception through to implementation. It will also serve as a mechanism to harmonise regulatory levers, fiscal incentives and industrial financing instruments.

## **Honourable Members**

South Africa stands at the threshold of a new era for nuclear energy. Across the globe, nations are re-evaluating nuclear not merely as a clean baseload source, but as a strategic asset to secure energy sovereignty, stimulate innovation and drive industrial competitiveness. The Department of Electricity and Energy, through this budget is resetting its nuclear strategy with the express purpose of unlocking these long-term developmental dividends.

We are repositioning our nuclear capability as a platform for reindustrialisation, anchored in the localisation of the nuclear fuel cycle, the development of small modular reactors (SMRs), and the expansion of our global leadership in radioisotope production. Our recent success in securing an allocation of R1.2 billion over the MTEF for the Multipurpose Reactor (MPR) signals government's commitment to building the next-generation infrastructure for isotope supply, nuclear science and high-precision manufacturing.

This facility, when completed, will sustain South Africa's global share in cancer diagnostics and therapy, and serve as the nucleus for a domestic innovation ecosystem. Our plan to life the care and maintenance placed on the Pebble Bed Modular Reaction (PBMR) is a resounding signal to reset out nuclear programme.

## **Financial Integrity, Risk and Compliance**

All departmental systems are being aligned to the Public Finance Management Act (PFMA), including the development of a new Annual Procurement Plan, internal audit frameworks, and financial risk registers. We are also strengthening anti-corruption safeguards in partnership with the Auditor-General, the Special Investigating Unit and National Treasury, including the use of real-time procurement data and compliance dashboards.

**A Rallying Call: "One Nation, One Continent: Energised for Security, Justice and Shared Prosperity."**

Honourable Members

Ultimately, this Budget is more than numbers. It is what underpins our social contract and commitment to restore trust by delivering electricity that is stable, affordable and accessible to all. To power a nation is to shape its future. To do so equitably is to anchor that future in justice.

Chinua Achebe once wrote, ***The truest test of integrity is its blunt refusal to be compromised.*** In our context, integrity is not only about ethical leadership or clean audits. It is about keeping the lights on in schools and clinics. It is about connecting 1.6 million households still in the dark. It is about building an energy system that works for the many, not the few.

**Let this be the decade in which South Africa reclaims her energy future. Not for profit. Not for power. But for People.**

I thank you.

**Dr Kgosisentsho Ramokgopa**  
MINISTER OF ELECTRICITY AND ENERGY  
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