

Projects & Energy



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SOUTH AFRICA

Commencement of the Electricity
Regulation Amendment Act 38 of 2024



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Commencement of the Electricity Regulation Amendment Act 38 of 2024



The Electricity Regulation Amendment Act 38 of 2024 (ERA Act) was signed into law by the President of South Africa on 16 August 2024.

On 18 December 2024, a governmental proclamation notice (236 of 2024) was published in *Government Gazette 51778* in terms of which it was detailed that, in accordance with section 33 of the ERA Act, 1 January 2025 will be the date on which the ERA Act shall come into operation (save for amendments to the definitions of "reticulation" and "distribution power systems" in section 1 of the ERA Act, which will be dealt with by the President in a further proclamation in the Government Gazette in due course).

ERA Act: Key amendments

The ERA Act paves the way for a multi-market electricity sector in South Africa through the introduction of amendments that aim to contribute to significant legislative and economic reforms in the country's energy sector, namely:

- The introduction of an open multi-market system, which is defined as a hybrid system and will ensure the application of competitive market transactions, physical bilateral transactions and regulated transactions. Eskom will experience greater levels of competition as businesses operating in the energy sector are now met with a more open market, allowing them to operate freely and compete on a level playing field with Eskom, and thus dismantling its monopoly.

- The establishment of the Transmission System Operator (TSO). The TSO body will be formed five years from the ERA Act being assented to and will replace the National Transmission Company of South Africa. The TSO will be responsible for ensuring that a smooth transition into a competitive and friendly market system is achieved in the energy sector by acting as a system and market operator.
- The overall increased investment in new generation capacity. This is aimed at reducing energy costs for customers as there will be greater generation capacity available in a new competitive open multi-market system.

For role-players operating in the energy sector, the new system will open up additional opportunities as the market becomes freer and more competitive. Of particular interest to many role-players in the energy sector is the introduction of new electricity infrastructure, which will be overseen by the TSO. This will enable a smooth transition and introduce further opportunities for businesses in the infrastructure and maintenance sectors as overall generation capacity is increased. This shift is expected to encourage a wealth of private investment, in both local and foreign forms, for electricity generation sources in South Africa.

The commencement of the ERA Act has been designed to enhance competition while encouraging innovation. The next years in the South African energy sector will see significant economic reforms due to these changes.

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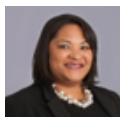
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BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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