



public enterprises
Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



MEDIA STATEMENT

ESKOM ACHIEVES ALL SUSPENSIVE CONDITIONS FOR THE MERGER AGREEMENT WITH NTCSA

PRETORIA/JOHANNESBURG - 04 April 2024 – The Minister of Public Enterprises, Mr Pravin Gordhan, and the Chairperson of the Eskom Board, are pleased to announce that Eskom and the National Transmission Company of South Africa (NTCSA) have satisfied all the requirements necessary to effect the merger and the operationalisation of the NTCSA.

The NTCSA is now on course to be a duly constituted separate, distinct, and wholly owned subsidiary of Eskom Holdings as per the provision of the Companies Act.

“The satisfaction of all the suspensive conditions for the merger agreement between Eskom Holdings and the NTCSA signifies a key development in the government’s pursuit of a restructured, competitive and dynamic electricity market that will usher in a secure and reliable energy future for South Africans,” Minister Gordhan said.

The separation of the Transmission Division from Eskom is a ground-breaking undertaking, and meeting all the suspensive conditions was made possible by the collaborative efforts of all key parties including government, lenders, and Eskom.

“The meeting of the suspensive conditions marks a significant milestone in Eskom’s turnaround plan. The separation of the Transmission Division from Eskom will now set the NTCSA on the path for operationalisation once the necessary statutory requirements as per the Companies Act have been concluded,” said Eskom’s Board Chairperson, Mr Mteto Nyati.

“We will continue to work closely with all stakeholders as we progress on this journey,” concluded Nyati.

These suspensive conditions include consent from relevant lenders and creditors, the passing of resolutions by the government and the Boards of NTCSA and Eskom, as well as the approvals for electricity licences and other regulatory requirements by the National Energy Regulator of South Africa (NERSA).

A critical step ahead is the fulfilment of the Companies Act requirements, and it is anticipated that the NTCSA will commence trade about two months from the completion of these requirements.

Once all assets, systems, and employees have been transferred to the NTCSA, and trade commences, the NTCSA will be a wholly owned Eskom Holdings subsidiary. The appointment of the NTCSA Independent Board of Directors was concluded and announced in January 2024 and it became effective on 1 February 2024.

The legal separation of Eskom into three entities, namely Generation, Distribution, and Transmission, is a strategic objective and key aspect of Eskom's Turnaround Plan envisaged in the Department of Public Enterprises "Roadmap for Eskom in a reformed electricity supply industry".

The primary anticipated benefits of the legal separation of the Transmission division from Eskom are:

- Improved business performance through the focused attention of the NTCSA executives on transmission-related matters.
- Increased lender appetite due to the focused and dedicated scope of the NTCSA business.
- Increased confidence for IPP generators of fair treatment in a future competitive electricity market.

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