



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA



Eskom



Eskom
National Transmission
Company South Africa™

JOINT DPE, ESKOM & NTCSA MEDIA STATEMENT

Department of Public Enterprises, Eskom and the National Transmission Company South Africa announces commencement of trade by NTCSA

Monday, 01 July 2024: The Department of Public Enterprises (DPE), Eskom SOC Holdings Limited and the National Transmission Company South Africa (NTCSA) are pleased to announce that the NTCSA has officially commenced trading. This milestone marks the NTCSA's establishment as a duly constituted separate, distinct, and wholly owned subsidiary of Eskom Holdings, and is a significant step in the DPE Roadmap for Eskom towards a reformed electricity supply industry.

The NTCSA will own and operate the country's national transmission system, the world-class System Operator, the grid strengthening function, energy market services and the International Trader.

In terms of current legislation, NTCSA will play the role of the Transmission System Operator and buyer. It will assume additional roles once the Electricity Regulation Amendment (ERA) Bill is passed into law. The NTCSA will trade with Eskom Generation and Independent Power Producers (IPPs) using the current industry framework. The transition to a competitive electricity market will only commence after the ERA is gazetted, and NTCSA will assume the additional role of Market Operator. In this capacity, it will provide a platform for generators, consumers, traders, and retailers to trade with one another, as is the case in leading countries around the world.

The establishment of the NTCSA is another step in the electricity market structure reform, aiming to enhance efficiency and promote transparency. It will act as a catalyst for much-needed improvements and upgrades within the national electricity transmission infrastructure.

"We are pleased to announce that NTCSA begins trading today and will focus on increasing the capacity of the national transmission grid to allow the connection of much-needed new power generation capacity. As a wholly owned subsidiary, it will operate under the direction of an independent board while providing open access to the electricity network, as envisaged during the unbundling process. We look forward to contributing to a more efficient and transparent electricity industry," said Mteto Nyati, Eskom Board Chairman.

"As we embark on this exciting and critical journey, our commitment is to continue focusing on ensuring safe, reliable, and efficient operations while accelerating the development of an interconnected transmission system in line with our mandate. We will ensure non-discriminatory access to the transmission network and seek ways to accelerate the rollout of the transmission grid while fostering transparency and efficiency. Together, we look forward to shaping a dynamic electricity market. We extend our deepest gratitude to our team, Eskom, Inter-Governmental Steering Committee comprising of Department of Minerals and Energy, National Treasury and the Shareholder Representative, DPE for their immense support in achieving this pivotal milestone," said Priscillah Mabelane, NTCSA Board Chairperson.

Issued by: DPE, ESKOM and NTCSA

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On 20 June 2024, the merger was duly registered and placed on file by the Companies and Intellectual Properties Commission (CIPC) in terms of Section 116(3) of the Companies Act, 2008. Eskom has continuously engaged with stakeholders including government and lenders. Furthermore, extensive engagements with employees and employee representatives on the legal separation process took place. The organisation has also notified creditors and suppliers of the merger to ensure that no one is left behind.

Benefits of legal separation:

- A competitive electricity market
- An open access to the transmission network
- Enhanced efficiency and promoting transparency

How will NTCSA operate:

The NTCSA will operate under the three following licences issued to it by the National Energy Regulator of South Africa (NERSA):

- The operation of transmission facilities by operating and managing the transmission grid.
- Trading in terms of which it will buy energy from Eskom generators and IPP's as procured by the Minister of Mineral Resource and Energy.
- Import and export in terms of which it will import and export energy as well as continue as the trading arm to and from the Southern African Power Pool (SAPP)

Eskom's legal separation into three distinct entities Generation, Distribution, and Transmission, is aligned with its Turnaround Plan and the DPE Roadmap.

Eskom expresses gratitude to all stakeholders, including employees, the government and lenders, for their support during this transition.

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