

The liberalisation of the energy sector and climate change

By [Michael Jackson](#), issued by [Cox Yeats](#)

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Since the president's State of the Nation Address in 2022, significant steps have been taken by government to liberalise the energy sector, loosen the hold which Eskom has on the generation and distribution of electricity and move from a monopolistic electricity supply model to a competitive model.

"The final step to this process is the amendment to the Electricity Act which is currently before parliament and on which comment has been sought," says Michael Jackson, senior partner at Cox Yeats. "The private sector may now generate power without a license and steps have been taken to facilitate the distribution of power by wheeling through Eskom and municipal infrastructure. These steps are critical to the movement towards a more open competitive market which, in particular, will allow South Africa to meet its commitments on climate change."

The 28th United Nations Climate Change Conference (COP28) will be held in Dubai from 28 November until 12 December 2023. At the 26th conference in Glasgow in December 2021, South Africa committed to reduce its carbon emissions to within a range of 420 to 350 megatons of carbon dioxide equivalent by 2030. At this conference, South Africa concluded the Just Energy Transition Partnership (JETP) with the governments of France, Germany, United Kingdom, United States and the European Union.



Michael Jackson, partner at Cox Yeats

"This partnership aimed to support South Africa's pathway to low emissions and climate reliant development, and to accelerate the just transition and decarbonisation of our electricity system. South Africa also committed to develop new economic opportunities such as green hydrogen and electrical vehicles. The international partner group undertook to mobilise an initial US\$8.5bn to support South Africa's plans," Jackson continues.

By COP27 in November 2022, Cabinet had adopted the Just Transitional Framework which identified South Africa required \$100bn to achieve its climate transition. "Roughly half of this was required for the electricity sector with significant investments in new transmission infrastructure, to support the generation of power from new solar and new wind power plants which are in turn anticipated to be established largely by the private sector."

COP28 will focus on the issues relating to scaling up private financing and investing in climate transition to support growth amongst developing nations. In July, the heads of 40 states, mainly from these countries, met in Paris to discuss a global financial pact to help poorer countries with climate change. The leaders at this summit recognised that in order for the transition to be just, it needs to take into account communities and individuals affected.

"The electricity crisis is resulting in a fundamental reform of our electricity sector," Jackson goes on. "At the same time, climate change provides an opportunity for us to embrace renewable energy. The cost of these reforms is significant and the developing world needs assistance from countries in the north and in the west. In South Africa, the state will simply not be able to achieve these objectives without the assistance of the private sector. As a developing country, South Africa will need the assistance of the developed world."

For more detail on each aspect, please see the following two articles:

- [COP28 and climate change](#)

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