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JUST TRANSITION IN SOUTH AFRICA

An Overview and Possible Future Scenarios

UNRISD UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL DEVELOPMENT

Research for Social Change

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List of Acronyms

AFADWU	Agricultural Food and Allied Democratic Workers Union
AIDC	Alternative Information and Development Centre
AREP	Association for Renewable Energy Practitioners
BBBEE	Broad Based Black Economic Empowerment
BLAs	Black Local Authorities
COSATU	Congress of South African Trade Unions
DFFE	Department of Forestry, Fisheries and the Environment
DMRE	Department of Mineral Resources and Energy
DTIC	Department of Trade, Industry and Competition
IPPs	independent power producers
IRP	integrated resource planning
ISCOR	South African Iron and Steel Industrial Corp
ITAC	International Trade Administration Commission
ITUC	International Trade Union Confederation
JET-IP	Just Energy Transition Investment Plan
JETP	Just Energy Transition Partnership
NDCs	National Determined Contributions
NEP	National Electrification Programme
NER	National Electricity Regulator
NERSA	National Energy Regulator of South Africa
NUM	National Union of Mineworkers
NUMSA	National Union of Metalworkers of South Africa
PCC	Presidential Climate Commission
PPAs	Power Purchase Agreements
RDP	Reconstruction and Development Programme
REFIT	Renewable Energy Feed-In Tariff scheme
REI4P	Renewable Energy Independent Power Producers Programme
SAFTU	South African Federation of Trade Unions
SALGA	The South African Local Government Association
SAREM	South African Renewable Energy Masterplan
SASOL	South African Coal, Oil, and Gas Corporation (*Suid-Afrikaanse Steenkool-, Olie- en Gas Maatskappy*)
SATAWU	South African Transport and Allied Workers Union
SATRI	Sam Tambani Research Institute
TIPS	Trade and Industrial Policy Strategies
TUNGO	Trade Union NGO
UNFCCC	United Nations Framework Convention on Climate Change
VFPC	Victoria Falls Power Company
WTO	World Trade Organization

Executive Summary

This report situates the evolution of the different visions for a just transition in South Africa within the social and political context of the country, examining the competing interests of labour, civil society, private capital and the state, and the underlying tensions concerning finance, the nature of ownership, and local governance. It offers historical perspective, exploring the foundations of the country's coal dependency and mapping how key power dynamics between state formation, elite contestation and worker struggles have shaped the terrain of the sector, with a specific focus on the energy transition.

The tensions that have emerged around the concept and roll out of just transition initiatives centre around ownership, imports, and the weakening of domestic industrial policy, all pointing to deeper questions around who benefits and who bears the costs of South Africa's energy transition. Labour movements contest a market-led path on the grounds that it externalizes risk to the public and internalizes returns for private finance. Civil society organizations have insisted on broadening public consultation, increasing transparency for all new financial agreements in the transition and for more ambitious climate mitigation efforts. And the South African Government has made significant attempts to integrate the growing list of policy priorities it has adopted related to the just transition, but has faced significant criticism for relying on mechanisms which essentially skew the distribution of benefits towards the private sector, at the expense of historically marginalized workers and communities.

This report argues that in current energy transition debates, it is essential to recognize that for historically disadvantaged South Africans, the stakes extend beyond technical or economic considerations. They encompass defending hard won gains including improved living and working conditions and safer workplaces secured through decades of struggle. They also carry the weight of unfulfilled democratic promises, demands for equitable infrastructure, dignified living conditions, and meaningful participation of marginalized communities in economic decisions shaping their lives.

Ultimately, South Africa's energy transition cannot be separated from the legacies of the coal-based minerals-energy-complex, which entrenched inequality by subsidizing heavy industry at the expense of Black working-class communities. The challenge is not only to move away from coal and to meet the targets outlined in the Paris Agreement, but to do so in ways that repair past harms and create new opportunities for workers and communities who have long borne the costs of the system.

Introduction

South Africa has the largest carbon emissions profile on the African continent, with 85 percent originating from a national electricity sector dominated by coal-fired power plants. The country's international commitment to undergo an energy transition, aligned with the UNFCCC Paris Agreement, unfolds against the backdrop of deeply rooted historical processes that have created one of the world's most unequal societies.

Since its inception, the electricity system has been shaped by what scholars have come to call South Africa's minerals-energy complex (Fine and Rustomjee 1996), fueled by coal to deliver cheap energy to mines and heavy industry while imposing social and environmental costs on Black working-class communities. Today, economic stagnation, fiscal austerity, rising unemployment, and poverty define the constraints within which competing elite groups contest for control over the energy sector, even as workers and communities advance an alternative vision for energy justice. Despite the enduring dominance of coal-based electricity generation in South Africa, in recent years employment throughout the coal value chain has been impacted by flatlining domestic demand while international exports remain volatile. An estimated 120,000 workers work in the sector and are at risk (Patel, Makgetla, Maseko and Montmasson-Clair 2020), with two thirds who are involved in coal mining, the most precarious segment. The balance of the workforce is largely split between transport, power generation and petrochemical production (>21 percent).

The severe risks facing workers in the context of a transition away from coal use, at home and abroad, inspired the development of the notion of a just transition, pioneered in South Africa by the labour movement. Environmental civil society mobilizing, in addition to non-governmental research organizations and academic research units played a role in expanding the scope of the just transition to include targeted social and industrial

View of Cape Town, 2020. Photo by Marlin Clark (public domain via Unsplash).

policies aimed at transforming the foundations of South Africa's economy. In response, official just transition policy has been outlined by the South African Government and some productive shifts are underway. Now, the central question animating South Africa's just transition is whether decarbonization can be reconciled with the calls for redistribution and the pressure to increase the creation of high-quality employment in emerging sectors of the economy.

The current array of climate policies and industrial strategies employed by the national government remains subject to intense debate. Labour and civil society organizations argue that market-driven approaches entrench elite capture, while the government attempts to balance conflicting imperatives: accelerating renewable deployment, protecting energy security, safeguarding employment, and attracting private investment.

This report situates the evolution of the different visions for a just transition in South Africa within the social and political context of the country, examining the competing interests of labour, civil society, private capital and the state, and the underlying tensions concerning finance, ownership, and local governance. The following section offers historical perspective, exploring the foundations of the country's coal dependency and mapping how key power dynamics between state formation, elite contestation and worker struggles have shaped the terrain of the sector, with a specific focus on the energy transition. The next section explores the emergence of the just transition agenda as observed through public policy as well as labour and civil society organizing. Finally, the study concludes with a discussion of some of the particularly contentious dimensions of this process and the possible scenarios this may give rise to in the future.

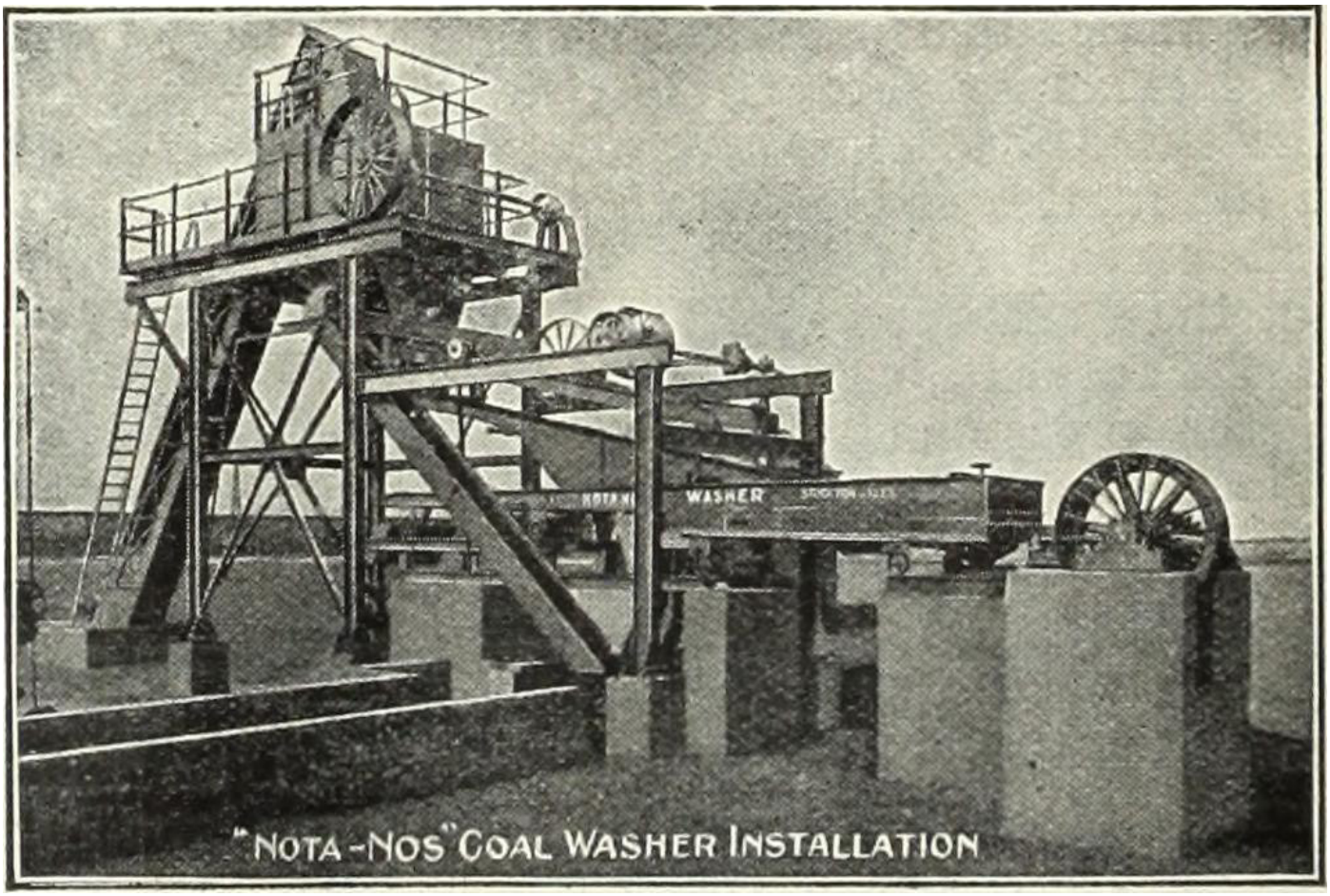


Image from page 753 of "S.A. mining and engineering journal", 1891. Photo and caption by the Internet Archive Book Images (public domain).

Historical Context

The birth of coal generation in South Africa

The path to coal dependency is deeply tied to the foundations of inequality in the present day. From the outset, electrification in the region has been shaped by mining finance, colonial speculation, and tensions between domestic elite ambitions and electricity's growing role in everyday life.

Large scale power development originated with Cecil Rhodes's Victoria Falls Power Company (VFPC), founded in 1906. As documented in Renfrew Christie's "Electricity, Class and Struggle," the VFPC envisioned developing hydropower at Victoria Falls to electrify the Witwatersrand goldfields through extensive transmission networks (Christie 1984). However, this British financed project collapsed due to its complexity, costs, and land rights issues, steering investment toward generation sources located closer to the goldfields, leveraging nearby coal deposits.

In 1910, the newly formed Union of South Africa passed the historic Power Act, marking the first major attempt by the state to regulate and consolidate control over the electricity sector. Until then, electricity had largely been the preserve of private syndicates and foreign investors. Industrialists acquired land and transmission rights while procuring coal mines, developing power supply linkages between coalfields and mechanized mines, with minimal residential supply

reserved for lighting. The rapidly rising demand from mines and municipalities made electricity too important to be left to speculative ventures. The state's move signalled that electricity had become essential infrastructure for industrialization, and economic stability.

The Rand Strike of 1922 further demonstrated the centrality of electricity to the economy. White mineworkers, facing wage cuts and mechanization pressures, attempted to seize key installations, including post offices and power stations in Johannesburg and the surrounding mining towns (South African History Online 2011). Their actions underscored how control of electricity had become synonymous with control of the economy itself. The state's violent suppression of the rebellion, using soldiers, artillery, and even bomber aircraft, showed the lengths to which elites were prepared to go to secure the continuity of electricity supply for mining capital.

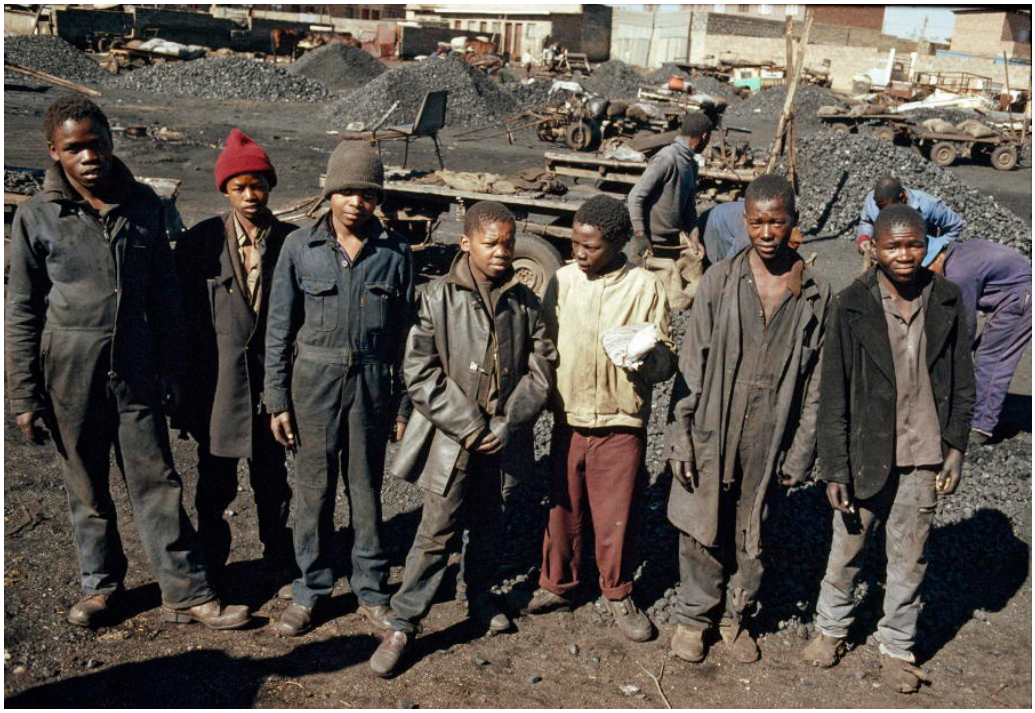
This period also revealed fractures within South Africa's White elite. English capital, tied closely to international mining and finance interests, clashed with a rising Afrikaner elite that depended more heavily on state subsidies and protection. The early basis of what would become the Apartheid era, was produced by providing concessions to White workers, incorporating them into a growing array of higher wage white collar roles, while mining corporations sought to deepen their reliance on low wage Black workers to lower production costs.

Black South Africans were being forcibly drawn into the wage economy as migrant workers, excluded from political rights and confined to exploitative, low-wage labour in mines that relied on cheap electricity. Together, these dynamics positioned electricity as both the lifeblood of the minerals-energy complex and a tool for reproducing racial capitalism in its formative decades.

Coal dependence emerged as the energy corollary of an industrial strategy heavily reliant on gold mining production, underwritten by cheap Black labour, a natural abundance of coal, and strong state financial and regulatory support. As Christie's archival work reveals, strike waves and labour shortages motivated advances in underground mechanization. This transformation went hand in hand with the rise of the Apartheid regime and the Afrikaner elite's capture of political power in 1948. The Apartheid State seized control of the electricity system, expropriating the Victoria Falls company and integrating it into the state company, Eskom. The combination of technological advances and state monopoly allowed South Africa to deliver some of the world's cheapest electricity to industry. Further linkages developed in 1950 with the establishment of SASOL (another state-owned energy and chemicals company, the acronym for which refers to South African Coal, Oil, and Gas Corporation in Afrikaans, *Suid-Afrikaanse Steenkool-, Olie- en Gas Maatskappy*), expanding coal use for petrochemicals, and the state-controlled steel company South African Iron and Steel Industrial Corp (ISCOR). In this way, fossil fuel energy became the backbone of heavy manufacturing and the revenues supporting the South African Apartheid State itself.

South Africa's extensive coal fired power plant network, largely built during the period beginning in the 1960s and up through the 1980s, expanded generation capacity for mines, smelters, and energy intensive industries, forming the

Fossil fuel energy became the backbone of heavy manufacturing and the revenues supporting the South African Apartheid State itself.



Young coal miners in South Africa, 1988. Photo by UN Photo/P Mugabane (CC BY-NC-ND 2.0).

cornerstone of South Africa's minerals-energy complex (Fine and Rustomjee 1996). Foreign investment and technology came primarily from Britain and Germany, creating a circuit were domestic White elites and international firms co-produced one of the world's most polluting power generation systems per capita.

The construction boom that followed developed 12 coal fired stations in Mpumalanga province alone (Eskom Holdings SOC Ltd. 2025), many sited adjacent to massive coal mines drawing thousands of Black workers from distant rural homelands. These labourers were housed in segregated hostels or ad hoc settlements, separated from families and governed by pass laws restricting their movement.

Recent archival work in "Apartheid's Leviathan" explored how the Grootegeluk coal mine and Matimba power station exemplified this pattern (Ballim 2023). The state uprooted African families, moving them into a purpose-built township in Lebowa Bantustan that functioned as a controlled labour pool.

Throughout South Africa's coal-producing regions, informal settlements that developed around mines and power stations were later converted into state controlled Black townships. Communities living near these extractive industries faced daily air pollution, ash, and water contamination that devastated health and ecosystems, while receiving minimal access to clean water, electricity, or decent housing.

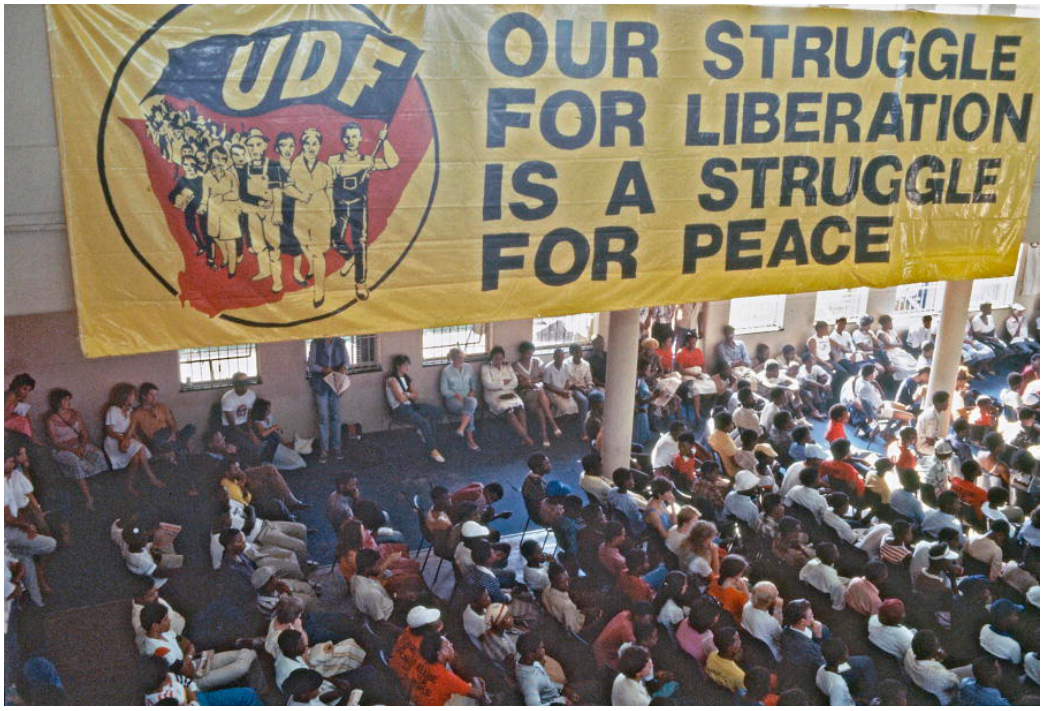
Despite repressive rule, coal megaprojects provoked resistance and early environmental activism. Opposition to mining exploration and hazardous waste disposal, became among the top priorities for environmental organizations. Even the state's own research units at the Council for Scientific and Industrial Research documented coal pollution's health toll on Soweto residents from the Orlando municipal plant in the 1970s (Koch 1995).

The state restructured local governance through Regional Services Councils and Black Local Authorities (BLAs). Unlike white municipalities, these BLAs were deliberately underfunded and denied sufficient revenue sources,

leaving them unable to provide basic services. To cover costs, residents were charged electricity tariffs at the higher "industrial" rate rather than the subsidized household rate that White consumers enjoyed. This meant that poor Black households in townships were forced to pay disproportionately more for electricity, while their payments effectively cross-subsidized cheaper power for White urban residents. The system both entrenched racial inequality and deepened the financial crisis of BLAs, which were left unable to maintain infrastructure or expand services. Mass service payment boycotts, including the 1986 Soweto boycott, deepened BLA debt. By the early 1990s, Eskom assumed direct control over many BLAs' electricity distribution.

During the 1980s, resistance to Apartheid intensified as community organizations, trade unions, and liberation movements linked demands for political freedom with struggles over wages, housing, and public services. In the mining sector, militant labour actions secured important concessions, including higher wages, health and safety protections, and expanded social benefits, even under repressive conditions. Communities likewise fought against forced removals, inadequate housing, and rising service costs, laying the groundwork for a broader vision of social rights. By the time of the democratic transition in 1994, the new Constitution and its Bill of Rights marked an improved terrain for contestation, creating a legal and political framework that recognized access to housing, water, electricity, and decent working conditions as central to dignity and equality.

In current energy transition debates, it's essential to recognize that for historically disadvantaged South Africans, the stakes extend beyond technical or economic considerations. They encompass defending hard won gains including improved living and working conditions and safer workplaces secured through decades of struggle. They also carry the weight of unfulfilled democratic promises, demands for equitable infrastructure, dignified living conditions, and meaningful participation of marginalized communities in economic decisions shaping their lives.



Protest meeting of the United Democratic Front (UDF) in Johannesburg, 1985. Photo by UN Photo (CC BY-NC-ND 2.0).

Post-Apartheid electrification and the neoliberal policy turn

In 1994, South Africa's new democratic government launched an ambitious electrification drive to redress Apartheid era inequalities in access. Under the new policy of the Reconstruction and Development Programme (RDP), a committee was established as part of the National Electrification Programme (NEP) to drive a state-led effort to rapidly expand electricity access. This initiative proved to be one of the most successful ever achieved on the African continent with access rates increasing from 33 percent to 66 percent in the first phase of the programme from 1994 to 1999 electrifying more than 2.5 million households.

Over this same period, electricity prices remained relatively low, set by a regulating authority, the National Electricity Regulator (NER), with annual increases set below consumer price inflation levels (Statistics South Africa 2022). In a 2001 summary report issued by the NEP, the committee emphasized the success of the wholly publicly funded model but emphasized that, "it is evident that most electrification is not financially viable for the distributor without subsidies and, at best, marginally economically viable" (Borchers et al. 2001: 5).

The expansion of electricity access was directly aimed at reducing the use of paraffin and biomass for home lighting and cooking in rural areas and urban informal settlements. Electrification of clinics, schools and small businesses also provided co-benefits to the delivery of health care services, improved education system outcomes and increased economic opportunities. This initiative is one of the first key interventions that demonstrated the acknowledgment of the status of electricity services as a public good.

Arnot Power Station, Middelburg, South Africa, 2007. Photo by Gerhard Roux (CC-BY-SA).

In short, the implementation of the NEP, combined with the Apartheid era policies of a state-controlled electricity system with regulated power prices helped to develop the beginnings of a new Eskom with a mandate to deliver universal access to electricity as a public good in line with the new constitution.

Parallel to these developments however, South Africa built no new power stations throughout the 1990s, even as demand steadily increased. A 1998 Energy White Paper published by the national government made provisions to implement the first phase of electricity sector liberalization by opening the generation segment of the sector to market competition by allowing private ownership through independent power producers (IPPs).

Mine workers, South Africa, 2015. Photo by FIFTY (CC BY-SA 4.0).

In alignment with the anticipated changing regulatory landscape the NER was replaced by the National Energy Regulator of South Africa (NERSA). NERSA, with an expanded mandate, was positioned to be an independent regulator, raising part of its funds from the licences it issues and moving its reporting accountability from inside the then Department of Energy to the national parliament. In this role, it would focus on regulating for affordability prices of not only electricity, but also petroleum and piped gas.

In the oil and gas sector, South Africa is heavily reliant on imported crude oil, making it vulnerable to global price fluctuations and geopolitical shocks. Oil and gas fuels are critical to domestic transport, manufacturing, and petrochemicals sectors. To mitigate against the risk of price volatility, the Apartheid State, effectively doubling down on coal, invested heavily in synthetic fuel production through the state-owned firm, SASOL, which used coal-to-liquid technology to secure domestic supply (Verhoef 2017). Post-Apartheid, SASOL has remained a central player in the liquid fuels sector, alongside a small but strategic role for natural gas imports, particularly through the pipeline from Mozambique that supplies industry and power generation (ESI-Africa 2024).

In the electricity sector, prices remained regulated in the early 2000s, but no clear complimentary policy existed to shape tax policy or other forms of treasury appropriations in order to maintain subsidies to Eskom. The combined influence of underinvestment, aging infrastructure and accusations of inadequate maintenance led to a steady decline in performance, particularly for Eskom's coal generation fleet. As demand continued to grow Eskom began to face its first major capacity shortages since the turn of democracy leading to loadshedding (power rationing) between 2007 and 2008 to maintain system integrity (Vizzard 2015).

In response to the supply side challenges the South African Government, together with Eskom,

moved to approve large scale expansions of its coal generation infrastructure, a decision consistent with the investment behaviour at the time of other global South economies with growing industrial bases like India, China and Vietnam.

Two new megaprojects, Medupi and Kusile (4.8GW each), both announced in 2005, were aimed at initiating the new era of public power investment but were quickly hindered by extremely costly economic and environmental challenges. The projects both faced significant design flaws, experienced cost overruns of over more than double initial estimates and have been implicated in multibillion rand corruption scandals and maladministration related to the improper awarding of contracts. The projects have significantly impacted Eskom's debt burden and continue to face a series of mechanical performance issues worsening the country's energy system security (Tshidavhu and Khatleli 2020). The plants, which were initially intended to incorporate new technology to reduce particulate emissions, especially sulphur dioxide, have also had issues with the associated equipment resulting particularly high levels of emissions.

Opening of Medupi Unit 6 Power Station, 2015. Photo by GCIS Government of South Africa (CC BY-ND 2.0)

The rise of renewable procurement and the fault lines of South Africa's energy transition

The supply side crisis of 2007/8 accelerated calls to diversify South Africa's generation capacity. Prior to 2010, energy planning was controlled by the energy ministry. This changed with a shift toward integrated resource planning (IRP). The IRP2010 became the first consultatively developed state plan to outline the country's 20-year energy mix based on cost, economic benefit, employment impacts, and environmental considerations.

Following the 1998 Energy White Paper's vision, the government explored mechanisms to procure utility scale renewable energy from privately owned and operated plants. The 2009 Renewable Energy Feed-In Tariff scheme (REFIT) offered Power Purchase Agreements (PPAs) with generous tariffs linked to inflation guaranteeing returns on investment. However, concerns over high tariff costs (National Energy Regulator of South Africa 2009) prevented any projects from reaching financial close. In 2011, REFIT was repurposed into the Renewable Energy Independent Power Producers Programme (REI4P), structured around discrete bidding windows where private companies bid to supply prescribed wind or solar capacity. Assessment criteria included price competitiveness and economic development commitments: local content spending, broad based Black economic empowerment ownership, and community development support.

As briefly discussed in the introduction of this report, coal mining employment has experienced substantial contraction

since the 1980s, following the decline in gold production. A Trade and Industrial Policy Strategies (TIPS) paper titled, "The coal value chain in South Africa," estimated a decline of over 30 percent—130,000 to 90,000 jobs from the 1980s to 2019 (TIPS 2021). The study further identified that since 2010, multinational corporations that previously dominated production capacity, including Anglo American, BHP Billiton (later restructured as South32), Glencore, and Xstrata, have systematically divested themselves of their South African coal assets.

This divestment in the coal value chain created acquisition opportunities for domestic companies, particularly Exxaro Resources, Seriti Resources, and Thungela Resources (established in 2021 through Anglo American's demerger). As coal remains a key part of the country's economy, with Medupi and Kusile currently not scheduled for closure until 2050, state development finance institutions, specifically the Industrial Development Corporation and the Public Investment Corporation, have provided substantial capital to support these transactions. This ownership transition has benefitted a layer of domestic capital which has been supported by the state policy, Broad Based Black Economic Empowerment (BBBEE), by diversifying ownership patterns in the economy. At the same time, this shift has increased South African firms' exposure to declining global coal markets, while saddling them with the costly responsibility of complying with environmental regulations on mine closures and site rehabilitation. These are obligations that the industry has historically failed to meet, at a time when public scrutiny and demands for accountability are at their peak.

Another influential study by TIPS, assessing sectoral jobs resilience plans for the coal value chain found that workers in jobs in the coal mining sector earned a median wage of R10,000 in 2021 (more than double the 2024 minimum wage levels) (Patel et al. 2020: 10). The study also found that an estimated 80 percent of this workforce has a high school level education, despite making roughly double the average wage of other formal workers. Workers in the electrical generation segment were estimated to have even higher average wages in during the same year (R15,000 per month), and both segments had high unionization levels with 67 percent of workers belonging to trade union (Patel et al. 2020: 10). Taken together, these findings show that the coal value chain has developed into a source of relatively well-paid, unionized employment for workers, even for those with comparatively modest levels of formal education. This may prove very difficult to achieve in the new emerging green technology value chains.

It is precisely these dynamics that make the pioneering proposals of the Congress of South African Trade Unions (COSATU) Climate Policy platform in 2011 so important to understanding the just transition (COSATU 2012). The proposal opposed the structural reforms in the energy sector that the REI4Ps represented, arguing that they open the door to privatization, which would lead to socially regressive outcomes including higher prices, labour informalization, and the erosion of hard-fought worker benefits in the fossil fuel industry. COSATU criticized the REI4P programme, demanding local content requirements be doubled from 25-35 percent to 50-65 percent to improve the quantity and quality of jobs created locally (Leigland and Eberhard 2018).

The coal value chain has developed into a source of relatively well-paid, unionized employment for workers, even for those with comparatively modest levels of formal education. This may prove very difficult to achieve in the new emerging green tech-nology value chains.

Workers of power station in Mpumalanga, South Africa, 2023. Photo by GCIS Government of South Africa (CC BY-ND 2.0)

Indeed, employment impacts have proven contentious. The REI4P has been dominated by casual, short term construction jobs, with only 20 percent of total jobs in the operation and maintenance phase. This contrasts sharply with the stable, often unionized positions in coal mining and generation. Reporting on employment quality by private renewable companies and government has been poor, drawing criticism from organized labour and civil society. Inconsistent job metrics exclude qualitative employment aspects, fuelling ongoing debates.

NERSA's 2024 data shows that REI4P projects exceeded employment obligations, creating 7,602 jobs with 94 percent going to Black South Africans (Gxasheka et al. 2025). However, most roles are tied to 18-24 month construction phases, with minimal permanent operational positions thereafter. This raises concerns for coal dependent communities facing displacement without equivalent quality job opportunities in renewables, as high quality employment exists primarily in manufacturing and limited white collar roles.

In terms of costs, REI4P projects have driven down the price of renewables in recent bid rounds, with electricity tariff prices falling to below R0.60/kWh. However, when measured across the public programme, the average tariff by the end of 2024 was still much higher, at R2.01/kWh, with concentrated solar power averaging R4.74/kWh, solar PV R2.61/kWh, and wind R1.40/kWh. The cumulative prices paid by Eskom, to the private developers and passed through to the consumers, remains high due to very generous subsidies offered to early participants in the scheme.

The programme's design also did not align strongly with South Africa's industrial policy goals. This meant that most of the technology and components were imported, and domestic manufacturing capacity has remained limited without clear plans for how this would be remedied. One partial exception has been the local production of wind turbine towers (Baker and Sovacool 2017), which has created some industrial jobs and skills development. However, other major components like blades, nacelles, and solar panels are still overwhelmingly imported, limiting the programme's potential to build a broad green industrial base.

Geographically, REI4P projects concentrate in the Northern Cape, which has optimal solar and wind resources. This creates a critical dislocation between Mpumalanga, where coal jobs will be lost, and where new renewable projects emerge. Relocation is costly, socially disruptive, and unlikely given current renewable sector job profiles. A Public Affairs Research Institute report notes that many municipalities hosting projects had limited involvement in planning, with developers engaging primarily at compliance level (Nzo 2021). Consequently, economic opportunities remain poorly integrated into local development strategies.

The REI4P faced a critical interruption from 2015-2018 when Eskom CEOs Brian Molefe and Matshela Koko paused procurement, citing concerns about Eskom's debt burden as the single buyer. During their tenure, extensive public-private corruption proliferated around coal mining contracts, equipment supplies for Medupi and Kusile power stations, and related issues. However, Eskom's financial crisis runs deeper than procurement politics. NERSA regulates electricity prices for affordability, but without complementary Treasury support and appropriate tax policy, the utility remains chronically underfunded. Public infrastructure continues to decay, while municipalities carry billions of Eskom's debt. The municipalities themselves are ensnared in a vicious cycle of underfunding due to a policy approach that forces them to raise funds for their own activities by adding profit margins to provision of water, electricity and waste services. This approach has left the financial health of Eskom damaged, and leaves local government structures in disadvantaged communities little possibility of expanding basic infrastructure to their residents in ways that would materialize the dignity prescribed to them in the nation's Bill of Rights and founding constitution.

André de Ruyter's CEO tenure (2020-2023) promised reform through the support of aggressive market reforms to liberalize the electricity sector, and to hand over the development of renewable energy generation capacity ownership to private actors. These measures were positioned as the fastest solution to resolve consecutive record years of loadshedding (rotational power outages) due to a decline in the coal fleet's performance. Under de Ruyter's tenure, an amendment was made to Schedule 2 of the Electricity Act removing the licensing requirement for private generators below 100MW. By 2023, this threshold was lifted altogether, aimed at reducing the bureaucratic hurdles for new private power projects. This initiative allowed local firms and industries to buffer themselves from the worst of loadshedding provided they had access to capital. However, in parallel, no relief measure or subsidy was developed to help working class residents manage or avoid loadshedding during the crisis.

NERSA regulates electricity prices for affordability, but without complementary Treasury support and appropriate tax policy, the utility remains chronically underfunded. Public infrastructure continues to decay, while municipalities carry billions of Eskom's debt.

In 2023 alone, Eskom spent over R23 billion in diesel costs, used to buttress the impact of loadshedding on the economy. Later that year a new ministerial position was created, the incoming Electricity Minister Kgosientsho Ramokgopa shifted focus from restructuring to operations with the support of interim CEO Calib Cassim and followed by the current Eskom CEO, Dan Marokane. The partnership saw loadshedding decrease dramatically due to a sustained improvement—on 21 January 2025, the utility celebrated 300 days without loadshedding made possible by the combined impact of improved coal fleet performance, low domestic demand related to an economic contraction, and the rise in new renewable energy capacity (largely small-scale solar PV projects) (Eskom Holdings SOC Ltd. 2025).

Despite the increase in new fully private projects, the public procurement programme seeking private bidders, the REI4P, has slowed in its expansion due to the limitations of the existing transmission network. Under the pressure of the energy crisis, the most recent iterations of the REI4P have seen reduced requirements for companies to use locally made equipment. This decision, combined with the amendments to Schedule 2 of the Electricity Act coupled with the absence of active trade measures to protect and stimulate local industry have led to a flooding of the domestic market with imported solar panels and batteries, mostly from China, weakening efforts to build a domestic renewable manufacturing industry and the prospects of developing decent work opportunities in the transition.

Political pressure to avoid blackouts pushes Eskom to extend coal plant lifespans through legal battles, while expensive Northern Cape transmission lines pose the next fiscal challenge. As the sector moves toward market pricing, import dependency risks grow rather than local capacity. South Africa's just transition agenda, explored below promises new jobs and economic opportunities. However, situating this agenda in the context of the existing and historical challenges faced by the country's energy sector reveals just how complex transition efforts are. Nonetheless, without tangible community benefits, public support for the transition may evaporate, leaving South Africa caught between ambitious climate goals and harsh economic realities that threaten both environmental progress and energy security.

These tensions around ownership, imports, and the weakening of domestic industrial policy point to a deeper question of who benefits and who bears the costs of South Africa's energy transition. It is within this context of competing interests and uneven outcomes that the idea of a just transition has gained prominence, though its meaning and implementation remain highly contested.

"Together for global justice." Global Day of Action, Durban, 2011. Photo by Coopération internationale pour le développement et la solidarité CIDSE (CC BY 2.0).

The Contested Terrain of the Just Transition Definition

The widening use of the term just transition has taken place in a policy environment where, as illustrated in the previous section, debate is ongoing over how to structure the ownership and control of emerging green sectors and the move away from coal. Labour movements contest a market-led path on the grounds that it externalizes risk to the public and internalizes returns for private finance. Civil society organizations have insisted on broadening public consultation, increasing transparency for all new financial agreements in the transition and for more ambitious climate mitigation efforts. The South African Government has made significant attempts to integrate the growing list of policy priorities it has adopted related to the just transition but has faced significant criticism for relying on mechanisms which essentially skew the distribution of benefits towards the private sector, at the expense of historically marginalized workers and communities.

Labour origins of the just transition concept in South Africa

The concept of a just transition gained prominence in South Africa through COSATU's 2011 Policy Framework on Climate Change (COSATU 2012), which explicitly linked climate action to justice, arguing that a low-carbon

South Africa power station in Mpumalanga Province, 2023. Photo by GCIS Government of South Africa (CC BY-ND 2.0).

economy must be state-led, publicly owned, and safeguard workers and poor communities from the impacts of the associated job losses in the fossil fuel industry as part of the energy transition. A year later, the National Union of Metalworkers of South Africa (NUMSA) resolved in a 2012 special congress to build on the lively discussions on the just transition in the domestic labour movement, by calling for a "socially owned renewable energy" sector defined by public ownership, and local cooperatives rather than private commercial developers (French 2023). This was framed as essential to avoid reproducing inequality caused by market-driven green policies.

However, from 2011 onwards, South Africa advanced a public-private partnership model to expand renewable energy capacity. The decision is part of the broader trajectory of market reforms imposed on the South African electricity system, discussed in the previous section. The close connection between renewable energy expansion and privatization of generation capacity has become a lightning rod of contention between the labour movement and national government (AIDC, TUED, and TNI 2020). Labour federations COSATU and the South African Federation of Trade Unions (SAFTU) have challenged government policies, while the National Union of Mineworkers (NUM) and NUMSA, which both have membership directly in coal mining and in the coal generation sector, have often taken their own positions and action challenging government policy.

In recent years, COSATU's 2022 Just Transition Blueprint for Workers (COSATU 2022), developed with the support of the Institute for Economic Justice, marked an important step towards rebuilding a political consensus within the labour movement around an expansive cross-sectoral vision for a just transition. The report was developed in consultation with affiliates from the NUM, its own research arm, Sam Tambani Research Institute (SATRI), the South African Transport and Allied Workers Union (SATAWU) and the Agricultural Food and Allied Democratic Workers Union (AFADWU). The findings of COSATU's Blueprint document emphasized the importance of strategic interventions in high-risk sectors, namely energy, mining and transport supporting social policy proposals to advance increased public sector employment, a refocus on basic service delivery, and the provision of social protections.

In addition to focusing on strengthening the national labour movement, COSATU has regularly taken its advocacy for a just transition to the international stage participating annually in just transition dialogues at COP proceedings alongside South Africa's climate negotiating team. They are also members of the International Trade Union Confederation (ITUC) and recently participated as members of the TUNGO (Trade Union NGO) delegation as observers at COP29 in Baku, Azerbaijan.

> We don't need a talk shop! We need a just transition that addresses equity, social justice, mitigation and adaptation, loss and damage all backed up with developmental climate finance. Fundamental is the respect of labour and human rights, gender equity and the rights of Indigenous peoples as well as the inclusion of youth. It is very clear, without a strong labour dimension and a focus on international justice and equity there will not be a just transition and there will not be support for the ambitious climate policies we need (Boitumelo Molete, Social Development Policy Coordinator and Co-lead on Climate Change and Just Transition in the COSATU Policy Unit, cited in ITUC 2024).

Molete's emphasis highlights how South Africa's just transition is inseparable from broader global struggles over climate justice. For COSATU, international equity means that developed countries, who are historically responsible for most greenhouse gas emissions, must provide meaningful support for mitigation, adaptation, and loss and damage in countries like South Africa. This support is not only about climate finance, but also about ensuring that financing mechanisms do not reproduce debt dependency or channel benefits primarily to private investors. In this sense, COSATU's international advocacy seeks to link labour rights and social protection at home with demands for a fairer global climate regime, one that secures resources for industrial transformation and protects vulnerable workers and communities from shouldering the costs of transition.

Labour's position on just transition has not been without its complications. Tensions around the increasing pressure for South Africa to accelerate decommissioning of some of the older sections of the coal fleet have fuelled scepticism about the transition process. In the coal belt, local union affiliates and members remain deeply intertwined with the coal economy have shown a tendency to resist rapid moves away from coal, regardless of national policy statements of the labour federations (Strambo, Patel, and Maimele 2024). In order to maintain the trust of rank-and-file members, union leaders tread a fine line ensuring that as they advocate for long-term climate and employment security they protect and do not alienate workers who fear for their immediate livelihoods.

At a union policy level, the National Union of Mineworkers (NUM), for example, has routinely emphasized its position in support of a potential role for clean coal technologies as a means to address the nation's energy security demands and extend the lifespan of employment tied directly to the coal value chain (IndustriALL Global Union 2025). This reflects a hope that technological solutions might reconcile climate goals with the preservation of existing jobs.

The political leadership of trade unions faces difficult terrain in developing just transition policy and campaign action. They are navigating a dynamic tension between short- and long-term consequences, as well between directly and indirectly impacted parties, particularly in the coal value chains. One key example of this tension surfaced in October 2022 in the events leading to the closure of the Komati power station. The initiative was presented as a flagship example of South Africa's just energy transition with extensive plans to repurpose and repower the site using mixed development of renewable energy projects, skills training facilities and agricultural projects.

COSATU's international advocacy seeks to link labour rights and social protection at home with demands for a fairer global climate regime, one that secures resources for industrial transformation and protects vulnerable workers and communities from shouldering the costs of transition.

In practice, it exposed deep inequalities within the workforce. In an ironically titled report "Early Lessons and Recommendations from Komati's decommissioning and repurposing project," published a full year after the closure of the plant, Eskom was cited as assuring the public that no permanent Eskom employees would be left behind, while downplaying the fact that sub-contracted workers were left jobless. The report cited stakeholder feedback indicating: "Community members and workers stated that they had been unable to obtain detailed historical employment figures for Komati. Many felt that the numbers Eskom provided misrepresented the true impact of the shutdown as it did not capture job losses in the preceding years, those of contractors, or impacts in the broader community" (Presidential Climate Commission 2023: 10).

The NUM was vocal throughout the process of the closure. The union membership largely comprised of Eskom staff who had reportedly been redeployed. At the same time, the NUM condemned the treatment of contract workers, arguing that their exclusion from retraining or redeployment plans revealed the transition's injustices (Kamanzi et al. 2022). At the time of closure however, no campaign materialized to support and secure protections and benefits for contracted workers who had lost their jobs.

The Komati case illustrates the internal tensions unions face in shaping just transition policy. For union leadership, the challenge lies in balancing the security of permanent employees with the vulnerability of contract labourers, while also managing the broader debate about how fast and under what conditions coal plants should be decommissioned. The case of Komati has become a regular point of reference in domestic civil society discussions, as evidence that current transition processes are unjust, calling for delays to further closures until comprehensive plans for all workers and communities are in place.

Meeting of government representatives and staff members at Lethabo Power Station, 2023. Photo by GCIS Government of South Africa (CC BY-ND 2.0).

Civil society expands the just transition vision

Though labour unions were responsible for introducing the just transition agenda in South Africa, since then, civil society organizations have progressively widened the scope of issues considered under its umbrella. These efforts have come from diverse struggles, some of which stand in direct conflict with one another. Long-standing environmental justice organizing and public employment proposals have been advanced, alongside historic rights-based litigation, and community mobilizations. Over more than a decade, campaigns and court decisions have successfully constrained new coal and offshore oil and gas while pressing for faster deployment of wind and solar. Since 2011, the Alternative Information and Development Centre's (AIDC) One Million Climate Jobs campaign set an early benchmark by arguing that the state could directly create large numbers of decent, climate-aligned jobs across energy, transport, buildings and ecosystem services (AIDC 2017). At the same time, other sections of civil society have been instrumental in advocating for electricity-market reform and investor-facing market intelligence adopting the language of just transition and mainstreaming it into contexts far removed from its labour roots.

Civil society organizations hold divergent views regarding the scope and objectives of a just transition. At one end of the spectrum, there is a conceptualization of decarbonization as a comprehensive public works initiative that addresses multiple socioeconomic challenges simultaneously, including unemployment, energy poverty, and inadequate service provision.

In contrast, there are extensive pro-business networks within civil society who promote the notion of a just transition primarily as focused on a technological substitution process and an opportunity to increase the role of private capital in the ownership and control of public infrastructure and basic service provision.

Parallel to these forms of community mobilization, strategic litigation and advocacy campaigns have played a key role in challenging the continued use and expansion of fossil fuel-based energy sources. In 2016 Earthlife Africa, GroundWork and the Centre for Environmental Rights launched the Life After Coal campaign, positioning coal phase-out within the context of constitutional rights to health and a safe environment and supporting communities in mining-affected regions (Life After Coal 2016). The coalition coupled community organizing with strategic litigation and has placed pressure on Eskom to retire the aging sections of its coal fleet.

Life After Coal's "deadly air" case, is challenging the constitutional court on the quality of the ambient air in the Highveld priority area, a zone where most of the coal fired generators are located. The case compels the state to adhere to existing legislation outlining minimum emissions standards (MES), and an associated mitigation plan. Again, using the court system, the Life After Coal campaign also successfully blocked the development of two coal projects, Thabetsi and Khanyisa by raising key issues regarding their environmental impact assessment applications. Campaigners challenged the new developments arguing that the projects were proposed under outdated economic assumptions, given that renewable energy systems now appear favourable in least cost system models, and that their development would

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contradict South Africa's commitments to the Paris Agreement.

Offshore oil and gas exploration has also become a flashpoint in South Africa's energy debates. Civil society groups, traditional leaders, and coastal communities mounted strong legal challenges against exploration projects, combining arguments about environmental harm with claims of inadequate consultation. Their mobilization succeeded in shifting the courts. In December 2021, activists secured interim relief halting Shell's seismic surveys on the Wild Coast. This was followed in September 2022 by a High Court judgment in Makhanda that reviewed and set aside Shell's exploration rights, finding that affected communities had not been properly consulted and that key environmental impacts had been ignored. In June 2024, the Supreme Court of Appeal went further, setting aside environmental authorization for offshore drilling because of inadequate assessment of oil spill risks and climate impacts, and ordering renewed public participation (Reuters 2025).

In 2020, a coalition of trade unions, civil society, grassroots, and community-based organizations under the banner of the Climate Justice Coalition launched a "Green New Eskom campaign", and in September 2021 initiated protests targeting the Department of Mineral and Energy Resources with support from international non-governmental environmental organization, 350Africa.org. The campaign demanded an emergency renewable-energy plan, accountability in energy governance and a faster pivot away from fossil fuels, linking load-shedding relief to justice-centred deployment of wind and solar (350Africa.org and Climate Justice Coalition 2023). The campaign remains ongoing, and tensions remain around the focus on the pressure to accelerate closures under the prevailing economic conditions and lack of political will for the national government to take responsibility for impacted workers and mining affected communities.

In contrast, extensive pro-business networks within civil society have simultaneously advanced market-oriented interpretations of just transition. Several research groupings including the Power Future Lab (University of Cape Town), Council for Scientific and Industrial Research, and GreenCape have championed electricity sector liberalization as the primary pathway for renewable energy acceleration. A growing list of networks have developed producing investor-facing research that reinforces arguments for private sector-led wind and solar deployment, framing market reform rather than public investment as the solution to South Africa's energy challenges.

More recently, finance-focused advocacy has attempted to bridge these approaches. Since 2023, the Fair Finance Coalition of Southern Africa has brought together civil society organizations to assess public finance institutions through annual "Financing

Children in Johannesburg plant trees as part of 350.org activities to promote environmental conservation as well as to demand clean energy policies. 2010. Photo by 350.org (CC BY-NC-SA 2.0). Taken from the Flickr page of 350.org.

Fairly" reports. By calling on institutions like the Development Bank of Southern Africa to exclude fossil fuel finance while centring climate justice and transparency, this coalition represents an effort to reform, rather than replace existing financial mechanisms. It does not appear that this approach ultimately challenges the framework of market-based solutions.

National policy attempts to advance a just transition

The hosting of COP17 in Durban, 2011, served as a rallying point for the development of domestic just transition policy. This momentum fueled the development of a National Climate Change Response White Paper, which briefly acknowledged the notion of a just transition while emphasizing the importance of sustaining social, economic and environmental resilience and emergency response capacity while balancing the nation's obligations to curb greenhouse gas emissions.

In 2016, South Africa signed its first National Determined Contributions (NDCs) commitments following the agreement of the Paris accord at COP21 (South Africa 2022). By 2018, President Cyrill Ramaphosa brought the just transition process under the office of the presidency through the establishment of the Presidential Climate Commission (PCC). The PCC was formed as a multistakeholder advisory body including representatives from government, business, labour and civil society. In 2022 the commission proposed a Just Transition Framework which outlined the principles of procedural, distributive and restorative justice that should guide the country's climate policy development (Presidential Climate Commission 2022).

In 2024, a historic Climate Change Act was signed into law which aims to lay the basis for climate governance (South Africa 2024). Key measures include requirements for provincial and municipal government offices to assess climate risks and plan adaptation measures. The bill also devolves the NDCs into sectoral emission targets and authorizes the Department of Forestry, Fisheries and the Environment (DFFE) to set carbon budgets for large emitters with associated financial penalties.

The DFFE and Eskom represent opposing sides of the tension around adherence to Minimum Emission Standards (MES) for air quality, which by 2020–2025 required aging coal fired power plants to dramatically cut pollutants or face shutdowns. From the environmental perspective: "We want enough electricity to grow our economy, and we want clean, breathable air" (DFFE Minster Dion George in 2025).

In practice however, the persistent electricity supply crisis has made reducing production difficult for several coal stations. In an effort to find a compromise, DFFE granted exemptions to eight Eskom coal plants from the MES regulations. The exemptions are timebound: six major plants (Kendal, Lethabo, Majuba, Tutuka, Matimba, Medupi) may run until 2030, and two others (Duvha and Matla) until their scheduled decommissioning in 2034 (Reuters 2025). From the energy production perspective, the forced closure of power stations should not be used as a driver of transition. According to Bheki Nxumalo, Group Executive for Eskom Generation, "We need to decouple JET [Just Energy Transition] from closing power stations. So even if we do it at Grootvlei, there is no anxiety…" (Reuters 2025b).

The dynamics around the MES delays underscore ongoing tensions between the energy and environment ministries.

Delegates at the UN Climate Change Conference in Durban, South Africa (COP17), 2011. Photo by UN Photo/UNFCCC/Jan Golinski (CC BY-NC-ND 2.0).

An optimistic reading of Nxumalo's remarks reflects Eskom's alignment with the view that the just energy transition should be planned around new investment and social support measures, rather than being defined by the shutdown of existing plants under crisis conditions. An alternative view is that given the political fallout from the process at Komati, and the persistent threat of the return to loadshedding, Eskom and the state itself are backing off from making commitments to ensure no one is left behind. Let alone, the promise of economic revitalization.

The dynamics around the MES delays underscore ongoing tensions between the energy and environment ministries. The Department of Mineral Resources and Energy (DMRE) has often prioritized its interpretation of energy security and economic impacts which has translated to supporting existing coal, periodically exploring new coal projects and supporting gas exploration. By contrast, the DFFE emphasizes emissions reduction, public health, and adherence to environmental legislation.

Parallel to climate and energy policy development, the South African Renewable Energy Masterplan (SAREM) was introduced to guide the country's industrial strategy for the renewable sector, with a focus on building local capacity in the wind, solar, and battery storage value chains. The plan forms part of a broader set of industrial "Masterplans" coordinated by the Department of Trade, Industry and Competition (DTIC) and was developed through negotiations between government, business, and labour stakeholders. The process took more than three years to finalize, in part because the DMRE was initially slow to participate, only formally joining in March 2025. As one of the most recent additions to South Africa's policy framework, the SAREM's impact is still emerging, but its success will be measured by whether it can translate commitments into real industrial investment, job creation, and stronger localization in renewable energy supply chains.

Points of Contention in the Just Transition Policy Landscape in South Africa

"Together for global justice." Global Day of Action, Durban, 2011. Photo by Coopération internationale pour le développement et la solidarité CIDSE (CC BY 2.0).

The just energy transition partnership and de-risking

The UNFCCC COP proceedings have proven to be both a flashpoint for rallying state-civil society action around climate change, but also for galvanizing the development of the country's rapidly evolving climate legislation. In 2021, a revised NDC trajectory ahead of COP26 was proposed by the national government with a commitment to shift from peaking emissions in 2025 (398–614 $MtCO_2e$) to a new target (350–420 $MtCO_2e$) by 2030.

At COP26 later that year, South Africa was offered a Just Energy Transition Partnership (JETP) by the International Partners Group (IPG), comprising countries such as the United States, United Kingdom, Germany, France, as well as the European Union. An $8.5 billion dollar climate finance deal, the initiative sought to accelerate the pace of coal plant decommissioning and support South Africa in meeting its climate commitments through concessional finance, technical assistance, and investment guarantees. The JETP was framed as a model for mobilizing international climate finance for emerging economies, but it also sparked debate within South Africa about sovereignty, the balance between

Trade unions and NGOs argue that both JETP and JET-IP were developed behind closed doors, resulting in a framework skewed toward corporate and donor interests.

mitigation and development needs, and the risks of debt conditionalities that could undermine national industrial and social priorities (Sweeney 2023).

Following the JETP negotiations, the South African Government launched the Just Energy Transition Investment Plan (JET-IP), a strategic framework to align national priorities with the financial pledges under the JETP. Yet the concerns raised above remain unresolved, while the JET-IP sets out priority investment areas, questions persist over how the plan was developed, how much of the pledged finance will take the form of loans rather than grants, whether sufficient resources will be directed to adaptation and community resilience, and how decision-making power will be shared between donors and South African institutions.

In July 2025, another proposed revision has been put forward ahead of COP30 maintaining the 2030 target (350–420 $MtCO_2e$) and proposing emissions reductions between 2031 and 2035 (350–420 $MtCO_2e$). The modelled trajectory for the country's mitigation efforts, aligned with the draft Integrated Resource Plan 2026, is proposed to be in line with net zero by 2050 targets, and with targets outlined by the Paris Agreement. However, the government's submission also highlights a critical need for vastly increased flows of international climate finance for adaptation measures, disaster preparedness, and contributions to the Loss and Damage Fund. These calls reflect recognition that the country is already facing severe climate impacts such as droughts, floods, and heatwaves, which threaten livelihoods and infrastructure. The success of the 2025 NDC revisions, in their current form are heavily dependent on the availability of fair and accessible international support. Feedback delivered by several labour and government representatives, to the PCC warned that the revised NDCs should not "exacerbate job losses, especially in vulnerable regions, and that it could exacerbate socio-economic inequality if not paired with clear mitigation support measures and policy certainty" (Presidential Climate Commission 2025: 28). Indeed, South Africa's JETP and the associated JET-IP developed by the South African government have sparked significant criticism from labour unions and civil society. Trade unions and NGOs argue that both JETP and JET-IP were developed behind closed doors, resulting in a framework skewed toward corporate and donor interests (COSATU 2023).

Only 4 percent of the proposed JETP $8.5 billion dollar package comprises grants, with the vast majority as loans or guarantees. Furthermore, research from the Southern Centre for Inequality Studies tracked that from the total grants quotient all the funds were used towards a blend of technical assistance, project feasibility studies, scenario projections and capacity building projects (Lemann Grube et al. 2024). The low grant levels, and lack of support for tangible initiatives has drawn extensive criticism from labour and civil society.

The logic of the deal relies on the public sector to focus its role in the transition on "de-risking" private investments and providing incentives to encourage private capital participation in generation and transmission infrastructure projects. Crudely, this regime guarantees investor profits while socializing risk.

De-risking has become the central logic of South Africa's transition plans. Under the REI4P, for example, projects have been underwritten by state subsidies and sovereign guarantees, ensuring private developers

face extremely limited commercial risk. Under the tariff reforms which are in the process of being implemented to align with electricity sector liberalization, consumer tariff prices will have to rise to meet the repayment obligations, and this will be disproportionately felt by the working class. The result is an energy transition that socializes risk through rising tariffs and public debt while privatizing profits for multinational utilities and equipment manufacturers. Rather than mobilizing cheap public finance to directly build new capacity, de-risking locks South Africa into dependency on foreign capital which has demonstrated every intention to undermine efforts to establish and protect domestic industrial capacity.

The very foundation of the JETP initiative, and the de-risking approach to infrastructure finance is built on the notion that the receiving country will comply with implementing market reforms to the sector. In 2024, the Bretton Woods Project detailed loan mandates issued by the World Bank tied to a $1 billion development policy finance loan supporting South Africa's low carbon transition in 2023 (Bretton Woods Project 2024). The very first pillar of the reform package supported the unbundling of Eskom, which would require the restructuring of electricity tariffs.

The shift to reform the tariff policy has the highest potential to cause social upheaval. NERSA is currently in a process to phase in the rationalization of tariffs to closer represent the cost of generation and delivery of electrical energy. This means a reduction of subsidies and will increase the price of electricity. Additionally, the cost of the extensive infrastructure which needs to be built to execute the energy transition will be passed through to consumers at higher rates than previous eras where prices were regulated against affordability criteria.

Given the prevalence of social injustice in South Africa, which the development of the energy sector helped instil, the burden of increased prices will not be shouldered evenly and will likely exacerbate existing inequalities disproportionately impacting the Black working class, particularly for residents in rural and peri-urban contexts.

Energy planning

Contentions have arisen around South Africa's energy planning, particularly the Integrated Resource Plan (IRP) that guides electricity investments. Trade unions insist that the IRP's evolution should incorporate the principles of a just transition and call for an interrogation of the assumptions behind decarbonization plans or least cost models.

Solar energy panels. Photos by Solar Electric Light Fund (SELF). (CC BY-NC-ND 2.0).

Darling National Demonstration Wind Farm in Cape Town, 2008. Photo by Warren Rohner (CC BY-SA 2.0).

> The focus of the current debate on the various "least cost models" (for example PCC vs. DMRE models) does not adequately capture the shift that the reform process will have [on] the reallocation [of] rights and responsibilities between actors in the newly diversified generation sector. This carries consequences for the social costs and distribution of anticipated benefits for new projects, which is not acknowledged at all in the IRP analysis. (COSATU 2023, unpublished submission).

COSATU and SAFTU have pushed for an IRP that balances climate objectives with energy security and job protection, urging a phased approach that does not strand workers. In labour's view, accelerating renewables is necessary, but the pace and mix of the transition must be managed so that it, "will be just and protect workers, their jobs and communities" (COSATU 2024:1). This approach implies exploring a diversified energy mix only to the extent that it is needed for reliability and can be pursued without harming workers.

Environmental NGOs and community organizations, meanwhile, are strongly opposing certain components of the government's draft IRP, most notably the planned expansion of gas-powered electricity. In the 2023/24 IRP, the Department of Mineral Resources and Energy signaled a sizable new allocation for gas-to-power (DMRE 2024). Many civil society groups have condemned this as costly, likely locking the country into long term fossil fuel dependency. Coalition groups like the Green Connection argue that the government is overstating the need for gas and note that expanding gas use is seen as undermining climate commitments (SAFCEI and The Green Connection et al. 2025).

Industrial policy

All stakeholders are aligned in the recognition that the task of achieving a just transition is as much an industrial policy challenge as it is an energy and social policy challenge. There is broad interest in leveraging the energy transition to support emerging industries along solar, wind and battery value chains and to create quality jobs. Sharp contentions have, however, emerged over how to achieve this, with proponents of strong state intervention against advocates of a market driven transition.

COSATU and the Institute for Economic Justice argued during the formulation of the South African Renewable Energy Masterplan (SAREM), that without deliberate localization policies, trade protections, public investment and technology transfer systems, the rapid renewable energy demand will simply be met with imports, yielding few local benefits (IEJ 2022).

This observation was confirmed by accounts provided in an application submitted by local solar manufacturers to the International Trade Administration Commission (ITAC) by the two remaining domestic solar module manufactures, ArtSolar and Seraphim (ITAC 2024). In a development that ran seemingly parallel to the SAREM process, ITAC proceeded to implement a welcome import tariff of 10 percent on photovoltaic cells, modules, and panels in response to the application acknowledging the importance of these protections in South Africa's emerging industrial strategy for renewable energy value chains.

In the lead up to South Africa's hosting of the G20 proceedings, ITAC has made a series of important proposals which seek to raise import tariffs from 5 percent to 30 percent on solar PV, wind, and battery value chain items

(ITAC 2024). ITAC has recommended raising duties up to the World Trade Organization (WTO) ceilings. COSATU has issued support for this proposal insisting that the new bouquet of incentives for domestic manufacturers requires beneficiary companies to meet job creation and training targets.

Renewable developers and installers oppose high localization requirements and tariffs, warning they will raise project costs and slow clean energy deployment. The Association for Renewable Energy Practitioners (AREP) cautioned (MyBroadband 2025) in June 2025 that 30 percent solar component tariffs would significantly increase costs. The industry associations argue that South Africa must focus on solving the electricity crisis quickly and cheaply, noting that developing local manufacturing takes time and certain advanced components like solar PV and battery cells currently have no domestic production capacity. This creates a fundamental tension between rapid deployment and local industrial development. While policymakers seek middle ground through phased tariffs and rebates, the outcome will determine whether South Africa builds a renewable supply chain or remains an installation site for foreign equipment.

Challenges facing local governments in the just transition

Local governments are critical to the implementation of just transition initiatives, yet municipalities face critical structural and capacity challenges which have been underrepresented in public debate surrounding the transition. One clear emerging concern involves the financial strain on municipal budgets that the reforms to the tariff regime will cause. Municipalities historically derive significant revenue from electricity sales by reselling Eskom power to consumers. The Electricity Regulation Amendment Act of 2023 now allows large users to purchase directly from producers, bypassing municipal distributors. The South African Local Government Association (SALGA) warned this could potentially reduce revenue for already heavily indebted municipalities (SALGA 2024). President Bheke Stofile described a "vicious cycle" where generation diversification policies erode municipal income, reducing funding for infrastructure and transition projects. These changes then put pressure on municipalities to drive transition projects, while losing their main funding source in a context where they are already battling to ensure universal basic service delivery.

Capacity constraints for local governments compound these challenges. Developing the now legally required climate plans, in accordance with the Climate Change Bill, could involve energy modelling, economic diversification, and community consultation, which are new terrain for local officials particularly in rural areas. While initiatives like the JET Municipal Capacity Building Programme exist (Government of South Africa 2024), the gap between national goals and support for local implementation appears to be considerable.

Undermining the capacity of municipalities in the transition process would limit the potential contribution of one of just transition's key champions. According to Dorah Marema, Head of Municipal Sustainability at SALGA, "South African cities are ready to lead the way; we believe that a just and equitable transition is essential for building city resilience. By addressing the needs of marginalized communities and promoting equal access to good, green jobs, skills opportunities, and services, we can ensure no one is left behind" (C40 Cities 2024).

This creates a fundamental tension between rapid deployment and local industrial development. While policymakers seek middle ground through phased tariffs and rebates, the outcome will determine whether South Africa builds a renewable supply chain or remains an installation site for foreign equipment.

Medupi power station at Lephalale, Limpopo, South Africa, 2015. Photo by JMK (CC BY-SA 3.0).

Conclusion

South Africa's energy transition cannot be separated from the legacies of the coal-based minerals-energy-complex, which entrenched inequality by subsidizing heavy industry at the expense of Black working-class communities. Today, those same historical divisions continue to shape the politics of transition, as the state, private capital, labour, and civil society contest the balance between decarbonization, redistribution, and energy security.

The challenge is not only to move away from coal and to meet the targets outlined in the Paris Agreement, but to do so in ways that repair past harms and create new opportunities for workers and communities who have long borne the costs of the system.

Black working-class households face rising electricity tariffs, precarious employment in the emerging renewable energy sector accompanied by low levels of union representation. They also face continued exposure to pollution from aging coal plants and are most at risk of impact during extreme weather events due to the enduring legacy of land dispossession and unequal infrastructure access. Without appreciating their needs in both planning, implementation and ownership, the just transition risks becoming another painful chapter in South Africa's long history of elite transitions.

Three broad scenarios illustrate the possible divergent paths ahead.

Scenario 1

Scenario 1, the market-led approach, relies primarily on private power project expansion. It prioritizes speed and the mobilization of private capital through subsidies and enabling reforms, while Eskom's role in generation steadily declines. As a result, long-standing collective bargaining agreements would cover fewer workers, and localization would be pursued mainly through trade policy rather than industrial development.

For this scenario, effectiveness of securing private investment will be constrained by the likely political backlash from working class residents over increased prices due to liberalization of electricity tariffs.

Photo by Solar Electric Light Fund (SELF) (CC BY-NC-ND 2.0).

Scenario 2

Scenario 2, the hybrid regulated model, envisions Eskom continuing to play a role by building or co-owning new generation across technologies including gas-to-power, nuclear, wind, and solar. Under this model, procurement processes could still be leveraged to advance localization, strengthen labour protections, and expand community ownership. Its effectiveness, however, would depend on whether state institutions have the capacity to regulate, monitor, and enforce commitments from private investors. This scenario is also dependant on the extent to private capital responds and invests at the rate required to implement the energy transition roadmap outlined by government.

In this scenario, electricity prices may continue to be regulated downwards for affordability, leading Eskom into a death spiral, in the absence of further treasury support. The structural inadequacies of the de-risking model discussed in the document, and the muted results of governments private capital investment drive under the JET IP will precipitate a deep crisis in South Africa's electricity sector. Prices are likely to be neither affordable nor attractive enough to carry the high costs of the massive infrastructure build required for the transition, in the absence of a fundamentally different trajectory for public investment levels. This may result in staggered and sporadic implementation of projects, low attention to implementation of industrial policy and poor social buy in for the transition due to high prices and poor jobs performance.

Scenario 3

Scenario 3, the fully public resocialized pathway, proposes a reformed Eskom working alongside community cooperatives to directly hold and operate energy assets. This approach would maximize grant-based international climate finance, prioritize worker and community ownership schemes, and channel equity into localities hosting projects. It is the model most likely to address social justice concerns, yet it faces limited political will within government and would require significant governance reform together with a shift in the mandates of public financial institutions such as the National Treasury and the Reserve Bank.

Across all three scenarios, municipalities remain a crucial yet fragile link in the just transition chain. Without strengthening local capacity, even the most ambitious national strategies will falter where they matter most, among the workers and communities directly affected by the decline of coal. Ultimately, the just transition is not only about changing the technologies that generate electricity. It is about rebuilding the social contract, ensuring that decarbonization goes hand in hand with justice, equity, and the creation of a more inclusive economy.

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JUST TRANSITION IN SOUTH AFRICA

An Overview and Possible Future Scenarios

This report situates the evolution of the different visions for a just transition in South Africa within the social and political context of the country, examining the competing interests of labour, civil society, private capital and the state, and the underlying tensions concerning finance, the nature of ownership, and local governance. It offers historical perspective, exploring the foundations of the country's coal dependency and mapping how key power dynamics between state formation, elite contestation and worker struggles have shaped the terrain of the sector, with a specific focus on the energy transition. Ultimately, South Africa's energy transition cannot be separated from the legacies of the coal-based minerals-energy-complex, which entrenched inequality by subsidizing heavy industry at the expense of Black working-class communities. This case study shows how just transition is not only about changing the technologies that generate electricity. It is about rebuilding the social contract, ensuring that decarbonization goes hand in hand with justice, equity, and the creation of a more inclusive economy.

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