



**PRESIDENTIAL
CLIMATE COMMISSION**
TOWARDS A JUST TRANSITION

CONCEPT NOTE

ENERGY DIALOGUE: ELECTRICITY MARKET AND PRICING REFORM

ZOOM: <https://www.climatecommission.org.za/events/energy-dialogue-electricity-market-and-pricing-reform>

WEDNESDAY, 21 MAY 2025, 13:00 – 15:00

South Africa's electricity sector faces a dual imperative: to restructure an unsustainable system burdened by historical underinvestment, and to transition toward a decarbonised, efficient, and inclusive energy future. Key policy instruments such as the Electricity Regulation Amendment (ERA) Bill and the establishment of a wholesale electricity market are enabling critical market reforms. However, these changes come with financial, institutional, and social risks that need to be identified and addressed.

This dialogue will explore the complex intersections between electricity pricing, system reform, and investment mobilisation. It will draw on technical studies, international examples, and national stakeholder insights to clarify how a wholesale market works – and the design being followed in South Africa and engage stakeholder concerns related to market risks. Participants will consider how reforms can attract investment and improve dispatch efficiency, while safeguarding public policy goals of social protection and affordability.

A follow up dialogue will build on this 'market basics' foundation to unpack the drivers of rising tariffs and the limits of existing pricing structures. It will also foreground the role of municipalities and the imperative of Electricity Distribution Industry (EDI) reform, recognising that municipal distributors are central to a functioning market yet constrained by debt, governance challenges, and limited technical capacity.

Discussions will examine options for tariff restructuring—including greater fixed charges and time-of-use pricing—and assess their impacts on affordability, equity, and system sustainability. The session will critically engage with alternative funding mechanisms, the evolving role of cross-subsidies, and the scale of subsidies required to protect low-income households outside the tariff structure.

In this first dialogue, the Presidential Climate Commission (PCC) aims to:

- Introduce and explore the complex intersections between electricity pricing, system reform and investment mobilisation.
- Support stakeholders with developing understanding of how the market works ("market basics").
- Articulate the reform risks that must be addressed, including the skills and capacities required.
- Build shared understanding across government, civil society, labour, and industry on how to manage the electricity transition in a way that promotes investment, protects the vulnerable, and strengthens the long-term viability of South Africa's electricity supply industry



PROGRAMME

Facilitator: Commissioner Shamini Harrington, Minerals Council, SA

No.	Time	Item	Presenter
1	13:00	Welcome and opening	<ul style="list-style-type: none">• Commissioner Shamini Harrington
2	13:05	Outline of project context	<ul style="list-style-type: none">• Ms Simphiwe Ngwenya, PCC Secretariat
3	13:15	Imperative of market reform	<ul style="list-style-type: none">• Mr Saul Musker, Presidency
4	13:30	Market basics and how an electricity market works	<ul style="list-style-type: none">• Mr At van der Merwe, Independent, Energy Transaction Services
5	13:45	Global experience in addressing market risk	<ul style="list-style-type: none">• Dr. Alejandro Hernandez, Regulatory Assistance Project
6	14:00	Facilitated discussion and Q&A	<ul style="list-style-type: none">• Commissioner Shamini Harrington
7	14:50	Closure and way forward	<ul style="list-style-type: none">• Ms Dorah Modise, PCC Executive Director
Lunch			