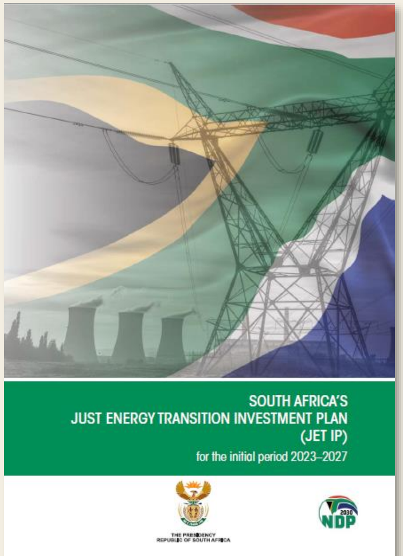
THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

JUST ENERGY
TRANSITION

JET IMPLEMENTATION UPDATE
PCC COMMISSIONERS’ MEETING
13 JUNE 2025

RECAP: South Africa's JET Investment Plan



Published in 2022, South Africa's **JET IP 2023–2027** sets out the **scale of need and the early-stage investments** required for the country's Just Transition (JT) to a low-carbon and climate-resilient economy in line with its updated Nationally Determined Contribution (NDC) lodged with the United Nations Framework Convention on Climate Change (UNFCCC) in 2021. At COP26, the JET International Partners Group (IPG) pledged $8.5bn to support SA meet its NDC targets.

To decarbonise the economy to within the 350-420 Mt CO_{2eq} target range in a just manner by 2030 requires ~ ZAR 1.5 trillion (~ $100bn) over five years 2023-2027 from multiple sources of finance.

Of this, >ZAR 600bn is needed from the private sector, so barriers to private investment must be lifted

JET Funding requirements JET IP 2023 - 2027	ZAR billions
Electricity Sector	711.4
New Energy Vehicle Sector	128.1
Green Hydrogen Sector	319.0
Skills Development	2.7
Municipal capacity	319.1
TOTAL	**1 480.0**

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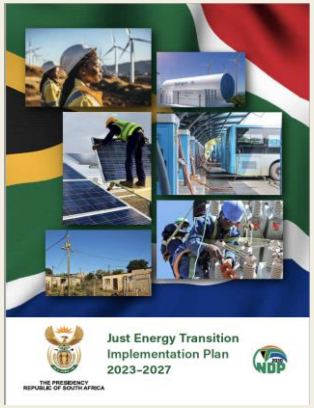
JET Implementation Plan: Building JET Portfolios in Institutions



The *JET Implementation Plan,* approved by Cabinet in November 2023, is a roadmap for South Africa to take targeted strides towards meeting its decarbonisation commitments in a manner that delivers just outcomes for those affected by the energy transition and that contributes to inclusive economic growth, energy security, and employment.

CORE SECTOR PORTFOLIOS	*JUST TRANSITION PORTFOLIOS*	*FUTURE PORTFOLIOS*
Electricity	Skills	Energy Efficiency
Green Hydrogen	Mpumalanga	SAREM*
NEVs	Municipalities	Road-to-rail

PORTFOLIO ENABLERS

- Funding
- Stakeholder Engagement
- Monitoring, Evaluation & Learning

*South African Renewable Energy Masterplan

Status of International Pledges vs Estimated Allocation (May 2025)

Sovereign bilateral partners							
US$ millions	**Grants**	**Highly-concessional loans**	**Concessional loans**	**Policy Loans**	**Commercial debt and equity**	**Export Credits**	**Total bilateral contributions**
Canada	1	-		91	-	-	92
Denmark	23	-	58		65	-	146
European Union / EIB	125	-	1,080		216	-	1,421
France / AFD	4	-	780	300	-	-	1,084
Germany / KfW	305	-	748	800	-	-	1,853
Netherlands	167	-	-		-	-	167
Spain	16	-	-		378	1,890	2,284
Switzerland	39	-	-		-	-	39
United Kingdom	34	-	1,300		500	-	1,834
United States	14						
Sub-total sovereign bilateral partners	***728***	***-***	***3,966***	***1,191***	***1,159***	***1,890***	***8,934***
Multilateral Development Banks							
African Development Bank	-	-	-	300	-	-	300
Climate Investment Funds	50	450	1,237		875	-	2,612
World Bank	-	-	-	1,000	-	-	1,000
Sub-total multilateral	***50***	***450***	***1,237***	***1,300***	***875***	***-***	***3,912***
Total pledges	**778**	**450**	**5,203**	**2,491**	**2,034**	**1,890**	**12,846**

1. ~60% of bilateral grants disbursed
2. 100% of Policy Loans disbursed to the fiscus (NT) as budget support linked to JET outcomes
3. USA grants as allocated prior to withdrawal from IPG and JET - Feb 2025.
4. USD400 million KfW concessional loans approved

(1) ELECTRICITY PORTFOLIO: Transmission

JET IP targets 2023-2027

Transmission:	R131.8 bn
New PV:	R233.2 bn
New Wind:	R241.7
New batteries:	R23.1bn

- **>5GW renewable generation** must be built and connected per annum, but Transmission grid capacity is inadequate and geographically mismatched to the favourable locations for solar and wind power generation.
- At least **1 400 km of Transmission** lines need to be built per annum over 5 years, at a cost of ZAR 131 billion.
- Eskom's current Transmission capacity build rate is <300 km p/a

- JET concessional loans of **US$3.5 to US$5bn** can be used for about 5600-8000km Transmission
- But: there are balance sheet constraints on Eskom borrowing, and the National Transmission Company of SA (NTCSA) is an Eskom subsidiary which is **not able to borrow** independently
- National Treasury and the World Bank Group are establishing a **Credit Guarantee Vehicle (CGV)** to reduce the need for sovereign guarantees on private investment in Transmission infrastructure.

NTCSA is:

- Preparing to upscale Transmission grid investments within available funding capacity.
- Preparing with the Ministry of Energy & Electricity and National Treasury to procure Independent Power Transmission (IPT) investments in the grid from 2025.

(1) ELECTRICITY PORTFOLIO:
Decommissioning retiring coal power stations

JET IP targets 2023-27

Coal plant decommissioning: R4.1 bn
Repurposing coal plants: R3.4bn

Climate Investment Funds (CIF)	Multi-lateral Development Banks (MDBs)	Private Investors	Country Counter-parts	Other	Total (US$m)
50 grant and **450** highly concessional loan	**900** Concessional loans	**875** Debt + equity	**300** DFI loans	**30**	**2.605**

- South Africa applied to the CIF for ACT IP (US$ 2,6 billion) funding in 2021 - **part of the JET Investment Plan**.
- Eskom is to be the recipient of these CIF funds for **Camden, Grootvlei, and Hendrina retiring power plants**: decommissioning, repowering, repurposing, community development.
- Eskom's **balance sheet constraints** have delayed borrowing for ACT IP.
- To manage electricity supply constraints, **Eskom has rescheduled decommissioning of these 3 power stations from 2027 to 2030**.
- Eskom modelled that it can meet its **65-72mt C02eq emissions reduction target for access to the CIF funds by doing so across the coal fleet by 2030.**
- The **highly concessional CIF financing** of US$ 500 million must leverage MDB and private finance at a ratio of 1:5.
- **Private sector investment in repowering is a condition of the ACT financing package and** Eskom is preparing the PPP plan.
- Critical lessons from Komati (Eskom's first decommissioned coal plant) are to **front-load investments for new sources of local livelihoods** ahead of decommissioning.

(2) MUNICIPAL JET PORTFOLIO

SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION
SALGA
Inspiring service delivery

JET IP targets 2023-2027

Distribution maintenance:	R200bn
Distribution modernization:	R73bn
Electrification backlog:	R45bn
Operational and planning:	R1,6bn
Piloting social ownership:	R1,6bn

Challenges

- Weak creditworthiness.
- Weak technical expertise.
- Operational and political instability.
- Legal barriers complicate long-term PPAs.
- No electricity revenue ring-fencing.
- Sub-optimal use of free basic electricity grants.
- Weak project preparation capacity, reliance on DBSA and NT.
- Fragmented strategies between Eskom, municipalities, and NT.

Priorities for the Municipal JET Portfolio

1. Top 20 Municipalities with Distribution Licences: readiness assessments, capability plans, cost of supply, project pipeline development.
2. Distribution infrastructure investments.
3. Energy access for poor households.
4. Positioning DFIs as catalysts to unlock commercial capital for municipal JET investments.
5. Alignment on EDI reform strategies and roadmaps.
6. Capacitating municipalities to adjust revenue and operating models for changing energy markets

JET PMU (funds mobilisation support)

JET Municipal Council
Multi-stakeholders

Municipal JET Secretariat (SALGA)

Capability Workstream | Finance Workstream | Energy Access Workstream

Pipeline of municipal JET investment projects

Cooperative Governance Traditional Affairs

DBSA

electricity & energy
Department: Electricity and Energy
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(3) GREEN HYDROGEN (GH2) PORTFOLIO

JET IP targets 2023-2027

GH2 Sector: R319bn

Current targets:
- \$73m (R1.32 billion) cumulative secured GH2 grant fund
- \$100m SAH2 fund – development tranche of the fund concessional debt facility
- Prefeasibility and feasibility studies completed for two export and one domestic GH2 projects (cumulative)

Progress:
- \$20m secured (28% of Dec 2025 target) via IDC tracked grants; two JETP countries pledged concessional funds.
- Prefeasibility study advancing for a domestic project; funding decisions pending.
- Export focused applications (renewable ammonia/ derivatives) under review.

Challenges and Risks
- Delays and structural gaps in fund disbursement between SA and JETP countries, complicating implementation.
- Tracking challenges for non-IDC grants; some projects lack sustainability (e.g., water use) or bankability.
- Limited project visibility & standardization hinders consistent evaluation of GH2 projects across development stages.
- Loss of developer confidence in partnerships risks future grant funding and private sector leverage.
- Delayed project progression(feasibility to FEED) may hinder international offtake agreements.
- Slow job creation due to prolonged project timelines, delaying economic benefits.

Need for:

- ➢ Pre-announcement engagement and MOUs between IDC and JETP country funders to streamline disbursements.
- ➢ Standardized project guidelines & portal for GH2 projects to ensure quality, transparency, and investor appeal.
- ➢ Pilot project funding to test local viability of end use cases and de-risk full scale development.

(4) NEW ENERGY VEHICLES PORTFOLIO

Industrial Development Corporation

JET IP targets 2023-2027

NEV Sector:
R128 bn

Challenges and Risks

- NEV success needs flexible funding – rigid grant criteria and siloed projects risk creating 'white elephants'.
- Phased, collaborative approaches needed (e.g., mobility pilots vs. battery value chains).
- Early stage projects need grants to reduce costs of hardware/capex, but funders want grants to be used for studies.
- Risk perception and mismatched criteria – SA seen as high risk.
- Rigid funder requirements often exclude viable projects (e.g., off-grid EV charging).
- Collaborative solutions needed – IDC/DBSA/PIC/SEFA partnerships could pool grants for early stage projects, adopting portfolio/thematic approaches to align funding with SA's energy transition.

NEV work and projects in progress

- **NEV incentive policies**: to be finalised by DTIC and National Treasury
- City of Cape Town **R8.5 billion** for electrification of **public transport buses**.
- City of Cape Town procuring **30 heavy-duty EV buses**.
- **Golden Arrow** to roll out **120 EV buses** from **2025**.
- **DBSA EV Bus Programme in Tshwane and eThekwini**
- **Eskom Distribution** incorporating EV charging into national and local electricity infrastructure plans, and **EV pilot studies** for **re-fleeting**.
- **IDC NEV Value Chain Localisation Study** for specific use cases, **concluded** and **launched** at the **Smart Mobility Africa Summit 2024** (October).

Opportunities for:

- Early stage NEV fund for mobility projects
- Funder collaboration workshops to align strategies
- Coalition partnerships – private sector-led alliances (mining/logistics/last mile) to derisk demand, boost local EV assembly, and accelerate decarbonization.

(5) JET SKILLS PORTFOLIO

- 35 grants (US$90m total, avg $2.58m) support JET skills projects, with 54% in implementation and 26% completed.
- JET Skills Desk and Advisory Forum ready for launch with approved ToRs to streamline skills coordination, supported by Presidency MOU.
- Funding mobilised for 2025-2028 to address critical JET skills capacity gaps and priorities.
- JET skills metrics embedded in DHET's MTDP 2025-2029 aligning with the National Skills Strategy.

Five Flagship Interventions
1. The **JET Skills Desk and JET Skills Advisory Forum** focus on a co-ordinated approach to skills anticipation, development, and utilisation
2. JET Skills Development Zones (SDZs) focused on three value chains directed at applied skills anticipation, development, and use for the three value chains (**NEV, GH2, Renewable Energy and Transmission**)
3. JET Skills development **needs assessments** for three core value chains
4. JET skills planning and support for government and key institutions
5. Foundational skills development support

Challenges and Risks

- Poor integration of JET skills with economic sectors undermines workforce transition planning and policy coherence.
- Critical TVETs/SETAs remain capacity constrained as grants prioritize research over systemic capacity building.
- Unclear labour signals and weak local learning networks disrupt targeted skills development for green jobs.
- Stagnant economy restricts green job opportunities, impeding workforce shifts to renewables and hydrogen sectors.
- Unreliable financing prioritizes temporary studies, leaving skills institutions under-developed for long-term JET needs.
- Unclear policy direction disrupts skills alignment with critical JET industries, slowing transition progress.

- JET Funding Platform is chanelling funding to strengthen institutions and targeted skills development.
- Technical working groups align stakeholder efforts to prevent duplication and accelerate systemic reforms.
- Market-linked Training – JET SEP's 4 scalable projects testing demand-driven skilling

(6) MPUMALANGA JUST TRANSTION PORTFOLIO

JET IP targets 2023-2027

Repurposing coal mining land:	R13bn
Infrastructure:	R12,3bn
Diversifying local economies:	R24bn
Caring for coal workforce:	R5,6bn
Youth, planning, capacity, policies:	R2,1bn

MPUMALANGA GREEN CLUSTER AGENCY

MPUMALANGA PROVINCIAL GOVERNMENT

Challenges and risks

- Scarce capital for early-stage ventures and economic diversification limits grassroots transition opportunities.
- Persistent mistrust by communities of government, Eskom, and municipalities.
- Slow establishment of Provincial JET coordination structures.
- Investor caution complicates capital mobilization for transition projects.
- Stalled implementation of the ACT IP for energy transition investments at Camden, Grootvlei, and Hendrina.

Targeted interventions:

- Komati social employment programme
- JET Funding Platform prioritises Mpumalanga (10 Mpumalanga projects on register, actively being matched with funders).
- MGCA JET Projects Register.
- Provincial JET coordinating structure launched (2024) with MGCA as Secretariat, supported by Presidency MOU.
- Short-term capacity injections from funders and JET PMU to accelerate execution.

MPUMALANGA THE PLACE OF THE RISING SUN

Mpumalanga JET priorities

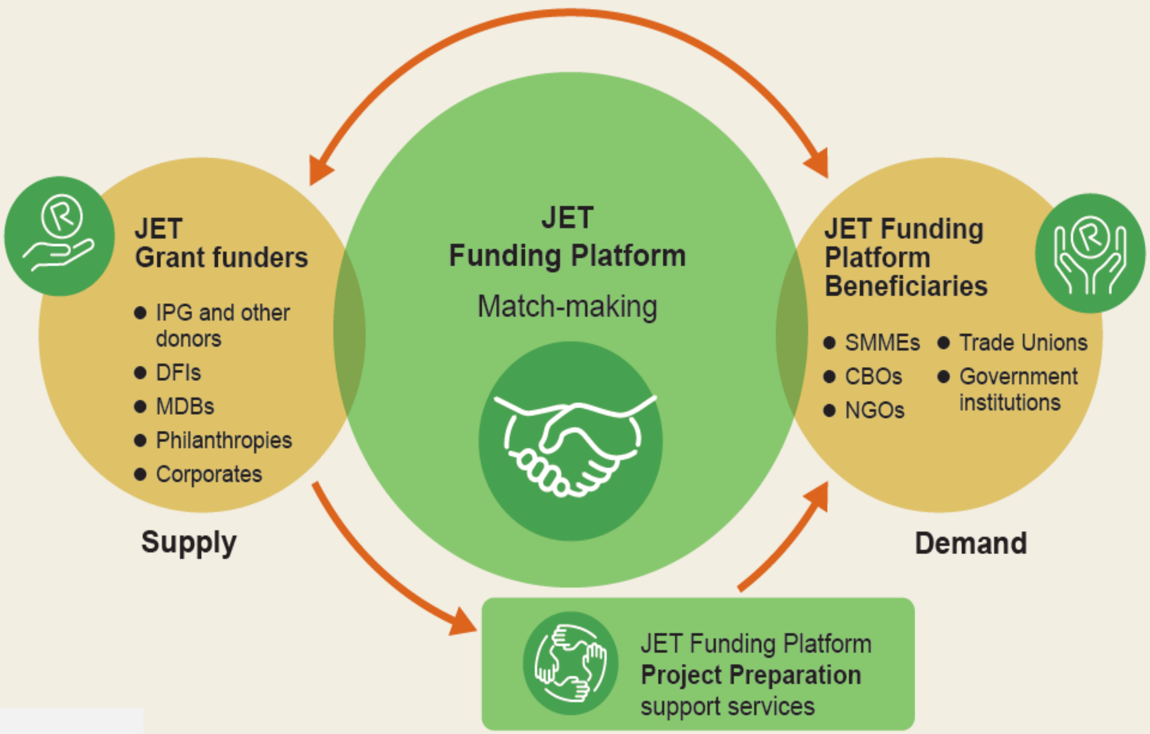
A substantive pipeline of viable JET projects across communities in the Mpumalanga coal belt creating sustained new livelihoods

JET FUNDING PLATFORM

The JET PMU has established the JET Funding Platform to:

- Be a matchmaker between suppliers of grant funding and potential JET beneficiaries **(it is not a fund)**
- Provide project preparation support services to JET project originators to help them prepare plans and apply for grants
- Provide the public with regular analysis of the deployment of grant funds to JET projects.

JET Funding Platform link:
https://jetfundingplatform.org.za



2025 Target
R600 Mn for 20 projects

JET Funding Platform: Status

Pre- JET Funding Platform launch (2024)

14 projects applied. Three were eligible and two were matched to funders:

- TIPS JET Labour Centre (R20m) and
- Komati Social Employment Fund Project (R13m).

Window 1 (Dec 2024)

159 Projects applied to the Window 1

Project ticket size range **R0.5mn – R1bn+**

60% Mpumalanga

Primary areas of funding requested: SMME development, community development and skills development.

5 Projects are currently being presented to a range of local and international grant funders

Window 2 (Feb 2025)

71 Projects applied to the Window 2

Project ticket size range **R0.02mn – R1bn+**

30% Mpumalanga

Primary areas of funding requested: SMME development, community development and skills development.

10 Projects have been processed by the Review Committee and are being prepared for to showcase to funders

- JET FP team has engaged **over 20 funders** since Window 2 closed.
- Strong funder interest in projects that have gone through the JET FP process
- Project matching is expected over next 3 months

Window 3 planned for Q3 2025 with learnings from W1 and W2

Window 4 will be Q4 2025.

END.