electricity & energy

Department:
Electricity and Energy
REPUBLIC OF SOUTH AFRICA

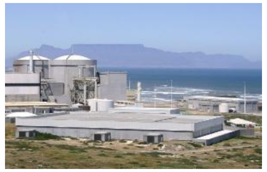
BRIEFING TO PORTFOLIO COMMITTEE ON SOE PERFORMANCE

DR K RAMOKGOPA
MINISTER
MARCH 2026

PRESENTATION OUTLINE





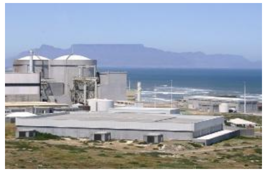



1. **BACKGROUND**
2. **SOE FINANCIAL PERFORMANCE**
3. **SOE OPERATIONAL PERFORMANCE**

BACKGROUND







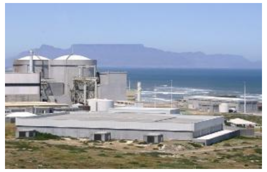

DEE has oversight responsibility over 6 public entities

RESEARCH	NUCLEAR	ENERGY	REGULATORS
SANEDI	NECSA	ESKOM	NERSA
	NRWDI		NNR

BACKGROUND





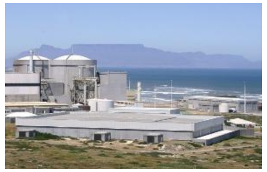



Schedule 2	• ESKOM • NECSA
Schedule 3A	• NERSA • NNR • NRWDI • SANEDI

1. SUMMARY - 2025/26 Q3 SOE PERFORMANCE



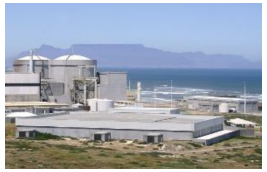





SOE	NON-FINANCIAL PERFORMANCE				YTD ACTUAL FINANCIAL PERFORMANCE		
	TOTAL TARGETS	ACHIEVED	NOT ACHIEVED	% ACHIEVED	REVENUE (R'000)	EXPENDITURE (R'000)	PROFIT/LOSS SURPLUS / DEFICIT (R'000)
ESKOM	35	22	13	63%	273 731 000	187 116 000	27 581 000
NECSA	15	11	4	73%	1 908 688	2 218 037	(19 196)
NERSA	30	29	1	97%	301 444	339 489	(43 621)
NNR	26	26	0	100%	332 379	215 023	117 356
NRWDI	14	14	0	100%	39 696	44 553	535
SANEDI	21	20	1	95%	107 907	115 684	(7 777)

- All entities, with the exception of Eskom and NECSA ,managed to achieve over 90% of their targets for the period under review. Eskom is projecting a 69% achievement at year-end, while Necsa is projecting 80%.
- All entities are profitable except for NECSA,NERSA and SANEDI.
- The reported losses/deficits are mainly due to high operational expenditure.

SOE PERFORMANCE

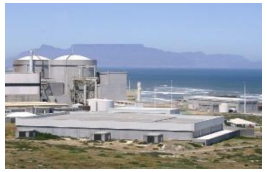


Eskom

1. ESKOM PERFORMANCE AGAINST SHC







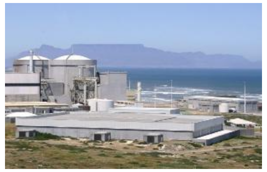

	TOTAL TARGETS	ACHIEVED TARGETS	NOT ACHIEVED	% ACHIEVED
2025/26 – Q3	35	22	13	63%

- The non achieved targets relate to operations, finance, municipal payment levels, legal separation, investigations and industrialisation.
- Eskom is expecting to achieve 69% of its targets at year end, which remains unsatisfactory and requires intervention from the Board.

1. ESKOM FINANCIAL PERFORMANCE







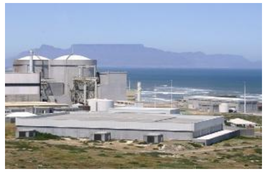

	YTD Q3 – 31 DEC 2025		
	BUDGET	**ACTUAL**	**VARIANCE**
	R’ Million		
Revenue	273 990	273 731	- 259
Primary Energy	127 686	114 464	13 222
Operating Expenses	73 946	72 652	1 294
Net Finance Costs	24 546	22 850	1 696
Net Profit / (Loss)	16 402	27 581	11 179

- Revenue earned by Eskom is below budget due to unfavourable sales volumes.
- Savings in primary energy costs are mainly due to lower costs incurred on nuclear, OCGTs and IPPs.
- Net finance costs realised savings due to lower interest on debt securities and borrowings.
- As a result of the favourable variances, Eskom reported a YTD net profit of R27.58 billion
- Latest projections indicate that the Utility will remain profitable at year end.

1. ESKOM FINANCIAL POSITION





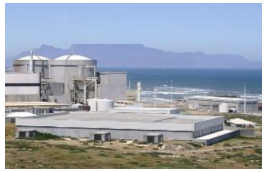



	YTD Q3 – 31 DEC 2025 R' Million
Cash and Cash Equivalents	66 568
Total Borrowings	359 641
Equity	359 008

- Eskom's financial position remains solvent and maintains a strong financial position.
- Liquidity has improved significantly with a healthy cash balances, demonstrating the ability to meet short-term obligations.
- Equity has strengthened, due to the positive impact of the Debt Relief Programme. The subordinated loans have been converted into equity.
- Debt levels have improved due to favourable interest rate movements and the impact of Government support.








1. ESKOM DEBT RELIEF

- Thus far, R140 billion has been disbursed to Eskom (R76 billion in 2023/24 and R64 billion in 2024/25).
- To date, Eskom has met all strategic conditions, and the subordinated loans have been successfully converted into equity.
- The allocation for the 2025/26 FY amounting to R80 billion will be disbursed during the 4th quarter.

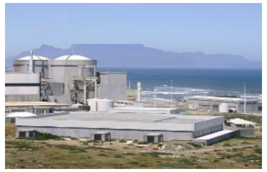
1. ESKOM AUDIT RECOVERY

- The Department will continue to monitor Eskom’s audit recovery in the new FY.
- Eskom is making progress in addressing its historical adverse audit findings.

1. ESKOM OPERATIONAL PERFORMANCE








The Department has been exercising oversight on the Eskom New Build Programme, Recovery of long-term outages as well as the Koeberg Nuclear Power Plant's (KNPP) long term operation (LTO) project and the following have been observed:

- The final Kusile Power Station Unit 6 achieved commercial operation on 29 September 2025, bringing all six Kusile units into commercial operation (CO).

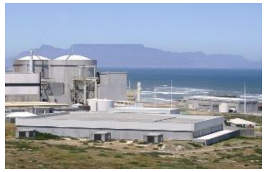
Long-term Operation (LTO) Progress and Readiness

- KNPP licence for Unit 1 was granted by the National Nuclear Regulator (NNR) on 15 July 2024 extending the life of the unit to 2044.
- The NNR granted Koeberg Unit 2's long-term operation licence extension on 6 November 2025 extending the life of the unit to 2045.

Recovering capacity under long-term outages (Medupi Unit 4 & Koeberg Unit 1)

- In July 2025, Medupi Power Station Unit 4 returned to service, reaching a critical milestone that strengthens the country's energy security and enhances the stability of electricity supply (The unit had been out of service since 8 August 2021).
- On 29 October 2025, KNPP Unit 1 was synchronised to the grid after completion of the steam generator replacement (SGR) (The Unit 1 was taken offline in March 2025).
- Plant availability (EAF) slightly higher than the same period in FY2025, however it remains below the shareholder compact target. Other than the four days loadshedding implemented during April and May 2025, no further loadshedding was required during the period and Generation achieved 261 consecutive days without loadshedding as at 31 January 2026.

SOE PERFORMANCE



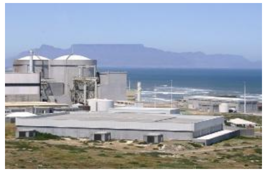
necsa

We're in your world

1. NECSA PERFORMANCE AGAINST SHC





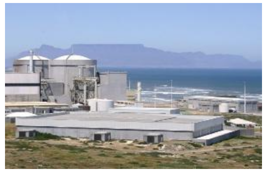



	TOTAL TARGETS	ACHIEVED TARGETS	NOT ACHIEVED	% ACHIEVED
2025/26 – Q3	15	11	4	73%

- The missed targets relate to financial sustainability, commercial enterprises as well as business continuity and efficiency.
- Recovery initiatives have been implemented to improve overall performance in the fourth quarter and at year-end.
- Performance is expected to improve 80% at year end.







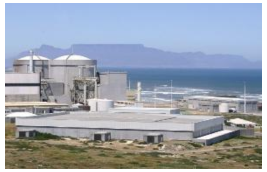

1. NECSA FINANCIAL PERFORMANCE

	YTD Q3 – 31 DEC 2025		
	BUDGET	**ACTUAL**	**VARIANCE**
	R' 000		
Revenue	2 107 767	1 908 688	(199 079)
Cost of Sales	1 018 775	966 856	51 919
Operating Expenses	1 253 865	1 251 181	2 684
Finance Costs	542	1 894	(1 352)
Profit / (Loss)	41 745	(19 196)	(60 941)

- Underperformance mainly due to Pelchem and the NTP Group not meeting their targets.
- NTP is applying various marketing strategies to regain market share.
- A Financial Sustainability Task Team was convened in January to implement cost containment measures and enhance revenue generation.





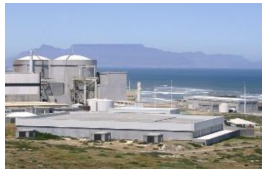



1. NECSA FINANCIAL POSITION

	YTD Q3 – 31 DEC 2025
	R’ 000
Cash and Cash Equivalents	554 986
Total Assets	8 184 379
Total Liabilities	7 657 616
Equity	526 763

- NECSA is solvent, but with low equity levels.
- Although the entity remains operational in the short term, its long-term financial sustainability is under pressure.
- Persistent declines in cash and assets, coupled with high reliance on liabilities, exposes the entity to financial risk.
- Overall financial position is weak, with high liabilities.

SOE PERFORMANCE



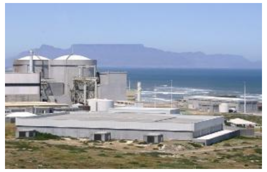
nersa

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

1. NERSA PERFORMANCE AGAINST APP





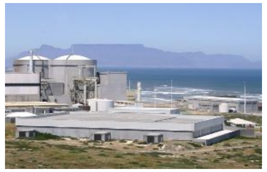



	TOTAL TARGETS	ACHIEVED TARGETS	NOT ACHIEVED	% ACHIEVED
2025/26 – Q3	30	29	1	97%

- NERSA’s performance is satisfactory
- The missed target relates to Programme 1, Regulatory Service Delivery.








1. NERSA FINANCIAL PERFORMANCE

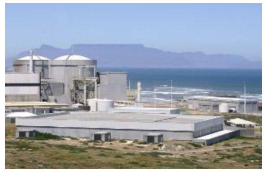
	YTD Q3 – 31 DEC 2025		
	BUDGET	**ACTUAL**	**VARIANCE**
	R' 000		
Revenue	309 097	301 444	(7 653)
Expenditure	351 274	339 489	11 786
Surplus / (Deficit)	(42 178)	(43 621)	(1 443)

- YTD revenue is below budget mainly due to the petroleum pipeline business not meeting its budget.
- The petroleum pipelines business has been impacted by reduced volumes as a result of lower market demand, limited production at Natref and export delays.
- Savings in expenditure is mainly driven by underspending in employment costs as a result of unfilled vacancies.
- NERSA realised a deficit due to operational costs being higher than revenue.

NERSA FINANCIAL POSITION







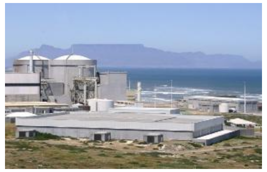

	YTD Q3 – 31 DEC 2025
	R' 000
Cash and Cash Equivalents	16 131
Total Assets	165 537
Total Liabilities	64 749
Net Asset Value	100 788

- NERSA is solvent with assets exceeding liabilities.
- While liquidity remains adequate with stable cash balances, the downward trend in net asset value signals a need to strengthen reserves and ensure sustainability.

1. NERSA OPERATIONAL PERFORMANCE (1/3)



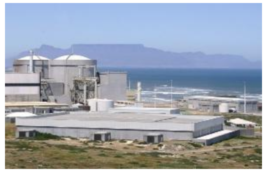





Electricity Industry Regulation

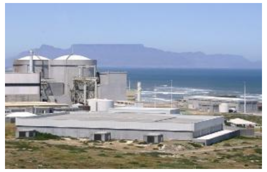
- Generation facilities were registered within 45 calendar days
- Since the inception of the registration regime in 2018, NERSA has registered 2 236 generation facilities, with a total capacity of 16 040MW and a total investment cost of R328 billion.
- NERSA approved the establishment of the Electricity Market Advisory Forum (EMAF)
    - role is to - play a strategic role in facilitating competition in the electricity market; ensuring fair and efficient market participation; and monitoring compliance with the market code on behalf of the Regulator.
- NERSA approved 17 trading licenses.
- Regulatory and Policy Advocacy– Provided comments to the first Independent Transmission Project (ITP) Section 34 determination for the procurement of Transmission Infrastructure from private players

SOE PERFORMANCE



National Nuclear Regulator

1. NNR PERFORMANCE AGAINST APP

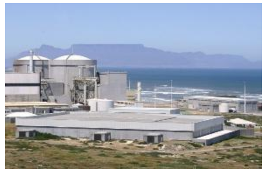


	TOTAL TARGETS	ACHIEVED TARGETS	NOT ACHIEVED	% ACHIEVED
2025/26 – Q3	26	26	0	100%

- NNR’s performance is satisfactory. All targets have been met.







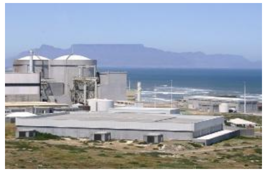

1. NNR FINANCIAL PERFORMANCE

	YTD Q3 – 31 DEC 2025		
	BUDGET	**ACTUAL**	**VARIANCE**
	R' 000		
Revenue	328 749	328 379	3 630
Expenditure	245 676	215 023	30 654
Surplus / (Deficit)	83 073	117 356	34 284

- YTD revenue is better than budget due to high interest income.
- To date, the NNR has realised savings on operating expenditure due to reduced goods and services expenditure, delays in executing planned activities during the festive period, and cost-containment measures.
- NNR has realised a surplus due to savings in operating expenditure and revenue being better than budget.
- Stronger revenue collection, controlled spending, and sound fiscal discipline, resulting in a solid surplus position.





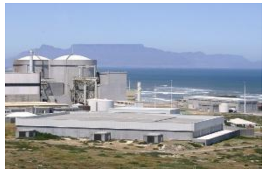



1. NNR FINANCIAL POSITION

	YTD Q3 – 31 DEC 2025
	R' Million
Cash and Cash Equivalents	301 344
Total Assets	435 128
Total Liabilities	21 103
Net Asset Value	414 025

- Overall, the NNR's financial position remains healthy and sustainable, with adequate cash reserves and disciplined expenditure ensuring continued operational stability

SOE PERFORMANCE



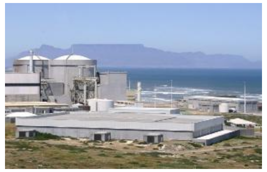
NRWDI

NATIONAL RADIOACTIVE WASTE DISPOSAL INSTITUTE

1. NRWDI PERFORMANCE AGAINST APP







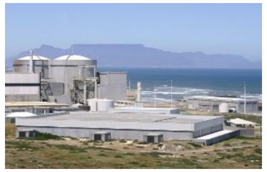

	TOTAL TARGETS	ACHIEVED TARGETS	NOT ACHIEVED	% ACHIEVED
2025/26 – Q3	14	14	0	100%

- NRWDI’s performance is satisfactory. All planned targets were achieved as at 31 December 2025.

1. NRWDI FINANCIAL PERFORMANCE





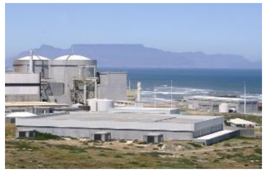



	YTD Q3 – 31 DEC 2025		
	BUDGET	**ACTUAL**	**VARIANCE**
	R' 000		
Revenue	39 017	39 696	679
Total Expenditure	39 559	44 553	4 994
Surplus / (Deficit) before retained surplus	(542)	(4 857)	(4 994)
Expenses funded from retained surplus	0	5 392	5 392
Surplus/ (Deficit)	(524)	535	1 059

- Revenue exceeded budget due to interest income on accumulated cash reserves.
- Year to date operating expenditure exceeded budget due to high use of consultancy fees and general expenses.
- The surplus achieved during the period was mainly attributable to the utilisation of funds from the retained surplus, which was used to offset the overspending and mitigate the operating deficit.








1. NRWDI FINANCIAL POSITION

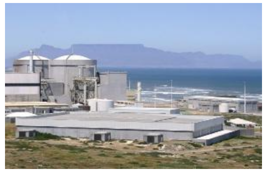
	YTD Q3 – 31 DEC 2025
	R' 000
Cash and Cash Equivalents	38 159
Total Assets	45 895
Total Liabilities	18 600
Net Asset Value	27 295

- NRWDI maintains a healthy financial position, supporting ongoing operations and strategic initiatives.

SOE PERFORMANCE







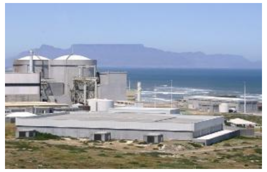

sanedi

South African National Energy Development Institute

1. SANEDI PERFORMANCE AGAINST APP







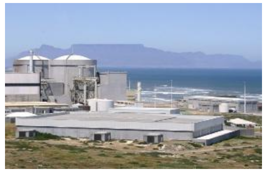

	TOTAL TARGETS	ACHIEVED TARGETS	NOT ACHIEVED	% ACHIEVED
2025/26 – Q3	21	20	1	95%

- SANEDIs performance is satisfactory.
- The missed target relates to the Programme 1. During the period the target on % of employment of targeted group was not met due to a resignation. SANEDI has reported that the vacancy will be filled during the fourth quarter

1. SANEDI FINANCIAL PERFORMANCE





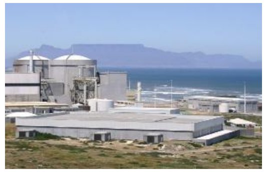



	YTD Q3 – 31 DEC 2025		
	BUDGET	**ACTUAL**	**VARIANCE**
	R' 000		
Revenue	79 145	107 907	28 763
Expenditure	93 500	115 684	(22 184)
Surplus / (Deficit)	(14 356)	(7 777)	6 579

- Over 50% of the revenue is derived from the MTEF allocation.
- The increase in revenue and expenditure is mainly due to externally funded projects that were not included in the original budget due to limited information at the time.
- During both quarter, the Institute reported a surplus against a budgeted breakeven position, despite overspending on OPEX.
- The better than budget performance is due to the improved revenue earned during the period under review.








1. SANEDI FINANCIAL POSITION

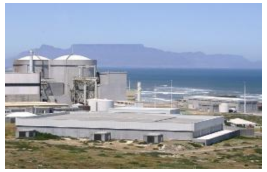
	YTD Q3 – 31 DEC 2025
	R' 000
Cash and Cash Equivalents	257 557
Total Assets	294 109
Total Liabilities	215 161
Net Asset Value	114 020

- SANEDI remains solvent, with total assets of R340.8 million exceeding total liabilities of R218.6 million.
- Cash balances increased slightly to R262.6 million, supporting short-term liquidity and ability to meet operational obligations.
- The increase is in liabilities is due to ring-fenced funds for externally funded projects undertaken by the Energy Secretariat Programme.
- While the net asset value decreased marginally compared to the previous quarter, the organisation continues to maintain a stable financial position overall.

1. SOE FUNDING CHALLENGES








- Schedule 3 entities and NECSA have experienced significant financial strain due to reduced MTEF allocations.
- Budget reductions have affected operational stability.
- Limited funding has constrained maintenance, infrastructure upgrades, and project implementation.
- Increased reliance on internal revenue and borrowing to sustain operations.
- Reduced capacity to meet strategic and developmental mandates.

- The Department plans to engage National Treasury to:
  - Present the negative impact of budget cuts.
  - Highlight risks to service delivery and national priorities.
  - Explore alternative funding and support mechanisms to entities.

THANK YOU