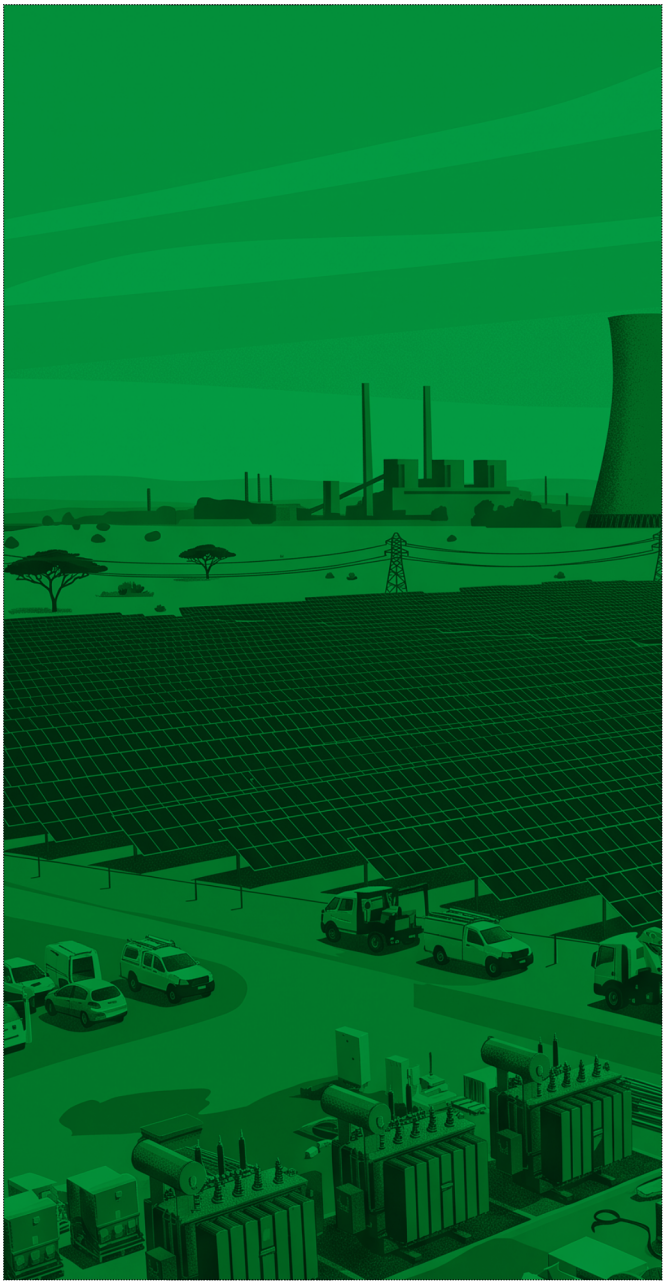
JUST ENERGY TRANSITION: Localisations, Decent Work, SMMEs,and Sustainable Livelihoods

Institute For Economic Justice
Renewable Energy Localisation Factsheet

ESKOM GREEN: MAKING PUBLIC RENEWABLE ENERGY WORK FOR EVERYONE

In Brief

- Eskom Green is a new publicly-owned business, originally set up to manage the Renewable Energy Offtake Programme; it has a target of new generating capacity of 6,000 MW by 2030.
- South Africa's largely private renewable energy development has failed to provide dependable demand for local manufacturers, undermining industrial development and job creation.
- Eskom Green could use public investment, local procurement, and coordination across Eskom to support domestic manufacturing, affordable electricity, and decent work.
- However, its reliance on private finance and contractors, proposed separation from Eskom Holdings, and focus on large industrial customers threaten to limit these benefits.



Eskom Green could drive a just energy transition, but only with a clear developmental mandate and adequate public investment.

What is Eskom Green?

Eskom Green was launched in June 2026 as a wholly owned subsidiary of Eskom, with a mandate to expand publicly-owned renewable energy generation.[1]

It will manage the Renewable Energy Offtake Programme for large customers buying at least

10 MW,

with a target of new renewable energy generating capacity of

6 000 MW

by 2030.

In comparison, the total installed[2] capacity of IPP projects is

9 771 MW.

It proposes long-term contracts in which buyers commit to specific amounts; generation, storage, and transmission charges will be separated; and electricity sold at cost. Its first project under construction is a 75 MW solar plant at Lethabo Power Station.[3]

Unlike privately-owned independent power producers (IPPs), a public generator can be more easily directed to serve wider social and industrial goals. However, Eskom Green has not established a comprehensive developmental mandate covering affordable household electricity, domestic manufacturing, and decent work.

Why the current system fails local manufacturers

South Africa already has firms capable of producing renewable energy equipment. But a project pipeline dominated by private developers has not translated into dependable orders for these firms.

Despite local content requirements:

- Unless they are specifically designated, developers and their engineering, procurement, and construction (EPC) contractors can meet targets without buying higher-value locally manufactured components.[4]
- Delayed procurement rounds leave factories without orders.[5]
- Local suppliers report very late orders, onerous specifications, and demanding certification and financing requirements.[6]
- Local firms have to finance production before receiving payment.

Projects selling power directly to private buyers offer fewer opportunities to enforce localisation:

- Developers and major original equipment manufacturers (OEMs) favour established international suppliers.[7]
- Even when foreign OEMs establish local plants, they often source components from existing overseas suppliers. Alternatively OEMs encourage international component manufacturers to establish domestic plants, rather than deal with existing domestic firms.
- Smaller installations are highly price-sensitive[8] and generally face no local sourcing requirements.

Public investment could create more stable demand and enforce procurement conditions.

Eskom reports that

84%

of its overall procurement spending was local, while reported local content spending on the Lethabo solar project[9] was

35%.

However, local procurement figures do not necessarily indicate how much equipment is manufactured domestically or whether South African manufacturers receive sustained orders.

Public finance or private financial dependence?

Eskom Green is exploring private financing through special purpose vehicles (SPVs), supported by revenue from long-term electricity purchase agreements. Such arrangements may appear to reduce direct public borrowing, but the state or electricity buyers can still carry substantial financial risks. Private lenders may also favour established international suppliers over local firms. Experience with private financing arrangements raises concerns about higher financing costs, hidden liabilities, and restrictions on policy choices.

Direct public finance can offer lower costs, more transparent terms, and greater freedom to pursue industrial and social objectives.

Keep public capacity and decent work at the centre

The proposed separation of Eskom Green from Eskom Holdings, as part of Eskom unbundling,[10] could insulate it from some institutional problems, but it could weaken coordination with transmission, storage, maintenance, and the existing coal fleet. Integration between coal and solar would be beneficial as the coal fleet declines.

Eskom Rotek, which maintains Eskom infrastructure, offers an existing base of technical expertise and better wages and employment conditions than many private contractors. In-sourcing maintenance and developing renewable expertise within Rotek could build long-term skills and stable jobs. It would also provide a stronger basis for employment transformation than successive short-term contracts and reduce tender-related corruption.

What needs to change?

Prioritise public finance. Avoid over-reliance on private finance and SPVs.

Expand the public mandate. Plan subsidised renewable electricity for energy-poor households and smaller, labour-intensive industries, rather than only large corporate customers.

Enforce meaningful localisation. Implement ambitious requirements for locally manufactured components; publish procurement information;

enforce contractor compliance; and give suppliers adequate lead times and more predictable orders.

Build public-sector skills and jobs. Insource maintenance to Eskom Rotek to preserve expertise, support better employment conditions, and strengthen long-term public capacity.

Protect coordination and programme delivery. Maintain planning across Eskom entities and closely monitor Eskom Green's targets.

Address municipal financing. Explore alternatives to current municipal debt arrangements without shifting the burden onto poor communities.

The choice facing South Africa

PATH 1

Continue relying on private investment to expand renewable energy and accept limited benefits for local manufacturing, workers, and energy-poor households.

PATH 2

Use Eskom Green to expand public ownership and investment, rebuild domestic industry, provide affordable electricity, and create decent work.

Eskom Green can be business as usual, or it can become a powerful instrument of a just energy transition.

Endnotes

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