

Boardroom guide to South Africa's changing energy market

Energy has moved beyond operations. In a reforming market, energy decisions increasingly influence capital allocation, pricing exposure, compliance obligations and competitive position.

1. Market reform

South Africa's power market is moving away from a single-buyer utility model toward a more plural, contract-driven environment.

Eskom legacy model

Private generation

Wheeling and traders

Multi-party market

What is changing?

- Draft wholesale market rules and transmission reform are laying the groundwork for a more competitive market structure.
- Wheeling allows electricity generated in one location to be consumed elsewhere, creating new commercial pathways between producers and buyers.

Why it matters

- Power procurement is becoming more bespoke, with greater variation in tariffs, counterparties, contract structures and settlement mechanisms.
- This creates greater flexibility for corporates, but also more complexity to govern and reconcile.

2. Strategic opportunities

Where value can be created

- Well-structured PPAs can improve price certainty, diversify supply and support long-term capital planning.
- Battery storage can deliver more than resilience, including tariff arbitrage, demand management and margin protection.

Board lens

- Wheeling and flexible access models can connect buyers to lower-cost or lower-carbon power across the grid.
- Boards that align energy choices with business strategy can treat energy as a lever for competitiveness rather than only a cost centre.



3. Governance risks

Energy complexity does not stay inside operations. It moves into reporting lines, control frameworks and board accountability

Operational

Supply resilience

Financial

Pricing, liabilities, reconciliation

Governance

Compliance, disclosure, audit trail

Where exposure arises

- PPAs may create long-term obligations with pricing, counterparty and balance-sheet implications.
- Different tariff structures, wheeling charges, and grid fees can make cost reconciliation more difficult.

Where boards get surprised

- Weak oversight increases the risk of discrepancies between contracted supply, actual use and billed charges.
- Energy arrangements can also affect disclosure, audit readiness, ESG reporting and regulatory compliance.

4. Questions boards should ask

- 1 Are we still treating energy primarily as a utility cost, or as a strategic asset with financial consequences?
- 2 Do we fully understand the liabilities, pricing structures and counterparty risk in our energy contracts?
- 3 Do we have visibility on wheeling charges, storage performance, settlement and reconciliation?
- 4 Are operations, finance, sustainability and leadership aligned on energy decisions and reporting?
- 5 Is our governance model fit for a market with growing contractual, regulatory and disclosure complexity?

Energy should be reviewed with the same discipline applied to capital allocation, compliance exposure and strategic risk.