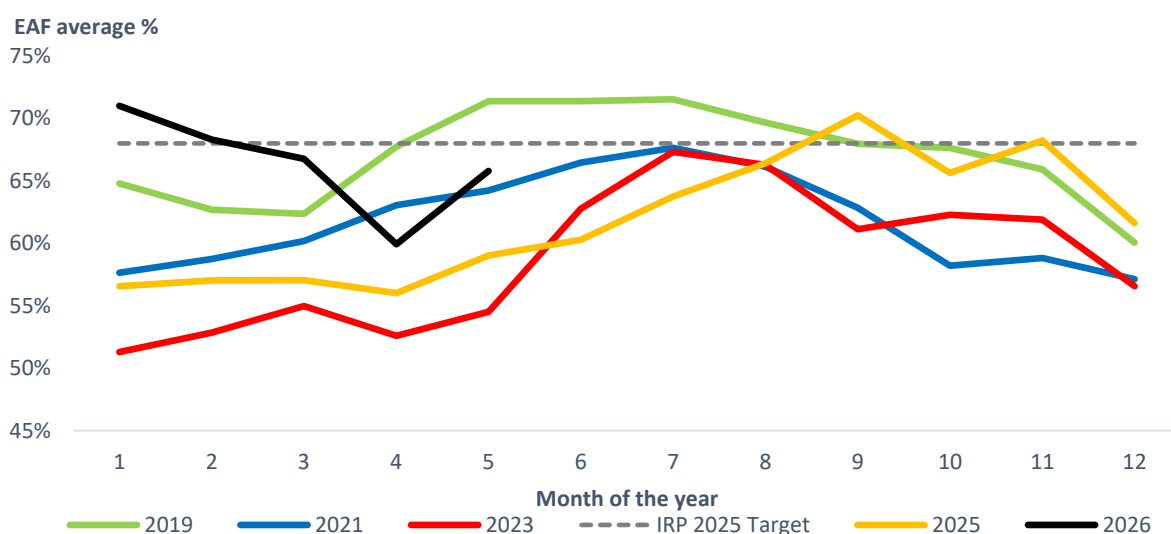


Electricity Update: **April-May 2026**

Metric	April	May	Unit
Average Energy Availability Factor (EAF)	59.9%	65.8%	Percentage
- Maximum EAF	70.4%	72.1%	
- Minimum EAF	53.6%	57.4%	
Open Cycle Gas Turbine (OCGT) Usage			Megawatt-Hours
- Average	19.6	30.6	
- Maximum/peak usage	1,465.7	1,883.9	
Planned Maintenance (average)	7,566	5,981	Megawatts
Unplanned Maintenance/Outages (average)	11,285	10,081	
Other Maintenance (average)	93	112	
- Total	18,944	16,174	

Source: Eskom & Minerals Council

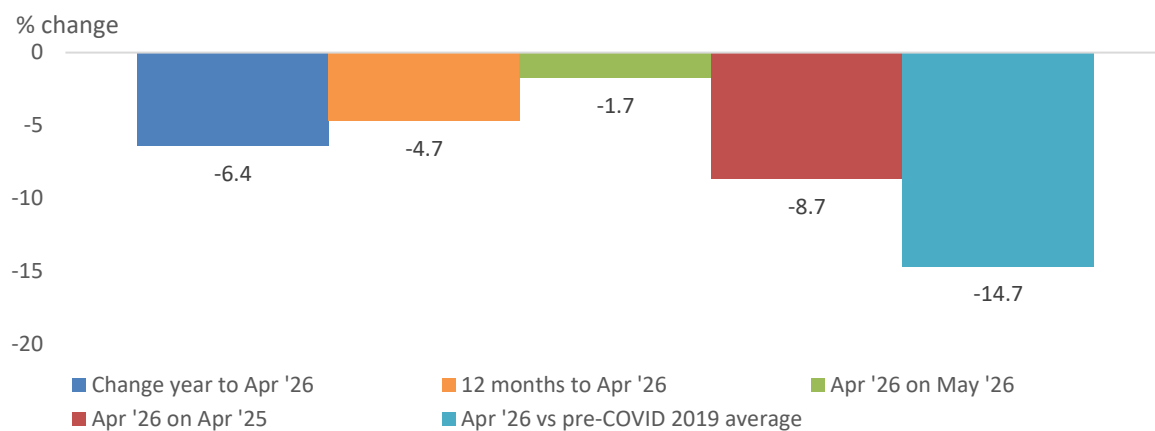
Eskom's **Energy Availability Factor (EAF)** improved in May, rising to nearly **66%** from 59.9% in April. Figure 1 reflects the historical Eskom EAF. This improvement coincided with the onset of winter temperatures, as the first two weeks of May were particularly cold, driving higher electricity demand as households increased heating usage. **Peak demand** during May reached **28,415 MW**, closely matched by Eskom's dispatchable generation capacity of 28,373 MW. Open Cycle Gas Turbines (OCGTs), which utilise diesel, were deployed strategically to bridge this narrow gap during periods of elevated demand. On average, **OCGTs** generated 112 MW per hour during the month, up from 93 MW per hour in April, with peak output reaching 1,884 MW. Eskom reported **diesel expenditure** of R559.2 million over April and May, significantly lower than the R3.43 billion spent over the same period last year. Overall, the system remained stable, with no load shedding recorded. Eskom continues to express confidence that it will meet demand and avoid supply shortages throughout the winter season.

Figure 1: Historical Eskom EAF

Source: Eskom & Minerals Council

The latest data released by Statistics South Africa (Stats SA) for April indicates a continued decline in electricity production in South Africa. Seasonally adjusted (headline) real electricity generation fell by 8.7% year-on-year (y-o-y) in April 2026, marking a sustained contraction in annual terms over recent months. On a month-on-month (m-o-m) basis, production declined by a further 1.7%. The key takeaway is that, despite the absence of load shedding, both electricity production and consumption remain on a downward trend. Notably, in Figure 2, electricity production in April 2026 was 14.7% below the pre-COVID (2019) average, highlighting the extent of the structural decline in demand and supply. January to April (year-to-April), electricity production was 6.4% lower compared to the same period last year. For the twelve months to April 2026 (May 2025 to April 2026), production was 4.7% lower compared to the preceding twelve-month period.

Figure 2: Variation in Electricity Produced (% , seasonally adjusted) – All Producers



Source: Stats SA and Minerals Council

The scale of policy reform currently underway is notable, as Eskom repositions itself to operate within a new electricity market framework. This is occurring alongside mounting pressure on existing industrial customers, many of whom face significant financial strain and may be unable to continue operating in the absence of electricity tariff relief.

Against this backdrop, several key policy and regulatory processes are currently progressing through the National Energy Regulator of South Africa's (NERSA's) public consultation framework:

1. **Eskom's proposed amendments to the Negotiated Pricing Agreements (NPAs) for ferrochrome smelters operated by Samancor Chrome and Glencore-Merafe Chrome Venture** (*comments closed 22 May 2026; granted by NERSA*).
2. **Draft regulations on the mandatory provision of energy data** (*deadline 9 June 2026*).
3. **Draft Electricity Trading Rules** (*deadline 18 June 2026*).
4. **Market Code and Rules** (*deadline 22 June 2026*).
5. **Transitional Generation Pricing Vesting Contracts Framework** (*deadline 6 July 2026*).
6. **Wholesale Pricing Framework** (*deadline 4 August 2026*).

Collectively, these processes reflect a comprehensive restructuring of both market design and pricing arrangements, with significant implications for generators, traders, and large industrial consumers.

Conclusion

Overall, the electricity data for April and May 2026 reflect a system that is operationally more stable, yet structurally under strain. The improvement in Eskom's Energy Availability Factor (EAF) and the absence of loadshedding, even as winter demand began to materialise, point to meaningful gains in generation performance and system management. This is further supported by reduced reliance on diesel relative to last year, despite the strategic use of OCGTs to manage tighter supply-demand conditions during peak periods.

However, these short-term operational improvements stand in contrast to a continued decline in electricity production and consumption. The sustained year-on-year contraction, coupled with output levels well below pre-COVID benchmarks, suggests that weak underlying demand, likely reflecting subdued industrial activity in the economy, remains a defining feature of the electricity landscape. This will put pressure on Eskom's revenue and does not support single-digit tariff increases in future.

Looking ahead, there are early signs that industrial demand could begin to recover. The return to operation of ferrochrome smelters operated by Glencore-Merafe and Samancor Chrome, following the approval of amendments to their Negotiated Pricing Agreements (NPAs), is a positive development and is expected to support a gradual increase in electricity consumption. Importantly, while the system remains relatively tight, Eskom has indicated that it retains approximately 2,000 MW of capacity in cold storage that can be brought back online with relative ease should demand increase. This available buffer suggests that additional load from the smelters can be accommodated without materially compromising system stability.

At the same time, the scale and pace of policy reform signal a fundamental transition in South Africa's electricity market. While these reforms are necessary to enable a more competitive and efficient system, they introduce a period of uncertainty for market participants. For energy-intensive users in particular, rising electricity costs and evolving pricing frameworks continue to pose a material risk to operational viability. In this context, the key challenge is to balance reform with affordability and competitiveness. Sustaining system stability while ensuring that industrial users remain viable will be critical to supporting broader economic recovery and growth.

André Lourens

Economist

Tel: +27 11 498 7100

Email: ALOURENS@MINERALSCOUNCIL.ORG.ZA

- End -