07 September 2026

MINERALS COUNCIL
SOUTH AFRICA

Electricity Update: **July-August 2026**

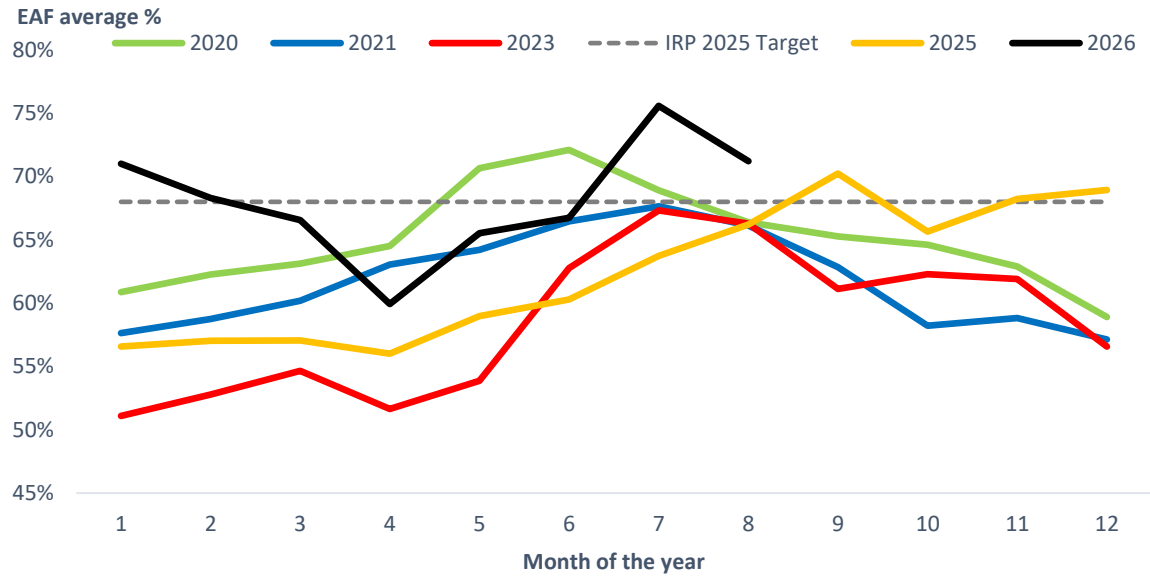
Metric	July	August	Unit
Average Energy Availability Factor (EAF)	75.6%	71.2%	Percentage
- Maximum EAF	83.6%	77.8%	
- Minimum EAF	63.3%	62.8%	
Open Cycle Gas Turbine (OCGT) Usage			Megawatt-Hours
- Average	0	20	
- Maximum/peak usage	0	1,809	
Planned Maintenance (average)	4,093	6,686	Megawatts
Unplanned Maintenance/Outages (average)	7,413	6,786	
Other Maintenance (average)	39	133	
- Total	11,545	13,606	

Source: Eskom & Minerals Council

August marked the end of the winter season, with temperatures trending warmer into September. As winter electricity demand eased, Eskom increased planned maintenance by more than 2,000 MW, resulting in its Energy Availability Factor (EAF) declining from almost 76% in July to around 71% in August. This decline largely reflects the seasonal maintenance cycle rather than a deterioration in generation performance. **Figure 1** illustrates the historical trend in Eskom's EAF.

While electricity supply conditions have improved markedly over the past year, electricity demand remains subdued. Peak demand during August reached 28,498 MW, almost identical to Eskom's dispatchable generation capacity of 28,448 MW. By comparison, peak demand reached 34,029 MW in August 2021, implying a decline of almost 5,000 MW over the period.

Figure 1: Historical Eskom EAF



Source: Eskom & Minerals Council

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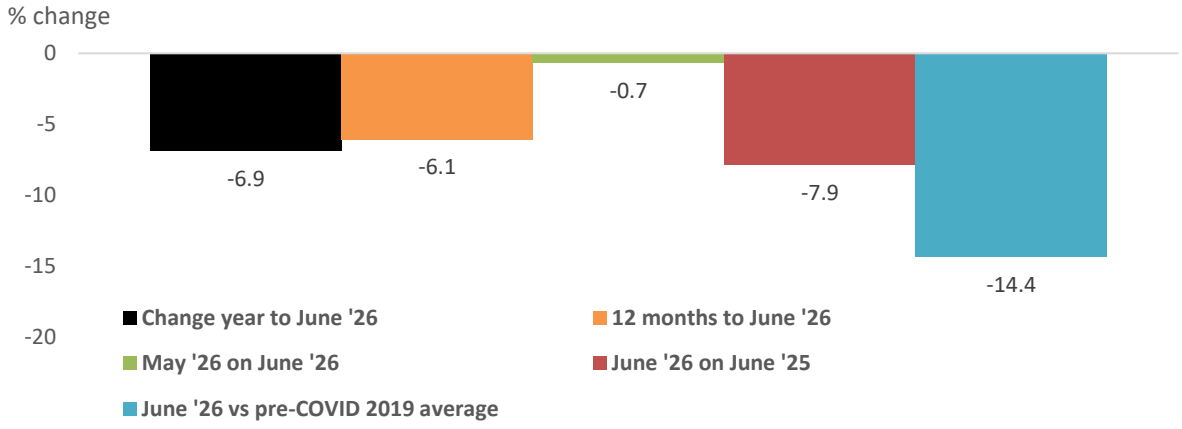
This contrast between improving supply and weak demand is also evident in Eskom's financial results. On 4 September, Eskom reported that it had successfully met winter demand with its highest average winter EAF since 2020. Yet, despite improved generation availability, electricity sales in Eskom's 2026 financial year ended 31 March 2026, were 6.2% lower than the previous year. Although the utility recorded a profit of R30.3 billion, profitability was driven less by higher sales volumes and more by a combination of cost-cutting measures, improved operating performance and the 12.74% electricity tariff increase. In other words, Eskom's financial recovery has occurred despite declining electricity demand, not because of growing electricity sales.

This narrative is reinforced by the latest data released by Statistics South Africa (Stats SA) for June 2026, which points to a continued weakening in electricity production and consumption. Seasonally adjusted electricity generation declined by 7.9% year-on-year (y-o-y) in June 2026, extending the sustained contraction observed in recent months. Month-on-month (m-o-m), production fell by a further 0.7%.

The key takeaway is that, despite the absence of load shedding and improved generation availability, electricity output and demand remain on a downward trajectory. As illustrated in **Figure 2**, electricity production in June 2026 was 14.4% below the average level recorded in 2019, prior to the onset of COVID-19. This highlights the extent to which electricity demand has yet to recover and suggests that South Africa's electricity market continues to face structural demand-side weakness. Regardless of the time horizon considered, whether monthly, annual or relative to pre-pandemic levels, the data consistently point to declining electricity production.

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



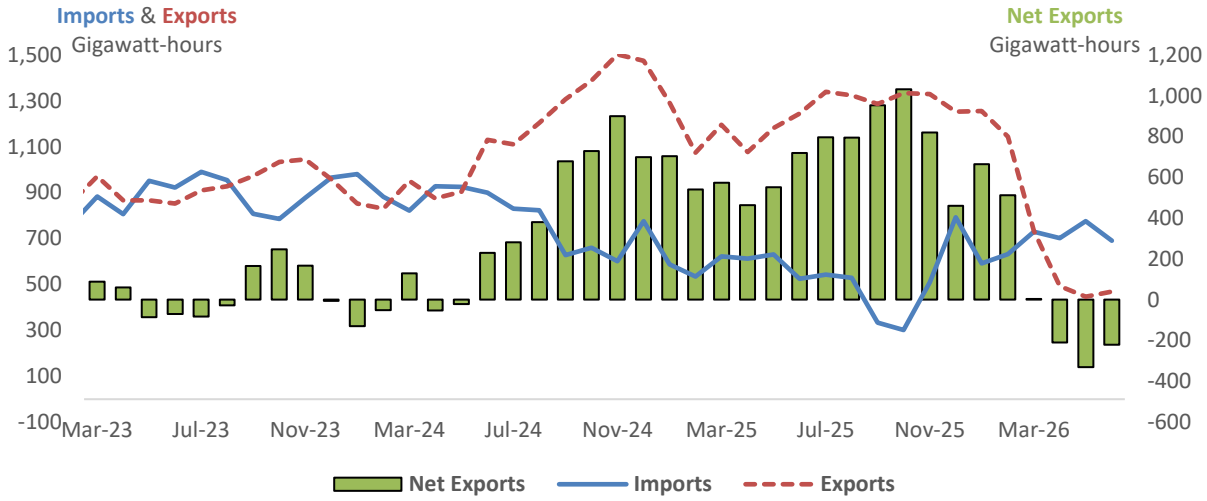
Source: Stats SA and Minerals Council

Since the closure of the Mozal aluminium smelter in Mozambique in March 2026, South Africa has become a net importer of electricity, with net imports averaging around 200-300 GWh per month (see **Figure 3**). While small in absolute terms, this marks a sharp reversal from the country's net exporter status throughout much of 2024 and early 2025.

The shift underscores a broader challenge facing Eskom: improving electricity availability has not been matched by stronger demand. The loss of a major industrial customer has reduced export opportunities and resulted in lost sales revenue. In response, Eskom has stated that it

is engaging with energy-intensive industries to secure additional electricity offtake through more competitive pricing arrangements, reflecting the growing importance of stimulating demand alongside improving supply.

Figure 3: National Imports and Exports



Source: Stats SA and Minerals Council

Conclusion

The long-term trend in South Africa's electricity market is clear: Eskom continues to face declining electricity demand. A key driver has been the sustained above-inflation tariff increases implemented over the past two decades. For the mining sector, the cost of electricity per kilowatt-hour increased by approximately 1,185% between 2003 and 2025. Few businesses, particularly electricity-intensive industries such as smelters, can absorb increases of this magnitude and remain internationally competitive.

At the same time, the decline in peak electricity demand observed since 2021 reflects a broader structural shift in energy consumption. Faced with rising tariffs and concerns over supply reliability, households and businesses have increasingly invested in their own renewable energy generation. In many cases, these alternatives are not only more cost-effective than grid-supplied electricity, but also more reliable, particularly in areas where municipal distribution networks have deteriorated.

Together, these developments help explain the almost 5,000 MW decline in peak electricity demand over recent years. Economic actors have responded rationally to persistent cost pressures and reliability concerns by reducing their dependence on Eskom and investing in alternative sources of supply. The result is a fundamental shift in the structure of electricity demand, with consumers increasingly generating a portion of their own power requirements.

This trend underscores the importance of accelerating electricity market reform. Greater competition in generation and distribution would improve efficiency, support investment, and provide consumers with more choice. Equally important, a fully functioning electricity market would better enable households and businesses with embedded generation capacity to export

surplus electricity back into the grid, improving overall system efficiency while creating new sources of supply and revenue.

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