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The Director-General
Department of Electricity and Energy

For attention: Ms Vusani Ramuntshi
By email: EMTPP.Queries@dee.gov.za

COMMENTS ON THE ELECTRICITY SECTOR MARKET TRANSFORMATION POSITION PAPER, 2026

Government Notice 7841

Government Gazette No. 55226 – 21 August 2026

Dear Ms Ramuntshi,

1. Introduction

Reference: Gazette pages 17–19 (Position Paper pages 3–5).

The Electrical Contractors' Association of South Africa, ECA(SA), appreciates the opportunity to comment on the Electricity Sector Market Transformation Position Paper, 2026.

Government's stated objectives include a secure and reliable electricity supply, affordable tariffs and protection of vulnerable customers, and environmental sustainability. The Position Paper also says that the electricity distribution sector will need to improve its technical and financial performance.

ECA(SA) supports these broad objectives. Our comments focus on the parts of the proposed transformation that are likely to affect electrical contractors, electricity customers, municipal distribution businesses and distributed energy resources.

The Position Paper is not the final set of rules. It says that its principles and proposals will form the basis of later market-design and regulatory documents. For this reason, ECA(SA) believes it is important to comment now on the principles that should guide those later rules.

2. Fair sharing of electricity-system costs

Reference: Gazette pages 20–21 (Position Paper pages 6–7).

The Position Paper says that all customers should contribute a fair share of the overall cost of the electricity system. It deals with this under the principle "Discourage free riding" and notes that fixed charges may become more important as the system changes.

At the same time, the Position Paper says that end-use customers should not carry disproportionate costs and that charges and contributions should be allocated transparently and fairly.

ECA(SA) believes these two principles must be applied together.

Where customers are required to contribute towards system costs, it should be clear what the charge is for, why the customer is responsible for it and how the amount is calculated. The term “free riding” should also be clearly defined in the detailed rules that follow so that it is not applied too broadly or inconsistently.

ECA(SA) therefore supports fair contributions to legitimate system costs, provided that the method of allocating those costs is transparent, equitable and properly explained.

3. Distributed energy resources and participation

Reference: Gazette pages 23, 28 and 34 (Position Paper pages 9, 14 and 20).

The Position Paper includes distributed energy resources connected to distribution networks as possible participants in the future electricity market.

It also says that an installed-capacity or participation threshold will still be determined. The paper uses 1 MW as an example, but this is not a final threshold.

The Position Paper also says that market participants must meet prudential and technical requirements set out in the Market Code, Grid Code and relevant licences. ECA(SA) believes the eventual thresholds and participation requirements should be clear, practical and proportionate to the size and nature of the participant.

These requirements should be developed with input from affected stakeholders, and the industry should be given enough time to understand and prepare for them before they take effect.

4. Open access, network and retail separation

Reference: Gazette pages 22 and 24 (Position Paper pages 8 and 10).

The Position Paper says that open access to the transmission and distribution networks must be supported by clear rules and tariffs, together with a new Market Code and updated transmission and distribution codes.

It also proposes a clear separation between the electricity network, or “wires”, business and the retail business that buys and sells electricity to customers.

Network businesses will recover their costs through regulated connection and use-of-system charges, while retail businesses will recover their costs through retail charges. The final customer charge may therefore include generation, network and retail charges, as well as approved subsidies and other costs that are shared across customers.

ECA(SA) supports clear separation and transparency in this area. Customers should be able to understand what each part of their electricity bill is paying for and how each charge has been determined.

This becomes especially important as customers gain more choice over where they buy electricity while still using the same transmission or distribution network.

5. Residential and smaller commercial customers

Reference: Gazette pages 24 and 31 (Position Paper pages 10 and 17).

The Position Paper says that residential households and smaller commercial customers will, at least initially, continue buying electricity from their existing distribution company, while certain eligible customers will gradually be given more choice.

Government will still determine the final eligibility rules and thresholds. Again, 1 MW is given only as an example. ECA(SA) believes customers who remain on regulated retail supply should not be unfairly disadvantaged as other customers gain greater market choice.

This should be considered together with Government's stated objectives of protecting vulnerable customers and ensuring fair allocation of costs.

The future Retail Code and eligibility rules should clearly explain customer rights, obligations, charges and how the transition to greater market choice will work.

6. Municipal electricity distribution

Reference: Gazette page 32 (Position Paper page 18).

The Position Paper recognises that municipal electricity distribution businesses will also need to change.

It identifies structural barriers affecting municipal participation and proposes clearer separation of the network and retail businesses, including separate regulatory accounts, separate tariffs and separate licensing. It also recognises the need to improve the financial viability and sustainability of municipal electricity distribution.

ECA(SA) believes this is an opportunity to make municipal electricity responsibilities and charges clearer and more transparent.

As municipal rules are changed, they should be aligned with the national market rules and the revised Distribution Code so that contractors and customers are not faced with unnecessary duplication or conflicting requirements.

7. The detailed rules are still to come

Reference: Gazette pages 19, 22, 32 and 37 (Position Paper pages 5, 8, 18 and 23).

The Position Paper sets the direction of the new market, but many of the practical rules still have to be developed.

These include the market-design documents, Market Codes, eligibility rules, updated transmission and distribution codes, tariff arrangements and changes to municipal regulations.

The Position Paper also says that tariff structures will need to be unbundled and that clear rules and regulations must be in place before the market opens.

These later documents are likely to contain many of the rules that will directly affect electrical contractors and their customers.

ECA(SA) therefore asks that the different rules and codes be clear, consistent and properly coordinated before they are implemented.

8. Continued consultation and enough time to prepare

Reference: Gazette pages 21 and 32–33 (Position Paper pages 7 and 18–19).

The Position Paper says that stakeholder views should be taken into account as the new market is designed, implemented and updated.

It also says that stakeholders should be given enough time to adjust to their new roles and responsibilities and enough lead time to understand and prepare for the proposed changes.

The paper further states that the views and experience of market participants should be considered when the new market is reviewed and adjusted. It envisages a phased opening of the market as the required conditions are put in place.

ECA(SA) supports this approach. Representative industry bodies such as ECA(SA) should continue to be consulted as the Market Code, Distribution Code, eligibility requirements, municipal regulations and other practical requirements are developed.

ECA(SA) is willing to participate in these further discussions and provide practical technical input where appropriate.

9. Conclusion

ECA(SA) supports the need to modernise South Africa's electricity market and recognises the importance of a secure, reliable, affordable and sustainable electricity system.

Our main concern is that the detailed rules which follow this Position Paper must be fair, transparent, clear and practical.

Customers should understand what they are paying for. Residential and smaller commercial customers should not be unfairly disadvantaged. The rules affecting distributed resources and network access should be workable and consistent. Municipal and national requirements should be properly aligned. Electrical contractors and other affected stakeholders should also have a proper opportunity, and enough time, to contribute before the detailed requirements are implemented.

ECA(SA) welcomes continued engagement with the Department as these rules, codes and regulations are developed.

Yours faithfully,



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