



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



electricity & energy

Department:
Electricity and Energy
REPUBLIC OF SOUTH AFRICA

Enquiries: Communications Unit • Email: media@treasury.gov.za • Tel: (012) 315 5046 • 40 Church Square, PRETORIA, 0002 • www.treasury.gov.za

MEDIA STATEMENT

GOVERNMENT REAFFIRMS COMMITMENT TO LANDMARK INDEPENDENT TRANSMISSION PROJECTS (ITP) PROGRAMME AND ANNOUNCES NEXT PHASE OF PROCUREMENT

The Department of Electricity and Energy (DEE) and National Treasury wish to provide an update on the procurement of Phase I of South Africa's Independent Transmission Projects (ITP) Programme and to reaffirm Government's commitment to this flagship infrastructure programme.

The ITP Programme represents the first time that South Africa is introducing private sector participation in the development of national transmission infrastructure. It is a critical part of Government's strategy to accelerate the expansion of the national transmission grid, unlock new generation capacity and mobilise the scale of public and private investment required to support South Africa's energy security and economic growth ambitions.

Transmission infrastructure is a key enabler of South Africa's future energy system and broader economic development. Significant additional transmission capacity will be required to connect the new generation envisaged under the Integrated Resource Plan 2025, including substantial renewable energy capacity. The pace at which the transmission network is expanded will increasingly determine how quickly new generation investment can be connected to the grid and contribute to energy security, industrial development and economic growth.

The ITP Programme complements the substantial public investment in transmission being undertaken by the National Transmission Company South Africa (NTCSA), creating an additional pathway to mobilise private capital, technical capability and delivery capacity into priority transmission infrastructure. It forms part of Government's broader commitment to deepen private sector participation in the energy sector and create a transparent, predictable and investable environment in which public and private capital can work together to deliver the infrastructure South Africa requires.

Next steps of the Phase I procurement

Following the first round of engagement with the seven ITP Pre-Qualified Bidders (PQBs), Government has decided to undertake a further targeted round of PQB consultation before the issuance of the Final Request for Proposals (RFP). A second draft RFP package will be issued to the seven PQBs before the end of 2026. The package will reflect the significant work undertaken since the first draft RFP and will provide bidders and their lenders with a further opportunity to identify any remaining material bankability issues.



MEDIA STATEMENT

The consultation will be focused and time-bound and is not intended to reopen the transaction for general comment. Its purpose is to provide PQBs with a substantially complete and coherent transaction package so that issues that could materially affect bid submission, financing or financial close can be identified and addressed before the documents are finalised.

The second draft package is also expected to be accompanied by a draft non-binding term sheet for the Credit Guarantee Vehicle (CGV), providing PQBs and their lenders with greater visibility of the proposed credit enhancement framework. This will enable the CGV terms to be considered alongside the wider transaction architecture during the final targeted PQB consultation.

Following this consultation, feedback will be assessed and accepted changes incorporated into the transaction documents before the package proceeds through the required governance and approval processes. The Final RFP is targeted for release in Quarter 2 of the 2027 calendar year.

Strengthening Phase I before binding bids

Government had previously communicated that the Final RFP would be released by no later than Quarter 3 of the 2026 calendar year. The decision to revise this timetable reflects the importance Government attaches to ensuring that South Africa's first Independent Transmission Projects are appropriately structured, commercially bankable and capable of attracting competitive, high-quality bids.

Phase I is a pathfinding procurement. The commercial, regulatory, contractual and financing architecture established through this first round is intended to provide the foundation for a longer-term, programmatic pipeline of private investment in transmission. The quality of the framework established through Phase I will therefore have implications well beyond the projects being procured in this first round.

The first round of bidder engagement has provided valuable PQB feedback on the proposed transaction framework. Since then, the DEE, National Treasury, the Independent Power Producer Office (IPPO), NTCSA, Eskom and the National Energy Regulator of South Africa (NERSA) have been working through the remaining commercial, regulatory and financial matters.

The additional consultation will allow this work to be tested with the PQBs and their lenders before the transaction documents are finalised. Providing greater clarity before binding bids are invited is intended to strengthen competition and value for money, enable bidders to price risk appropriately and reduce the potential for extensive clarifications, conditional bids and protracted negotiations later in the procurement process.



MEDIA STATEMENT

Progress on the Credit Guarantee Vehicle

National Treasury, working the World Bank Group and other development partners, has made significant progress during 2026 in establishing and operationalising the CGV as an important component of the credit enhancement architecture being developed for Phase I.

The core Joint Development Agreement between National Treasury and FSD Africa was signed on 2 July 2026 to support the operationalisation of the CGV. The governance arrangements for the CGV have been established, including a project team, Steering Committee, Caretaker Board and Advisory Board. The CGV was registered and incorporated on 12 August 2026, with its statutory directors, auditor and corporate secretariat appointed.

Work with prospective capital investors is also progressing. Investor due diligence is taking place from 28 September to 2 October 2026, providing prospective investors with the information required to progress their investment proposals. The licensing process is underway following submission of the licence application to the South African Reserve Bank's Prudential Authority, while recruitment and development of the CGV's operating policies and procedures are progressing in parallel.

Importantly for the ITP procurement, a draft non-binding CGV term sheet has been developed and will be aligned with the wider ITP transaction architecture, including the regulatory cost recovery framework, risk allocation and ring-fencing arrangements.

To support the preparation and establishment of the CGV, National Treasury and DBSA concluded a Memorandum of Agreement (MOA) in terms of which DBSA hosts the Project Implementation Unit responsible for supporting the development and operationalisation of the CGV. The MOA established the governance framework and allocation of responsibilities between National Treasury and DBSA.

Following operationalisation of the CGV, further due diligence will be undertaken during the first quarter of 2027, with the current work programme targeting a binding CGV term sheet by the end of the first quarter of 2027.

The sequencing of the ITP procurement and CGV remains important. Government's objective is to ensure that the credit enhancement arrangements develop alongside the underlying regulatory, contractual and payment security framework so that bidders and lenders have sufficient clarity to assess and price the transaction when binding bids are invited.



MEDIA STATEMENT

Building South Africa's transmission investment pipeline

South Africa requires a significant expansion of its transmission network to connect the new generation required under IRP 2025. Meeting this requirement will require increased public investment alongside private capital and delivery capacity. Transmission investment is a key enabler of new generation, industrial development and economic growth.

Phase I comprises approximately 1,164 kilometres of new transmission infrastructure and is the first step in establishing private participation as an additional delivery mechanism. Government intends to build on Phase I through a programmatic pipeline of ITPs, creating a more predictable and repeatable framework for investors, lenders and the transmission supply chain.

A sustained pipeline will also support localisation and industrialisation by providing greater visibility of future demand for equipment, construction capability, skills and services. The ITP Programme therefore reinforces Government's commitment to mobilising private investment alongside public investment to accelerate the expansion of South Africa's transmission infrastructure.

Government commitment

The Department of Electricity and Energy and National Treasury remain united in their commitment to delivering a credible, transparent and globally benchmarked procurement process and to establishing the ITP Programme as an enduring platform for investment in South Africa's transmission network.

The revised sequencing provides a clear pathway from the second draft RFP and final targeted PQB consultation through the necessary governance processes to the release of the Final RFP in Quarter 2 of 2027. Government will continue to communicate transparently with the seven PQBs as these milestones are progressed.

The ITP Programme remains a flagship component of Government's infrastructure and energy investment agenda. Its successful implementation will support the expansion of the national grid, enable the connection of new generation required under IRP 2025, mobilise additional private investment and contribute to the energy security and infrastructure platform required for South Africa's long-term economic growth.

Jointly issued by: National Treasury and The Department of Electricity and Energy
Date: 01 October 2026