



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

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SPEECH BY DEPUTY MINISTER OF FINANCE

REMARKS BY DEPUTY MINISTER, DR DAVID MASONDO, AT THE LAUNCH OF THE RFQ FOR INDEPENDENT TRANSMISSION PROJECTS (ITPs)

31 JULY 2025

Honourable Minister of Electricity and Energy, Dr Kgosientsho Ramokgopa,
Chairperson of the JSE, Mr Phuthuma Nhleko,
Incoming interim CEO of the NTCSA, Mr Monde Bala,
Interim Head of the IPP Office, Ms Elsa Strydom,
Acting DG of the Department of Electricity and Energy, Mr Subesh Pillay,
Members of the media,
Ladies and gentlemen,

It is a great pleasure to be with you today for this historic launch of an RFQ for the first phase of Independent Transmission Projects (ITPs) in South Africa. This marks an important step towards expanding our national transmission grid to power the energy system of the future. These projects will enable private investment in transmission infrastructure for the first time, accelerating the rollout of new high-voltage power lines across the country.

This will support the efforts already underway by the National Transmission Company of South Africa to implement the Transmission Development Plan, which calls for more than 14,000 km of new lines to be built over the next decade.

The introduction of ITPs is a key objective of Operation Vulindlela Phase II, and will play an important role in the broader reform of the energy system. This reform includes the introduction of a competitive



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electricity market, which will allow multiple generators and traders to compete to provide electricity to consumers at the lowest cost and with the greatest efficiency.

The reform of our energy system is advancing rapidly, and our commitment in this regard remains unwavering. We will not allow any vested interests to delay or obstruct this reform process, including Eskom itself.

Indeed, today's release of the RFQ demonstrates that government, led by Minister Ramokgopa and his team, is working hard to implement the reforms that are needed to ensure long-term energy security and expand access to affordable electricity for all South Africans.

National Treasury has supported this process through the design of a Credit Guarantee Vehicle, as an innovative mechanism to unlock private capital and complement public financing for infrastructure while minimizing contingent liabilities.

South Africa is faced with a significant infrastructure financing need. It is estimated that South Africa's infrastructure gap is around R3.5 to R4 trillion by 2025, or around R400 billion per annum. This substantial need calls for scaling up of public financing for infrastructure as well as crowding in private capital through public-private partnerships (PPP).

The objective of the Credit Guarantee Vehicle is to mobilize and leverage private capital to address South Africa's infrastructure financing gap by mitigating offtake risk for private investors. This vehicle will also support the efficient deployment of development partner funding under the Just Energy Transition Partnership (JETP) and the achievement of the country's decarbonisation commitments.



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While the Credit Guarantee Vehicle will focus on the initial phase on enabling investments in transmission infrastructure, it will be expanded into other areas such as logistics and water over time. The vehicle will be incorporated as a private company in South Africa, regulated by the Prudential Authority. It will operate as a standalone entity with an independent balance sheet and will target a minimum credit rating of AAA.

A professional executive management team and board of directors with relevant experience and expertise will be appointed to operate and manage the fund.

The Credit Guarantee Vehicle will issue a combination of payment and termination guarantees to a Special Purpose Vehicle established for the project. This will substantially derisk early investments in ITPs until the model has been proven and established.

We are targeting an initial capital raise of US\$500 million for the vehicle, spread across a range of development partners. National Treasury has committed to providing first loss capital of 20%, which will be an initial US\$100 million increasing to US\$500 million (R9 billion) if needed.

In February 2025, the Minister of Finance wrote to a range of development partners asking them to submit an expression of interest to invest in the vehicle. The responses received have been overwhelmingly positive, with 32 development partners engaged thus far.

Formal engagements with participating partners are continuing and will lead to the delivery of conditional equity participation commitment letters in the third quarter of 2025.

This will enable the Credit Guarantee Vehicle to be operationalized by July 2026 to align with the first phase of ITP projects.



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South Africa's ITP programme, backed by credit guarantees, represents a globally innovative model which has been designed with our own context and needs in mind. It will not only result in massive new investment in infrastructure but will enable thousands of megawatts of new renewable energy capacity to be connected in areas where grid capacity is limited.

This will support economic growth, create jobs, and power our economy into the future.

Allow me to once again thank the Minister for his leadership of this agenda, and to the teams from National Treasury, the Department of Electricity and Energy, the IPP Office and the NTCSA who have made this a reality.

Thank you.