

Electricity update: Electricity production and consumption readings eased in June

Thursday 03 August 2023



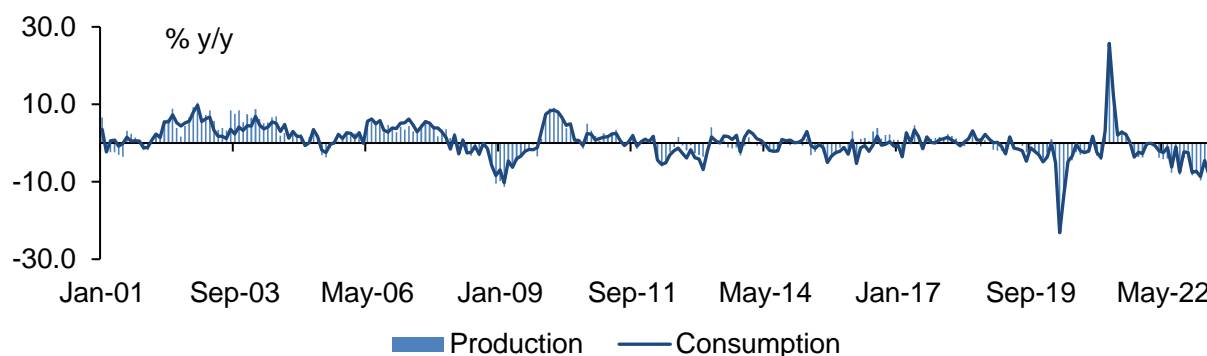
Figure 1: Electricity production and consumption (%)

% y/y	2018	2019	2020	2021	2022	2023 YTD
Production	0.4	-1.5	-5.2	2.0	-3.8	-7.3
Consumption	0.9	-1.9	-5.0	2.3	-2.8	-6.5

Source: Investec, Stats SA

- Electricity production and consumption readings eased notably to -3.7% y/y and -3.2% in June, following May's respective -8.7% y/y and -7.7% y/y declines. A combination of factors, including improved wind generation capacity, reduced demand and lower planned maintenance, allowed Eskom to reduce load shedding during the month, offering some reprieve to households and businesses.
- Indeed, the energy availability factor rose to over 59.0 during the week of the 5th to the 11th June, after falling to levels closer to 50.0 earlier in the year.
- However, as temperatures plummeted, Eskom was again forced to up the stages of rotational load-shedding as demand climbed, while a loss of generating capacity exacerbated the situation.
- Persistent load shedding continues to weigh heavily on both consumer and business confidence and has severely impeded economic activity in the country, with marginal growth predicted for this year.
- Various initiatives to improve the dire electricity supply predicament are ongoing.
- An Energy One Stop Shop and Energy Resilience Fund were recently launched by the Minister of Trade and Industry. He commented that these "are critical steps towards alleviating the challenges faced by our industries during this energy crisis" and stressed that they are "committed to fostering a resilient business environment and accelerating private-sector investment in electricity generation to secure a stable energy future."
- Nersa's recent decision to assign a license to the National Transmission Company South Africa SOC Ltd (NTCSA) to operate the Transmission system was favourably received by Eskom. The utility commented that the "decision marks a significant milestone in the legal separation process of the Transmission Division".
- A recent release by the President reported on the progress achieved a year since the introduction of the Energy Action Plan to tackle South Africa's loadshedding emergency.
- "To ensure that we never experience power shortages again, we are implementing fundamental reforms to create a competitive electricity market and an independent national grid operator" the President commented. He did however acknowledge that the loadshedding crisis "will not be resolved overnight" but stressed that "we are making clear progress towards reducing it and eventually bringing it to an end".

Figure 2: Electricity Production and Consumption



Source: Stats SA

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