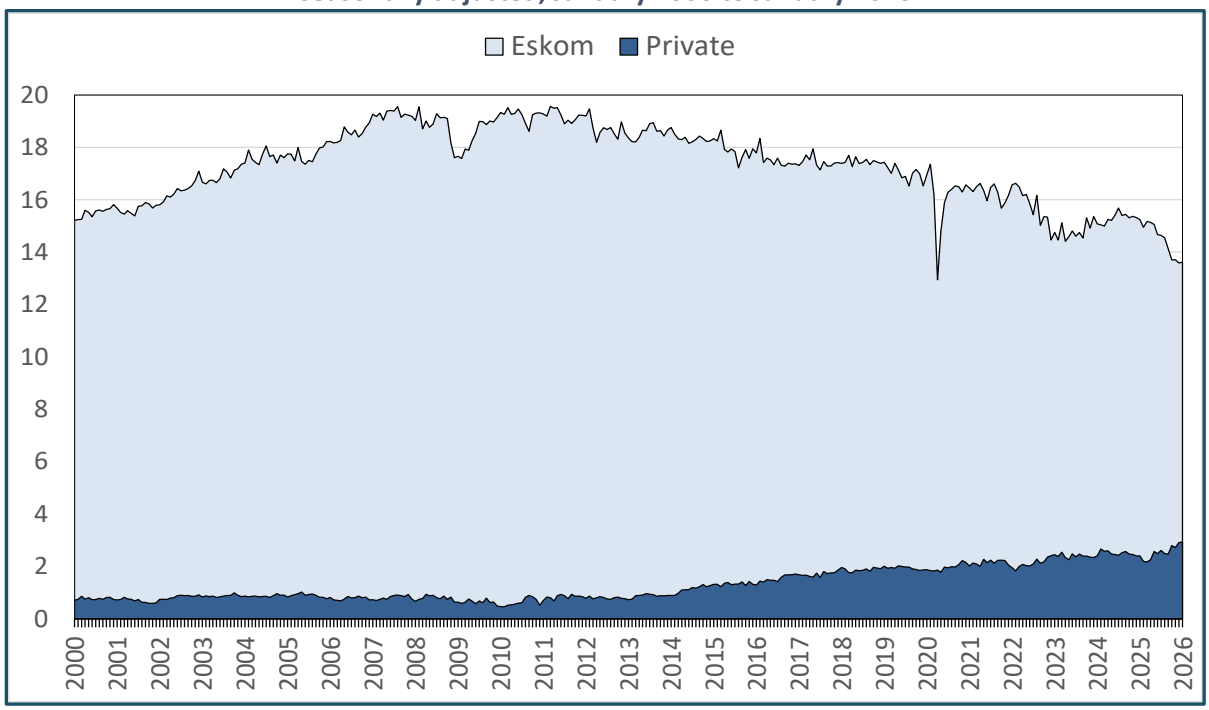
Infrastructure

Eskom sales fell more than a tenth in the course of 2025 as private generation climbed and ferroalloys production plummeted, largely due to soaring Eskom tariffs. The latter trend is typical of the "utility death spiral". Overall freight tonnage was stagnant, reflecting slow economic growth, although rail freight continued to recover slowly.

Eskom's sales shrank 11% from January 2025 to January 2026 (Graph 11). As a result, they are now lower than in 2000. In contrast to the 2023 decline in Eskom generation that brought on loadshedding, however, the 2025 drop reflected falling demand. The main driver was sharp downsizing at the electricity-intensive ferroalloys refineries. Eskom's sales were further squeezed by increased private electricity generation for the grid. In January 2026 private suppliers contributed 18% of grid electricity, up from 5% in 2014. These figures understate private generation, much of which is entirely off-grid. In January 2026, over 18 GW of off-grid generation capacity was registered with the National energy Regulator (NERSA), of which two thirds were solar and most of the rest wind.[1] Renewables do not ensure continuous supply, which makes it difficult to estimate the actual amount of electricity generated, but the total is likely around three gigawatt hours.

Graph 11. Monthly sales of grid electricity by Eskom and private suppliers, seasonally adjusted, January 2000 to January 2026



Source: Statistics South Africa. Electricity generated and available for distribution. Excel table from 2000. Series on total Eskom generation, imports, exports and own use, and total available. Downloaded from www.statssa.gov.za in March 2026.

The fall in demand for electricity suggests that Eskom now faces a classic utility death spiral. Because utilities have very high fixed costs, declining demand typically leads to higher prices, which in turn further depresses demand. Eskom's average price per kilowatt hour in South Africa jumped around 280% above inflation from 2008 to 2025, while its sales to energy-intensive industries and mining fell 25% by volume, and to the other users by 10%. The share of energy-intensive industries, dominated

[1]South African Photovoltaic Industry Association (SAPVIA). Nersa Registered Plants Dashboard. Accessed at https://sapvia.co.za/nersa-registered-plants-dashboard/ in March 2026.

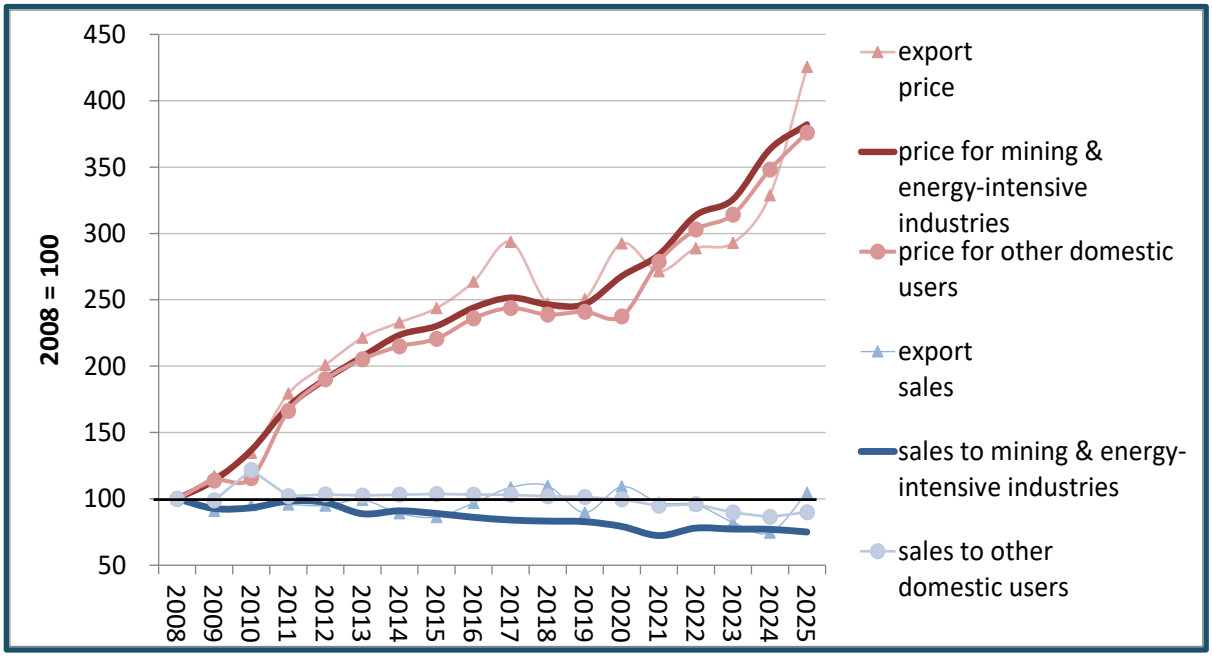
by metals refineries, dropped from 30% of Eskom's total sales of electricity in the late 1990s to 23% in the year to March 2025 (the latest available data). The share of mining dropped from 19% to 14% over the same period. (Graph 12)

The ferroalloys refineries exemplify the challenges facing Eskom. Together, they consume approximately a tenth of Eskom's electricity, for over a quarter of their costs. Near-continuous large real increases in electricity prices have increasingly squeezed them. In 2025, they began to downsize rapidly. In the year to the fourth quarter of 2025, their exports declined by almost 60% in volume terms. In the same period, Eskom tariffs climbed around 9% above inflation even as its total sales shrank. It has been pressed primarily by the half a billion rand sunk into its new plants, Medupi and Kusile, where the costs have been vastly inflated by the decade-long delays in reaching planned output levels.

In response to its crisis in demand, from 2024, Eskom rapidly reduced imports of electricity, most of which come from Cabora Bassa in Mozambique. From the second quarter of 2024 to the end of 2025, they dropped by 40% in volume terms. The value of electricity imports from Mozambique fell from R2 billion at the start of 2024 to around R1 billion for the first three quarters of 2025, before collapsing to R300 million in the final quarter. As a result, total imports from Mozambique dropped by 26%, and the country's share in South Africa's total imports fell from over 1% for most of 2023 and 2024 to 0.7% in the final quarter of 2025.

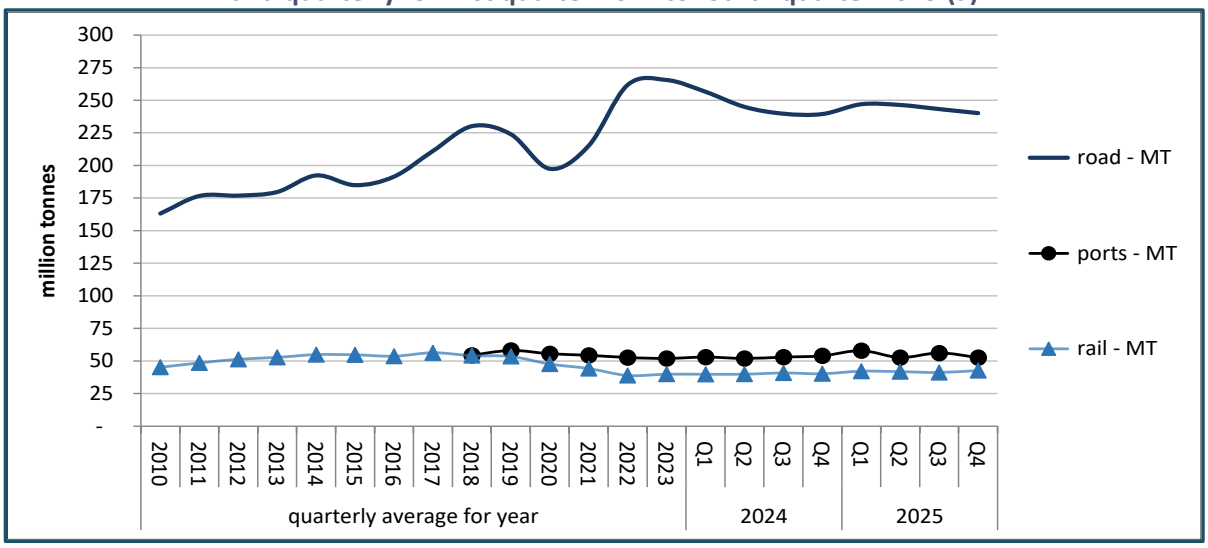
Land freight continued to stagnate in 2025, reflecting the slow economy. (Graph 13) Rail grew 6% in the year to the fourth quarter of 2025, reaching 43 million tonnes. In the fourth quarter alone it added two million tonnes for a 4% uptick. Road freight, however, continued to fall from its high in the first quarter of 2025. It carried 240 million tonnes in the fourth quarter of 2025, just a million tonnes more than a year earlier. Port volumes were down 2% for the year to the fourth quarter, and 6% lower than in the third quarter of 2025, largely due to lower ferroalloys exports.

Graph 12. Indices of Eskom average price by category of user in constant rand (a), year to March, 2008 to 2025 (2008 = 100)



Note: (a) Deflated with CPI. *Source*: Calculated from Eskom. Annual Integrated Reports for relevant years. Statistical section. Downloaded from www.eskom.co.za.

Graph 13. Road, rail, and ports payloads in million tonnes), quarterly average for 2010 to 2023 and quarterly for first quarter 2024 to fourth quarter 2025 (a)



Note: (a) Figures for rail and road freight are seasonally adjusted; ports figures are actuals. *Source*: Statistics South Africa. Land Transport Survey. Excel spreadsheet. Downloaded from www.statssa.gov.za in February 2026. For ports, Transnet National Ports Authority. Port Statistics. Webpage. Accessed at https://www.transnet.net/SubsiteRender.aspx?id=24332214 in February 2026.