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# South Africa 2,000 MW gas-power tender collapses

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South Africa's first gas-to-power tender has collapsed without appointing a single preferred bidder, after developers failed to provide the required assurances of natural gas supply. The Department of Electricity and Energy confirmed on 28 October 2026 that none of the respondents to the 2,000 MW procurement round met the fuel supply conditions set by the state, dealing a significant setback to the country's plans to diversify its electricity generation mix away from coal.

The failure is rooted in the structural difficulty of securing bankable, long-term gas supply commitments in a market where upstream production remains limited domestically and LNG import infrastructure is still nascent. Developers bidding into a power purchase framework need certainty of feedstock — fixed price, fixed volume, fixed delivery point — before lenders will underwrite project finance. Without a functioning gas market or an anchor LNG import terminal operating at commercial scale, those assurances have proven impossible to deliver, and the tender has stalled at the procurement stage before any contracts were awarded.

The 2,000 MW target represented a meaningful tranche of new dispatchable generation capacity for a grid that has endured years of chronic load-shedding driven by ageing and unreliable coal plant. Gas-fired combined-cycle and open-cycle peaking units were intended to provide flexible, fast-response capacity alongside expanding renewable energy. The tender's failure does not cancel the underlying policy intent — the government's Integrated Resource Plan retains gas as a transitional fuel — but it pushes the timeline for gas-to-power deployment further to the right and raises

pressure on the Department of Electricity and Energy to redesign the procurement framework.

For gas supply to become bankable, South Africa needs either a functioning LNG regasification terminal with committed throughput agreements, or credible pipeline gas supply from Mozambique or another regional source. Neither is currently in place at the scale required to anchor multiple gigawatts of new generation. The tender failure therefore reframes the sequencing challenge: infrastructure enabling gas supply must precede, or at minimum run in parallel with, power plant procurement — not follow it.

The Department has not yet announced whether it will reissue the tender, restructure the fuel supply risk allocation, or pursue alternative mechanisms such as government-backed gas aggregation. Until a redesigned framework is published, the 2,000 MW programme remains formally stalled. Market participants and infrastructure developers should expect a period of policy review before any relaunch, and the timeline for commercial gas-to-power capacity entering South Africa's grid has extended materially as a result of this outcome.

### Why this matters to partners and clients of Saga

The tender failure signals that LNG import and regasification infrastructure — not power plant construction — is the critical bottleneck, and Norwegian companies with FSRU, small-scale LNG, or gas aggregation expertise should monitor South Africa's policy response closely. This is a pre-FID, pre-contract situation; no procurement outreach is warranted yet, but relationship-building with Eskom, the Department of Electricity and Energy, and independent power developer consortia is appropriate now to position for when the framework is redesigned. When a revised tender or infrastructure procurement emerges, Norwegian FSRU operators and LNG terminal contractors will be directly relevant.

#### PARTNER ANGLES

- **LNG:** FSRU and small-scale LNG terminal developers should engage South African policy makers now to help shape the gas supply framework that a redesigned tender will require.

- **Pipeline:** If the government pivots to regional pipeline gas from Mozambique as the supply solution, Norwegian pipeline engineering and integrity firms should monitor corridor development and position for FEED and EPC roles.
- **Subsea/FPSO:** Offshore gas production from South Africa's own deepwater blocks could eventually underpin domestic supply; track licensing and development activity as a longer-term demand signal.
- **Service:** Gas market advisory and project finance structuring expertise is in demand as developers and government work to redesign risk allocation — Norwegian consultancies with LNG value-chain experience can add direct value here.

[Original source: Construction Review Online →](#)

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