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Ekurhuleni secures 2,400 MW from independent power producers

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South Africa's Ekurhuleni municipality received approval on 19 October to procure up to 2,400 MW of electricity from independent power producers, marking a significant shift in how South African cities manage their energy supply. The approved capacity includes 1,237 MW of solar generation and 780 MW of gas-fired power, with the remainder drawn from other independent sources. The move makes Ekurhuleni one of the largest municipalities in South Africa to formally bypass Eskom as its sole electricity supplier.

Ekurhuleni currently spends close to 20 billion rand — approximately \$1.22 billion — annually on electricity purchased from the state utility. By diversifying its supplier base, the municipality aims to reduce exposure to Eskom's persistent load-shedding schedules and escalating tariffs, both of which have placed severe strain on industrial and commercial activity in the greater Johannesburg east corridor, one of the country's most concentrated manufacturing zones.

This development is part of a broader trend accelerating across South Africa. Following regulatory changes that raised the licensing threshold for embedded generation projects, large industrial consumers and now municipalities are racing to contract independent capacity. The 780 MW of approved gas-fired generation is particularly notable — gas peakers and baseload gas plant are increasingly viewed as the practical bridge technology to firm up intermittent renewable output, a role that Eskom's ageing coal fleet can no longer reliably fill.

The gas component signals growing appetite for gas-to-power infrastructure in South Africa's metropolitan areas, including pipeline supply, gas storage, and flexible generation assets. While no specific project developers, contract structures, or procurement timelines are identified in the approval, the scale of the mandate — nearly 800 MW of gas capacity for a single municipality — suggests that multiple generation projects will be required to fulfil the programme. Independent power producers and their engineering, construction, and fuel supply partners will be central to delivering this capacity over the coming years.

South Africa's municipal power procurement trend is now clearly established. Johannesburg, Cape Town, and other large metros have pursued or announced similar programmes, and Ekurhuleni's formal approval adds institutional weight to the movement. For the gas segment specifically, the challenge will be securing reliable fuel supply — whether from Mozambican pipeline gas, LNG imports, or compressed natural gas logistics — alongside the generation assets themselves. Infrastructure gaps across the gas value chain remain the principal bottleneck to realising approved capacity.

Why this matters to partners and clients of Saga

This approval is an instrument at the mandate stage — no contracts have been signed and no procurement processes are publicly open. Norwegian companies active in LNG supply chain, gas infrastructure, or modular power generation should monitor the Ekurhuleni programme closely and engage in relationship-building with South African IPPs and gas aggregators now positioning to bid. Outreach to procurement is premature until specific tenders or EOIs are issued.

PARTNER ANGLES

- **LNG:** 780 MW of approved gas-fired capacity creates downstream demand for LNG import, regasification, or CNG logistics solutions — monitor for fuel supply tenders linked to Ekurhuleni IPP projects.
- **Pipeline:** Gas distribution infrastructure to serve municipal-scale peakers will require engineering and construction partners; track whether Ekurhuleni's programme triggers pipeline extension or virtual pipeline tenders.

- **Service:** Modular gas turbine O&M and commissioning services will be required as IPPs bring capacity online — Norwegian service firms with gas-to-power track records should map the developer landscape now.
- **Subsea/FPSO:** Indirect relevance only: sustained South African gas-to-power demand strengthens the commercial case for offshore gas development off the SA coast, reinforcing longer-term subsea project pipelines.

[Original source: Ecofin Agency →](#)

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