



Localising the just energy transition (JET) through municipalities

Guidance for South African municipalities

June 2026

UK PACT

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Project information

About the Just Municipal Embedded Generation project

This report is produced through the Just Municipal Embedded Generation (JMEG) project, which is a UK PACT (Partnering for Accelerated Climate Transitions) funded project. JMEG is implemented by ICLEI Africa in partnership with the Development Bank of Southern Africa (DBSA), with technical support from Africa International Advisors (AIA), working alongside six South African municipalities to prepare embedded generation projects.

JMEG is the second phase of the [Alternative Financing for Municipal Embedded Generation](#) (AFMEG) project, which was implemented between 2021 and 2022. JMEG focuses on supporting municipalities in South Africa with assessing the feasibility of the options available for diversifying their energy mix and integrating solar. This includes the preparation of technical pre-feasibility studies, grid impact assessments, modelling the financial implications of different ownership models, assessing the legal and regulatory implications, and structuring the transaction. Additionally, the project has a strong capacity-building component to equip municipal officials with the knowledge and tools necessary to navigate a sector in rapid transition.

About the UK PACT programme

UK PACT-funded projects in South Africa aim to drive South Africa's just transition to a low-carbon economy by building capacity, advancing policy, and financing climate-related projects. It focuses on skills development, institutional strengthening, and scalable solutions to accelerate climate action.

About ICLEI - Local Governments for Sustainability

ICLEI is a global network of more than 2,500 local and regional governments committed to sustainable urban development. Active in over 125 countries, ICLEI influences sustainability policy and drives local action for low emission, nature-based, equitable, resilient and circular development.

About the Development Bank of Southern Africa (DBSA)

The DBSA is a government-owned development finance institution with the mandate to promote economic growth as well as regional integration for sustainable development projects and programmes across the African continent.

This report is part of a broader JMEG knowledge series.

Related reports include:

- ICLEI Africa (2026). [Guide to financing municipal energy transitions in South Africa](#). Just Municipal Embedded Generation (JMEG) project. ICLEI Africa and DBSA.
- ICLEI Africa (2025). [Financing and ownership models for municipal embedded generation: Guidance for South African municipalities](#). Just Municipal Embedded Generation (JMEG) project. ICLEI Africa and DBSA.
- ICLEI Africa (2025). [Navigating the regulatory landscape for early-stage embedded generation projects: Guidance for South African municipalities](#). Just Municipal Embedded Generation (JMEG) project. ICLEI Africa and DBSA.

Disclaimer: These reports are intended to provide municipalities with information and analysis to support decision-making. It does not constitute legal, financial, or procurement advice, and municipalities are encouraged to seek expert support where appropriate for model implementation.

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Executive summary

South Africa's electricity sector is undergoing one of the most significant transformations in its history. As new technologies, market participants, and energy models emerge, municipalities must navigate a complex, rapidly evolving landscape. At the same time, local government remains responsible for ensuring reliable service delivery, supporting local economic development (LED), and responding to community needs.

The transition presents significant opportunities. It offers the potential to improve energy security, unlock investment, stimulate local economic activity, and contribute to a more sustainable future. However, these opportunities will not be realised automatically. Ensuring that the benefits of the transition are experienced by communities, households, workers, and local businesses requires deliberate planning, collaboration, and strong local leadership.

Municipalities have a critical role to play in this process. As the sphere of government closest to communities, local government is uniquely positioned to understand local realities, respond to local priorities, and help shape transition pathways that support inclusive development. A just energy transition (JET) must therefore be grounded in place-based solutions that recognise the diverse circumstances, opportunities, and challenges facing municipalities across South Africa.

This framework has been developed to help municipalities understand their role in the transition and to provide practical guidance on embedding the JET in their day-to-day work. This requires that municipalities understand their role in relation to the national context for the JET; identify their state of readiness; integrate the JET in their planning, policy and implementation processes; and play a strong convening and brokering role in building the types of partnerships required to deliver on the aspirations of local JETs. At its core, this guide recognises that the JET is not solely about energy infrastructure or technology choices, but about people, livelihoods, service delivery, and local development outcomes. The challenge it seeks to address is how to steer this rapidly unfolding transition toward local justice.



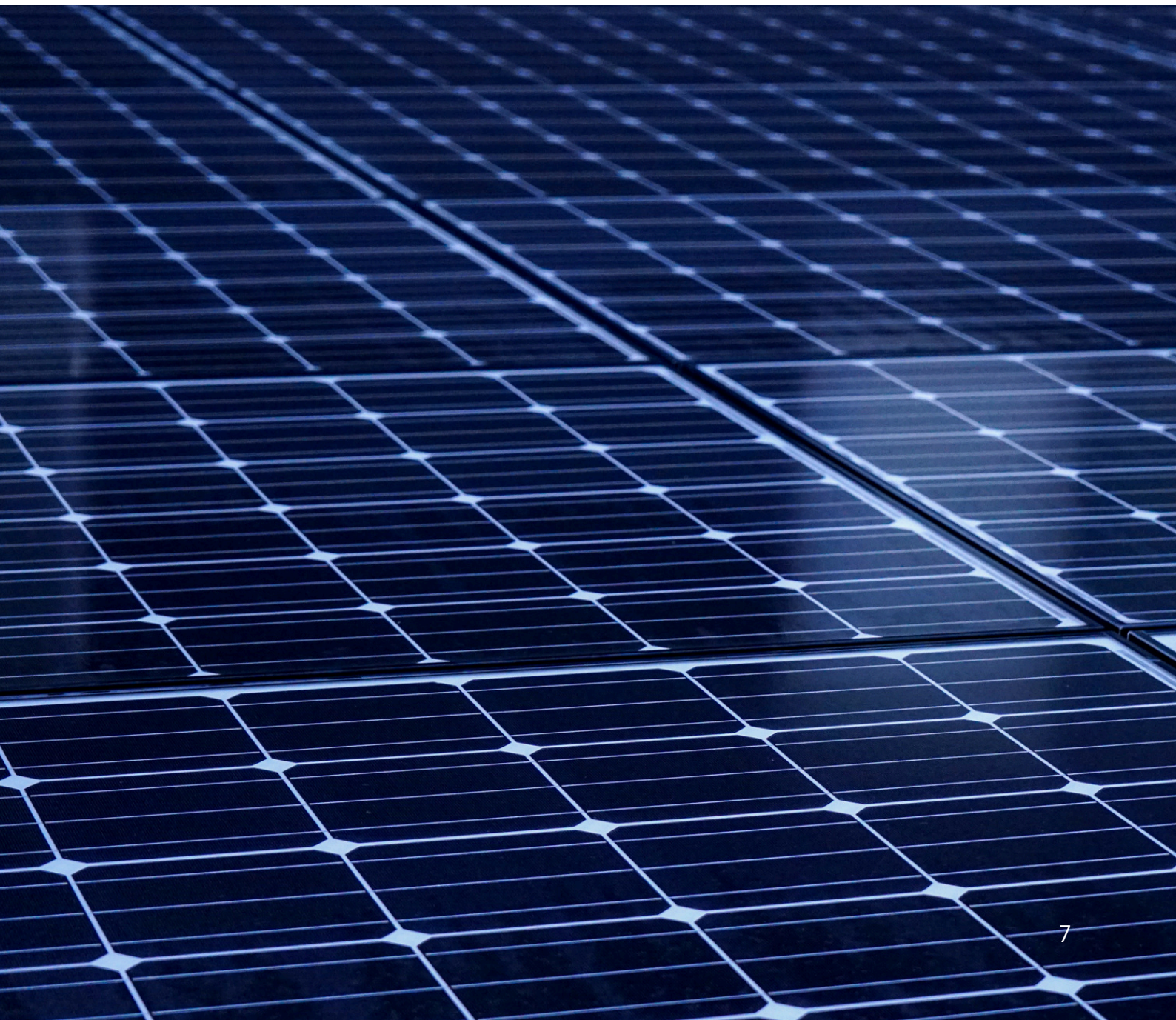
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Abbreviations

AFMEG	Alternative Financing for Municipal Embedded Generation
ASEZ	Atlantis Special Economic Zone
BESS	Battery energy storage solutions
COGTA	Department of Cooperative Governance and Traditional Affairs
CoSS	Cost of supply study
CSI	Corporate social investment
DBSA	Development Bank of Southern Africa
EMPs	Energy master plans
ERAA	Electricity Regulation Amendment Act
FBE	Free basic electricity
GDP	Gross domestic product
GEDSI	Gender equality, disability and social inclusion
IBT	Increasing block tariff
ICF	International Climate Finance
IDP	Integrated Development Plan
I-JEDI	International Jobs and Economic Development Impacts model
INEP	Integrated National Electrification Programme
IPP	Independent Power Producer
IUDG	Integrated Urban Development Grant
JET	Just Energy Transition
JET IP	Just Energy Transition Implementation Plan
JMEG	Just Municipal Embedded Generation
KPIs	Key performance indicators
LED	Local economic development
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
NERSA	National Energy Regulator of South Africa
PCC	Presidential Climate Commission
PPA	Power Purchase Agreement
RFPs	Requests for proposals

SALGA	South African Local Government Association
SAWEM	South African Wholesale Electricity Market
SCM	Supply chain management
SDBIP	Service delivery and budget implementation plan
SDF	Spatial development framework
SMEs/SMMEs	Small and medium enterprises/small, medium and micro enterprises
SSEG	Small-scale embedded generation
ToU	Time-of-use
UoS	Use-of-system
UK PACT	United Kingdom Partnering for Accelerated Climate Transitions



An aerial photograph of a suburban neighborhood. The image shows several houses with varying roof colors (grey, brown, red), surrounded by lush green lawns and trees with vibrant autumn foliage in shades of yellow, orange, and red. A paved road with a crosswalk runs through the center of the neighborhood. The entire image is partially covered by a dark blue diagonal overlay on the left and bottom, and a red diagonal overlay on the right and bottom.

1

Introduction

South Africa's electricity sector is undergoing a fundamental transition as new generation technologies, market participants, and business models emerge. While these developments present opportunities to improve energy security, stimulate investment, and support economic development, they also raise important questions about how risks and benefits will be distributed and who will be included and excluded.

Municipalities have a critical role to play as brokers in shaping this transition at a local level. As providers of essential services, owners and operators of electricity distribution infrastructure, and key actors in local economic development (LED), they are uniquely positioned to ensure that the transition supports affordable and reliable access to electricity, creates local opportunities, and responds to the needs of vulnerable communities. The task at hand for municipalities is daunting, but they are uniquely positioned to steer this rapidly unfolding transition toward local justice.



1.1 Purpose of the report

Well-functioning municipalities are imperative for brokering local and place-based JETs that benefit their communities, particularly those that are marginalised. But many municipalities in South Africa are not in a state to steer the implementation of local JETs.

To be the custodians of justice in the JET, municipalities must evolve their roles in the electricity sector and adapt to the rapid changes underway. To do this, municipalities need to address intersecting municipal crises of poor financial and governance performance, decaying infrastructure, and service delivery backlogs. They also need to change their electricity business models to ones that are fit for sector changes and are financially sustainable.

This framework was developed based on the experience of closely working with six intermediate municipalities in South Africa through the Just Municipal Embedded Generation (JMEG) project. It aims to be a practical resource that supports municipalities in playing their roles as facilitators and brokers of local JETs.



2

National policy frameworks and municipal mandates for the JET

This section outlines the national policy context for South Africa's JET and explores the role of municipalities in supporting its implementation. It examines how the municipal mandate aligns with the objectives of the JET and considers the practical implications of distributive, restorative, and procedural justice within the electricity sector. In doing so, it provides a foundation for understanding how municipalities can help ensure that the benefits and opportunities of the energy transition are shared more equitably across communities.



2.1 National vision and policy for the JET

South Africa has a progressive legislative and policy framework for advancing the just transition, grounded in national policies. Two notable frameworks are the Framework for a Just Transition in South Africa (PCC, 2022) and the Just Energy Transition Implementation Plan (JET-IP) 2023-2027 (The Presidency, 2023).

The Framework for a Just Transition in South Africa provides the overarching normative and governance foundation for South Africa's transition towards a climate-resilient, low-emissions economy. It is grounded in the principle that climate action should advance social justice, equity, and inclusive development by placing people at the centre of decision making, particularly those who are most vulnerable and have been historically marginalised – the poor, youth, women, people with disabilities, informal settlement dwellers, and traders (The Presidency, 2023).

The just transition agenda extends far beyond the energy sector. It is an economy- and society-wide process aimed at addressing structural challenges such as poverty, unemployment, and inequality while ensuring that the costs and benefits of the transition are shared more equitably (TIPS, 2021). The framework is underpinned by three interconnected principles of justice: distributive, restorative, and procedural justice (PCC, 2022).

Building upon this foundation, the JET IP operationalises and implements the just transition vision through targeted sectoral interventions, investment pathways, and institutional arrangements. It narrows the focus for implementing the JET around electricity, new energy vehicles, green hydrogen, skills, and municipalities. The JET IP states that South Africa's energy transition must occur at a pace, scale, and cost aligned with the country's socio-economic realities and affordability, while delivering inclusive growth, energy security, employment, and just outcomes for affected communities (The Presidency, 2023).

While these frameworks establish the national vision and objectives for South Africa's just transition, many of its impacts and opportunities will ultimately be experienced at the local level. Municipalities, therefore, have a critical role to play in translating national ambitions into practical interventions that support communities, local economies, and equitable access to services.





2.2 The mandate of municipalities in operationalising the JET

Municipalities do not require a new mandate to participate in South Africa's JET. Their existing constitutional responsibilities for service delivery and environmental sustainability position them as key actors in shaping how the transition's benefits and impacts are experienced at the local level. The JET therefore intersects directly with the municipal mandate, particularly through municipalities' responsibilities for electricity distribution, infrastructure management, LED, and community well-being (Hermanus et al., 2022; PCC, 2024; Vazi, 2026).

The Constitution establishes municipalities as developmental institutions responsible for ensuring sustainable service delivery, promoting social and economic development, and providing a safe and healthy environment for its citizens (Republic of South Africa, 1996; PCC, 2022). These responsibilities place municipalities at the centre of many of the opportunities and challenges associated with the energy transition, particularly as changes within the electricity sector increasingly influence LED, infrastructure investment, and access to basic services.

This municipal mandate is most visible within the electricity sector. Municipalities oversee 40 per cent of South Africa's electricity distribution infrastructure, making the local network a crucial enabler of the country's energy transition (OECD, 2025). National energy objectives, such as integrating renewable energy, deploying localised generation, and enabling wheeling, therefore, cannot be achieved unless these municipal networks are modernised and maintained (The Presidency, 2023; Nkosi, 2025). In this capacity, municipalities operate not just as administrative bodies, but as the critical enablers of the shifting electricity landscape.

Beyond infrastructure management, municipalities also play an important role as the primary interface between the electricity system and consumers (Hermanus et al., 2022; B. Vazi, 2026). Through responsibilities such as tariff setting, consumer billing, the administration of free basic services, and LED, municipalities influence both the affordability of electricity and the extent to which local communities benefit from changes in the electricity sector (The Presidency, 2023; Nkosi, 2025). Furthermore, through their statutory mandate for LED, municipalities play a decisive role in shaping regional economies (B. Vazi, 2026). By facilitating the integration of renewable energy into their grids, local governments can stimulate job creation, support small-scale enterprises with a stable electricity supply, and diversify local economies (Hermanus et al., 2022; The Presidency, 2023).

The Climate Change Act (2024) further strengthens the role of municipalities in responding to climate change by requiring climate change assessments and response planning to be integrated into municipal planning processes, including integrated development plans (IDPs) (Republic of South Africa, 2024). This provides an important mechanism for embedding climate resilience, energy planning, and equity considerations within local decision-making.



2.3 Operationalising the municipal mandate through the lens of the three pillars of justice

The just transition is underpinned by three interconnected principles of justice: distributive, restorative, and procedural justice (PCC, 2022). Together, these principles provide a useful lens for understanding how municipalities can help ensure that the benefits and opportunities of the evolving electricity sector are shared more equitably, that existing inequalities are addressed, and that communities are meaningfully involved in shaping transition outcomes.

Local governments stand at the critical intersection of national policy and community-level implementation of the JET. This means that as municipalities navigate the shift to more affordable, clean, and alternative energy, their approach must balance economic transformation with social justice (Nkosi, 2025).



2.3.1 Distributive justice

Distributive justice requires that the risks and opportunities resulting from the transition be distributed fairly, with attention to gender, race, and class inequalities (The Presidency, 2023). For municipalities, this raises concerns about who benefits from the transition and who bears the associated costs.

In the South African context, access to electricity is deeply intertwined with broader socio-economic inequalities, poverty, and uneven access to basic services (Baker and Phillips, 2019). As the renewable energy and electricity sectors transition to a competitive market, the social implications are profound. This shift leads to a new set of market entrants, including privately developed utility-scale renewable energy projects, and in the commercial and industrial space, traders, aggregators, and wealthier consumers installing small-scale embedded generation (SSEG). Questions emerge regarding who benefits from access to cheaper, cleaner electricity, who remains dependent on increasingly strained municipal electricity systems, and how municipalities should partner with private-sector actors in ways that benefit their communities.

Electricity revenue has historically played a critical cross-subsidisation role within municipalities, supporting not only electricity services for low-income households but also broader municipal service delivery functions (Baker and Phillips, 2019). Increasing grid defection by large customers and high-income users poses a significant financial risk to municipalities, potentially reducing the revenue base required to maintain municipal grids and deliver cross-subsidisation (Baker and Phillips, 2019). Without appropriate intervention, this could result in rising electricity costs, declining infrastructure quality, and reduced service delivery for poorer households, further entrenching existing inequalities.

From a distributive justice perspective, municipalities therefore play a central role in protecting equitable access to affordable, reliable, and well-maintained electricity services, which are core objectives of the transition. This requires maintaining functional distribution networks, addressing infrastructure maintenance backlogs, and developing sustainable revenue models that enable municipalities to participate in the impending South Africa Wholesale Electricity Market (SAWEM) and strengthen service delivery and electricity access (The Presidency, Republic of South Africa, 2022). An important part of this is accurate, unbundled tariff setting to ensure costs are recovered, and cross-subsidisation remains feasible, even as customers install their own generation capacity.



2.3.2 Restorative justice

Restorative justice is central to South Africa's just transition, particularly in a context where historic and ongoing socio-economic inequalities continue to shape access to affordable, reliable, and safe electricity. It considers addressing past and present inequalities and ensuring that the transition contributes to improved social and economic outcomes for previously disenfranchised communities (TIPS, 2021; PCC, 2022). In the electricity sector, this includes improving energy security, reducing energy poverty, and expanding access to affordable, clean, reliable, and safe electricity services.

In South Africa, energy poverty remains a reality for many low-income households, with some continuing to rely on paraffin, wood, and coal due to high electricity costs. This contributes to adverse health and social outcomes, including indoor air pollution, respiratory disease, increased fire hazards, and reduced household well-being and safety (Baker and Phillips, 2019). The transition, therefore, presents an opportunity to not only decarbonise the electricity system but also to address longstanding inequalities in access to basic services.

The Free Basic Electricity (FBE) programme is one of the mechanisms through which restorative justice can be advanced. The policy provides qualifying indigent households with a minimum monthly allocation of free electricity and is implemented by municipalities as part of the broader free basic services framework (Baker and Phillips, 2019; SAnews, 2020). Municipalities play a critical role in identifying qualifying indigent households, maintaining indigent registers, and facilitating access to support measures (The Presidency, Republic of South Africa, 2022).

To fully operationalise restorative justice, municipal interventions must extend beyond the administration of FBE and indigent registers. Genuine redress requires local mechanisms that reverse historical socio-economic and environmental damage. Local governments can leverage their service delivery and planning mandates to integrate SSEG, such as rooftop solar on community facilities, to bring cleaner, cheaper, and more reliable power directly to historically underserved communities. Upgrading local grid infrastructure and installing smart meters in marginalised areas rather than skewing grid stability solely toward high-revenue areas is also essential for closing this structural inequality gap.

Municipalities have a unique opportunity to promote community-owned renewable energy projects by acting as institutional brokers or off-takers, anchoring economic power directly in marginalised communities. This can be reinforced by updating local supply chain management (SCM) policies to mandate inclusive procurement, ensuring that the jobs, manufacturing, and maintenance opportunities arising from the transition are channelled to local small, medium, and micro enterprises (SMMEs), youth, and women. Concurrently, local authorities can address localised health and environmental degradation borne by communities near fossil-fuel infrastructure by building climate resilience and directly integrating air, land, and water rehabilitation into their IDPs and spatial development frameworks (SDFs).



2.3.3 Procedural justice

Finally, procedural justice is essential to enabling a just and equitable transition because it ensures that affected communities are not treated merely as beneficiaries of the transition but as active participants in shaping the decisions, projects, and development pathways that affect their lives. It focuses on how decisions are made and who participates in shaping them (PCC, 2022). In practice, procedural justice requires municipalities to move beyond narrow or compliance-based models of public participation, in which plans are developed internally, and communities are invited to comment only at the end of the process. Instead, communities and affected stakeholders should be involved throughout the design, implementation, monitoring, and learning processes of projects (The Presidency, Republic of South Africa, 2022). This approach is reinforced through the Municipal Systems Act, which requires municipalities to develop a culture of participatory governance and establish mechanisms for community participation in municipal affairs (Republic of South Africa, 2000b).

Municipal energy transition strategies must be grounded in the realities of local communities to be just. This means understanding who is likely to benefit, who may be excluded, and what barriers exist for groups that have historically been marginalised, including women, youth, persons with disabilities, residents of informal settlements, low-income households, local SMMEs, and workers in vulnerable sectors (PCC, 2022). Co-creation strengthens project design by improving problem identification, fostering local ownership, incorporating lived experiences, and generating broader support for implementation (The Presidency, Republic of South Africa, 2022).

Translating procedural justice into tangible LED outcomes is imperative for local communities. This includes ensuring that jobs, skills development, and enterprise and procurement opportunities linked to transition projects are intentionally targeted toward local communities, local SMMEs, and historically excluded groups. Participation, therefore, needs to be inclusive, accessible, transparent, and ongoing, with information provided in ways that communities can understand and use. This includes early engagement before decisions are finalised, targeted efforts to include marginalised groups, clear feedback loops, and mechanisms such as community forums or grassroots platforms that allow engagement to continue beyond once-off consultations (TIPS, 2021). In this sense, procedural justice is not only about consultation; it is about shifting power, improving access to information, building community capacity, and ensuring that local people have a meaningful role in shaping the transition, so that it benefits them.





3

The state of municipal readiness to steer local JETs

While South African municipalities hold a clear constitutional mandate to manage local infrastructure and provide essential services, the implementation of the JET is often hindered by a “readiness gap” (PCC, 2024). This gap refers to the distance between the new functional requirements of a modernising electricity sector and the current technical, financial, and institutional capacity of local government (The Presidency, 2023; B. Vazi, 2026). The introduction of the Electricity Regulation Amendment Act (ERAA) of 2024 and the establishment of the SAWEM create a new landscape in which municipalities must navigate a liberalising environment that is evolving faster than municipalities are changing (Frack and Serrano, 2025; Tsikayi and Govind, 2025). For the transition to be operationalised effectively across diverse jurisdictions, this gap can be understood as a set of structural challenges that require targeted interventions to ensure local communities are not left behind (PCC, 2024; C40 Cities, 2025).

Strategic alignment serves as the first major hurdle (OECD, 2025; B. Vazi, 2026). The transition requires a shift from the traditional role of a bulk-electricity reseller to that of a proactive network service provider (Tsikayi and Govind, 2025; Yelland and Vermeulen, 2026). While *Financing municipal energy transitions in South Africa: A guide for South African municipalities* outlines the technical requirements of this shift, such as managing direct injection of large scale renewable energy generation, wheeling arrangements, and integrating embedded generation, this framework, *Localising the just energy transition (JET) through municipalities: Guidance for South African municipalities*, focuses on how these changes are integrated into municipal planning to drive the justice imperative. Currently, many IDPs and longer-term strategic visions do not yet reflect the localised social and economic impacts of electricity reform (PCC, 2024). Without embedding transition goals in these core strategic documents, municipalities risk a fragmented approach in which technical projects proceed with insufficient regard for spatial justice or local job creation (Hermanus et al., 2022; PCC, 2024; Nkosi, 2025). An appropriate level of readiness involves ensuring that climate-response and JET strategies are institutionalised within the municipality’s primary governance and performance frameworks (PCC, 2024; Nkosi, 2025).

The financial health of municipalities is also a fundamental determinant in their ability to steer local JETs. Many local authorities face significant credit constraints and legacy debt obligations that limit their ability to attract private investment or access climate finance, as detailed in the companion, *Financing municipal energy transitions in South Africa: A guide for South African municipalities*.

However, from a justice perspective, these financial pressures threaten the cross-subsidy models that currently protect the poor (Hermanus et al., 2022; C40 Cities, 2025). The transition toward a market-based system intensifies these pressures as high-consuming industrial and residential users increasingly adopt SSEG or enter into private wheeling arrangements (C40 Cities, 2025; Yelland, 2026). This shift can lead to the erosion of revenue derived from electricity surcharges (Botha, 2024).

Municipal readiness is a procedural requirement for maintaining the social contract (The Presidency, 2023). While grid stability and bankability are essential concerns for keeping the lights on, the “just” element of the transition depends on the municipality’s ability to actively manage socio-economic impacts, safeguard the interests of their communities, and create opportunities for them (PCC, 2024; C40 Cities, 2025). This will require municipalities to use their distribution networks as strategic assets to facilitate a transition that is both technically viable and socially equitable, with community participation and the protection of vulnerable residents built into the approaches (C40 Cities, 2025). To evaluate where a municipality stands in this process, the following assessment framework identifies some of the requirements to move from national policy vision to local, equitable implementation.

Municipal readiness assessment

Table 1 provides a framework for municipalities to assess their readiness for the municipal JET. The assessment is not an exhaustive evaluation of overall municipal capacity. Instead, it is a first-pass screening focused on a selection of criteria that determine a municipality’s ability to navigate the shifting electricity landscape justly. It evaluates whether a municipality is positioned to safeguard vulnerable communities, maintain equitable service delivery, and ensure no one is left behind as the sector transitions.

By highlighting critical gaps in policy alignment, stakeholder engagement, indigent management, and community data, the tool helps pinpoint systemic vulnerabilities that could lead to deepening energy poverty, widening inequality, or social resistance as the local electricity sector transitions to a competitive market. Running this diagnostic early allows municipalities to prioritise urgent operational interventions, such as rethinking tariff structures, improving grid maintenance in underserved areas, or establishing community dialogues, before diving into specific infrastructure planning or detailed project-level feasibility studies.

While the elements of technical and institutional readiness discussed in the previous section allow for municipal self-management, many local governments face severe fiscal and operational constraints that make immediate internal implementation difficult. In cases where a municipality is grappling with high technical and non-technical losses, low revenue collection, a poorly maintained grid, a compounding debt crisis, or a chronic lack of specialised engineering capacity, outsourcing the distribution function through a concession or agency model is a viable alternative (Creamer, n.d.; Gupta et al., 2025; OECD, 2025). This approach involves a structured partnership in which an external entity, such as a private party or a state-owned utility, assumes responsibility for the operation, maintenance, and revenue collection of the distribution business, while the municipality receives a concession fee (Gupta et al., 2025). These models are designed as temporary or long-term interventions to transform a distressed distribution network into a functional, billable platform that can eventually participate in the broader electricity market.

Table 1: Municipal just energy transition readiness assessment framework

Criteria	Assessment
Strategic and political mandate (Council, IDP, SDF, and SDBIP)	Is the JET reflected in your municipal frameworks? - Formal council resolution passed and JET mainstreamed into IDP, SDF, and service delivery and budget implementation plan (SDBIP) - JET mentioned in IDP but lacks a political mandate or inclusion in the SDBIP - Not mentioned
Internal capacity, collaboration, and accountability	Is there internal capacity tasked with executing JET outcomes? - Formal cross-departmental JET task team established with key performance indicators (KPIs) in senior management performance agreements - One dedicated official/champion acting alone - Highly siloed departments working separately and no JET-related KPIs for Section 56/57 directors - No internal capacity, severe skills gap
Grid infrastructure and maintenance	What is the current state of the grid? - Roll-out of smart metering and grid modernisation systems - Equitable investment across wealthy nodes and underserved areas - Maintenance highly skewed toward high-revenue areas - Reactive maintenance only due to backlog - Failing grid with high technical and non-technical losses
Electricity tariff design and revenue collection	Does the municipality have updated and cost-reflective tariffs? - Use-of-system (UoS) charges in place - Move towards time-of-use (ToU) metering and tariffs - Consideration of an increasing block tariff (IBT) structure - Cost of supply study (CoSS) is not updated or robust enough to develop the above
Socio-economic and gender equality, disability, and social inclusion (GEDSI) baseline data	Does the municipality collect or have access to local socio-economic and demographic data? - Comprehensive data mapping (unemployment rates, informal settlement mapping, gender data) - Partial or outdated data - No dedicated socio-economic tracking

Table 1: Municipal just energy transition readiness assessment framework

Criteria	Assessment
Energy access and indigent management	How effectively is the municipality managing its indigent register and FBE? • Accurate, regularly updated, and FBE successfully disbursed • Functional but largely outdated • Poorly managed (funds often absorbed into general revenue rather than reaching the poor) • No clear register
Stakeholder engagement and procedural justice	What mechanisms exist for community participation in energy planning? • Co-creation/structured dialogues (e.g., community liaison officers) • Standard compliance-based public participation only • Ad-hoc/reactive engagement • No engagement processes



4

Integrating the JET in municipal planning, policy, and implementation

To address gaps or weak areas identified through the utilisation of the framework in Section 3, municipalities can build robust foundations for their local JETs. Rather than treating the transition as a purely technical or infrastructural shift, local governments can work to systematically embed justice across all layers of their administration. In localising the JET, municipalities should also aim to align their interventions with the national strategies and planning (Hermanus et al., 2022).

This section outlines a structured approach to laying these foundations, following a logical progression from the overarching governance down to the specifics of project implementation. Local projects cannot succeed without a supportive operational baseline, which in turn requires a clear political and budgetary mandate.

Accordingly, this section begins by exploring how to institutionalise justice within core municipal governance and strategic planning frameworks (Section 4.1). It then moves to the operational level, examining the systemic adjustments required to modernise the municipal electricity business and safeguard equitable service delivery and revenue (Section 4.2). Finally, with this enabling environment in place, it provides guidance on embedding distributive and procedural justice directly into pre-feasibility work for electricity projects (Section 4.3).



4.1 Institutionalising justice in municipal structures and policy

Instead of viewing the municipal JET as an additional bureaucratic burden, local governments can anchor national transition objectives into their core statutory, financial, and governance frameworks (Hermanus et al., 2022; B. Vazi, 2026). Establishing a clear political mandate is a vital first step. By formally designating the JET as a council priority through a council resolution, municipalities can allocate operating and capital budgets for transition activities (The Presidency, 2023; Steve Tshwete Local Municipality, 2024).

With this mandate in place, municipalities can embed transition objectives directly into the IDP and local SDFs. Achieving procedural justice at this institutional level entails co-creating these macro-level transition strategies in active consultation with communities, business stakeholders, and labour representatives during the IDP formulation process (Hermanus et al., 2022; PCC, 2024; Steve Tshwete Local Municipality, 2024). Securing this political inclusion early ensures that public priorities shape the municipality's overarching objectives (C40 Cities, 2025).

IDP goals must cascade directly into the SDBIP. Without formal integration into the SDBIP, preparatory work, such as community engagement efforts or project pre-feasibility studies, will lack dedicated operating budgets and risk being classified as unauthorised expenditure under the Municipal Finance Management Act (MFMA) (Steve Tshwete Local Municipality, 2024; Eberhard, 2026; B. Vazi, 2026).

To legally execute these budgeted JET priorities, municipalities must adapt both their external funding alignment and internal procurement rules. Aligning local projects with national grant frameworks, including the Integrated National Electrification Programme (INEP) or the Integrated Urban Development Grant (IUDG), not only supports fiscal compliance but also ensures that local initiatives meet established sector requirements (The Presidency, 2023; PCC, 2024; B. Vazi, 2026).

Beyond financial compliance, successful implementation requires structural adjustments to overcome internal municipal silos. The JET cannot be realised by the electricity department alone. Municipalities should establish a formal, cross-departmental JET task team comprising officials from electricity, finance, corporate services, and LED (PCC, 2024; Steve Tshwete Local Municipality, 2024; C40 Cities, 2025). To combat administrative inertia and ensure accountability, these transition commitments must be written into the performance agreements and KPIs of senior management (Section 56 and 57 directors) (Republic of South Africa, 2000a; PCC, 2024; Steve Tshwete Local Municipality, 2024).

Finally, institutionalising a just transition requires updating municipal policies at the macro level to mandate economic inclusion before specific projects are conceptualised.

LED strategies should be formally updated to plan for economic diversification and local job creation within new energy sectors (PCC, 2022; Z. Vazi, 2025). Concurrently, overarching SCM policies must be adapted to regulate new energy models (such as wholesale market participation) and enforce socio-economic inclusion (Eberhard, 2026).

By anchoring these priorities within the municipality's highest strategic frameworks, local governments ensure that procedural and distributive justice are systemic requirements rather than project-by-project afterthoughts.



4.2 Establishing the operational foundations of municipal JETs

This section explores how the fundamentals of municipal electricity functions can and need to be prioritised for the JET. A well-managed municipal electricity business is a mechanism for enabling JETs because it can support both service delivery and LED. Electricity is a basis of economic development, and cheaper, more reliable electricity can attract and enable LED, including increased business activity over time, leading to greater electricity revenue for the municipality. While municipalities may not have direct control over many factors of LED, they can influence and incentivise it (Hermanus et al., 2022).

Through the electricity grid and network systems

Maintaining the distribution grid is imperative for municipalities. Not doing so impacts local service delivery, the core mandate of municipalities, and further inflates both operational and corrective costs over time (Hermanus et al., 2022). In addition to the regular maintenance needs of the past, municipalities now need to move towards smart metering and grid modernisation. This is in light of the market liberalisation of the electricity sector, where smart metering and modernised grids are required for aspects of the SAWEM, and, dually, because doing so can assist municipalities in centring justice in the facets of the transition that they are responsible for.

Smart metering and grid modernisation enhance grid performance, bring new capabilities to municipalities, help minimise technical and non-technical losses, enable embedded generation, and enhance revenue collection. Together with the necessary billing systems and a well-maintained grid, these help to maximise revenue potential from electricity distribution. In addition, they enable demand-side management to reduce peak demand and better integrate variable renewable energy into the grid, both of which can reduce costs for municipal customers. Through enhanced capabilities and oversight, grid modernisation can also strengthen the resilience of the grid and the electricity supply (Hermanus et al., 2022).

Looking forward to a fully operational SAWEM, a well-maintained, well-functioning grid is essential for municipalities aiming to attract private generators, unlock embedded generation, invest in their own generation capacity, and/or participate in energy trading.

Through municipal electricity business foundations

Revenue collection is vital to a municipality's survival and continued ability to deliver services to its customers. The electricity business is a case in point: for a municipality to continue undertaking grid maintenance and upgrades, it needs to collect sufficient electricity revenue. In turn, revenue collection relies on the technical grid aspects mentioned above, as well as appropriate tariffs being in place. The need for unbundled and cost-reflective tariffs is essential. Tariff design can be a mechanism to foster equity and justice. Two examples of this are:

- ToU tariffs enable customers to shift part of their demand into off-peak periods and thus pay less overall for electricity. For ToU tariffs to be in place, smart metering is required.
- An IBT structure allows the municipality to cross-subsidise between customers of different income levels or electricity consumption and ensure sufficient municipal revenue for financial sustainability (Abeberese, 2026).

Setting tariffs approved by the National Energy Regulator of South Africa (NERSA) that balance municipal revenue and customer affordability depends on an accurate, up-to-date CoSS. The municipality's CoSS provides an accurate picture of the costs of providing the distribution grid and service, implementing maintenance, and planning and undertaking grid expansion. Grid impact studies are also useful for supplementing the CoSS and preparing for future projects. Taking a broader view, municipalities can engage in robust energy and electricity planning to meet local needs by developing energy master plans (EMPs) (Hermanus et al., 2022).

Through network service provision

Municipalities can leverage the grid to generate revenue in their role as network service providers, namely by enabling third-party wheeling and private embedded generation of renewable energy. When customers decide to wheel electricity or install their own embedded generation, there are respective impacts on municipal electricity revenue. Importantly, municipalities should have specific wheeling and embedded generation tariffs, as well as UoS charges, as outlined in Financing municipal energy transition in South Africa. UoS charges encompass fixed and network charges payable by customers irrespective of their municipal electricity consumption, to account for their access to and use of the grid. Thus, they allow adequate and proportionate recovery of system costs and balancing of revenue losses, particularly from higher-income and higher-consumption customers.

Embedded generation has the potential to support local job creation and economic development through industry growth as well as lower-cost electricity supply and security (e.g., for commercial and industrial enterprises) (Fourie, 2021). If municipalities develop buy-back policies and tariffs for periods when generation exceeds demand, they can capitalise on the availability of cheaper power (relative to Eskom tariffs). This is even more true for customers with battery energy storage solutions (BESS), who can be incentivised to feed electricity back into the grid during peak load periods.

Through municipal renewable energy integration

Municipalities can consider integrating renewable energy into their grids as a partial alternative to Eskom's power supply. The primary motivation for doing so would be to have a cheaper source of bulk electricity to hedge against Eskom tariff increases and thus protect tariff affordability for municipal customers. This type of endeavour can take several forms, such as:

- an independent power producer (IPP) implementing a renewable energy embedded generation project with the municipality being the off-taker of the electricity;
- embedded generation whereby the municipality owns and finances a renewable energy plant; or
- municipal participation in the SAWEM, either directly or indirectly, through an energy trader.

As discussed in Financing municipal energy transitions in South Africa, the feasibility of pursuing an IPP or own-generation project depends on a municipality's needs, priorities, strengths, and capabilities. This is also the case for municipal participation in the SAWEM. Alternatively, particularly in the shorter term, municipal SSEG is a potentially more accessible way for municipalities to directly integrate and benefit from renewable energy. SSEG mainly takes the form of rooftop solar installations on municipal buildings, but can also be integrated into specific service delivery facilities and functions, such as water or waste treatment. Whether through enhancing the security and affordability of electricity supply or through strengthening service delivery, integrating renewable energy is a means for municipalities to prioritise justice and equity within the electricity sector component of the just transition.



4.3 Embedding justice in municipal renewable energy projects

For municipalities, a just energy transition cannot be treated as an outcome addressed only once a renewable energy project reaches the procurement, construction, or implementation stage. Justice must be embedded at the earliest stages of project preparation, when key decisions are made regarding project design, site selection, technical viability, financial modelling, procurement assumptions, community engagement, and risk allocation (JustRE Alliance, 2024b).

If justice, equity, and inclusion are not built from the outset, they become difficult to build in later. In practice, this means that municipalities must use pre-feasibility work not only to determine whether a renewable energy project is technically and financially viable, but also to assess who benefits, who participates, who may be excluded, and what safeguards are required to ensure that the project contributes to equitable local development.

Many municipalities find that their current IDPs lack specific, actionable JET targets and baseline data. By utilising tools such as the International Jobs and Economic Development Impacts model (I-JEDI) and GEDSI, and by conducting community engagement, municipal officials will gather the concrete socio-economic data and social licence required to formally incorporate these projects into future IDPs and SDBIPs.

Using I-JEDI and GEDSI as tools for distributive justice at pre-feasibility

The I-JEDI is an example of a tool that can be used from the pre-feasibility stage of a renewable energy project to estimate the socio-economic effects. I-JEDI provides municipalities with a structured way to quantify direct, indirect, and induced impacts associated with renewable energy investment, including employment, earnings, economic output, and GDP contributions across both the construction and operations phases (Chernyakhovskiy, 2017). Direct impacts include employment and activity created by the project itself (i.e., construction workers, engineers, installation teams, and equipment suppliers). Indirect impacts relate to supporting industries, including logistics, utilities, and professional services. Induced impacts arise from the additional household spending of people employed through the project and its supply chains.

This is important because municipal renewable energy projects often face political and institutional uncertainty when their value is presented only in technical terms. Pre-feasibility modelling enables municipalities to demonstrate to councils and communities that renewable energy projects can drive LED, service delivery, and energy security. It also demonstrates how local employment, SMME participation, and skills development can be targeted through inclusive procurement and recruitment mechanisms (JustRE Alliance, 2024b). Identifying opportunities and risks from early on also allows municipalities to plan for negative impacts before they become political, social, or financial risks. Early identification enables municipalities to budget for mitigation, communicate clearly with communities, coordinate with relevant departments, and avoid being placed in a reactive position once construction begins (JustRE Alliance, 2024b). Practical measures could include local recruitment protocols, traffic management plans, grievance mechanisms, community liaison arrangements, and clear communication strategies.

The application of the GEDSI framework is an example of another tool that can be used to assess who is likely to benefit, who is able to participate, and who may be excluded from the project, ensuring that socio-economic benefits are not assumed to reach all groups equally. This is particularly important in municipal contexts where unemployment, gender inequality, disability exclusion, poverty, informality, and uneven access to information shape who can access project opportunities (INSPIRE, 2025; Stuurman, 2025). Using a GEDSI approach to establish a local context baseline (i.e. youth unemployment, female-headed households, local SMMEs) allows municipalities to move from general commitments to inclusion and toward more targeted project design. Examples of this include transparent “locals first” recruitment; participation targets for women, youth, and persons with disabilities, where feasible; active avoidance of gender stereotyping in job allocation; accessible and safe construction-site facilities; and stakeholder engagement in local languages and accessible formats (Hill, 2020).



BEST PRACTICE CASE STUDY: Atlantis solar PV project: City of Cape Town

Translating inclusion principles into targeted local economic development

- **Defining “local” with precision:** The project defined “local” as businesses with offices in Wards 29 and 32 (Atlantis, Witsand, Pella, and Mamre areas), preventing ambiguity and reducing political tension over who qualifies for local procurement opportunities.
- **Targeted inclusion of women- and youth-led enterprises:** Recognising that most local businesses were majority Black male-owned, the City and its appointed contractor (Lesedi Technoserve Consortium) actively pushed for a women participation component, directly operationalising the GEDSI principle of avoiding gender stereotyping in opportunity allocation.
- **SMME capacity building programme:** A three-month SMME development programme (September–December 2024) was run in partnership with the Atlantis Special Economic Zone (ASEZ), supporting 15 local SMMEs to develop funding-ready business proposals, moving beyond rhetorical inclusion commitments to concrete skills development.
- **Transparent communication of opportunities:** Employment headcounts, procurement packages, appointed contractors, and upcoming subcontracting opportunities – via request for quotations (RFQs) and requests for proposals (RFPs) – were communicated openly through a project website, public engagements, and a democratically elected community liaison officer.

(City of Cape Town, 2024a, 2024b, 2025)

Procedural justice as risk mitigation

Community engagement is central to building procedural justice, but it should not be framed only as a moral or procedural obligation. In renewable energy projects, meaningful engagement is also a hard financial and governance requirement for bankability. The value of community engagement and social inclusion is critical to project success, as they serve as risk-mitigation strategies that reduce community opposition, land-access disputes, protests, vandalism, construction delays, reputational harm, legal exposure, and media risk (Hill, 2020; JustRE Alliance, 2024a). These risks matter directly to financiers, as projects perceived as socially unstable are less likely to reach financial close (Hill, 2020). Procedural justice, through comprehensive stakeholder engagement, is therefore not separate from bankability. Where potential local socio-economic benefits are clearly articulated alongside technical benefits, municipal councils are better positioned to understand the project’s public value and manage political and governance risks.

Municipalities can also use existing legislative processes as entry points for more meaningful participation. For

example, where a contract or agreement extends beyond three municipal financial years, Section 33 of the MFMA requires the municipality to provide background information, invite written comments from the local community and affected parties, and obtain comments from relevant government departments (National Treasury, 2022). This needs to be communicated through accessible platforms and appropriate languages, designed around unequal time, care, mobility, and resource constraints, and supported by plain-language information on the purpose, duration, costs, risks, and future budget implications of proposed contracts and projects. This is particularly important for municipalities entering into long-term contractual arrangements, such as power purchase agreements (PPAs), with IPPs. IPPs are commercial entities that prioritise profits and returns, meaning that protections for communities and indigent households cannot rely solely on voluntary commitments (JustRE Alliance, 2024b; Stuurman, 2025). Safeguards need to be contractually binding and legally enforceable through project agreements and clauses on local employment, local procurement, SMME participation, skills development, community consultation, payment guarantees, and off-take protections. This ensures that equity and community benefit are carried through the project lifecycle, including where project ownership or operating arrangements change.

For municipalities, this highlights that the transition must not shift risk onto low-income communities and indigent households. Renewable energy projects must be designed so that affordability, municipal financial sustainability, and community benefit are protected throughout the project lifecycle, including during ownership changes, contract changes, and operational transitions. If these protections are not negotiated early and built into procurement, contracting, and governance arrangements, municipalities may struggle to enforce them later.



CASE STUDY: Atlantis solar PV project: City of Cape Town

Community engagement as structured risk mitigation, not compliance

- **Multi-layered, accessible engagement:** The project held multiple public engagements (43 attendees at the first SMME-focused session; 72 at the broader community launch) with plain-language explanations of the project, including managing the common misconception that solar power would only benefit Atlantis residents, illustrating the importance of transparent expectation management.
- **Democratically elected CLO:** Rather than appointing a community liaison officer (CLO) top-down, the project used a democratically elected CLO from within the Atlantis community. The CLO, who had prior community ties, played a facilitative role in engagements, building trust and reducing the risk of community opposition.
- **Multi-disciplinary presence at engagements:** City representatives, procurement specialists, project managers, and BBBEE officers were all present at community sessions to answer questions directly, reducing information asymmetry and pre-empting grievances before they escalated.
- **Ongoing communication as governance:** Project progress updates, media releases, and a dedicated website with open lines of communication were maintained throughout. A community naming competition for the solar plant was also run, building community ownership and emotional investment in the project's success.
- **Legislative grounding:** The engagement approach was underpinned by Section 16 of the Municipal Systems Act (Act 32 of 2000), which requires municipalities to develop participatory governance cultures – framing community engagement as a legal obligation, not a discretionary add-on.

(City of Cape Town, 2024b, 2024a, 2025)

An aerial night photograph of Cape Town, South Africa. The city's lights are visible in the foreground, and the iconic flat-topped Table Mountain dominates the background under a twilight sky. The image is partially obscured by a large blue diagonal shape on the left and a red diagonal shape on the right.

5

Brokering partnerships in the JET stakeholder ecosystem

The outcomes of South Africa's energy transition will be shaped not only by technology choices, infrastructure investments, and policy decisions, but also by how different stakeholders participate in and collaborate in the transition.

Municipalities operate within a broader ecosystem of public institutions, private-sector actors, communities, workers, and support organisations, each of which influences how the costs, benefits, and opportunities associated with the transition are distributed. Understanding these different roles is therefore important for identifying pathways that support more inclusive, locally responsive, and equitable transition outcomes



5.1 National government and public institutions

Institutions such as the Department of Electricity and Energy, National Treasury, NERSA, Eskom, provincial governments, public finance institutions, Department of Cooperative Governance and Traditional Affairs (COGTA), and South African Local Government Association (SALGA), therefore, play an important role in ensuring that municipalities are able to adapt to a rapidly changing electricity sector. Beyond their individual mandates, these institutions influence whether municipalities can maintain financially sustainable electricity services, respond to changing consumption patterns, participate in emerging electricity markets, and continue to support local development priorities. The effectiveness of the transition will depend not only on the actions of individual institutions but also on how well these systems work together (The Presidency, 2023).

A particular challenge for municipalities is that many of the decisions shaping local transition outcomes sit across multiple institutions and policy domains. While national institutions are often organised around sector-specific mandates, municipalities are required to navigate the combined implications of these decisions on the ground.

Public institutions, therefore, play an important role in improving coordination across these systems and reducing the burden placed on municipalities to reconcile competing priorities and requirements (PCC, 2022; The Presidency, 2023).

The transition also creates an opportunity to strengthen the links between energy investment, industrial development, and local economic participation. Institutions such as the Department of Trade, Industry and Competition, the Industrial Development Corporation, and provincial governments can help ensure that investment in renewable energy contributes to skills development, enterprise growth, supplier development, and localisation opportunities within municipal economies (Montmasson-Clair, 2024). In this way, public institutions help shape not only how the transition occurs, but how its benefits are distributed across communities and local economies.





5.2 Private-sector actors

Private-sector actors within the municipal energy ecosystem include renewable energy developers, financiers, infrastructure investors, banks, large industrial users, mines, small and medium enterprises (SMEs), and local service providers. In a decentralising electricity market, these actors are increasingly shaping investment flows, infrastructure development, local supply chains, and emerging economic opportunities linked to the energy transition (Baker and Phillips, 2019; The Presidency, 2023). This is particularly important because many of the longer-term employment and development opportunities associated with the transition are likely to emerge across the broader value chain, including manufacturing, installation, operations, and maintenance, rather than from electricity generation itself (Montmasson-Clair, 2024).

Renewable energy developers, financiers, and infrastructure investors remain central to this ecosystem. Beyond providing capital, these actors influence how projects are structured, financed, and implemented within municipal electricity systems. Their role in the JET should therefore be assessed not only by megawatts installed or private capital mobilised, but also by how projects support municipal objectives, strengthen local supplier development, transfer skills, create opportunities for local enterprises, and avoid undermining municipal revenue stability. This is especially relevant where private generation, wheeling, and embedded generation models are developing faster than municipal regulatory, financial, and institutional systems can adapt (Baker and Phillips, 2019). Financial institutions and investors also play a crucial role in shaping the types of projects that are considered bankable, the level of risk municipalities are expected to absorb, and the financing mechanisms available to support local infrastructure investment (The Presidency, 2023).

Large industrial users, including mines and energy-intensive businesses, and other local economic anchors are seeking more reliable and affordable electricity supply, with some already exploring own generation and wheeling (Krutham, 2025). Their procurement power, infrastructure needs, social and labour plans, enterprise development commitments, and Corporate Social Investment (CSI) programmes could be aligned with municipal energy transition objectives. For example, mines and large industries could fund or deliver local skills programmes and SME development, invest in enabling infrastructure, or enter into partnerships and community benefit initiatives that strengthen the broader renewable energy value chain. This does not replace the developmental role of the state, but creates opportunities to align existing economic activity with transition objectives.

SMEs and local enterprises should likewise be viewed as strategic participants rather than peripheral beneficiaries. They may play an important role as installers, maintenance providers, component suppliers, logistics companies, and energy service providers. The importance of localisation, enterprise development, and supply chain participation is increasingly recognised within South Africa's green industrialisation agenda as a mechanism to ensure that the benefits of the transition are more widely distributed across the economy (Montmasson-Clair, 2024).



5.3 Organised labour and workers

Workers and organised labour have a direct stake in the future of municipal electricity systems because reliable and affordable electricity underpins local economic activity, investment, and employment. For many municipalities, electricity is not only a service delivery function but also a key contributor to the competitiveness of local businesses, industries, and commercial customers that support jobs and livelihoods. The relationship between energy security and local economic performance is increasingly recognised as an important component of South Africa's just transition agenda (PCC, 2022; The Presidency, 2023).

As municipalities respond to changes within the electricity sector, organised labour can help ensure that the implications for workers and local economies are properly considered. This includes understanding how electricity costs, reliability, and infrastructure investment may affect local employers, economic activity, and household well-being.

In municipalities where major employers depend on reliable electricity, the ability to maintain and strengthen local energy systems may be closely linked to protecting existing jobs and retaining investment in the local economy.

Organised labour can also contribute valuable insight into local economic conditions, workforce needs, and emerging opportunities. As new industries, technologies, and business models develop within the energy sector, labour organisations can help identify skills needs, support workforce development, and strengthen connections between economic development and employment objectives (International Labour Organisation, 2015). Realising the employment and development opportunities associated with the transition will depend not only on new investment but also on the extent to which local workers, enterprises, and economies can participate in emerging value chains and localisation opportunities (Montmasson-Clair, 2024).



5.4 Civil society, community organisations, and representative bodies

Local organisations often have a deep understanding of the social, economic, and development realities within their communities. This places them in an important position to help ensure that transition planning and implementation processes are informed by local priorities, concerns, and opportunities, particularly for groups whose voices may not otherwise be reflected in formal decision-making processes (PCC, 2022).

In many municipalities, these organisations have established relationships with communities and stakeholders, enabling them to facilitate dialogue, strengthen participation, and help ensure that transition interventions respond to local realities rather than being driven solely by national priorities or external interests (The Presidency, 2023).

They can also play an important accountability role. As municipalities, government institutions, and private-sector actors pursue transition-related investments and reforms, these organisations can help monitor outcomes, promote transparency, and advocate for the fair distribution of benefits across communities. This is particularly important for ensuring that vulnerable groups, informal economic actors, and historically marginalised communities are not overlooked as new opportunities emerge from the JET (PCC, 2022).

By representing a wide range of local interests, these organisations can help identify shared priorities, strengthen collaboration, and support more locally responsive development pathways. In this way, they contribute to building trust, improving participation, and strengthening the link between transition ambitions and community outcomes.



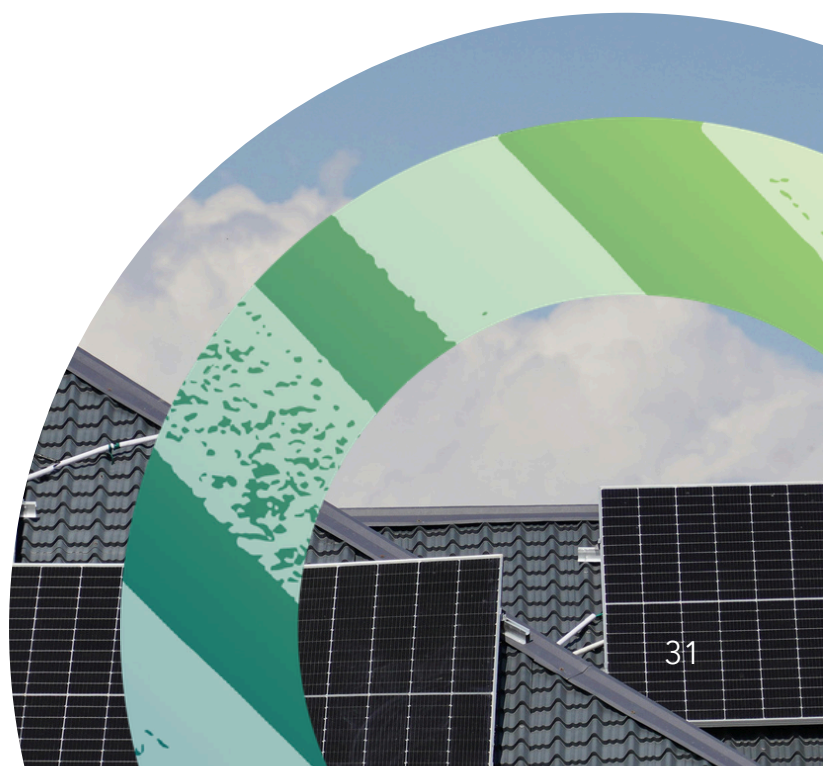
5.5 Residents and local communities

Residents, households, and electricity consumers are ultimately the beneficiaries of municipal electricity services and the group most directly affected by changes within the electricity sector. The quality, reliability, and affordability of electricity services influence household well-being, access to economic opportunities, and businesses' ability to operate and invest in local economies (OECD, 2025). Ensuring that the benefits of the transition are experienced at the household and community level is a central objective of South Africa's just transition agenda (PCC, 2022).

For many municipalities, electricity is more than a technical service. It supports local economic activity, enables the delivery of other essential municipal services, and contributes to broader development outcomes. Conversely, an unreliable electricity supply, deteriorating infrastructure, and rising electricity costs can have significant consequences for households, businesses, and local economic resilience (OECD, 2025). As municipalities adapt to a changing electricity sector, it is important that decisions regarding infrastructure investment, electricity supply, and new market arrangements continue to support affordable, reliable, and accessible services for consumers.

Residents and electricity consumers also influence the future of municipal electricity systems through changing consumption patterns, the uptake of new technologies, and growing interest in alternative electricity supply options. Understanding these changes will become increasingly important as municipalities seek to balance financial sustainability, customer needs, and local development objectives within a more decentralised electricity market (Baker and Phillips, 2019).

Ultimately, the success of a just municipal energy transition will be reflected in whether it strengthens service delivery, improves energy security, and contributes to more resilient local economies and communities. While various stakeholders play important roles in the transition ecosystem, residents and consumers remain the primary beneficiaries of the outcomes municipalities seek to achieve.





6 Conclusion

Municipalities in South Africa are having to navigate profound change, both in terms of how they work and are financed, and in the economy and its sectors. If they are indeed to play the role of facilitators and brokers for local JETs, they need to be equipped to do so. The work that lies ahead is daunting, but it is matched by the opportunity for municipalities to reinvent themselves.

Municipalities are well-placed to translate the national JET into tailored, place-based local JETs. To do so, they need to establish the necessary level of readiness. Part of this is about embedding the JET in the structures and processes of municipalities, evolving these structures and processes to be fit for purpose for the JET, and incentivising change.

The JET points to a whole-of-society, whole-of-economy transition. For this, a diverse set of actors needs to come together in unfamiliar partnerships to do what has not been done before. This presents municipalities with a major opportunity to serve as conveners of the JET in their jurisdictions and to unlock the JET in ways that deliver meaningful change for their communities. We hope this framework provides useful guidance for municipalities in their efforts to bend this rapidly unfolding energy transition in the direction of justice.





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Find out more about the Just Municipal Embedded Generation (JMEG) project



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