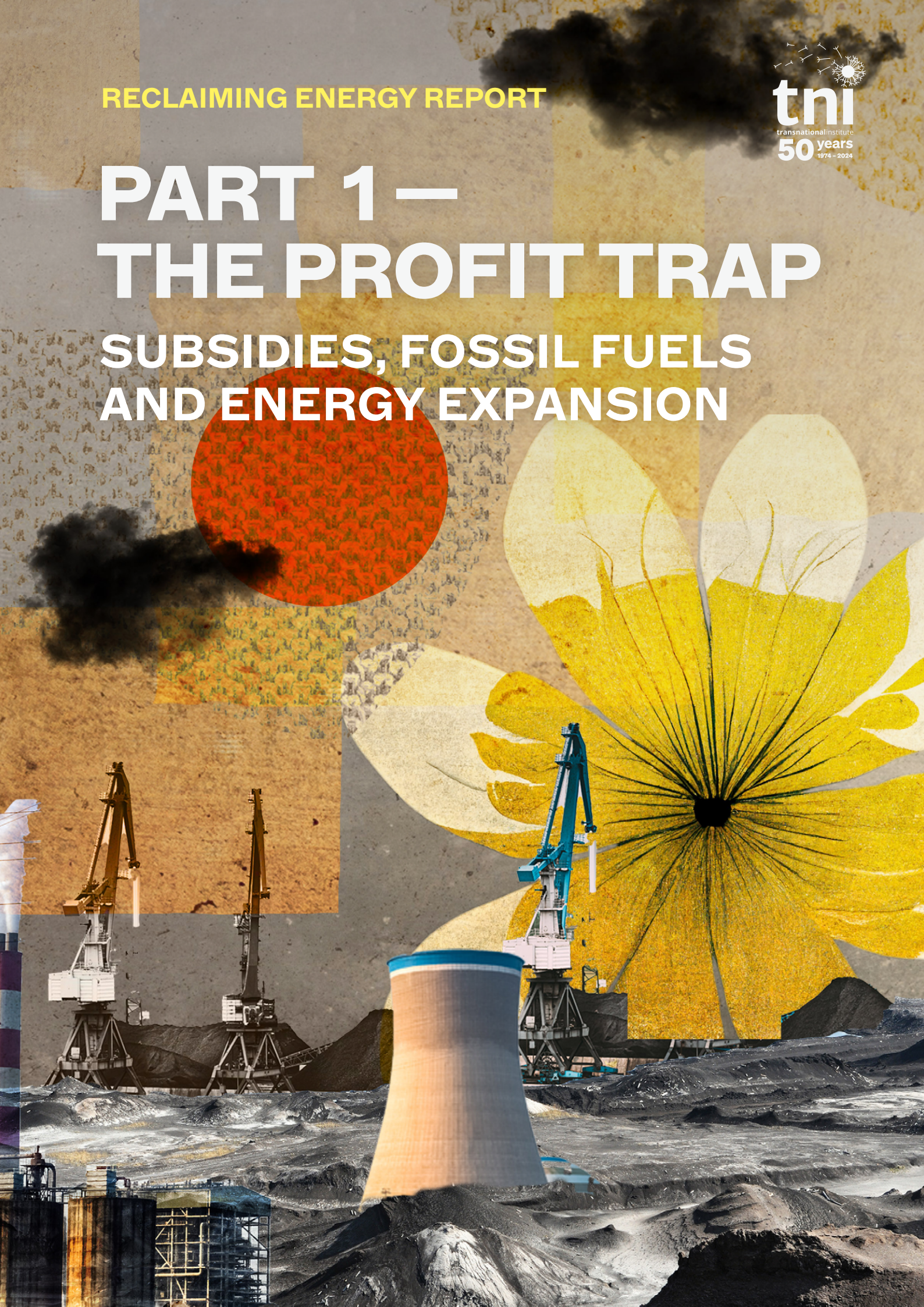
RECLAIMING ENERGY REPORT

tni transnationalinstitute 50 years 1974 – 2024

PART 1 — THE PROFIT TRAP

SUBSIDIES, FOSSIL FUELS AND ENERGY EXPANSION



This is Part 1 of the Reclaiming Energy publication. Read the full report and find out about the other public pathways to break the fossil fuel cycle: tni.org/reclaimingenergy

The Reclaiming Energy report, the third in TNI's Public Power trilogy, aims to unpack key strategies to strengthen energy democracy struggles the world over.

With the climate crisis escalating, labour and environmental justice groups are searching for systemic solutions. These solutions must uproot the logic of private profit, which is keeping energy systems from phasing out fossil fuels and ramping up renewables. Public ownership of energy can be exactly this: an urgent, viable and bold alternative to the failures of profit-driven markets and multinationals.

By employing a decolonial lens, we call for deprivatising and decommodifying public power systems as a condition for shaping pathways towards democratic governance and public–community partnerships across scale and territories. This means approaching the right to clean energy as inseparable from the right to land and resource justice.

Far from a silver bullet, defending and expanding energy as a global public good requires ongoing social struggles towards a sustainable energy sector that is deeply democratic and decolonial by design.

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The Transnational Institute (TNI) is an international research and advocacy institute committed to building a just, democratic and sustainable planet. For 50 years, TNI has served as a unique nexus between social movements, engaged scholars and policy-makers. And for two decades, TNI has been working on public alternatives with a focus on public ownership of energy. The project towards establishing an international Public Power Observatory is embedded in this accumulated knowledge and expertise. **https://www.tni.org/en**

1.0 SUMMARY

Part 1 demonstrates the failures of the dominant market-based energy model. Privatisation, liberalisation and the profit motive are standing in the way of the rapid and equitable energy transition we need. While the renewable energy sector is growing, fossil fuel consumption continues to rise to meet ever-growing energy demand — **we are witnessing an energy expansion, rather than an energy transition.**[1] Meanwhile, millions of people across the world lack access to sufficient energy to meet their basic needs. And fossil fuel companies continue to evade regulation and rake in bumper profits.

Part of the answer is nationalising the fossil fuel industry — this provides the best hope for effective and rapid phase-out of fossil fuels to be achieved. More generally, the role of government must change. At present, governments prop up private firms in the fossil fuels and renewable energy sectors with generous subsidies. Profits are privatised, while risks are socialised.

Instead of acting as market facilitator, governments should instead lead the way through proactive public energy policy. They can do this by establishing democratically accountable and socially controlled public utility firms capable of delivering planned, coordinated and equitable transitions.

1.1 BUSINESS AS USUAL IS FAILING

Our energy system needs a complete overhaul. Today's mainstream policy tools are falling far short of meeting agreed energy transition targets.[2] **A just transition — achieved in the urgent timescales the climate crisis dictates — is currently little more than a pipedream.**

Policy instruments such as carbon pricing, in the form of taxes and emissions trading schemes, are not delivering anything close to a phase-out of fossil fuels. Meanwhile, efforts to ban oil and gas production tend to be focused on future rather than current operations.[3] **Exposing the energy sector to market logic, commonplace among many governments' efforts, has benefited fossil fuel interests, as shown by the steady increase in fossil fuel consumption and production worldwide.**[4] Meanwhile, consumers face

1 Sweeney, S., Treat, J. and Chavez, D. (2021) *Energy Transition or Energy Expansion?* TNI and TUED. Available at: `https://www.tni.org/en/publication/energy-transition-or-energy-expansion` (Accessed: 28 October 2024).

2 Steinfort, L. and Angel, J. (2023) *Energy Transition Mythbusters,* TNI. Available at: `https://www.tni.org/en/publication/energy-transition-mythbusters` (Accessed: 28 October 2024); Chatterjee et al., *'Green' Multinationals Exposed.*

3 This is slowing down the transition as a heavy reliance on gas and coal makes moving to renewables less urgent — despite wind and solar now being the cheapest forms of electricity. This is especially true in high-income countries across the global North which have contributed the most greenhouse gas emissions and benefitted from the resulting high levels of development. They therefore have a historically greater responsibility not only to stop future fossil fuel extraction but also to urgently decommission current fossil fuel production and generation.

4 Ritchie, H. and Rosado, P. (2024) 'Fossil fuels', *Our World in Data.* Available at: `https://ourworldindata.org/fossil-fuels` (Accessed: 13 June 2024).

ever-rising prices. In the European Union, for example, the price consumers pay for electricity generated from renewables is still set by the price of gas, despite it being cheaper per kWh.[5]

For years, the World Bank, International Monetary Fund (IMF) and European Union have been pressuring governments to break up state-owned power utilities, while liberalising and privatising the electricity sector. Across the world, these pro-market policies have met with fierce resistance. Yet, in many cases, they have still been implemented, enabling private energy firms to rake in bumper profits.[6] This comes at the expense of a well-resourced and coordinated power sector with the capacity to cut back on fossil fuels while rolling out clean energy for all. As we showed in *Energy Transition Mythbusters* and *Green Multinationals Exposed,* the first and second reports in TNI's Public Power trilogy, dominant energy policies have enabled big business and private investors to socialise costs and privatise profits, across both renewables and fossil fuel sectors.[7]

These reports demonstrated that, in general, the private sector only invests in solar and wind with the support of public funds, as necessary to secure their profits. What's worse, the results of this private investment are variable.[8] In high-income countries like the United States and countries across Western Europe, governments have been throwing significant amounts of public funds at the private sector, assuming those investments will deliver decarbonisation. Yet major energy companies are working hard to ensure that more profitable fossil fuels remain dominant.[9]

These **wealthy countries are also increasingly trying to outsource the most harmful aspects of the transition to poorer nations, in order to avoid local opposition and cut costs.**[10] This happens across all parts of the supply chain: manufacturing, for instance, is shifted to countries with cheaper labour costs, while assets such as land and minerals are extracted at the cost of devastating ecological consequences and human rights abuses.[11] Middle-income countries, such as China and India, are combining renewables growth with increased fossil fuel consumption to meet increasing energy demand and to power manufacturing of products for global markets.

5 Zakeri, B. et al. (2023) 'The role of natural gas in setting electricity prices in Europe', *Energy Reports,* 10, pp. 2778–2792. Available at: https://doi.org/10.1016/j.egyr.2023.09.069.

6 Hall, D. et al. (2013) *Energy Liberalisation, Privatisation and Public Ownership.* PSIRU. Available at: https://www.world-psi.org/sites/default/files/en_psiru_ppp_final_lux.pdf.

7 Steinfort, Angel, *Energy Transition Mythbusters;* Chatterjee et al., *'Green' Multinationals Exposed.* . Available at: https://www.tni.org/en/publication/green-multinationals-exposed

8 Christophers, B. (2024) *The Price is Wrong: Why capitalism won't save the planet.* London; New York: Verso.

9 Chatterjee et al., *'Green' Multinationals Exposed.*

10 Hamouchene, H. et al. (2023) *Dismantling Green Colonialism: Energy and climate justice in the Arab region.* TNI. Available at: https://www.tni.org/en/publication/dismantling-green-colonialism (Accessed: 29 October 2024).

11 Chatterjee et al., *'Green' Multinationals Exposed*.

Meanwhile, many lower-income countries have been left indebted following pressure from international finance institutions to liberalise their energy systems in return for financial aid and private investment. These countries have been left with little choice but to continue or even escalate fossil fuel production to boost electricity access. Moreover, the poorest countries, who are the least responsible for as well as the most affected by climate change, have typically been unable to attract investors for renewable energy projects, lacking the funds required to secure their profits.[12] While there are, of course, important differences across national contexts, **all over the world, a dominant policy focus on private profit is keeping the world from decarbonising.**

In 2023, renewable energy capacity increased 50 per cent worldwide, making many headlines. This jump is desperately needed. However, this figure hides the fact that CO_2 emissions from burning fossil fuels also increased last year — reaching record levels.[13] **The growth in renewables is unable to keep pace with growing energy demand, meaning that fossil fuels and energy consumption more broadly are still growing in absolute terms.** We are experiencing an energy expansion, rather than an energy transition.[14]

U.N. Secretary-General António Guterres leaves little doubt about the current trajectory, saying that 'present trends are racing our planet down a dead-end 3°C temperature rise'.[15] Moreover, today there are two billion people in energy poverty, with close to 600 million people on the African continent having no electricity access whatsoever.[16] These figures could easily rise, alongside global temperatures and extreme weather events that, in turn, increase demand for household heating and cooling.

12 Sweeney, S. (2023) *Towards a Public Pathway Approach to a Just Energy Transition for the Global South.* TUED. Available at: https://www.tuedglobal.org/working-papers/second-draft-towards-a-public-pathway-approach-to-a-just-energy-transition-for-the-global-south (Accessed: 29 October 2024)

13 NASA (2024) 'Emissions from fossil fuels continue to rise'. Available at: https://earthobservatory.nasa.gov/images/152519/emissions-from-fossil-fuels-continue-to-rise (Accessed: 10 January 2024). & University of Exeter and Stanford Doerr School of Sustainability (2023) *Global carbon emissions from fossil fuels reached record high in 2023.* Available at: https://sustainability.stanford.edu/news/global-carbon-emissions-fossil-fuels-reached-record-high-2023 (Accessed: 19 July 2024).

14 Lovegrove, P. (2023) 'Energy Transition Outlook: Renewables still not replacing fossil fuels in the global energy mix'. Available at: https://www.dnv.com/news/energy-transition-outlook-renewables-still-not-replacing-fossil-fuels-in-the-global-energy-mix-247880/ (Accessed: 19 July 2024).

15 Carrington, D. (2023) 'World facing "hellish" 3C of climate heating, UN warns before Cop28', *The Guardian,* 20 November. Available at: https://www.theguardian.com/environment/2023/nov/20/world-facing-hellish-3c-of-climate-heating-un-warns-before-cop28 (Accessed: 28 October 2024).

16 ENPOR (no date) 'Energy poverty'. Available at: https://enpor.eu/energy-poverty (Accessed: 19 July 2024); & Galal, S. (2024) *Population without access to electricity in sub-Saharan Africa from 2000 to 2021, Statista.* Statista. Available at: https://www.statista.com/statistics/1221698/population-without-access-to-electricity-in-africa/ (Accessed: 19 July 2024).

COUNTRY CASE

UNDER THE GUISE OF PRIVATISATION, TUNISIA EXPERIENCES GREEN COLONIALISM

After 60 years of public ownership through STEG (Société tunisienne de l'électricité et du gaz), Tunisia's energy sector is now being slowly privatised. **Since the nationalisation of energy in 1962, six years after independence, STEG increased the country's rate of electrification from 21 per cent in 1962 to 99.8 per cent in 2016.**[17, 18] However, seeking to foster the transition to renewable energy, the Tunisian government has embarked on a liberalisation programme, offering market share to private investors through independent power purchase schemes.

The government's plan has been ardently criticised by Tunisian trade unions and their international partners, who are raising awareness of the dangers of privatisation, refusing to connect private power plants to the national grid, and organising nationwide strikes and protests. Trade unionists from the energy sector have created the Working Group for Energy Democracy, an initiative oriented around supporting workers' struggles. The goal is to link workers with civil society and communities to build a coalition capable of stopping the wave of liberalisation and winning a public and democratic energy model.

THE ENERGY SECTOR IN TUNISIA

The energy sector in Tunisia is still largely under the control of the national energy company, STEG, which controls 92.1 per cent of installed power production capacity and produces 83.5 per cent of the country's electricity.[19] STEG was created in 1962 to harmonise Tunisia's electricity and gas sectors. Before its creation, the sector was fragmented and dominated by seven companies. With nationalisation, the government wanted to entrust the production, transmission and distribution of electricity and gas to a single public body to increase efficiency, coordination and energy access.

However, despite this considerable progress, the country's energy sector is largely dependent on natural gas and other fossil fuels for power generation. In 2021, 97 per cent of the country's energy was produced from fossil fuels and only 3 per cent from renewable sources.[20] **Tunisia is very dependent on other countries and their natural resources. In 2021, it imported 45 per cent of the natural gas used for energy production from Algeria.**

17 STEG (2023) 'History'. Available at: https://www.steg.com.tn/en/institutionnel/historique.html (Accessed: 29 October 2024).

18 Ben Rouine, C. and Roche, R. (2022) *'Renewable' energy in Tunisia: an unfair transition,* TNI, 31 March. Available at: https://longreads.tni.org/renewable-energy-in-tunisia. (Accessed: 30 October 2024).

19 United States Department of Commerce (2022) 'Tunisia – Country Trade Guide', 30 July. Available at: https://www.trade.gov/country-commercial-guides/tunisia-electrical-power-systems-and-renewable-energy. (Accessed: 29 October 2024).

20 United States Department of Commerce, 'Tunisia — Country Trade Guide'.

In order to move towards renewable energy, the government's 2015 'Solar Plan' committed to increasing the share of renewable energy sources to 30 per cent by 2030. This target was raised to 35 per cent in June 2022.[21] Since 2010, energy consumption has grown by 1.4 per cent per year faster than energy capacity. But instead of building a just transition, Tunisia's renewable energy policies are based on serving investors' desire for profit rather than meeting social and environmental needs.[22]

CREEPING PRIVATISATION, INCREASING FOREIGN DEPENDENCY

To initiate a transition to renewable energy, in 2013, the Tunisian government began to turn to the private sector, arguing that STEG did not have sufficient financial means to promote the transition.The 2013 Law on the production of electricity from renewable energy sources by the private sector was heavily influenced by lobbying by foreign organisations and international financial institutions.[23] **A core player was the German Development Agency GIZ, which has become a major decision-maker in Tunisian energy transition policy.** GIZ's various activities are centred around conducting research and preparing recommendations for the development of legislation with the goal of enhancing the development of privatised renewable energy, under the pretence of supporting the country's green energy transition.[24]

However, as the Tunisian Observatory of the Economy highlights, GIZ's involvement will primarily benefit the global North. Several private renewable energy generation projects focus on the export of energy through underwater cables, rather than producing energy for local use.[25] This benefits governments in Europe, who can continue to extract natural resources, including solar energy, from Tunisia and its neighbours. **Ultimately, the renewables initiatives that international institutions and actors such as GIZ have promoted do not serve to enhance energy sovereignty in Tunisia but, rather, reinforce green energy colonialism.**

The government's 2013 plans for fostering renewable energy development through privatisation were met with heavy opposition from the Tunisian General Labour Union (UGTT).[26] The union requested that the legislation should be blocked, due to a lack of consultation with social partners, including unions, in the drafting process. The government's National Constituent Assembly

21 Barghouth, A., Bernard, V. and McClenny, I. (2021) *Beyond Poles and Wires: Emerging trends in Tunisia's energy sector.* RTI international. Available at: https://www.rti.org/insights/tunisia-energy-sector. (Accessed: 30 October 2024).

22 Ben Rouine and Roche, *'Renewable' energy in Tunisia: an unfair transition.*

23 Ben Ammar, I. (2022) *Towards a Just Energy Transition in Tunisia.* TNI, 6 December. Available at: https://www.tni.org/en/publication/towards-a-just-energy-transition-in-tunisia (Accessed: 30 October 2024).

24 German-Tunisian Energy Partnership (2023) Home Page. Available at: https://www.energy-partnership-tunisia.org/. (Accessed: 30 October 2024).

25 Ben Ammar, *Towards a Just Energy Transition in Tunisia.*

26 Cherni, M. (2014) 'Tunisian unions block privatisation of renewable energy'. PSI. Available at: https://www.world-psi.org/en/tunisian-unions-block-privatisation-renewable-energy. (Accessed: 30 October 2024).

followed the union's recommendation, creating a space for the Energy Commission and UGTT to meet and discuss the union's arguments against privatisation. Following the presentation of UGTT's arguments, the project was shelved, and STEG remained the main body for energy development — at least, for a little while longer.

In 2015, however, two new pieces of legislation (the 2015 Solar Plan and Law 12-2015) were introduced to promote private sector involvement in the energy sector. This time, these laws were successful. The Solar Plan sought to mobilise around €8 billion of investment between 2015 and 2030, two-thirds of which the government hoped to procure from private sources, predominantly foreign.[27] **While promoting a neoliberal, undemocratic and private ownership structure for renewable energy, this plan reinforces and recreates dependencies on foreign investment and technology, diminishing the role of Tunisian civil society and local businesses in the country's energy transition.** This import-based strategy relies on drawing in knowledge in the form of technologies, equipment and patents from Northern countries to facilitate the transition to renewable energy. This exacerbates the country's dependency by increasing external debt and reinforcing the North–South extractive power dynamic. The plan facilitates an economic model driven by foreign investment, which leads to higher costs as loans, interest charges and private profits are eventually paid for by public money and the Tunisian population.

In addition, Law 12-2015 allows the use of agricultural land for renewable energy projects, an infringement of the Tunisian people's land rights and food sovereignty.[28] Tunisia already suffers from severe dependence on imported food, which the privatisation and reallocation of agricultural land only exacerbates.

The 2015 laws also reduced public subsidies for STEG. The updated subsidy policy decoupled STEG's operations from the government budget, making the state-owned company solely financially responsible for the purchase of gas. This decision led to the financial ruin of the company, as STEG relied on state subsidies to cover the difference between the cost of energy production and distribution and the electricity prices set by the state.[29] **This disastrous policy remained in place for five years, until massive mobilisations by the country's trade unions forced the government to reimburse STEG for losses incurred in 2018.**

The government endeavoured to continue its privatisation programme by publishing a model power purchase agreement in early 2017, and then announcing the establishment of the country's first renewable energy independent power producers (IPPs) in the second half of this year. A total of 29 solar projects (24 10MW solar projects, two 50MW solar projects, two 100MW solar projects

27 Ben Rouin and Roche, *'Renewable' energy in Tunisia: an unfair transition.*

28 Ben Ammar, *Towards a Just Energy Transition in Tunisia.*

29 Benammar, I. (2022) 'Tunisia's struggle for energy democracy', *Red Pepper,* 21 November `https://www.redpepper.org.uk/tunisia-renewable-energy-imf-trade-union-strike.` (Accessed: 30 October 2024).

and one 200MW project) and four wind projects (30MW) have been awarded to private companies. Of the projects launched between 2017 and 2019, half include joint ventures with foreign and Tunisian companies, while only four are exclusively led by Tunisian companies. Five projects are owned by French companies and three by German companies, reinforcing colonial power structures and excluding local companies and expertise.

In addition to increasing dependency, the reforms of the Tunisian energy sector do not provide the state with the necessary tools to remedy the negative effects of privatisation and to ensure the protection of citizens' interests.[30] **These reforms give the government limited control and oversight mechanisms to prevent 'green grabbing'.** Local communities and civil society are given little information on public–private partnership proposals and are excluded from policy discussions. What's more, there are no provisions for the right to compensation for communities affected by private energy projects.

FIGHTING AGAINST PRIVATISATION

In 2019 and 2020, UGTT launched public awareness campaigns to highlight the dangers of privatisation, including opposing the renewal of the 20-year power purchase agreement between STEG and the private Carthage Power Company.[31, 32] In March 2020, the unions decided not to connect private renewable energy plants to the national grid.[33] This received international attention and support from other trade union organisations such as the global confederation TUED (Trade Unions for Energy Democracy) and the French confederation CGT (Confédération Générale du Travail).

After a successful campaign, the contract extension scheduled for May 2022 failed to materialise and the 471 MW combined cycle power plant became the property of STEG. **The public take-over was an important victory in the struggle for a democratically controlled and state-owned energy sector in Tunisia.**

WORKING GROUP FOR ENERGY DEMOCRACY TUNISIA

In December 2022, the Working Group for Energy Democracy published a report analysing Tunisia's current energy trajectory and presenting an alternative public and democratic model for a just transition.[34] The report highlights several changes needed to break with Tunisia's extractive energy model and to move to a new model based on cooperation and energy as a shared public good rather than a privatised commodity.

The main features of this proposed new energy model are: the politicisation of access to energy, the re-establishment of collective energy production systems,

30 Ben Rouine and Roche, *Renewable' energy in Tunisia: an unfair transition.*
31 United States Department of Commerce, 'Tunisia — Country Commercial Guide'.
32 An interview with a trade unionist on 1 October 2023 revealed that UGTT's opposition to the renewal of the agreement was expressed in a study it conducted for the public authorities.
33 Benammar, *Tunisia's struggle for energy democracy.*
34 Ben Ammar, *Towards a just energy transition in Tunisia.*

the reduction of dependency on fossil fuels, and a focus on Tunisian companies to reduce imports and foreign dependencies. The model defined by the Working Group is based on the participation of citizens, trade unions and workers, as well as the inclusion of local groups and cooperatives in energy production. Finally, to achieve a just energy transition, **the report stresses the importance of building alliances within civil society and public–public partnerships that strengthen energy sovereignty and reduce foreign influence — all to achieve a transition that benefits the Tunisian people.**

1.2 PRIVATISATION AND MARKETISATION MEAN PROFIT OVER PEOPLE

Privatisation and liberalisation policies are at the heart of the current energy system's dangerous shortcomings. In this section, we will explain how electricity privatisation and marketisation have resulted in higher tariffs for consumers alongside growing levels of inequality and energy poverty, job cuts and worsening labour conditions, and a downfall in public investments. These consequences have, in turn, chipped away at the human, financial and technological resources of public utilities and governments — resources that are urgently needed for the transition.

The dismantling of public electricity utilities has been happening worldwide to varying degrees. The consequences have been particularly severe for the poor populations of low-income and former colonised countries. Moreover, across the board, market pressures and policies have also reduced the capacities of many power utilities to effectively execute a transition to renewables.

BOX 1.1

OUTRIGHT PRIVATISATION, PUBLIC–PRIVATE PARTNERSHIPS, MARKETISATION AND UNBUNDLING

We speak of outright privatisation when a government entity, operation or property is sold off to the private sector. Public–private partnerships can also be understood as a type of privatisation, although these often take the form of time-bound concessions.

Marketisation is a process where public companies, such as electricity utilities, remain state-owned but are required to behave like for-profit entities by prioritising cost recovery, attracting private investment, and cutting labour costs.[35] It is not uncommon for marketisation to open the

35 Sweeney, S. (2023) *Towards a Public Pathway Approach to a Just Energy Transition for the Global South.* TUED. p. 26. Available at: `https://www.tuedglobal.org/working-papers/second-draft-towards-a-public-pathway-approach-to-a-just-energy-transition-for-the-global-south` (Accessed: 29 October 2024).

door to privatisation. However, although marketisation may precede privatisation, these pro-private sector policies can also happen in parallel.

In the energy sector, this process is often accompanied by 'unbundling' electricity. This means separating the generation, transmission, distribution and supply operations that were previously all part of the same vertically integrated utility. The concept of a 'vertically integrated utility' simply means that electricity planning, governance and implementation all happen under one roof, with the benefit that operations can be cross-subsidised. By breaking up the electricity value chain, each operation is forced to break even or even become a profitable operation in its own right, regardless of whether either is actually viable, considering the need for universal coverage at affordable rates.

Until the early 1990s, the power production systems in many countries of the global South were publicly funded and owned. As part of post-colonial nation building, low-interest concessionary loans from development finance institutions were one of the main forms of finance available to build national electricity utilities and for electrification. At the time, power was regarded as a public good that was crucial to enable economic development and improve people's living standards. In order to expand and connect people to the grid, utilities had to plan ahead to increase generation, transmission and distribution capacities to match rising demand. However, market advocates framed this as over-production, as it called for generating more than 'the market' required.[36]

Instead of increasing the capacities of a national utility to allow more communities to be connected to the grid, the neoliberal mantra was that electricity utilities had to slim down, reducing their costs and capacities in order for a more efficient private sector to take over some of its functions. The focus became 'full cost recovery' in order for utilities to be competitive with the private sector. This meant that user bills increased and jobs were cut with the aim of covering all operational costs and becoming a profitable enterprise, sooner or later making it a target for full-fledged privatisation. But **with often only a limited proportion of the population having access to electricity, connecting people to the grid was a core development need requiring investment that could not be 'recovered'.** Indeed, grid expansion towards universal coverage had already taken place in many global North countries.[37]

As cost recovery was not feasible, many electricity utilities were declared financially unviable and perceived (if not framed) as corrupt, bloated, and inefficient. From the 1990s, the International Monetary Fund and the World Bank

36 Sweeney, *Towards a Public Pathway Approach to a Just Energy Transition for the Global South.*
37 Sweeney, *Towards a Public Pathway Approach to a Just Energy Transition for the Global South.*

started to prescribe 'market reforms' — basically a roadmap for privatisation. Post-colonial and other impoverished countries that were in financial distress had to commit to these reforms to receive financial support. The pressure was immense. **Governments would only receive international assistance when they agreed to break up energy utilities into separate generation, transmission, distribution and retail entities and create an electricity market.**[38] These conditions increasingly enabled private power producers to enter the market and start profiting.

Market reforms generally resulted in marketisation: a process where utilities lose their status as a publicly owned and mandated monopoly. In name, energy utilities remain state-owned but in practice, they are repurposed as for-profit companies that have to attract and prop up private investment as well as maximise cost recovery by increasing bills and reducing labour costs. **Although the alleged purpose was increasing efficiency, a researcher at the University of Cambridge who assessed electricity network losses in more than 90 countries worldwide between 1982 and 2008, concludes that the opposite has materialised: with the introduction of private actors in the form of independent power producers (IPPs), network losses increased.**[39] Private sector participation, in sum, reduces the productive efficiency of a country's energy sector.

Marketisation contributed to the 'death spiral' of many state-owned utilities. From South Africa to Tunisia to Mexico, as detailed in case studies discussed in this report, utilities were explicitly discouraged from investing in renewable energy capacity. Instead, private investors, often in the shape of IPPs, were expected to step in. In general, these private investments failed to materialise without significant public support. Ample government subsidies have been required to attract and de-risk private finance. For example, utilities have to buy the power produced by these IPPs, at a price that guarantees a profit for the company, regardless of whether this electricity is actually consumed. This dynamic is not only severely undermining the economic viability of energy utilities, it also poses an obstacle to planning investments to expand generation and grid capacity, slowing down national electrification programmes.

India's experience shows the impact of privatisation and marketisation on the energy transition and society more broadly. Following two decades of market reform, IPPs currently generate over half of India's electricity.[40] But as State Electricity Boards and the public transmission and distribution enterprises had to take on the debt required to secure the profits of the private generators, many became seriously indebted. Some proponents of 'reform' argued these distribution companies should be privatised and stop providing free electricity

38 Sweeney, Towards a Public Pathway Approach to a Just Energy Transition for the Global South.

39 Erdogdu, E. (2011) *What Happened to Efficiency in Electricity Industries After Reforms?* Available at: `https://mpra.ub.uni-muenchen.de/32483/1/MPRA_paper_32483.pdf` (Accessed: 30 October 2024).

40 Sweeney, *Towards a Public Pathway Approach to a Just Energy Transition for the Global South.*

to poorer, often rural, residents.[41] According to research from Stanford University, power privatisation has slowed down the national plan to electrify the rural parts of the country, originally set to be achieved in 2007.[42] But instead of questioning how private profits are undermining public provision, public utilities' debts are being used to push for more privatisation, putting a comprehensive and pro-public energy transition even further at risk.

By now, even the World Bank has acknowledged that universal electrification cannot be achieved on the basis of purely commercial incentives.[43] **International financial institutions must allow vertically integrated utilities to be restored and provide struggling public power utilities, especially in the global South, with concessionary, low-interest loans.** This is imperative in the struggle to throw out private profiteers, reverse marketisation and rebuild the public capacity required to provide universal and clean electrification.

1.3 FOSSIL FUEL PROFITS AND PUBLIC FUNDS

The common narrative is that privatisation will create competition, which will in turn ensure cheaper prices for consumers. In the context of the energy transition, the argument is that competition will encourage companies to be the first to decarbonise. The reality is very different.

Fossil fuel companies are known for their heavy reliance on government subsidies. The IMF reported that in 2022, fossil fuel subsidies surged to a record $7 trillion.[44] While some of these subsidies are meant to keep consumer bills affordable, this is still tax money going to polluters. These subsidies prove that energy giants need to be propped up by public funds to render profits. This locks taxpayers' funds into climate-wrecking business models instead of using public resources to develop vital renewable energy infrastructure and reduce energy bills.

Subsidies have undermined competition and fostered corporate concentration. Between 2015 and 2020, over 500 oil and gas companies filed for bankruptcy in North America.[45] In response, fossil fuel companies are joining forces and buying each other up, as evidenced by the unprecedented US mergers and

41 Sweeney, *Towards a Public Pathway Approach to a Just Energy Transition for the Global South.*

42 Lamb, P. (2006) *Indian Electricity Market: Country Study and Investment Context,* Program on Energy and Sustainable Development Working Paper #48. Available at: `http://pesd.fsi.stanford.edu/publications/india_ipps` (Accessed: 25 July 2024).

43 Foster, V and Rana, A. 2020. *Rethinking Power Sector Reform in the Developing World.* Washington, DC: World Bank. Available at `https://doi.org/10.1596/978-1-4648-1442-6` (Accessed: 30 October 2024).

44 Black, S., Parry, I. and Vernon-Lin, N. (2023) 'Fossil fuel subsidies surged to record $7 trillion', IMF, 24 August. Available at: `https://www.imf.org/en/Blogs/Articles/2023/08/24/fossil-fuel-subsidies-surged-to-record-7-trillion.` (Accessed: 30 October 2024).

45 Dooley, K. (2021) 'Over 100 oil and gas companies went bankrupt in 2020', OGV. Available at: `https://www.ogv.energy/news-item/over-100-oil-and-gas-companies-went-bankrupt-in-2020` (Accessed: 22 July 2024).

acquisitions market in 2021, with a record $2.9 trillion in transactions.[46] As fewer and bigger fossil fuel giants dominate the industry, it's more accurate to speak of an oligopoly. The European Union provides an apt example. Electricity generation and supply were separated to create European electricity markets. Yet, after decades of increased liberalisation, European electricity companies are selling the energy they generate back to themselves, basically bypassing the market price.[47] European energy firms, meanwhile, are manipulating prices by delaying energy sales, increasing wholesale prices, and raking in higher profits.[48]

Even a pro-market scholar like Michael G. Pollitt has acknowledged that the establishment and design of energy markets are 'first and foremost a result of what market participants have wanted'.[49] **In other words, energy markets are not working — except for enabling private and corporatised companies to maximise return on investment.**

Fundamentally, it does not make sense to build a market around a natural monopoly, such as energy. Energy utilities are best understood as 'natural monopolies' because their physical infrastructure — from generating assets to cables, pipelines and wires — requires lots of upfront costs that make competition challenging.[50] **Several companies competing against each other on the same grid undermines possibilities for coordination, making decarbonisation more difficult.** Besides, competing firms are ill-equipped to incorporate social and environmental 'externalities' and make the kinds of changes needed to address the climate crisis.

A growing number of academics and policy advisers acknowledge that an integrated, accountable and fully public utility is much better positioned to plan, maintain and operate the grid and meet the challenges of the worsening energy crisis and faltering transition. In many instances, the state has a leading role to play to ensure that such infrastructure is developed with proper accountability. **Democratic public ownership can be understood as a way of redistributing the costs of decarbonisation more equally in society, as any revenue made can be invested back into advancing universal access to clean public energy — instead of going towards shareholder profit.**

46 Sekhon, V. (2022) '2022 Emerging trends in U.S. mergers and acquisitions', Wolters Kluwer. Available at: https://www.wolterskluwer.com/en/expert-insights/2022-trends-in-us-mergers-and-acquisitions (Accessed: 22 July 2024). & Stevens, N. (2021) '2021 was a blowout year for M&A – 2022 could be even bigger', KPMG. Available at: https://kpmg.com/dp/en/home/insights/2021/12/blowout-year-global-ma.html (Accessed: 22 July 2024).

47 Thomas, S. (2022) *European Commission response to the energy crisis of 2022.* PSIRU, University of Greenwich. Available at: *https://gala.gre.ac.uk/id/eprint/37893/7/37893_THOMAS_European_Commission_response_to_the_ebergy_crisis_of_2022.pdf*.

48 Chatterjee et al., *'Green' Multinationals Exposed.*

49 Pollitt, M. (2022) *The Energy Market in Time of War.* Centre of Regulation in Europe, Brussels and Energy Policy Research Group, University of Cambridge. Available at: https://cerre.eu/wp-content/uploads/2022/09/The-War-Economy-and-Energy-CERRE_edited-TC_2AM-PDF.pdf.

50 'Mandate Versus Movement: State Public Service Commissions and Their Evolving Power Over Our Energy Sources, Chapter Four' (2022) *Harvard Law Review,* 135(6). Available at: https://harvard-lawreview.org/print/vol-135/mandate-versus-movement/.

COUNTRY CASE

DEMOCRATISING ESKOM IN SOUTH AFRICA

Plagued by blackouts and high energy prices, South Africa's energy sector is on the verge of being privatised by President Cyril Ramaphosa.[51] Once a global leader in the supply of affordable energy, the state-owned public utility company Eskom has been severely weakened by decades of commercialisation, culminating in the adoption of the full cost recovery model, which forced it to operate on the same basis as any other private company.[52] Corruption has exacerbated the financial and operational challenges facing the energy utility. Operating at only 55 per cent of its 46,000 MW production capacity, Eskom falls short of supplying South African citizens with reliable energy and frequently has to resort to load shedding i.e. planned rolling blackouts.[53] The utility's dependence on coal for over 80 per cent of its energy production and its limited investments in renewables have halted South Africa's energy transition for decades.[54] **Eskom has become a corporatised energy provider that prioritises maximising energy sales over ensuring that South African residents have access to this essential service.** The utility is now being unbundled to allow for greater private sector involvement in energy generation, and to expand the liberalisation of the energy sector.

The resulting structure nurtures corruption and mismanagement — particularly through the outsourcing of key aspects of operations and maintenance. A lack of transparency and public participation prevents effective monitoring and public accountability. President Ramaphosa is now turning again to private investors in search of a solution to Eskom's reduced operating capacity and its inability to pay over 480 billion rand of debt (€27.1 billion).[55, 56] In 2022, the president announced that the country is increasing the pace of energy privatisation. Hence, by 2024, it was decided that National Transmission Company of South Africa will be the new private entity and will buy electricity from independent power producers[57]— the assumption being that this will lead to a private sector roll-out of new renewable energy infrastructure as well as an increase in energy security.

51 South African Federation of Trade Unions (2022) 'Privatisation of energy provision accelerated', 26 July. Available at: https://saftu.org.za/archives/6394 (Accessed: 22 July 2024).

52 Robbins, P. et al. (2024) *Who Owns Power in the Energy Transition.* TNI. Available at: https://www.tni.org/en/publication/who-owns-power-in-the-energy-transition (Accessed: 13 September 2024).

53 Mukherjee, P. (2022) 'Focus: Pandemic, war and "crazy" prices threaten South African pivot from coal', *Reuters,* 21 July. Available at: https://www.reuters.com/business/energy/pandemic-war-crazy-prices-menace-south-african-pivot-coal-2022-07-21/ (Accessed: 22 July 2024).

54 Reuters (2022) 'South Africa's Eskom makes progress on renewable energy transition', 15 October. Available at: https://www.reuters.com/world/africa/safricas-eskom-makes-progress-renewable-energy-transition-2022-10-15/ (Accessed: 22 July 2024).

55 Mid-market rate conversion, 1 ZAR = 0.0566 EUR, 17 October 2022.

56 Baigrie, B. (2020) 'Only a public pathway for electricity supply can meet the climate crisis challenge (Part 3)', *Daily Maverick.* Available at: https://www.dailymaverick.co.za/article/2020-07-30-only-a-public-pathway-for-electricity-supply-can-meet-the-climate-crisis-challenge-part-3/ (Accessed: 22 July 2024).

57 Banda, M. (2024) 'Unbundling of Eskom one stage closer with transfer of control over IPPs', *Daily Maverick,* 4 April. Available at: https://www.dailymaverick.co.za/article/2024-04-04-unbundling-of-eskom-one-stage-closer-with-transfer-of-control-over-independent-power-producers (Accessed: 22 July 2024).

THE COMMERCIALISATION OF ESKOM

Formed in 1923 as a public service and not-for-profit utility, Eskom was legally mandated to provide electricity at cost price and to ensure all projects including new generation were in the public benefit. It became known for providing the world's cheapest electricity to South Africa's white minority.[58] The low prices were in part due to the racist policies underpinning service delivery.[59] **Indeed, racism permeated through the whole organisation, with the majority of jobs and coal contracts going to white workers and white-owned firms.[60] Under apartheid, the company refused to provide electricity to townships or rural areas where the majority of the black population was forced to live.**

In 1989, amid the national process that would abolish apartheid, Eskom launched their 'Electricity for All' slogan, with the stated intent to improve access to electricity for black South Africans.[61] Yet this did very little to alleviate energy inequality across the country, with sub-par overhead energy installations being used instead of the higher-end infrastructure used to provide electricity to the white minority.[62] **Racist discrimination in service delivery has continued to the present day, with mass disconnections in black small towns and neighbourhoods carried out during the COVID-19 pandemic, in areas where many people were struggling to pay their energy bills.**[63]

That said, post-Apartheid, the ANC government directed Eskom to spearhead impressive progress in advancing electrification across the country, and electrification increased from 31 per cent of the population in 1994 to 66 per cent in 1999[64] and 85 per cent in 2021.[65] However, this advance came alongside an explicit commercialisation agenda. In 1987, Eskom's not-for-profit status was removed, and the state-owned utility was required to raise capital commercially. The Eskom Amendment Act of 1998 started by transforming the utility into a limited liability company with share capital and largely repealing its tax-exempt

58 Rudin, J., Sweeney, S. and Ashley, B. (2022) 'What to do with Eskom? Going beyond and behind the seemingly obvious solutions', *Daily Maverick,* 17 July https://www.dailymaverick.co.za/article/2022-07-17-what-to-do-with-eskom-going-beyond-and-behind-the-seemingly-obvious-solutions. (Accessed: 30 October 2024).

59 Selincourt, K. (1991) 'South Africa takes the apartheid out of power: Although more than half the electricity generated in all Africa is produced in South Africa, most of the country's black people have no power supply. But things are changing', *New Scientist,* 7 September. Available at: https://archive.ph/ZyBAs#selection-719.0-719.220. (Accessed: 30 October 2024).

60 Robbins et al., *Who Owns Power in the Energy Transition.*

61 Eskom (2021) 'The years of expansion and change — "Electricity for all"'. Available at: https://www.eskom.co.za/heritage/history-in-decades/eskom-1983-1992/ (Accessed: 22 July 2024).

62 Selincourt, K. (1991) 'South Africa takes the apartheid out of power'.

63 Rempel, A.M. (2023) *Leaving Fossil Fuels Underground in South Africa: From a climate debt to an unsettled stranded asset debt.* PhD Thesis. University of Amsterdam. Available at: https://pure.uva.nl/ws/files/108548329/Thesis.pdf (Accessed: 30 October 2024).

64 Department Minerals and Energy (DME), Republic of South Africa (2001) *National Electrification Programme (NEP) 1994-1999, Summary Evaluation Report.* Pretoria: DME. Available at: https://www.gov.za/sites/default/files/gcis_document/201409/nepelectrificationprog0.pdf. (Accessed: 30 October 2024).

65 Robbins et al., *Who Owns Power in the Energy Transition.*

status.[66] Although the state remained the sole shareholder, the Act explicitly stated a desire to privatise the utility. Privatisation plans did not materialise in the 1990s, but the corporatisation process was completed with the Eskom Conversion Act of 2001. **Eskom was converted into a public company with a profit motive and share capital, with the ultimate goal of being listed on the stock exchange.**

The Eskom Amendment Act was contained within the 1998 White Paper on Energy Policy. It laid the foundation for both the commercialisation of Eskom in line with the World Bank's policies, and the unbundling and load shedding taking place today. A five-year moratorium was placed on Eskom investing in any new generation capacity, as the private sector was expected to come on board. Yet private investment remained absent from South Africa's energy sector, as Eskom's tariffs were too low for profit-driven companies. Despite warnings from Eskom as early as 1998 that the country was not producing enough energy, the government failed to amend the moratorium.[67] In 2007, the consequences of relying on the private sector to solve the country's energy production capacity shortage were felt nationwide. The state was forced to introduce load shedding to ration energy, with drastic consequences: households were left in the dark for up to eight hours a day due to rolling blackouts, industries had to cease production and hospital care was severely affected. By early 2008, the government called the crisis a 'national emergency'.[68]

Under pressure to address this emergency, the national government created an additional crisis in 2008 by investing in the construction of two coal-fired power plants.[69] Large amounts of public money were invested in contracting private multinational companies including Alstom (a French multinational) and Hitachi (a Japanese multinational). Alstom's contract for the second power plant alone amounted to over €1.3 billion — money that could have been invested in renewable energy. At the same time, corruption and mismanagement took their toll on Eskom's operations. Deals were made under pressure from then-President Zuma, which led to the use of inferior coal, causing damage and disruptions to the plants.[70] In November 2014, load shedding was reintroduced, and regular blackouts are still the norm today.[71]

66 Van Niekerk, S. (2021) 'A brief history of Eskom — 1923–2015'. Available at: https://aidc.org.za/a-brief-history-of-eskom-1923-2015. (Accessed: 30 October 2024).

67 Robbins et al., *Who Owns Power in the Energy Transition.*

68 South African Government, cited in Power-technology.com (2008) 'South Africa's power crisis: the final score'. 30 March. Available at: https://www.power-technology.com/features/feature1682 (Accessed: 30 October 2024).

69 Crompton, R. (2019) 'Explainer: why South Africa's energy generator is in so much trouble', *The Conversation,* 10 February. Available at: https://theconversation.com/explainer-why-south-africas-energy-generator-is-in-so-much-trouble-111510 (Accessed: 30 October 2024).

70 Hemson, D. (2021) 'Eskom: Textbook electricity generation failure', *New Frame,* 2 December. Formerly available at: https://www.newframe.com/eskom-a-textbook-of-electricity-generation-failure. [The platform closed down in 2022.]

71 *Mining Weekly* (2022) 'Loadshedding escalates to Stage 4 until further notice', 18 October. Available at: https://www.miningweekly.com/article/loadshedding-escalates-to-stage-4-until-further-notice-2022-10-18 (Accessed: 30 October 2024).

The fateful decision to invest in two new coal plants was among the leading causes of the escalation of Eskom's debt and kickstarted the utility's so-called 'death spiral'. To finance the construction of the plants, Eskom took out large loans from the World Bank. By 2019, South Africa's debt to the World Bank had more than doubled, as foreign currency had been flowing out of the country and the rand began to lose value. With increasing fees and interest rates, it may take another 80 years to repay this loan.[72] A large share of Eskom's debt is owed to international private debtors, as over 50 per cent of the utility's debt was sold to the private sector in 2019.[73] Due to unfavourable exchange rates, the real value of Eskom's loans is much higher than a loan in national currency would be, hindering the utility from making progress in repaying its debt.

Eskom's mismanagement is compounded by its role in the creation of dire health and environmental consequences for many South Africans, due to the deadly levels of pollution the company produces. In 2018, Eskom was found to produce higher levels of NO_2 in South Africa than that experienced anywhere else in the world. The situation is particularly severe in the Mpumalanga region, where there are several coal energy generators[74] and where nine-tenths of the population are black.[75] Despite this one site affecting 10,000 people a day, Eskom's political power has enabled it to continue to fail to address the air quality crisis.[76] **A 2021 study by the Centre for Clean Air found Eskom to be the biggest polluter in the world, emitting more SO2 than the US and China combined.**[77]

PRIVATISING RENEWABLES

To address the power irregularities and insufficient production capacity, in 2011 the Department of Energy launched the Renewable Energy Independent Power Producer Procurement Programme (REI4P). The aim was to procure renewable energy from the private sector. Through the programme, private investors submit proposals for the development of renewable energy capacity in separate bidding windows. The first four bidding rounds, between 2011 and 2015, saw proposals for an additional 6,327 MW capacity accepted — yet most of this will only be completed after 2024, meaning no progress in easing the country's pressing energy shortage until then. **While REI4P is viewed as a tool to solve load**

72 Ashley, B., Chavez, D., Forslund, D., Sweeney, S. and Van Niekerk, S. (2020) *Eskom Transformed: Achieving a just energy transition for South Africa.* Cape Town, New York and Amsterdam: AIDC, TNI and TUED https://aidc.org.za/wp-content/uploads/2020/07/Eskom-Transformed-Full-Report.pdf (Accessed: 30 October 2024).

73 Ashley, et al., *Eskom Transformed: Achieving a just energy transition for South Africa.*

74 Mahlangu, T. (2018) 'The world's deadliest air pollution hotspot Is in South Africa', *Global Citizen,* 1 November. Available at: https://www.globalcitizen.org/en/content/deadliest-air-pollution-hotspot-south-africa (Accessed: 30 October 2024).

75 The editors of Encyclopedia Britannica. (2024) 'Mpumalanga', *Britannica,* 7 February. Available at: https://www.britannica.com/place/Mpumalanga (Accessed: 30 October 2024).

76 Rempel, *Leaving Fossil Fuels Underground in South Africa.*

77 Myllyvirta, L. (2021) 'Eskom is now the world's most polluting power company', Centre for Research on Energy and Clean Air. Available at: https://energyandcleanair.org/wp/wp-content/uploads/2021/10/Eskom-is-now-the-worlds-most-polluting-power-company.pdf (Accessed: 30 October 2024).

shedding, the country's reliance on independent power producers has led to price increases, reduced transparency and a further deterioration in Eskom's financial situation.

One of the biggest corruption scandals involving Eskom and the ruling party took place during this period of low transparency. The ANC's front company Chancellor House accepted bribes from Hitachi Power Africa to ensure that Hitachi won the tender to run two major Eksom power stations.[78] These payments were covered up through false reporting, and the arrangement gave the ANC a 25 per cent share in the company, profits of which were to go directly to Chancellor House and the ANC.[79] Eventually, the company was fined $19 million by the US Securities and Exchange Commission for violating the Foreign Corrupt Practices Act. Despite corruption around the power plant being well known, the World Bank lent South Africa $3 billion towards these projects. This left the country with illegitimate debt, and forced Eskom to raise energy prices to cover their costs.[80]

By 2019, the costs of REI4P were associated with an increase of over 14 per cent in Eskom's overall revenue requirement.[81] Eskom's Multi-Year Price Determination (2022 to 2025) requested a 32 per cent tariff increase for 2023. A leading factor behind the increase was rapidly rising IPP prices. **Currently, IPPs contribute only 8 per cent of total installed capacity, while accounting for approximately a third of primary energy costs.[82] The situation is likely to worsen further.** Outsourcing renewable energy development to the private sector will deepen Eskom's death spiral, increasing the utility's debt by requiring additional investments, while reducing its income. This is compounded by several other factors: 20-year-long power purchase agreements that cannot be renegotiated as demand changes (contracts are hidden from public scrutiny via non-disclosure agreements);[83] the need for infrastructure investments in grid and transmission maintenance and additional storage technologies; and the increased costs of integrating and running a grid with a growing share of renewables. All of this will cost more public money and weigh heavily on Eskom's budget.

78 Hogg, A. (2015) 'Hitachi bribery included Eskom; ANC must come clean or face Brazilian fate', *BizNews,* 30 September. Available at: https://www.biznews.com/leadership/2015/09/30/hitachi-bribery-included-eskom-anc-must-come-clean-or-face-brazilian-fate (Accessed: 30 October 2024).

79 Corruption Watch. (2015) 'Hitachi: a settlement payment is not enough', 2 October. Available at: https://www.corruptionwatch.org.za/hitachi-a-settlement-payment-is-not-enough (Accessed: 30 October 2024).

80 Bond, P. (2022) 'In South Africa, resistance rises to the World Bank's climate-killing mega-projects', Committee for the Abolition of Illegitimate Debt. Available at: https://www.cadtm.org/In-South-Africa-resistance-rises-to-the-World-Bank-s-climate-killing-mega (Accessed: 30 October 2024).

81 Ashley, et al., *Eskom Transformed: Achieving a Just energy transition for South Africa.*

82 Brown, D. and Oelofsen, J. (2023) 'If Eskom's tariff increase is to go, its financing model needs to bite the dust too', *Daily Maverick,* 8 February. Available at: https://www.dailymaverick.co.za/article/2023-02-08-if-eskoms-tariff-increase-is-to-go-its-financing-model-needs-to-bite-the-dust-too (Accessed: 30 October 2024).

83 Kamanzi, B. (2021) 'Working class to finance Eskom's privatisation', *New Frame,* 24 February. Formerly available at: https://www.newframe.com/working-class-to-finance-eskoms-privatisation/ [The platform closed down in 2022.]

Since 2019, President Ramaphosa has pursued plans to unbundle Eskom's operations, essentially preparing the public utility for privatisation. He has lifted the threshold for private energy generation projects to require licences from 10MW to 100MW.[84] This is benefiting large private companies, while smaller-scale community projects have not been able to take advantage, lacking the municipal and state support required to get off the ground.[85]

Opposing actors, including several trade unions, argue that privatisation will not solve South Africa's energy crisis — instead, it will see consumer bills rise, reduce access to affordable energy and put public jobs at risk. Those who cannot pay will be left behind in a privatised energy market where corporations are not looking to offer social subsidies that would reduce their profits. What are currently public jobs will be replaced by private sector employment, likely under worse conditions to minimise labour costs. And without massive state subsidies, the private sector is unlikely to be able to raise the level of investment needed to finance an energy transition at the scale and pace needed.

The government has recently announced a new round of 'green' structural adjustment. In 2021, it accepted a 13.5 billion rand loan from the World Bank in exchange for signing on to the World Bank Country Partnership Framework, which mandates neoliberal policies such as labour market reforms and measures to encourage foreign direct investment and public–private partnerships. The government argues that this loan is necessary in order to fund its 'just energy transition plan'. This is a market-led approach to decarbonisation, premised on ending restrictions on new private power generators, the unbundling of Eskom, the deregulation of energy prices and increased private investment in wind and solar.[86]

In 2023, the government again banned Eskom from generating its own electricity, further reducing its ability to sustainably maintain tariffs and leaving South Africa's renewable future to private hands. Then, in 2024, the Electricity Regulation Amendment Bill was introduced, cementing the unbundling that is dividing Eskom into separate bodies for generation, transmission and distribution.[87] One such body is the National Transmission Company of South Africa (NTCSA), an Eskom subsidiary that is now tasked to buy electricity from Eskom and the many independent power producers.[88] **Here, we see destructive**

84 Kamanzi, B. (2021) 'The new dawn of private power', *New Frame,* 13 July. Formerly available at: https://www.newframe.com/the-new-dawn-of-private-power. [The platform closed down in 2022.]

85 Cherry, J. (2023) 'Core, sore or socialism? Realising the just energy transition with new forms of ownership', *Amandla!* 87, 21 April. https://www.amandla.org.za/core-sore-or-socialism-realising-the-just-energy-transition-through-new-forms-of-ownership. (Accessed: 30 October 2024).

86 Amandla! (2023) 'Just Profit not Just Transition', 12 May. Available at: https://amandla.org.za/just-profit-not-just-transition (Accessed: 30 October 2024).

87 Robbins et al., *Who Owns Power in the Energy Transition.*

88 Banda, M. (2024) 'Unbundling of Eskom one stage closer with transfer of control over IPPs', *Daily Maverick,* 4 April. Available at: https://www.dailymaverick.co.za/article/2024-04-04-unbundling-of-eskom-one-stage-closer-with-transfer-of-control-over-independent-power-producers (Accessed: 22 July 2024).

neoliberal policies being enforced under the auspices of decarbonisation. Such policies are further enforced through the Just Energy Transition Partnership (JETP) international climate finance mechanism (see Section 4.1) . The International Partners Group, the driving force behind the JETPs, made the $8.5 billion JETP loan for South Africa contingent on policy measures such as unbundling.[89] By April 2024, Eskom's unbundling was in full swing with its transmission arm ready to be sold.[90]

ESKOM TRANSFORMED

In the meantime, South African workers and their trade unions have been mobilising to oppose President Ramaphosa's plans. COSATU (Congress of South African Trade Unions) organised a national strike in February 2019 that paused the government's efforts for several months, protesting the thousands of jobs threatened by the unbundling and privatisation.[91] According to South Africa's National Union of Metalworkers (NUMSA), unions were not consulted when decisions regarding the privatisation of the energy sector were made.[92] NUMSA even accused the ANC leadership of purposeful mismanagement of Eskom to present privatisation as the only viable option.[93]

Alongside this action, **there has been widespread community resistance towards South Africa's poor service delivery and dependence on fossil fuels more broadly.** Eskom, in particular, has been targeted around the issue of poor energy access. 2019 saw an average of 28 protests a month due to poor service delivery resulting in intermittent or no access to energy or water,[94] largely due to a lack of funding to municipalities.[95]

In 2020, the Climate Justice Coalition was formed, which involved, among others, the South African Federation of Trade Unions, Mining Affected Communities United in Action, South Durban Community Environmental Alliance and Soweto

89 Sweeney, S. (2024) '"Just energy partnerships" are failing', Jacobin, 5 May. Available at: https://jacobin.com/2024/05/just-energy-partnerships-climate-finance (Accessed: 30 October 2024).

90 Paton, C. (2024) 'Eskom unbundling reaches major milestone: Transmission Company is good to go', News24, 4 April. Available at: https://www.news24.com/fin24/economy/eskom-unbundling-reaches-major-milestone-transmission-company-is-good-to-go-20240404 (Accessed: 22 July 2024).

91 Niselow, T. (2019) 'Cosatu takes to the streets over Eskom, job losses. Here's what you need to know'. News24, 13 February. Available at: https://www.news24.com/fin24/cosatu-takes-to-the-streets-over-eskom-job-losses-heres-what-you-need-to-know-20190213 (Accessed: 22 July 2024).

92 Industriall (2019) 'South African unions oppose plans to privatize power utility Eskom, 11 February. Available at: https://www.industriall-union.org/south-african-unions-oppose-plans-to-privatize-power-utility-eskom (Accessed: 30 October 2024).

93 Kamanzi, *The new dawn of private power.*

94 Gous, N. (2019) 'Service delivery protests are on the rise this year, warn experts', *Times LIVE,* 11 June. Available at: https://www.timeslive.co.za/news/south-africa/2019-06-11-service-delivery-protests-are-on-the-rise-this-year-warn-experts/ (Accessed: 22 July 2024).

95 Bond, P. (2020) *Luxemburg's Contemporary Resonances in South Africa: Capital's renewed super-exploitation of people and nature.* Available at: https://our-global-u.org/oguorg/en/download/Featured%20Authors/patrick_bond/Patrick-Bond-2020-Luxemburg-applied-in-South-Africa.pdf.

Electricity Crisis Committee. Together they campaign for Eskom to enact 'a rapid and just transition to a more socially owned, renewable energy powered economy, providing clean, safe, and affordable energy for all, with no worker and community left behind in the transition'.[96] Highlighting the 'socially owned' element is important, and demonstrates the lack of trust that the ANC and Eskom's mismanagement have created in the government's ability to equitably run services.

In 2022, the Climate Justice Charter Movement, which stems from the cooperative movement, campaigned for Western countries to stop funding Eskom, due to its reliance on and continuous exploration of fossil fuels.[97] This did not receive a meaningful response from the international community, who continue to fund Eskom.[98] **It became increasingly clear to many labour and social justice groups that the for-profit approach adopted by both the government and Eskom was the core obstacle to transitioning.**

Consequently, in July 2022, representatives from 21 unions and social movements formed the United Front to Address Loadshedding, which opposes energy privatisation, highlighting the long-term consequences of relying on REI4P projects for power generation.[99] Instead, trade unions are promoting a proposal developed by three activist research organisations in 2020 to transform Eskom into a publicly managed, transparent, and accountable utility.[100]

In their 2020 report *Eskom Transformed,* the Alternative Information and Development Centre (AIDC), Trade Unions for Energy Democracy (TUED) and the Transnational Institute (TNI) make the case for a public transformation of Eskom as the only way to combat its debt crisis and reorient the utility towards the low-carbon energy transition.[101] The report argues that instead of using public funds to generate profits for private corporations through IPPs, using public money directly to invest in renewable energy sources will allow Eskom to lead an energy transition that benefits South Africa's people by providing affordable and reliable energy.

In the face of unbundling efforts, in 2024, trade unions and civil society groups continue to argue that Eskom must be de-marketised and re-instituted as a public service with the primary objective of serving its consumers and providing energy to all, regardless of their economic and social status. **A de-marketisation and vertical integration of Eskom is crucial to move away from incentive structures that encourage corruption and mismanagement.**

96 350Africa.org. (n.d.) *'Green new Eskom'.* Available at: `https://350africa.org/greenneweskom` (Accessed: 22 July 2024).

97 Rempel, *Leaving Fossil Fuels Underground in South Africa.*

98 The World Bank (2023) *Factsheet: Eskom Just Energy Transition Project in South Africa.* Available at: `https://www.worldbank.org/en/news/factsheet/2023/06/05/factsheet-eskom-just-energy-transition-project-in-afe-south-africa` (Accessed: 22 July 2024).

99 AIDC (2022) *Towards a Public Pathway Approach to Energy Transition.* 15 August. Available at: `https://aidc.org.za/united-front-to-address-loadshedding`. (Accessed: 30 October 2024).

100 Ashley, et al., *Eskom Transformed: Achieving a just energy transition for South Africa.*

101 Ashley, et al., *Eskom Transformed: Achieving a just energy transition for South Africa.*

Power generation, transmission, distribution, retail and system operations functions would form an integrated whole to allow for planning in support of social, economic and environmental objectives. Concretely, this would enable Eskom to invest in and fix its key power plants, to reduce energy costs by renegotiating (if not, outright cancelling) its contracts with IPPs, and to strengthen its human capacity by prioritising job creation.

To further ensure transparency and democratic governance, effective participation mechanisms for citizens and employees must be incorporated into the governance structures of the state-owned enterprise, giving people a right to a say in decisions that directly affect them. However, beyond reversing the disintegration of Eskom, this would require the government, with support from international financial institutions, to write off Eskom's debt.[102]

Only a strong public sector can drive the much-needed transition in South Africa. By building a 'New Eskom' that is fully public, accountable, and committed to serving the people, South Africa's public energy sector can be revived and achieve a democratic and socially just transition.

1.4 HOW NATIONALISATION CAN STOP THE FOSSIL FUEL LOBBY EVADING REGULATION

As Part 1 of the report has shown, the market-based approach to energy transition is drastically failing. Where does the dominant policy direction leave social movements? Professor Ashley Dawson of the City University of New York has some pointers: '[T]he movement to abolish fossil capital must have two complementary and connected dimensions. One is increasingly focused on shutting down fossil fuel infrastructure. The other must be dedicated to the rapid establishment of renewables. As the climate movement fights for ending the reliance on fossil fuels and turns towards diverse tactics to achieve this goal, it is imperative for the movement to understand that these dimensions are interdependent and cannot be achieved in isolation.'[103]

Thus, we need a people's take-over of the whole energy system, from the fossil fuel industry to the emerging renewables sector. **In order to phase out fossil fuels, reduce demand and work towards a 100 per cent renewable energy mix, we must reclaim the entire energy sector by putting it under public ownership and democratic governance.** Nationalisation and public ownership are essential. However, as we will argue throughout this report, state ownership by no means guarantees genuine popular control and accountability — to work towards a people's take-over, social movements and trade unions must fight for forms of participatory public ownership that put power in the hands of communities and workers directly.

102 Institute for Economic Justice (2023) *Budget 2023: Rebuild Eskom and state capacity.* Available at: https://www.iej.org.za/wp-content/uploads/2023/02/IEJ-STATEMENT_Budget-2023-Rebuild-Eskom-and-state-capacity.pdf (Accessed: 30 October 2024).

103 Dawson, A. (2024) *Dual Power.* TNI. Available at: https://www.tni.org/en/article/dual-power (Accessed: 19 July 2024).

This calls for a radical approach to reining in the power of the fossil fuel industry. In 2022, ExxonMobil, Shell, Chevron, BP and TotalEnergies — the five leading Western oil 'supermajors' — reported a combined total of $200 billion in profits. This is an eye watering $23 million for every hour of 2022.[104] Thanks to their very powerful lobby bodies, these private fossil fuel companies will continue to find ways to circumvent climate-related regulations that undermine their sales and profits.[105] Nationalising these firms and instilling a not-for-profit mandate is a necessary step to take on these private powers and their lobbying apparatus. Indeed, as the report progresses, various frameworks for a progressive vision of state-owned enterprises will be shared.

Take the case of the European Union. An investigation by Corporate Europe Observatory, l'Observatoir des Multinationales and Recommon revealed that European fossil fuel giants have had unprecedented access to EU leaders.[106] One and a half years into Russia's invasion of Ukraine, the fossil fuel industry had met with the European Commission more than 100 times. Their heightened influence on EU decisions and policies around energy issues has delayed and watered down urgent political actions to intervene in EU energy markets, such as a price cap and a windfall profit tax.[107] At the same time, the fossil fuel lobby has been pushing for more gas assets, with 300 new gas projects tabled, and France and Italy already agreeing to new fossil fuel infrastructure.[108]

Furthermore, EU lobby groups are simultaneously pushing for a so-called Energy Union as part of forming a fully-fledged Single Market across the EU.[109] **If previous lobby and market efforts have taught us anything, this push for more intense competition will put profit ever more firmly before people and planet.** Instead, we need coordination and collaboration to rapidly reduce emissions and consumption (see Section 4.1).

In the US, fossil capital is even more powerful. Private fossil fuel companies have bought legislators to vote against environmental policies and delay climate

104 Hanieh, A. (2023) 'A transition to where?', TNI, 16 November. Available at: https://www.tni.org/en/article/a-transition-to-where-the-gulf-arab-states-and-the-new-east-east-axis-of-world-oil (Accessed: 30 October 2024).

105 Ambrose, J. (2021) 'US oil giants top list of lobby offenders holding back climate action', *The Guardian,* 4 November. Available at: https://www.theguardian.com/business/2021/nov/04/us-oil-giants-top-list-lobby-offenders-exxonmobile-chevron-toyota (Accessed: 19 July 2024).
& Carter, L., Boren, Z. and Kaufman, A. (2020) 'Revealed: BP and Shell back anti-climate lobby groups despite pledges', *Unearthed,* 28 September. Available at: https://unearthed.greenpeace.org/2020/09/28/bp-shell-climate-lobby-groups (Accessed: 19 July 2024).
& Lakhani, N. (2023) 'Record number of fossil fuel lobbyists get access to Cop28 climate talks', *The Guardian,* 5 December. Available at: https://www.theguardian.com/environment/2023/dec/05/record-number-of-fossil-fuel-lobbyists-get-access-to-cop28-climate-talks (Accessed: 19 July 2024).

106 Corporate Europe Observatory (2022) 'Fuelling the cost of living crisis', 28 October. Available at: https://corporateeurope.org/en/2022/10/fuelling-cost-living-crisis (Accessed: 19 July 2024).

107 Corporate Europe Observatory, *Fuelling the cost of living crisis.*

108 Corporate Europe Observatory, *Fuelling the cost of living crisis.*

109 Corporate Europe Observatory, *Fuelling the cost of living crisis.*

action.[110] And between 2022 and 2023, the fossil fuel industry spent at least $213 million on lobbying.[111] As Carla Skandier of The Democracy Collaborative puts it, 'nationalisation would eliminate the massive corporate political spending and remove the executives and suites of lobbyists largely responsible for the political meddling. **Ongoing social struggle is key for publicly owned fossil fuel companies to work in the public interest, and be held to higher standards of accountability and transparency.'** [112]

It is exceptionally challenging for governments to effectively regulate private fossil fuel majors. As political scientist Fergus Green and philosopher Ingrid Robeyns have argued in a recent paper: 'the larger and [more] powerful the regulated firms are, the more likely they will "capture" regulatory agencies, thus influencing executive rule-making as well as auditing and enforcement policies and practices. [...] T**he fossil fuel industry has proven itself highly adept at capturing and gaming regulatory and tax systems.'** The authors say that state ownership, if mandated by public interest objectives, would make it harder for firms to evade regulation.[113]

As state-owned enterprises are responsible for 55 per cent of global oil and gas production,[114] campaigning to nationalise fossil fuels in order to reduce lobby efforts can also risk creating more direct channels for fossil fuel interests to shape public policy. To avoid this happening, **organising for public ownership of energy must aim to break both the internal and external alliance between fossil capital and 'the state'. The goal: transform the latter into a vehicle for popular and systemic climate action.**

Take Trinidad and Tobago, one of many nations whose public services and pensions depend on fossil fuel revenue. The Oil and Gas Workers Trade Union has been developing a just transition plan for the whole economy.[115] It calls for strategic parts of the energy sector to be brought into full public control and management, with the participation of trade unions, other social movements and community groups, in order to pursue decarbonisation and green industrial development in ways that deliver more equitable redistribution of wealth.

110 Chatterjee et al., *'Green' Multinationals Exposed.*

111 Martinez, C., Kilbury, L. & Martinez, J. (2023) 'These fossil fuel industry tactics are fueling Democratic backsliding', Center for American Progress, 5 December. Available at: `https://www.americanprogress.org/article/these-fossil-fuel-industry-tactics-are-fueling-democratic-backsliding/` (Accessed: 22 October 2024).

112 Paul, M., Santos Skandier, C. and Renzy, R. (2020) *Out of Time: The case for nationalizing the fossil fuel industry.* The Next System Project. Available at: `https://thenextsystem.org/learn/stories/out-time-case-nationalizing-fossil-fuel-industry` (Accessed: 19 July 2024).

113 Green, F., and Robeyns, I. (2022). 'On the merits and limits of nationalising the fossil fuel industry', *Royal Institute of Philosophy Supplements,* 91, 53-80. Available at: `https://doi.org/10.1017/S1358246122000030`

114 For more information: Natural Resource Governance Institute, 'State-owned enterprises' `https://resourcegovernance.org/topics/state-owned-enterprises` (Accessed: 30 October 2024).

115 A member of the Oil and Gas Workers Trade Union shared a draft of their just transition plan with TNI.

WHEN FOSSIL FUELS ARE MARKETED AS GREEN

The fossil fuel industry's 'greenwashing' tactics make the case for nationalisation even more pressing. Fossil fuel companies are increasingly marketing themselves as 'green' to boost their reputation and benefit from public subsidies. TNI's 2023 research showed that while promoting themselves as green, some of the world's biggest energy firms continue to back fossil fuels. For example, US-based NextEra Energy claims to own the world's biggest portfolio of wind and solar assets, while still operating multiple fossil fuel plants and seven oil and gas pipelines. In 2020, 98.9 percent of NextEra's $2.92 billion income was derived from two fossil fuel subsidiaries.[116]

These 'green' multinationals, just like the more notorious fossil fuel giants, are exercising huge amounts of influence over governments. In France, for instance, three giant corporations, Engie, EDF and Total, have taken over the renewable energy trade association, Syndicat des énergies renouvelables (SER), creating a paradoxical situation whereby the group responsible for promoting the transition to renewable energy is controlled by a trio of giant corporations whose business models remain tied to continued fossil fuel consumption.These firms use this influence to prioritise the type of large-scale project that is more favourable to their business models, to gain more financial support, and to argue for eliminating environmental and social safeguards for renewables projects.[117] By nationalising and democratising these firms, they could be re-oriented around the public interest, preventing profit-based vested interests from skewing energy policy and perpetuating the fossil fuel cycle.

To be clear, **the fact that EDF is a state-owned company should not be understood as evidence against nationalisation. As argued by EDF workers organised in the French trade union Confédération Générale du Travail, it signals that government ownership must never fall short of democratic control.**[118] But democracy is far from a given. Continuous social struggle within civil society and within these public firms towards democratic governance is imperative in endeavours towards meaningful just transitions. This question is addressed further in Part Two of the report.

116 Chatterjee et al., *'Green' Multinationals Exposed.*

117 Chatterjee et al., *'Green' Multinationals Exposed*, p. 25.

118 Fédération Nationale des Mines et de L'énergie CGT (no date) 'La nécessité d'une transition énergétique pour TOUS réduisant les inégalités', energie servicepublic.com. Available at: `https://www.energie-servicepublic.com/plaquette-2` (Accessed: 22 July 2024).

This is Part 1 of the Reclaiming Energy report, which aims to unpack key strategies to strengthen energy democracy struggles the world over.

With the climate crisis escalating, labour and environmental justice groups are searching for systemic solutions. These solutions must uproot the logic of private profit, which is keeping energy systems from phasing out fossil fuels and ramping up renewables. Public ownership of energy can be exactly this: an urgent, viable and boldalternative to the failures of profit-driven markets and multinationals.

By employing a decolonial lens, we call for deprivatising and decommodifying public power systems as a condition for shaping pathways towards democratic governance and public–community partnerships across scale and territories. This means approaching the right to clean energy as inseparable from the right to land and resourcejustice.

Far from a silver bullet, defending and expanding energy as a global public good requires ongoing social struggles towards a sustainable energy sector that is deeply democratic and decolonial by design.