



▶ **Tokollo Tau**  
Principal of Power and  
Renewables Finance  
at Nedbank CIB.

Africa Energy Forum  
Cape Town  
16–19 June 2026



# Africa's energy transition has a grid problem

**Africa's energy transition faces both generation and transmission challenges. Most analysts point to capacity shortfalls, underfinanced projects, and the slow pace of renewables build-out. Those remain real constraints. But as new generation capacity enters the system, transmission infrastructure is increasingly emerging as a critical bottleneck. In many parts of the region, the challenge is no longer only generating electricity but also moving it to where it is needed. That gap is becoming a competitiveness problem for the industries and investors that Africa is trying to attract.**

To understand why, it helps to start with what regional integration actually means. When we look at SADC as a whole, the question is simple: how easily can you move power between countries? The answer is harder than it needs to be. South Africa and Zambia illustrate the point. Even if South Africa were generating surplus capacity and Zambia needed it, existing transmission infrastructure does not yet have the capacity to move power efficiently at scale. Uganda has hydro potential and Namibia is solar-rich, but much of that advantage remains underutilised because cross-border transmission capacity is still constrained.

A critical part of solving this fragmentation lies in strengthening regional power pools. Platforms such as the Southern African, West African and Eastern Africa Power Pools enable cross-border electricity trade, allowing countries to share generation capacity rather than operate in isolation.

This reduces the need for costly overbuild of reserve capacity and improves system reliability as renewable penetration increases. Interconnected systems also allow surplus renewable energy in 1 market to meet deficits in another, helping to smooth intermittency and lower system costs. Just as importantly, functional power pools lay the groundwork for competitive regional electricity markets, creating clearer price signals, diversifying offtake risk, and improving bankability – key to unlocking private capital at scale.

Instead, countries end up solving the problem individually. South Africa is building more solar, which is the right direction, but solar without backup creates grid instability, requiring batteries and gas peaking capacity. If sufficient transmission capacity existed to draw on Zambian hydro when South African solar dips, or Namibian solar when the local system is under pressure, some of that backup would not be necessary.

Transmission is where the argument becomes genuinely difficult. Building a solar farm is a tractable financing exercise: find a site, negotiate with landowners, get permits, and build. The transmission line that carries that power is a completely different project. It crosses dozens of properties, multiple jurisdictions, and communities on both sides of a border. Every stakeholder is a potential delay, the investment horizon stretches towards 50 years as compared with the 20 that generation requires, and when a line crosses 2 countries, a government's change of attitude can put both power flow and debt service at risk. Projects of this

kind need blended and layered capital structures, with development financial institutions (DFIs) and commercial lenders working in concert: DFIs bringing sovereign relationships and long-tenor capacity, and commercial banks providing the structuring discipline that makes these projects financeable at scale. Capital remains constrained, but governance and coordination are increasingly the harder problems to solve.

Even so, commercial momentum has begun to build. South Africa's energy liberalisation has brought independent power producers (IPPs) into the market, and those IPPs are looking across the border to Zambia and Namibia. Wheeling frameworks, allowing a generator and end user to contract directly with the grid as carrier, have changed how power can be sourced and moved. GreenCo in Zambia demonstrated the model, sitting between the generator and the mine and closing transactions that bilateral structures would have taken far longer to complete. Solar Century has built its regional strategy around the Southern African Power Pool, and European investors are actively seeking entry points. The platform exists. What is missing is infrastructure at scale.

The debate is no longer whether regional integration is necessary. The real question is: how quickly can the region move from agreement into execution? Power, infrastructure, logistics, and industrial development are part of the same regional growth equation, and the institutions that understand that connection are best placed to make real progress.

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