

# RE/RM IPPPP and Market Reform



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Tariff direction – but should all aspects go up at the same rate

# INTRODUCTION TO SAIPPA



- Established in 2009
- Serves all technologies in the independent power market
- Membership includes embedded generators from manufacturing sectors
- Electricity Sector Reform as the Key Focus:
  - Market Transformation
  - Wheeling & Tariffs (including municipalities)
  - Legal – policy, legislation, & regulation
  - Grid Access
  - Grid Code

# CELEBRATING SUCCESSES



- REIPPPP
- BSIPPPP
- RMIPPPP (limited)
- Schedule 2 of the ERA – 2 sets of new regulations published
- Electricity Regulation Amendment Act
- NTCSA
- What is required next?

# DEVELOPMENTAL OPPORTUNITIES



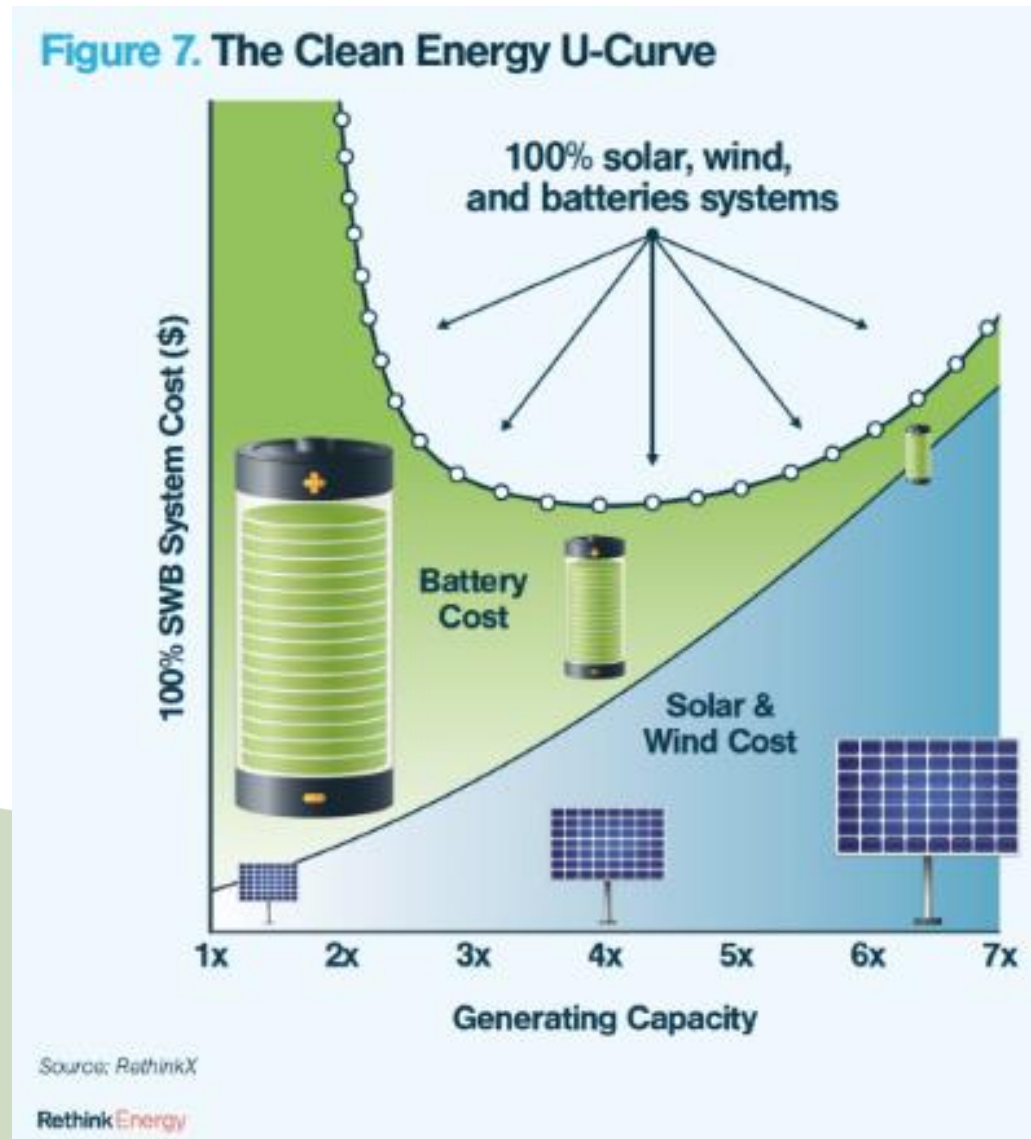
- Job creation through new investments in infrastructure
- Foreign Direct Investment (balanced with local investment)
- Manufacturing Industries – **SAREM**
- Market Demand is Crucial – steady and predictable
- Electricity for all – affordable to ensure people can thrive:
  - Target the most economical cost to the consumer
  - Ensure support for the poor (increase FBE)
  - Sustainable supply

# THE NATURE OF RENEWABLE ENERGY



- Described as *intermittent* by some, and *variable* by others
- Cost of a complete electricity system vs. technology costs (LCOE)
- The role of an integrated TX and DX grid for such a system
- Optimisation of power systems with increasing levels of RE will lead to times of excess supply – this is not bad, just different (but is counter-intuitive)

# THE CLEAN ENERGY U-CURVE\*



\*<https://www.rethinkx.com/energy/in-depth/clean-energy-u-curve>

# JOB CREATION



- Comparisons are difficult, with 200 PV plants of 75MW = Medupi\*
- When construction is included, MORE jobs are created than lost
- BUT the new jobs are dispersed across the country, requiring shifts on employment patterns and studies on types of work (decent work)
- With the amount of RE to be built, by the time we have caught with demand, up we will be rebuilding the first facilities:
  - Ongoing construction & installation while O&M jobs grow steadily
- Manufacturing value chain and related industries also need to grow

\*Approximate calculation on an ENERGY basis



# OVERCOMING BARRIERS TO DEPLOYMENT



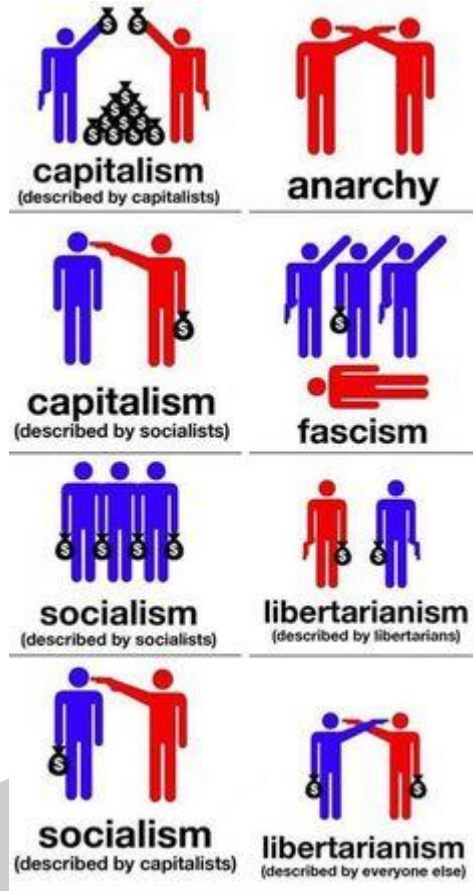
- Current barriers to rapid deployment of renewable energy technologies can be steadily overcome
- Constraints include:
  - Advisors in the development phase – technical, commercial, legal, etc.
  - Logistics – ports, roads, trailers, etc.
  - Construction – cranes, EPC capacity, etc.
- Immediate ramp-up may be constrained
- Within 1-3 years these barriers will be systematically resolved

## INDUSTRY STRUCTURE – what is required next?



- The modernisation of the ESI has only just begun
- NTCSA Operations on the Market Operator – 2026
- Stagewise ramp-up of market participants on both generator and customer side
- Tariffs remain a quandary
- Wheeling, especially in municipalities, remains a bottleneck
- Grid expansion will take time, curtailment is critical
- Distribution Sector – the next major dilemma!

# Government/Business Partnerships



Ideological Wars

- Old Ideological Battles
- Social Market Economy Quote: Dr Martin Schafer (former German Ambassador to South Africa)\*

Asked what the prerequisites are for South Africa to achieve anything closely resembling 5% GDP growth, his answer is delivered immediately and succinctly: "There is no reason to engage in old ideological battles between socialism and capitalism. They are, in my view, debates of the past. What it needs is... and we in German call it *soziale Marktwirtschaft*, or social market economy... what it needs is a strong state to act as arbiter to ensure a level playing field on which the dynamics of a market economy can play themselves out.

\*<https://www.news24.com/news24/opinions/analysis/saturday-profile-martin-schafer-outgoing-german-ambassador-sa-to-prosper-but-old-debates-prevent-growth-20210710>