

Future is renewable energy

'Electricity generation and distribution landscape in South Africa is changing rapidly'

Kabelo Khumalo

ESKOM's business model has come under renewed scrutiny after South Africa's government backed renewable energy to play a more significant role in the country's future energy mix. The draft Integrated Resource Plan (IRP) made public yesterday said renewable energy would be the focus over the next decade.

The draft IRP further said the decommissioning of Eskom plants would result in less than 30 percent of energy supplied from coal by 2040 and less than 20 percent by 2050.

The power utility's current installed generation capacity is 48 000MW.

Minister of Energy Jeff Radebe said the concerns raised about the constraining of renewables had been addressed and the annual build limits on renewables were removed.

"The electricity generation and distribution landscape in South Africa is changing at a rapid pace, compared to the period before 2010. In keeping to our climate change commitments, the country has also introduced renewable energy through independent power producers," Radebe said. "Electricity demand is therefore no longer captive to the national grid (Eskom or municipalities), which impacts supply and demand planning."



Minister of Energy Jeff Radebe says South Africa's future energy concerns have been addressed.PHOTO: SIYASANGA MBAMBANI

The IRP envisions additional generation capacity by 2030 of 8 100MW each from wind and from gas, 1 000MW from coal, 2 500MW from hydropower and 5 670MW from

photovoltaic.

Ronald Chauke, the Organisation Undoing Tax Abuse portfolio manager for energy, said the draft suggested the Department of Energy was slowly dimming the lights on Eskom and making way for other supply sources.

"It is becoming inevitable that Eskom must revise its business model to diversify its portfolio and be innovative to have new revenue generation streams for it to be resilient," he said. "This implies that the utility should also consider partnering with Independent Power Producers (IPPs) in the planning to build new renewable plants as an investor in these new projects if it wants

to survive. Hence, the utility must adopt a commercial business enterprise culture, not wait for the government to tell it what to do."

The government in April signed long-delayed renewable energy contracts worth about R55 billion in the first major investment deal under President Cyril Ramaphosa. Eskom spokesperson Khulu Phasiwe said the company was alive to the reality that it needed to play a greater role in the renewable energy space.

"We are currently busy with our corporate plan, which will inform us on what to do to have a more pronounced role in the renewable energy sector. It is a given that we will

play a more active role in the industry," Phasiwe said. "In fact we have already started and we have a 100MW wind farm in Cape Town and long before renewable energy became the 'in thing' we had already started a pilot project on the sector." Eskom's board was expected to submit a new strategy for the next five years at the end of September.

"By 2030, wind should make up just more than 15 percent of the country's power mix, assuming that all 8 100MW of new procurement is achieved by then, bringing onshore wind to 11 442MW in total," said Brenda Martin, chief executive of South African Wind Energy Association.