

# ENERGY ACTION PLAN

UPDATE: December 2022



REPUBLIC OF SOUTH AFRICA



# INTRODUCTION

In his address to the nation on 25 July 2022, President Cyril Ramaphosa [announced a bold set of actions](#) to address load shedding and achieve energy security.

The **National Energy Crisis Committee** (NECOM) has since been established to oversee the implementation of five key interventions:

1. **Fix Eskom** and improve the availability of existing supply
2. Enable and **accelerate private investment** in generation capacity
3. **Accelerate procurement** of new capacity from renewables, gas and battery storage
4. Unleash businesses and households to invest in **rooftop solar**
5. Fundamentally **transform the electricity sector** to achieve long-term energy security



**The short-term objective** of the Energy Action Plan is to **reduce the severity and frequency of load shedding** through immediate measures to improve the performance of Eskom's existing power stations and stabilise the energy system.



**Our long-term objective** is to **end load shedding altogether and achieve energy security** by adding as much new generation capacity to the grid as possible, as quickly as possible.

## KEY ACHIEVEMENTS TO DATE



An **amendment** to Schedule 2 of the [Electricity Regulation Act](#) has been published for public comment, which would **remove the licensing requirement for generation projects** of any size to enable private investment at a much larger scale.



A new Ministerial determination has been published for over **18 000 MW of new generation capacity** from wind, solar and battery storage.



The pipeline of **private-sector embedded generation projects** has grown to over **100 projects**, with total capacity of more than 9 000 MW.



19 projects from Bid Window 5 have signed project agreements to supply **1 800 MW of solar and wind capacity**, and a further six preferred bidders from Bid Window 6 will provide 1 000 MW of capacity.



An additional 300 MW of power has been **imported from neighbouring countries**, with work underway to increase imports from the region.



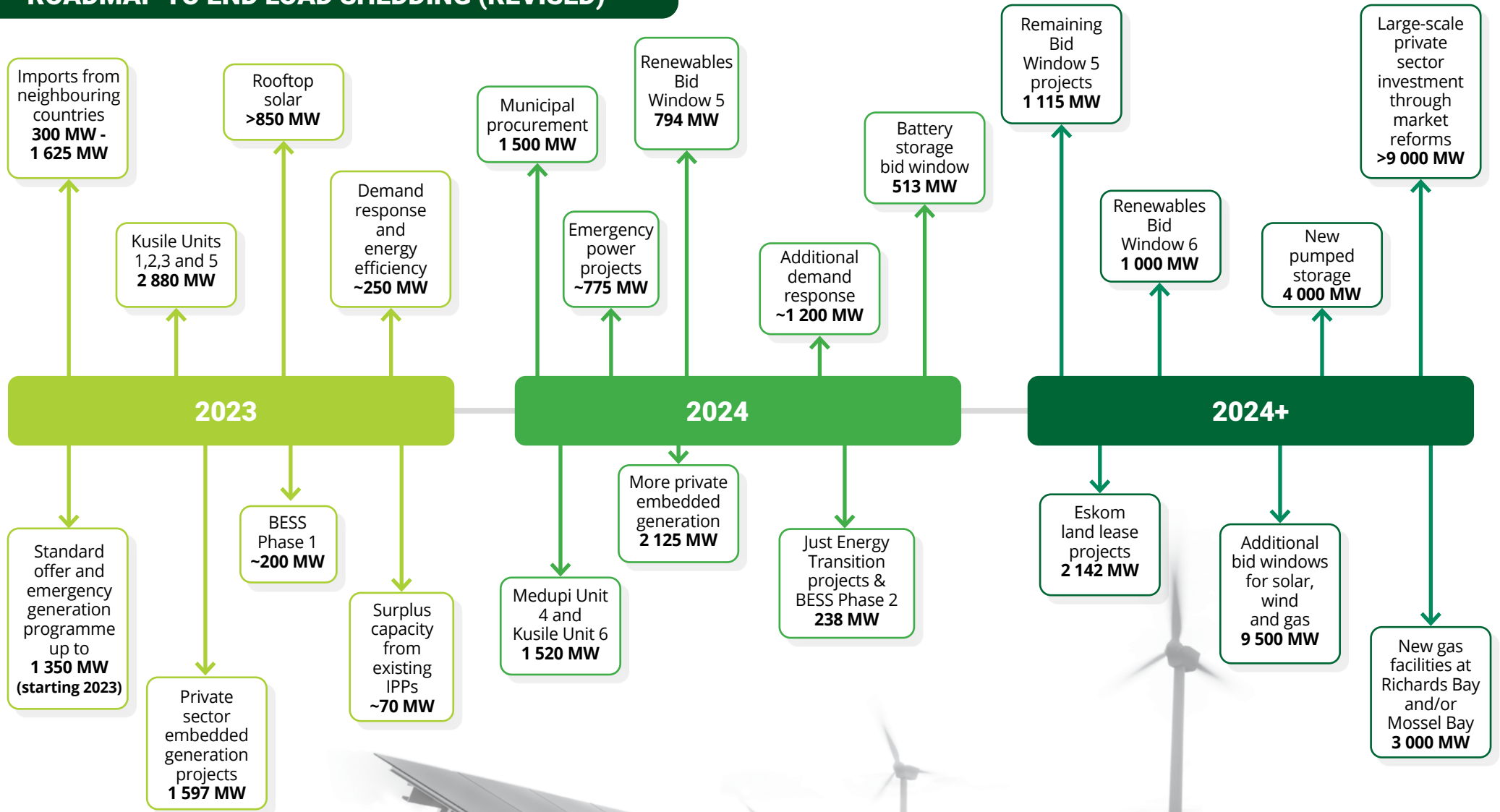
Eskom has launched a **Standard Offer Programme** to purchase up to 1 000 MW of power from companies that have existing generation capacity for a period of three years, as well as an **Emergency Generation Programme** to purchase additional power when the grid is constrained.



Various **actions have been completed** to streamline authorisation processes for energy projects:

- **Transmission infrastructure has been excluded** from the need to obtain an environmental authorisation in areas where the **environmental impact is low**
- The **timeframe for registration** with NERSA has been **reduced** from four months to an average of 19 days
- The **timeframe for grid connection has been reduced** from nine months to six months
- The **timeframe for land-use authorisations** for energy projects has been **reduced** from 90 to 30 days

# ROADMAP TO END LOAD SHEDDING (REVISED)



Improved performance of existing power stations ~6000 MW

\* Actual capacity depends on multiple factors including market response. This is an illustrative timeline of when additional power is expected, and is subject to revision.

# OVERVIEW OF PROGRESS AFTER FOUR MONTHS

## OBJECTIVE 1:

**Fixing Eskom and improving the performance of existing power stations**



*"Eskom will increase the budget allocated for critical maintenance to increase the reliability of its generation capacity."*



Eskom has **increased outage funding** for the current financial year from R8.2 billion to R9.5 billion.

*"We are cutting red tape that has made it difficult for Eskom to buy maintenance spares and equipment within the required period to effect repairs."*



Weekly meetings are being held between Eskom and National Treasury to **enable more agile procurement**.

Exemptions have been provided from local content designations for equipment such as transformers and insulators, to enable expedited procurement.

*"The utility is recruiting skilled personnel, including former senior Eskom plant managers and engineers from the private sector."*



**18 skilled specialists** have been brought back into Eskom to date, including three appointments of former Eskom employees at power station manager level for Kendal, Koeberg and Medupi.

More than **1000 people** have offered their skills through Eskom's crowdsourcing platform.

*"The South African Police Service has set up a special law enforcement team to help Eskom in confronting crime and corruption."*



Several **law enforcement and security agencies are working together** to address sabotage, theft and fraud at Eskom.

A total of 67 cases are on the court roll and three have been finalised with a conviction.

*"Eskom will implement a programme that encourages efficient energy use by consumers to reduce demand at peak times."*



**An incentive-based (R/MWh) demand response mechanism** has been developed and will be launched in January 2023 alongside a national campaign to encourage energy efficiency.

*"We will use climate funding provided through the Just Energy Transition Partnership to invest in the grid and repurpose power stations that have reached the end of their lives."*



The JET Investment Plan has been endorsed by Cabinet and will enable **additional funding to be allocated** for strengthening transmission infrastructure.

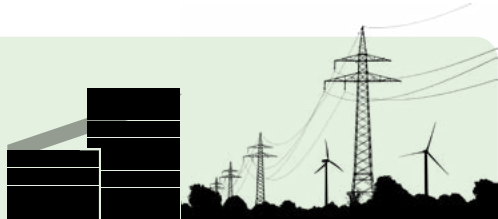
*"Eskom will be constructing its first solar and battery storage projects at Komati, Majuba, Lethabo and several other stations."*



**Solar, wind, gas and storage projects are under development** at nine stations. Projects at Komati, Sere and Lethabo are expected to connect to the grid in 2023.

## OBJECTIVE 2:

**Accelerating private investment in generation capacity**



*"Last year we announced the raising of the licensing threshold to 100 MW. Following the success of this reform and the enthusiasm shown by the private sector, we will remove the licensing threshold for embedded generation completely."*



Since the licensing threshold was raised to 100 MW in October 2021, **the pipeline of private sector projects has grown to over 100 projects with more than 9 000 MW of new capacity.** A further amendment to Schedule 2 has been published which would remove the licensing requirement for generation projects of any size.

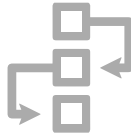
*"We will be tabling special legislation in Parliament on an expedited basis to address the legal and regulatory obstacles to new generation capacity for a limited period."*



Work is underway to **develop an Omnibus Bill** that will incorporate the required legislative amendments (where processes cannot be waived or streamlined under existing legislation).

# OVERVIEW OF PROGRESS AFTER FOUR MONTHS

*"We will in the meantime waive or streamline certain regulatory requirements where it is possible to do so within existing legislation. This includes reducing the regulatory requirements for solar projects in areas of low and medium environmental sensitivity."*



Various actions have been completed to **streamline authorisation processes** for energy projects, including:

- Issued notice to **exclude transmission infrastructure** from the need to obtain an **environmental authorisation** country-wide in areas of low and medium environmental sensitivity and in strategic transmission corridors
- Issued notice to exclude **solar PV** facilities from the need to obtain environmental authorisation within areas of low and medium environmental sensitivity for public comment
- Notice to expand scope and threshold of general authorisations for **wind and solar projects** to be published for public comment

*"We are also establishing a single point of entry for all energy project applications to ensure coordination of approval processes across government."*



A One Stop Shop is being established as a **single entry point for energy projects** through Invest SA.

A business case has been developed outlining resource and operational requirements.



*"I have instructed departments and entities to review all existing time frames and to ensure we process all applications on an urgent basis."*



**Timeframes** have been significantly **reduced** for regulatory approvals:

- **Land-use authorisations** for energy projects are being prioritised (timeframes have been reduced from 90 to 30 days).
- **Registration process** has been significantly simplified (timeframes reduced from four months to 19 days).
- Eskom has **reduced timeframes for access** to the grid.

### OBJECTIVE 3:

#### Accelerating new generation capacity

*"As an immediate measure, surplus capacity will be bought from existing independent power producers."*



A total of 162 MW of **surplus capacity has been identified** from existing IPPs. Work is underway between the IPP Office and generators to unlock this capacity, including additional grid strengthening required.

*"Eskom will also purchase additional energy from existing private generators that have surplus power."*



Eskom has launched a **Standard Offer Programme** to procure up to 1 000 MW of power from companies which have **existing generation capacity** for a period of three years.



# OVERVIEW OF PROGRESS AFTER FOUR MONTHS

*"Eskom will import power from neighbouring countries through the Southern African Power Pool."*



A **Bilateral Power Import Programme** has been launched to **secure imports of power** to the country from neighbouring countries. So far, 200 MW has been secured as of September 2022 and a further 1 000 MW has been identified for 2023.

*"Eskom will also use interim power solutions, such as mobile generators, to supplement current generation capacity for a limited period."*



Eskom has launched an **Emergency Generation Programme** to **procure more expensive power** when the grid is significantly constrained.

*"The relevant government departments are working together to ensure that projects from Bid Window 5 of the renewable energy programme can start construction on schedule. This includes taking a pragmatic approach to the local content requirements for these projects, prioritising the need to build new capacity as quickly as possible."*



Designated **local content for solar panels** has been reduced from 100% to 30% to alleviate constraints.

19 out of 25 projects from Bid Window 5 have signed project agreements to date for 1 800 MW of new capacity, and will now proceed to financial close and construction.

*"The amount of new generation capacity procured through Bid Window 6 for wind and solar power will be doubled from 2 600 MW to 5 200 MW."*



Revised RFP published for **Bid Window 6 to increase capacity to be procured** from 2 600 MW to 4 200 MW. The remaining 1 000 MW will be included in Bid Window 7 once concurrence is received from NERSA.

**Five preferred bidders have been selected** to date, with work ongoing to unlock grid capacity and enable more projects to proceed.

"We will release a request for proposals for battery storage by September this year, and a further request for gas power as soon as possible thereafter."



The RFP for **battery storage has been finalised** and will be released to the market shortly. An RFP for gas power will follow by March 2023.

"The Minister of Mineral Resources and Energy will issue a determination for the remaining allocations in the Integrated Resource Plan 2019, and will open further bid windows on an expedited basis."



A Ministerial determination was published on 25 August 2022 for over **18 000 MW of new generation capacity** from wind, solar and battery storage (the remaining allocation in the IRP 2019).

"To ensure effective planning, the country's Integrated Resource Plan is being reviewed to reflect the need for additional generation capacity and our climate commitments."



The **IRP 2019 is being reviewed**, with a completion target of March 2023, to update assumptions regarding energy availability and technological changes.

#### **OBJECTIVE 4: Enabling businesses and households to invest in rooftop solar**



"To incentivise greater uptake of rooftop solar, Eskom will develop rules and a pricing structure – known as a feed-in tariff – for all commercial and residential installations on its network."

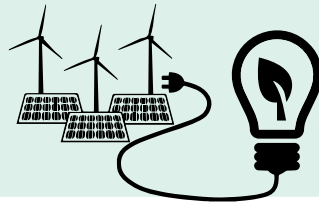


Eskom has submitted a **net metering tariff** for residential customers to NERSA for approval.

Work is underway to **develop a net billing framework for municipalities** to enable customers to feed electricity from rooftop solar installations onto the grid.

# OVERVIEW OF PROGRESS AFTER FOUR MONTHS

## OBJECTIVE 5: Fundamentally transforming the electricity sector



*"We will soon be appointing boards for the transmission and generation entities."*



The appointment of an **independent board for the transmission entity** will be finalised by the Minister of Public Enterprises.

*"Broader reforms to establish a competitive electricity market will be expedited through the finalisation of the Electricity Regulation Amendment Bill to enable private-sector investment."*



The Electricity Regulation Amendment Bill, which will establish an **independent transmission and system operator** and a competitive electricity market, has been finalised for submission to Cabinet in January 2023.

*"To ensure that these measures are implemented in a coordinated manner, I have established a National Energy Crisis Committee. The NECOM will draw on the best available expertise from business, labour, professional engineering entities and community-based organisations."*



**NECOM** has been established with nine workstreams and is **fully operational**.

