Unnecessarily constraining the IRP

IRP public discussion workshop

December 2016
Base case constraints

There is an unnecessary constraint on wind and solar in the base case.

- It does not represent least cost
- It is not international best practice
- It is not required
- It is not what I am here to talk about
Different procurement models for different technologies

Not comparing apples with apples

RE and Gas
IPP Procurement
Fixed Energy Price

VS

Nuclear
Eskom Procurement
Large Capital Spend
Liberalization of the electricity market is required in order to allow the IRP to be correct.
Eskom is a vital partner in electricity planning

Eskom’s role is both important and justified

- Eskom has major influencing role
- Eskom owns most of our generation
- System operator
- Directly affected by the IRP
Eskom has not been allowed to be in a position to help make the best decisions for the country.
Why?
Imagine I want to start a new business
I ask an apple farmer for business advice
Now I ask a lemon farmer
Eskom has been excluded from some generation markets
Eskom has limited options for new build

Coal

Nuclear
Nuclear generation is heavily contested

Nuclear will not be accepted by the population easily

- Needs to be transparent and rational
- Needs to acknowledge and manage risks
  - Risks of cost and time overruns.
  - Risk of stranded assets
- Cannot put the national grid at risk
IRP doesn't account for competition for funds

- One company running transmission, distribution and generation
- Generation and transmission compete for capital
- This cannot properly compared in the IRP
- Risk of failure is linked to both generation and transmission
- If generation business fails, so does transmission
System reform is now required for effective energy planning

The time has come to implement the changes we have seen coming for years

- All generation types can be more fairly compared.
- Risks and costs are not transferred to the transmission network
- Costs can be transparent
- Eskom is given a fair ability to make decisions that are best for the country
- International best practice
Thank You

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