

IEP



PROJECT 90 BY 2030
cut carbon · dare to change

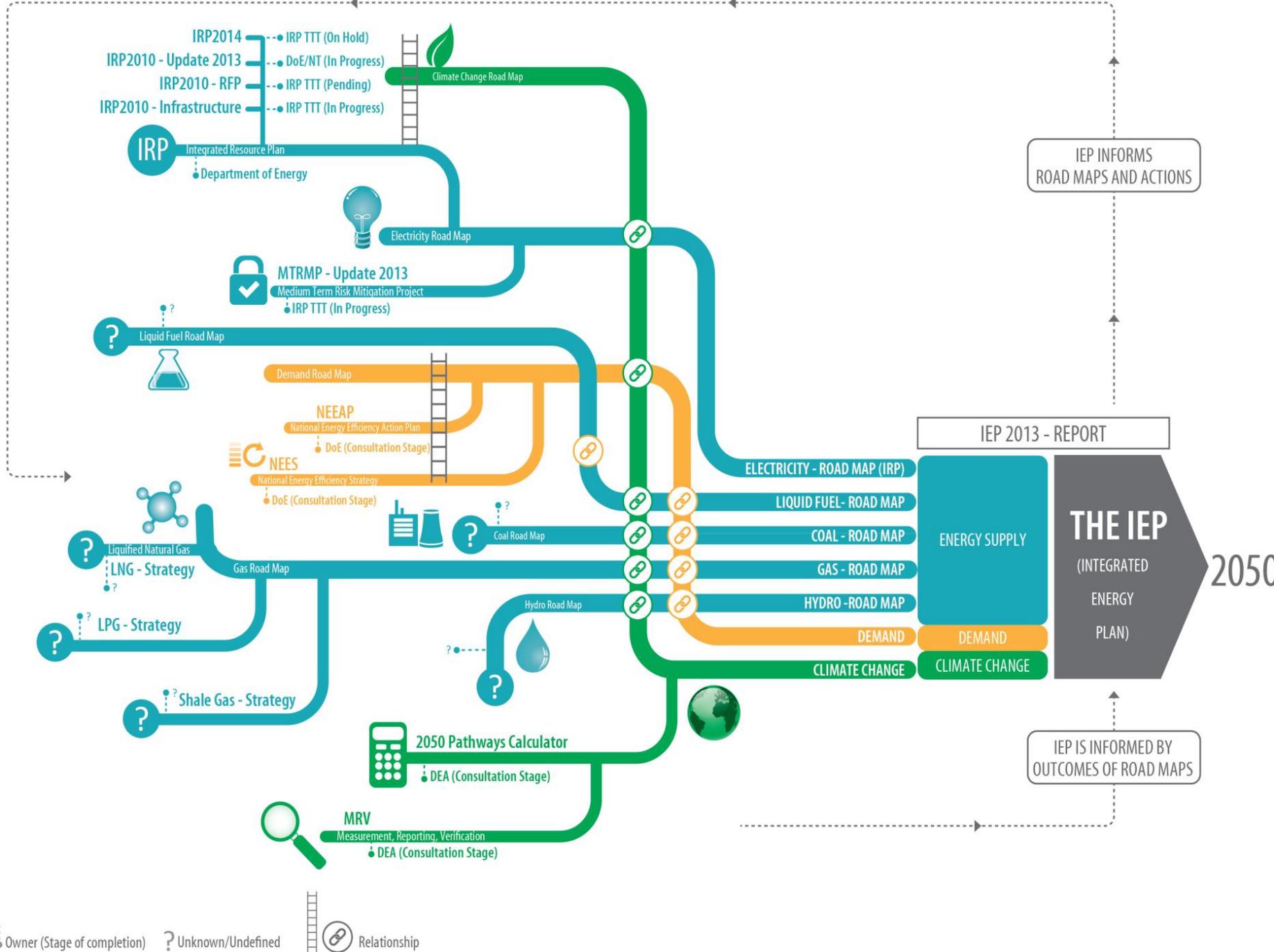
October 2013

Electricity Governance Initiative of SA (EGI-SA)

EGI-SA is a collaborative **partnership between a number of civil society organisations**, which draws on the global expertise and experience of the **international EGI** project, and is also more informally associated with other civil society organisations.

The aim of EGI-SA is to build a roadmap towards a positive electricity future for South Africa, by:

- **Producing expert analyses and research** to inform decision-making processes,
- **Building the capacity of civil society** to engage in these processes,
- **Advocating for transparent, inclusive governance** that results in legitimate decisions that uphold public interests.



Owner (Stage of completion)
 Unknown/Undefined
 Relationship

Act 34 of 2008

- Looking specifically at section 6 of the act and the relation to which the IEP encompasses provisions of the act.
 - S6(2) The Integrated Energy Plan must deal with issues relating to the supply, transformation, transport, storage of and demand for energy in a way that accounts for
 - (b) *economically available energy resources*
 - The accurate reflection of external costs due to the energy chain.
 - (c) *affordability*
 - With National Treasury's presentation on Carbon Tax, where it stated that 59% of households are eligible for free basic services (i.e. they are poor). How does the current energy system facilitate affordable energy access for the poor?
 - There is greater need for decentralized generation and the use of renewable energy as a source in this regard, when looking at costs associated with achieving universal access.
 - How does the allocation of free basic services more specifically free basic alternative energy impact on access, which energy sources will be affordable and sustainable in light of FBAE and FBE allocation?
 - This section must be read with section 5.

(c) *affordability;*

- 5. (1) The Minister must adopt measures that provide for the universal access to appropriate forms of energy or energy services for all the people of the Republic at affordable prices.
 - ▣ (2) The measures contemplated in subsection (1) must take into account—
 - (a) the safety, health and environmental suitability of such energy;
 - (b) the availability of energy resources;
 - (c) the optimisation of existing energy infrastructure;
 - (d) the need for new infrastructure;
 - (e) the provision of information and training regarding energy and its optimal utilisation;
 - (f) the sustainability of the energy provision;
 - (g) affordability;
 - (h) cost-effectiveness;
 - (i) the State's commitment to provide free basic electricity to poor households; and
 - (j) appropriate governance procedures for government sponsored programmes as prescribed by the Public Finance Management Act.

Act 34 of 2008

- *(d) universal accessibility and free basic electricity*
 - How do we achieve 98% electrification by 2033 with an aging generation fleet and rising infrastructure costs, when the majority of the remaining un-electrified households are in rural and or remote areas of South Africa?
 - How can decentralized power generation and or renewable energy generation help achieve the goal of universal access as well as serve as provision for free basic electricity?
 - This section must be read with section 5.

Act 34 of 2008

□ (f) *employment*

- What will be the estimated jobs generated from different infrastructure investments?
- It would be prudent to use New Growth Path milestones and goals as targets for jobs criteria, this being aside from Green Economy targets. Which energy options will help achieve the overall employment targets?

Act 34 of 2008

- *(g) the environment;*
 - ▣ This provision is read together with section 4. The IEP must address the impact of different energy carriers. The IEP must account for this by reflecting the true costs to the environment.

Act 34 of 2008

- *(h) international commitments*
 - International negotiations/obligations necessitate that South Africa take a stand to cut carbon and to ramp up renewable energy uptake. However there is an indication of going beyond the emissions limit commitment made at the negotiations, although South Africa has a climate change policy it nonetheless places the influence of the policy as secondary in the IEP. The IEP must absolutely align to the policy and should be a primary parameter in the base case.

Act 34 of 2008

□ (i) *consumer protection*

- As all South African are seen as consumers by Eskom and municipalities that provide electricity as a service. How does each “consumer” exercise their right to choose their service provider or source of energy in light of ISMO and the traditional grid?
- How does the Consumer Protection Act 68 of 2008 impact on the energy services (be it at household or wholesale level)?
- This section must be read with section 5 and thus, the IEP must reflect the influence of subsequent consumer protection orientated legislation. **5.** (1) The Minister must adopt measures that provide for the universal access to appropriate forms of energy or energy services for all the people of the Republic at affordable prices.
 - (2) The measures contemplated in subsection (1) must take into account—
 - (a) the safety, health and environmental suitability of such energy;
 - (b) the availability of energy resources;
 - (c) the optimisation of existing energy infrastructure;
 - (d) the need for new infrastructure;
 - (e) the provision of information and training regarding energy and its optimal utilisation;
 - (f) the sustainability of the energy provision;
 - (g) affordability;
 - (h) cost-effectiveness;
 - (i) the State's commitment to provide free basic electricity to poor households; and
 - (j) appropriate governance procedures for government sponsored programmes as prescribed by the Public Finance Management Act.

Continued...

▣ (3) The Integrated Energy Plan must—

- (a) *take account of plans relating to transport, electricity, petroleum, water, trade, macro-economy energy infrastructure development, housing, air quality management, greenhouse gas mitigation within the energy sector and integrated development plans of local and provincial authorities:*
- (b) *inform and be informed by plans from all supply, production and demand sectors whose plans impact on or are impacted by the Integrated Energy Plan; and*
- (c) *be based on the results of the energy analysis envisaged in sections 3(4)(a) and 3(5).*

(a) take account of plans relating to transport, electricity, petroleum, water, trade, macro-economy energy infrastructure development, housing, air quality management, greenhouse gas mitigation within the energy sector and integrated development plans of local and provincial authorities:

- As much as transport, electricity, petroleum as well as greenhouse gas emissions are covered, there are present gaps in the IEP that address the needs of IDPs and air quality management regulations at local and provincial government planning level. As much as the latter is putting a price on emissions in the form of penalties, these regulations are nonetheless important and will impact further energy planning.

Act 34 of 2008

- (4) The development of the Integrated Energy Plan must take into account—
 - (e) *environmental, health, safety and socio-economic impacts*
 - Health is a gap as a consideration in energy generation as well as end-use. The department of Health has also not been included in the IEP steering committee composition. This results in the IEP being weak on health externalities and reflecting these accurately. However the Act has a specific provision of this inclusion see section 4 in the determination of the impacts of energy carriers. There remains no inclusion of air quality regulations as set out in Act 39 of 2004 as to how the regulations will impact generation.
 - IEP must be more cost reflective, it must include in the costs to the environment and costs associated with risk management of safety measures should such measures need to be employed.
 - What are the other socio-economic benefits other than jobs associated with each energy option? For example energy efficient technology uptake.
- **4.** The Minister may after consultation with the Minister of Trade and Industry, the Minister of Labour and the Minister of Environmental Affairs and Tourism, adopt measures not contemplated in any other legislation, to minimise the negative safety, health and environmental impacts of energy carriers.

Act 34 of 2008

- (6) The Integrated Energy Plan must—
 - (a) *serve as a guide for energy infrastructure investments*
 - What extent does IEP serve as a guide? If this is at the discretion of the minister to consider the IEP recommendations, how can the recommendations be given effect to and used as points for specific investments? Is the IEP not a mandatory initiative to which all energy planning and investment must comply with?

Act 34 of 2008

- (7) Before finalising the Integrated Energy Plan, the Minister must—
 - ▣ (a) *invite public comments*
 - The public participation provision should be implemented through a public participation policy which sets out rules on what constitutes notice, what should the notice incorporate, how many days or periods of days serve as adequate notice for submissions/comments, how many days are reserved for submissions of comments, the timeline indicating what steps will follow from the moment the notice is published and who is the responsible party?
 - ▣ (b) *duly consider such comments*
 - What does duly consider mean?
 - Does this mean that comments are then tested for merit and then included in the final draft?
 - Does the term duly consider reference to a feedback process in which an indication of the incorporated comments are made?

Policy considerations

- As a primary the policy the White paper on the Energy Policy of the Republic of South Africa of 1998 is an outdated document. It had the effect of being in force for 10 years thus preceded the National Energy Act no 34 of 2008.
- If any plan or strategy is thus premised on the energy policy, it prudent that it be reviewed.
- NCCWRP
 - ▣ GHG determination

Other comments

- The investment in renewable energy through REIPPPP has set a precedent in the manner in which transparent investment based on energy planning should follow. Does this mean that procurement in other forms of energy (such as nuclear and coal etc) will be an open, transparent bidding process. There needs to be certainty in the determination of appropriate procurement processes.

Electricity Governance Initiative of SA

EGI-SA partner organisations (July 2013):

