

## **Media Briefing on the IEP and IRP**

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**By**

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**Minister of Energy**

Ladies and Gentlemen, as you might be aware, on the 2<sup>nd</sup> November 2016 Cabinet approved the publication of the Integrated Energy Plan (IEP) and the Integrated Resource Plan (IRP) for public comment and engagement.

The reason for the brief today is to outline the IEP and IRP processes, including a reflection on the key aspects of the processes.

### **INTEGRATED ENERGY PLAN (IEP)**

The development of a National Integrated Energy Plan (IEP) was envisaged in the White Paper on the Energy Policy of the Republic of South Africa of 1998 and, in terms of the National Energy Act, 2008 (Act No. 34 of 2008), the Minister of Energy is mandated to develop and, on an annual basis, review and publish the IEP in the Government Gazette. The purpose of the IEP is to provide a roadmap of the future energy landscape for South Africa which guides future energy infrastructure investments and policy development. The development of the IEP is a continuous process and takes into account the changes in the macroeconomic environment, developments in new technologies and changes in national priorities and imperatives, amongst other factors.

From the myriad of factors which had to be considered and addressed during the Integrated Energy Planning process, eight key objectives were identified and they are to (1) Ensure security of supply; (2) Minimise the cost of energy; (3) Promote the creation of jobs and localisation; (4) Minimise negative environmental impacts from the energy sector; (5) Promote the conservation of water; (6) Diversify supply

sources and primary sources of energy; (7) Promote energy efficiency in the economy; and (8) Increase access to modern energy.

The IEP analyses current energy consumption trends within different sectors of the economy (i.e. agriculture, commerce, industry, residential and transport) and uses this to project future energy requirements, based on different scenarios. The scenarios are informed by different assumptions on economic development and the structure of the economy and also take into account the impact of key policies such as environmental policies, energy efficiency policies, transport policies and industrial policies, amongst others. The IEP then determines the optimal mix of energy sources and technologies to meet those energy needs in the most cost-effective manner for each of the scenarios. The associated environmental impacts, socio-economic benefits and macroeconomic impacts are also analysed. The IEP is therefore focused on determining the long-term energy pathway for South Africa, taking into account a multitude of factors which are embedded in the eight objectives.

While the IEP focuses on demand for all energy forms across all the economic sectors at a high level, more detailed sensitivity analysis of different demand growth profiles and supply-side options for the two main energy sub-sectors, namely: electricity generation and liquid fuels supply will be detailed in supporting sector plans. For the gas sub-sector, a draft framework which seeks to explore future possible options for the development of a gas market in South Africa is being developed. This approach has been undertaken to enable the differences in each of the sectors to be analysed in detail taking into account the complexities and level of maturity of each sub-sector.

## **INTEGRATED RESOURCE PLAN (IRP)**

Since the promulgation of the IRP 2010-30 there has been a number of developments in the energy sector, the country and the region which necessitate that we review and update the plan. Some of the developments or changes includes, additional capacity that has come online, demand lower than envisaged in IRP 2010-

30, draught in neighbouring countries experiencing resulting electricity shortage, reduced Eskom plant performance and changes in technology costs.

The IRP update process is different from the IRP 2010-30 development processes in a sense that the update process is not zero based but use the from the promulgated policy adjusted IRP 2010-30 as a reference point.

The IRP development and update process as in the case of the IEP aims to balance similar objectives which are; security of supply, cost of electricity, job creation and localization, minimal negative environmental impact, minimal water usage, to diversity of supply sources (energy mix) and promotion of energy access.

Against these objectives the Department set 4 key milestones in regard to the development of the IRP, which are (1) settling the key assumptions, (2) developing a Base-Case, (3) modeling and analyzing the Scenarios and sensitivities, and finally (4) the developing the final plan taking into account the various scenarios and policy positions.

The first and second milestones have been completed and are the basis of the planned public consultation process. The third milestone which involves testing various scenarios and sensitivities is currently underway; and the fourth milestone which relates policy adjustment will follow once public consultations and scenario analysis are done.

What we are therefore inviting the public to do is:

- Make input regarding the assumptions we have used;
- Comment on the Base Case scenario we have modeled;
- Comment on any other scenarios we should to consider;
- Make any other input relevant to the process of developing the IRP and IEP.

## **PUBLIC ENGAGEMENT PROCESS AND MODALITIES**

### **1. The IEP and IRP Assumptions and Base Case Reports:**

These will be published in the Government Gazette early on 25 November 2016. Reports including annexures will also be available on the Department of Energy website ([www.energy.gov.za](http://www.energy.gov.za)) from today (22nd November 2016).

### **2. Consultation Roadshows:**

- Roadshows in the major cities of Johannesburg, Durban, Cape Town and Port Elizabeth are planned to take place between 7<sup>th</sup> and 15<sup>th</sup> December 2016.
- Additional provincial consultation roadshows will take place during the month of January 2017. Details to be communicated once logistics are in place.
- Consultation will also take place with as many stakeholder bodies as possible, including Nedlac.
- Exact dates and venues will be available on the Department website.
- Consultations will be opened until February 2017.