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DA'S EMERGENCY PLAN TO FIX SOUTH AFRICA'S ELECTRICITY SUPPLY

In short, the DA's advice to President Ramaphosa's government is *get out the way*.

Do what is necessary to keep the lights on in the short term and then put in place what is necessary to keep the lights on in the medium to long term. Get out the way of those businesses, municipalities and households who want to generate electricity. Get out the way of Eskom's leadership so that they can fix the problems at Eskom.

SHORT TERM (IMMEDIATE STEPS)

These are the steps that can and must be taken *immediately* to ensure a reliable supply in the short-term. All these steps can be implemented today. They are quick wins.

- 1. Declare a ring-fenced state of disaster in the electricity sector.** This will suspend all legislation currently blocking a swift solution to SA's electricity crisis. Government's own bureaucratic red tape is standing in the way of solutions. Note that the DA is unequivocally against the declaration of a state of emergency. A state of emergency is unnecessary and inappropriate and will do more harm than good. SA's energy crisis is self-created and can be best and quickest resolved with a ring-fenced state of disaster in the electricity sector, which would be followed up with legislated removal of the offending red tape.
- 2. Allow municipalities to procure their own power if they are able to do so.** Municipalities in good financial standing and with the appropriate resources must be allowed to generate and/or buy electricity. President Ramaphosa must instruct Energy Minister Gwede Mantashe to issue a blanket section 34 determination for municipalities, to allow them to buy, generate, distribute, sell and store energy. Years of DA fighting with successive ministers of energy have at last permitted municipalities some leeway to procure their own electricity (either from independent power producers or from own generation). The reality, however, is that they are still required to jump through unnecessary regulatory hoops and seek ministerial dispensation to do so. If government had permitted this when it was first mooted, the citizens and businesses in several metros and municipalities would be fully protected from loadshedding.
- 3. Incentivise small-scale systems such as rooftop solar.** Ease the regulatory burden on small-scale embedded generation and incentivize investment especially in rooftop solar by making it easier and cheaper. The current regulations require homeowners and small businesses wishing to install their own electricity generation capacity to comply with overly bureaucratic and costly regulations and registration requirements. Incentives for homeowners to install rooftop solar would go a long way to easing the demand placed on both ESKOM generation and municipal distribution. Vietnam took this route and over 9000MW of electricity were installed in 2020 alone, spread across 102 000 systems.

4. **Waive local content requirements from all electricity sector procurement.** The Department of Trade, Industry and Competition has, through irrational local content requirements, created an unnecessary bottleneck on all aspects of procurement in the sector. Given the state of our economy, it is bizarre that local content is prioritized over restoring our electricity supply.
5. **Waive preferential procurement requirements from all electricity sector procurement.** It is strongly in the public interest that the cheapest, quickest processes are followed. Eskom and other power producers must be able to take the cheapest and most streamlined route to fixing current capacity and adding additional capacity. BEE requirements add an extra layer of cost and slow down processes considerably, thus doing far more social harm than good.

MEDIUM TERM (START NOW)

These steps take longer and should have been implemented years ago, so they need to get underway immediately and urgently and must be taken concurrently:

OUTSIDE ESKOM

6. **Form an Emergency Electricity Commission** to deal with the crisis in the “Disaster Mode”. It must be headed by a Power Utility Specialist, not a politician. The head of the commission must choose members of the commission.
7. **Regularly update the Integrated Resource Plan** (government’s roadmap for electricity demand and supply management). The IRP was first issued in 2010, and then ignored until 2019. When a revised IRP was issued in 2019, it was based on false assumptions (eg. the offtake from the Grand Inga Hydroelectric Scheme in the Democratic Republic of the Congo) and outdated data (the energy availability factor from ESKOM was set at 72% - it is currently around 58%).
8. **Establish an Independent System Market Operator.** The national electricity transmission grid must be owned and operated by an independent entity separate from Eskom. While Eskom controls both electricity generation and transmission, it is both player and referee when it comes to allowing access to independent power producers. The World Bank noted in 2002 that: “If a government wants a competitive power sector, it must recognize that the Transmission System Operator (TSO) is the key institution. More importantly, it must create a TSO whose decisions are not controlled by any one or more market participants or by the government itself. The hardest lesson for a government is to accept the fact that it must be willing to give up political power in order to obtain electrical power.” The promised unbundling of Eskom has stalled, and even when completed, the transmission grid will still be controlled by the Eskom group board, which defeats the purpose of the unbundling.
9. **Aggressively pursue new generation capacity** from diverse sources and technologies using streamlined bidding processes. In 2012, the government introduced the Renewable Energy Independent Power Producers Procurement Programme. After 4 bid windows, the project was unexpectedly put on hold in 2015 when Eskom (under Brian Molefe) refused to sign power purchase agreements with the successful bidders. At the time, South Africa was considered a world leader in renewable electricity generation. From 2015 to 2021, not a single new megawatt was added to the grid.

10. **Establish proper governance structures** to ensure allocations of foreign funding (for a just transition away from fossil fuels) are above board.
11. **Invest heavily in grid infrastructure and system upgrades.** The crisis in South Africa's electricity sector cannot be solved purely from a generation perspective. It is vital that grid planning for a smart, flexible grid, that can accommodate new, decentralised generation is undertaken concurrently with new generation procurement programmes.
12. **Build more storage capacity.** South Africa's pumped storage is essentially all that is preventing at least two additional stages of loadshedding. There have been rapid developments in battery and other forms of storage. Investment in these technologies will alleviate a significant amount of pressure on Eskom's generation fleet.

INSIDE ESKOM

13. **Stop sabotage.** Institute comprehensive and integrated security and intelligence measures to deal with sabotage & saboteurs. Those who sabotage or attempt to sabotage South Africa's power supply system must be held fully accountable for this treasonous act of social and economic destruction. Accelerate prosecutions to set an example.
14. **Employ engineers and get rid of unnecessary staff at Eskom.** Eskom's woes are attributable in large measure to the depletion of skills (technical & management) over many years. The current management lack the skills to restore a reliable power supply. Eskom is both hamstrung by this woeful shortage of skills and also burdened by a bloated staff complement. Eskom's leadership must be given free rein to jettison all deployed cadres and downsize its staff complement to help pay for the engineers it desperately needs.
15. **Ramp up maintenance on Eskom's generation fleet.** 17 000 MW of generation capacity is currently broken and not being brought into line. If even half of this was fixed the recent bout of loadshedding would not have been necessary. And plan for the replacement of end-of-life equipment. Eskom has not been keeping pace with its own maintenance schedule. Nor has it put in place any plans to replace power plants that are rapidly approaching decommissioning (the first being Komati, in September 2022, which supplies 1000MW of electricity).
16. **Review Eskom's coal contracts** to rid them of corruption and ensure best-price contracts, to ease Eskom's financial situation.



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