

Comments on the IRP2 rev2

by



Sustainable Energy Africa

Association incorporated under Section 21

Process

- The continued consultation in the IRP process is commendable
- The representation of key groups in the decision-making is still unclear
 - It appears that the Technical Task Team has a strong influence on decision-making yet is an informal and unrepresentative group of ‘experts’ in their personal capacity.
 - Lack of formal representation from local government – who are significantly impacted by decisions and the biggest demand ‘wedge’ - is of concern
- In an IRP process which will direct almost R1 trillion worth of electricity sector investment into the future, a more comprehensive, representative process is merited.



Distribution costs

- Exclusion of distribution (and transmission) continues to be a major concern, and is expected to impact negatively on local government.
- Distribution costs of around R7000/kVA have been estimated – amounting to R50-R100 billion to accommodate the new generation capacity in the IRP.
- Local government will have to carry these costs.
- Yet embedded generation, and most importantly, substantial EEDSM, would reduce these costs. They need to be included in the economic analysis in a clear way.
 - Some evidence suggests that it is often much cheaper to implement EEDSM measures than to upgrade distribution infrastructure



EEDSM costing

- EEDSM appears still not to be considered on an equal cost basis with supply options (though not very clear as IRP mentions “inherently containing energy efficiency” – how determined? Detail?)
- The apparent focus on “capacity expansion” rather than an “integrated resource planning” (where EEDSM is adequately considered) will lead to a sub-optimal economic solution for the country.
- The fact that EEDSM programmes have had only a small impact in the country so far should not be a reason for de-prioritising EEDSM. With resources and effective institutions this can and should change



Re-distributor (metro) demand profile

- Re-distributor demand appears out of sync with plans and projections of many of the metros (e.g. as detailed in some of their Energy and Climate Change Strategies)
- Given that this is the biggest component of the demand projection, this needs further clarification.



Climate change risks

- The lack of alignment with future carbon profile as announced by the President based on the LTMS is of concern. If IRP investment frameworks do not align with national intentions where are we headed?
- Risks of future economic burden of carbon constraints should be more strongly considered....
- Consider how the awareness and pressure on low carbon has escalated over the past 10 years, and consider an acceleration of this in the next 10 years....
 - Will we be left with large carbon-emitting coal-fired power stations with another 40 years of life that are a burden to our economy?
- Critical that decisions do not overprioritise minimising short-term costs for huge longer-term penalties.



Jobs

- Job creation is a critical focus and hi-priority objective in the country
- It is appropriate for job creation impact to be an explicit criterion for the IRP
- Also the overall approach appears to be “provide industry with power at all costs to stimulate economic growth” (see the focus on Ferrochrome in industrial demand forecast) but we need to consider whether this is job-creating or jobless growth... i.e. who does this investment benefit?





THANK YOU

