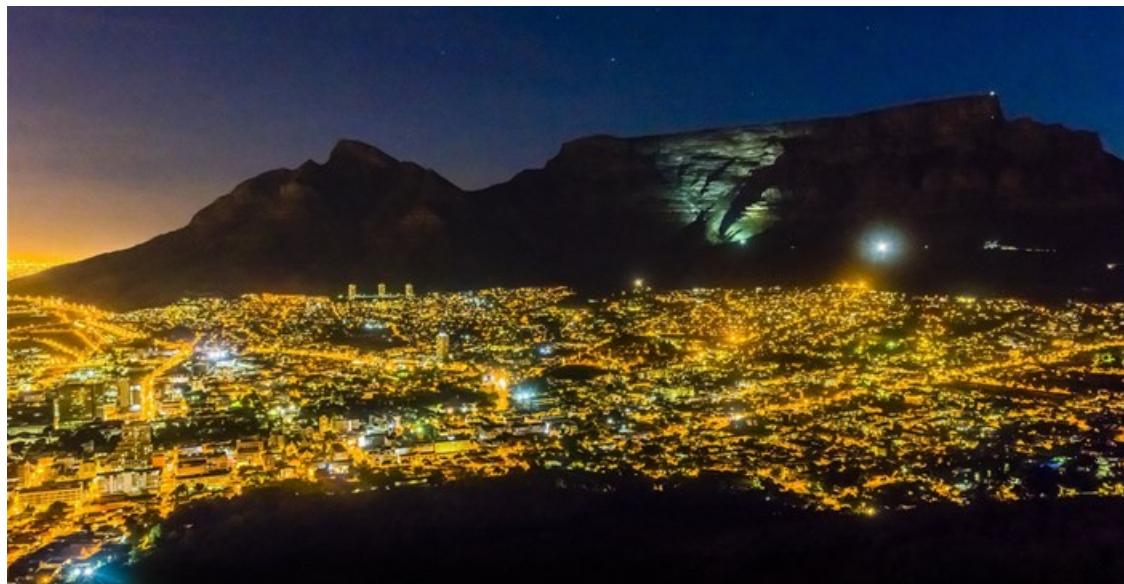


Ramaphosa confirms own use generation plan

In his State of the Nation Address (Sona), President Cyril Ramaphosa confirmed that the regulatory environment is to be changed in order to facilitate uncapped commercial and industrial distributed generation for own use.



Cape Town sought court intervention to buy electricity from independent power producers. Image source: Getty/Gallo

"Notably, the president referred to commercial and industrial generation of power, not confining this to mines. This is a major step forward from a policy point of view, and will give Eskom the breathing space it so critically needs," says Matt Ash, director at Norton Rose Fulbright.

Eleven days ago, Minerals and Energy Minister, Gwede Mantashe made the surprise announcement at Mining Indaba that mines will be the future will be allowed to generate energy for their own use.

This will dramatically reduce the load on Eskom, giving it time to implement a long-term maintenance and rehabilitation programme on its generating assets.

In December 2019, the City of Cape Town sought the court permission to buy electricity directly from independent power producers (IPPs) due to the ongoing blackouts in the country.

At the time, Acting Mayor Ian Neilsen was asking permission from the judge president of the Gauteng High Court for an expedited hearing on its energy case asking the Energy Minister Gwese Mantashe and the National Energy Regulator of

South Africa (Nersa) to allow it to buy energy from the IPPs. The court date was set for May 2020, but judging by the Sona announcement, this will no longer be necessary.

Other steps

Further facilitating interim production of much-needed power, the president also recorded that a Ministerial Section 34 determination implementing the Integrated Resource Plan (IRP) 2019 (including procurement from renewable resources, natural gas, hydropower, and coal), the pursuit of Round 5 of the Renewable Energy Independent Power Producers Programme and the Emergency Power Procurement Programme to add capacity to the grid within three to 12 months, would all be progressed soon.

In addition, the president further confirmed that municipalities in good financial standing are to be authorised to procure power from IPPs directly, thereby further reducing Eskom's production burden.

"Given the current electricity crisis, and noting the president's affirmation that the economy needs to be sustained urgently, there is an expectation that the necessary practical steps will be taken as a matter of urgency," Ash says.

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