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SA's new energy plan is 'shoddy' and will probably fail - analysts

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Mineral Resources and Energy Minister Gwede Mantashe has gazetted the draft IRP2023 for public comment.

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The long-awaited draft of the Integrated Resources Plan of 2023 has left many unanswered questions.

The document has been described as "shoddy," lacking clarity or detail on the assumptions used in modelling the future energy mix.

The public have until 23 February 2024 to submit comment, which will inform the final policy document.

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South Africa's new energy generation plan lacks detail and leaves many unanswered questions, according to some energy analysts.

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The long-awaited draft of the Integrated Energy Plan (IRP) of 2023 was gazetted for public comment this week.

The plan should show how electricity supply and demand will be balanced in the coming years. This document looks at two time horizons, one from 2023 to 2030 and the second from 2031 to 2050.

In the plan, the government notes up until 2030, energy security will be elusive, with a supply-demand deficit until the end of the decade.



In other words, load shedding was likely to be permanent for the next seven years, said independent energy analyst Clyde Mallinson.

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The plan also proposes an energy mix, which introduces 29.3GW of new generation capacity, 2.7GW of which is already under construction.

Notably, it introduces more than 8GW of new gas projects. This is higher than the 6.3GW of allocations made to gas and diesel in the previous IRP, of 2019.

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The draft, which excludes #greenhydrogen-related developments, looks to add only 29.3GW of generation capacity over the 2024-2030, with 2.7GW already under construction.
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Allocations for renewables like solar PV and wind are also much lower than in IRP2019.

For example, solar PV installations of 5.9GW are expected by 2030, the IRP2019 had pencilled this in 8.3GW by the end of the decade. Wind capacity is projected to be 7.9GW, significantly different to the 17.7GW indicated in 2019.

Some analysts point out it is difficult to interrogate the proposed energy mix, without being provided the assumptions used in the modelling - this information has been provided in previous iterations of the IRP.

"It lacks detail. There are a lot of unanswered questions, and there is a lack of clarity when it comes to the assumptions," said Gaylor Montmasson-Clair, a senior economist at independent think tank Trade and Industrial Policy Strategies.

The costing is also not clear because no financial or economic information is provided.

'Shoddy piece of work'

Mallinson said the document was an "extremely shoddy piece of work", lacking references to sources and costing used, and came to "unsubstantiated" conclusions.

"We can't test the modelling because we are not provided with the input assumptions."

He expressed little confidence in the proposed energy mix.

One example is the energy demand projections, which Mallinson believes is far too low as it

does not take into account the electrification of the transport sector, which would drive up electricity demand by 2050.

It appears the modellers took the existing dismal growth statistics and projected them into the future to determine electricity demand.



Figure 2: Energy Demand (TWh per calendar year)

Projected energy demand.

Supplied DMRE

Energy insecurity

The plan relies on scenario planning for both time horizons.

For 2023 to 2030, the scenario planning shows energy insecurity is likely to remain a factor.

Montmasson-Clair, however, found it "strange" that most of the scenarios modelled for the short term do not achieve energy security, especially because this should be the primary goal or bare minimum that must be achieved before the least-cost and low-carbon options for the energy mix are considered.

"Why are we bothering with scenarios that do not achieve energy security?" he asked.

"It is very strange to me, and I do not have an answer," an exasperated Montmasson-Clair said.

The IRP2023 shows there are significant amounts of unserved energy across three scenarios.

There's a positive and significant shift in energy security from 2027 with the introduction of dispatchable power such as gas and the improved performance of Eskom's power stations.

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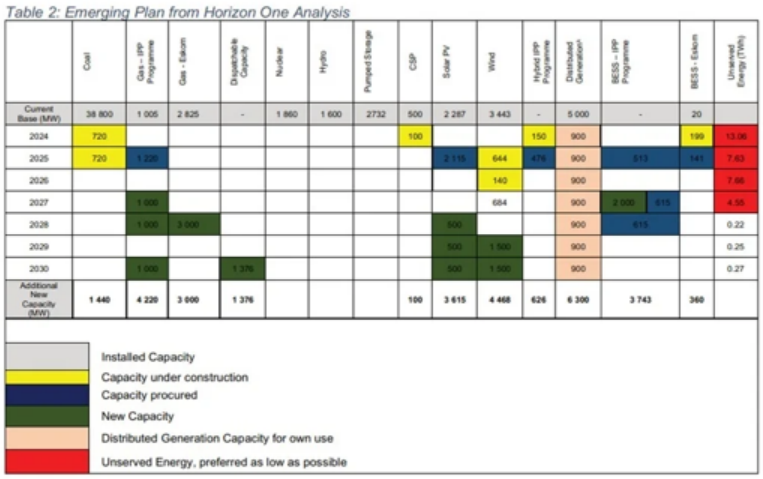

The proposed energy mix until 2030.

Supplied DMRE

The proposed energy mix does not add solar PV in 2026 and 2027 and no wind in 2028.

A cause for concern because the country needed all the energy it could garner at this point, said Montmasson-Clair.

The allocations for distributed power - this includes rooftop solar - is also a low figure of 900MW each year until 2030.

"The market tells us we will get a lot more than that, because we are already getting more than that," said Montmasson-Clair.

Trade data shows in the first half of 2023 South Africa **imported about R12 billion worth of solar PV panels**.

Imports from China **over the same period were as much as 3.4GW.**

Energy analyst Chris Yelland noted the "pace and scale" of distributed generation over the coming years seemed "absurdly unambitious" and "wrong" based on current trends in the country, as well as in other countries.

There may be a logic to the proposed energy mix, but the information needed to substantiate the modelling is not provided.

The plan does not inspire much hope for the longer term - the years between 2031 and 2050.

The long-term plan is found lacking, given the absence of a proposed energy mix for this period.

It models five scenarios, exploring the impacts of clean coal, the rollout of renewable energy and clean energy technology like nuclear, and delayed decommissioning of coal-fired power stations on energy security.

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But it is not conclusive of which option is best.

It instead calls for a pathway to be determined by technical analysis and policy adjustments, which is the whole point of the IRP process, really.

"It is not fit for purpose," said Mallinson. "It looks like something from the last century, at a time when the energy supply industry is going through the biggest disruption in history."

He likened it to a road trip to a particular destination. There could be five routes to a single destination, like Cape Town. But the IRP lacks a destination - which means the different routes or scenarios are meaningless.

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"Seems we are planning for failure," Yelland said of the IRP2023.

Instead of ramping up private sector wind and solar PV and battery energy storage - all of which are possible - the IRP2023 is seen to promote delayed decommissioning of coal-fired power stations, increasing the performance of an old coal fleet, and deploying gas-to-power plants.

This was without a proper analysis of the implications of increasing the performance of an old coal-fired power plant, or the costs of gas-to-power compared to the alternatives, Yelland said.

Cosatu spokesperson Matthew Parks said the labour federation would be requesting engagements on the IRP2023 through the National Economic Development and Labour Council.

This is to ensure the views of workers are incorporated in the final document.

"It's critical the final IRP provides an appropriate energy sources mix, including reliable base load, and support for an urgent expansion of clean energy sources..." he said.

It is also particularly important for Eskom to be able to expand its share of renewable energy.

"We will not accept any worker or community to be left behind," Parks said.

The public had until 23 February 2024 to submit comments for consideration of the final policy, the Department of Mineral Resources and Energy said in a notice about the IRP2023.

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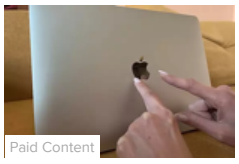

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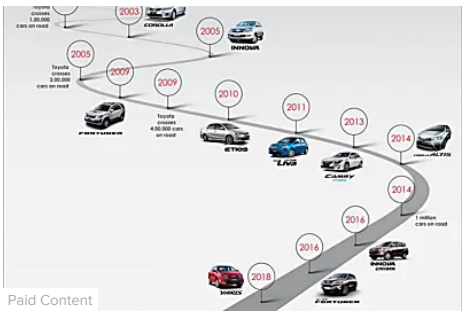

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