

REFLECTIONS ON ENERGY REFORMS AND PRIORITIES

Operation Vulidlela Workshop

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Energy Reforms and Priorities

Main :

- 1. Operationalization of ERA, including its signing by the President or sections of it.**
 - Risk of SALGA court case – definition of “reticulation”
- 2. Establishment of a Market Operator in the National Transmission Company of South Africa (NTCSA) and finalisation of the Market Code**
- 3. Establishment of a Central Purchasing Agency (CPA) within the NTCSA and novation of PPA legacy and vesting contracts (REIPPP, also with each Eskom power station)**
- 4. Operationalization of the Market Operator and CPA - up and running**
- 5. Migration of NTCSA to investment grade and access to competitively priced capital markets to finance Transmission expansion, supplemented by DFIs plus PPPs with the private sector**
- 6. Conversion of NTCSA into TSO outside of Eskom within 5 years – legally unbundled from Eskom**

Energy Reforms and Priorities

- 7. Clustering of Eskom generators into competing units prior to horizontal unbundling.**
 - Drives efficiencies and revelation of least-cost GenCos
- 8. Electricity Distribution Industry Reform:**
 - including Eskom Distribution and/or Metros and larger towns taking over failing neighbouring distributors.
 - Concessions and Management Contracts through service delivery agreements.
 - Concessions are the most effective contractual arrangements for efficiencies
- 9. Transfer of IPP Office to the CPA**
- 10. Temporary pause in IPP Bid Windows (inadequate BW5 &6 experience), and replacement of with Utility-scale Feed-in Tariffs for qualifying first-ready first-contracted projects.**
 - Back to central auctions, bid window in 4 years after IPP Office/CPA has built capacity.

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11. **Grid access queuing, grid curtailment and national wheeling framework should be finalised by NERSA**
12. **Net-billing/ SSEG feed-in tariff approved by NERSA**
13. **Strengthening the Board and Senior Management of NERSA**

GAS

14. **Leadership and coordination of Gas to Power projects**
 - **SA needs gas to complement the variability of renewables but current initiatives likely to fail –**
 - **no coordinated leadership, government departments and SOEs working in silos, poor procurement design etc**

These are big issues and OV could make a huge difference



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