ENERGY ACTION PLAN
SIX MONTH UPDATE: JANUARY 2023
In his address to the nation on 25 July 2022, President Cyril Ramaphosa announced a bold set of actions to address load shedding and achieve energy security.

The National Energy Crisis Committee (NECOM) has since been established to oversee the implementation of five key interventions:

1. Fix Eskom and improve the availability of existing supply
2. Enable and accelerate private investment in generation capacity
3. Accelerate procurement of new capacity from renewables, gas and battery storage
4. Unleash businesses and households to invest in rooftop solar
5. Fundamentally transform the electricity sector to achieve long-term energy security

The short-term objective of the Energy Action Plan is to reduce the severity and frequency of load shedding through immediate measures to improve the performance of Eskom’s existing power stations and stabilise the energy system.

Our long-term objective is to end load shedding altogether and achieve energy security by adding as much new generation capacity to the grid as possible, as quickly as possible.

Schedule 2 of the Electricity Regulation Act has been amended to remove the licensing requirement for generation projects of any size to enable private investment at a much larger scale.

A new Ministerial determination has been published for over 18 000 MW of new generation capacity from wind, solar and battery storage.

The pipeline of private-sector embedded generation projects has grown to over 100 projects, with total capacity of more than 9 000 MW.

19 projects from Bid Window 5 have signed project agreements to supply 1 800 MW of solar and wind capacity, and a further six preferred bidders from Bid Window 6 will provide 1 000 MW of capacity.

An additional 300 MW of power has been imported from neighbouring countries, with work underway to increase imports from the region.

Eskom has launched a Standard Offer Programme to purchase up to 1 000 MW of power from companies that have existing generation capacity for a period of three years, as well as an Emergency Generation Programme to purchase additional power when the grid is constrained.

Various actions have been completed to streamline authorisation processes for energy projects:

- Transmission infrastructure has been excluded from the need to obtain an environmental authorisation in areas where the environmental impact is low.
- The timeframe for environmental authorisations has been reduced to 57 days for projects gazetted as Strategic Infrastructure Projects.
- The timeframe for registration with NERSA has been reduced from four months to an average of 19 days.
- The timeframe for grid connection has been reduced from nine months to six months.
- The timeframe for land-use authorisations for energy projects has been reduced from 90 to 30 days.
Improved performance of existing power stations ~6000 MW

* Actual capacity depends on multiple factors including market response. This is an illustrative timeline of when additional power is expected, and is subject to revision.
**Eskom has increased outage funding** for the current financial year from R8.2 billion to R9.5 billion.

Weekly meetings are being held between Eskom and National Treasury to enable more agile procurement.

Exemptions have been provided from local content designations for equipment such as transformers and insulators, to enable expedited procurement.

"The utility is recruiting skilled personnel, including former senior Eskom plant managers and engineers from the private sector."

18 skilled specialists have been brought back into Eskom to date, including three appointments of former Eskom employees at power station manager level for Kendal, Koeberg and Medupi.

More than 1000 people have offered their skills through Eskom’s crowdsourcing platform.

Several law enforcement and security agencies are working together to address sabotage, theft and fraud at Eskom. A total of 67 cases are on the court roll and three have been finalised with a conviction. Arrests have been made for theft and sabotage at Camden, Matla and other power stations.

"The South African Police Service has set up a special law enforcement team to help Eskom in confronting crime and corruption."

**OBJECTIVE 1:** Fixing Eskom and improving the performance of existing power stations

"Eskom will increase the budget allocated for critical maintenance to increase the reliability of its generation capacity."

"We are cutting red tape that has made it difficult for Eskom to buy maintenance spares and equipment within the required period to effect repairs."

"Eskom will implement a programme that encourages efficient energy use by consumers to reduce demand at peak times."

"We will use climate funding provided through the Just Energy Transition Partnership to invest in the grid and repurpose power stations that have reached the end of their lives."

"Eskom will be constructing its first solar and battery storage projects at Komati, Majuba, Lethabo and several other stations."

**OBJECTIVE 2:** Accelerating private investment in generation capacity

Last year we announced the raising of the licensing threshold to 100 MW. Following the success of this reform and the enthusiasm shown by the private sector, we will remove the licensing threshold for embedded generation completely.

An incentive-based (R/MWh) demand response mechanism has been developed and will be launched in January 2023 alongside a national campaign to encourage energy efficiency.

The JET Investment Plan has been endorsed by Cabinet and will enable additional funding to be allocated for strengthening transmission infrastructure.

Eskom has finalised its Transmission Development Plan for 2023 to 2027.

Solar, wind, gas and storage projects are under development at nine stations. Projects at Komati, Sere and Lethabo are expected to connect to the grid in 2023.

Schedule 2 has now been amended to remove the licensing requirement for generation projects of any size.

"We will be tabling special legislation in Parliament on an expedited basis to address the legal and regulatory obstacles to new generation capacity for a limited period."

Work is underway to develop an Omnibus Bill that will incorporate the required legislative amendments (where processes cannot be waived or streamlined under existing legislation).
OBJECTIVE 3: Accelerating new generation capacity

Various actions have been completed to streamline authorisation processes for energy projects, including:

- Issued notice to exclude transmission infrastructure from the need to obtain an environmental authorisation country-wide in areas of low and medium environmental sensitivity and in strategic transmission corridors
- Issued notice to exclude solar PV facilities from the need to obtain environmental authorisation within areas of low and medium environmental sensitivity for public comment
- Notice to expand scope and threshold of general authorisations for wind and solar projects to be published for public comment

A One Stop Shop is being established as a single entry point for energy projects through Invest SA.

A business case has been developed outlining resource and operational requirements.

Timeframes have been significantly reduced for regulatory approvals:

- Land-use authorisations for energy projects are being prioritised (timeframes have been reduced from 90 to 30 days).
- Registration process has been significantly simplified (timeframes reduced from four months to 19 days).
- Embedded generation projects have been gazetted as Strategic Integrated Projects, reducing the timeframe for environmental authorisation to 57 days.
- Eskom has reduced timeframes for access to the grid.

"As an immediate measure, surplus capacity will be bought from existing independent power producers."

A total of 162 MW of surplus capacity has been identified from existing IPPs. Work is underway between the IPP Office and generators to unlock this capacity, including additional grid strengthening required.

"Eskom will also purchase additional energy from existing private generators that have surplus power."

Eskom has launched a Standard Offer Programme to procure up to 1 000 MW of power from companies which have existing generation capacity for a period of three years.

"We will in the meantime waive or streamline certain regulatory requirements where it is possible to do so within existing legislation. This includes reducing the regulatory requirements for solar projects in areas of low and medium environmental sensitivity."

"We are also establishing a single point of entry for all energy project applications to ensure coordination of approval processes across government."

"I have instructed departments and entities to review all existing time frames and to ensure we process all applications on an urgent basis."
A Bilateral Power Import Programme has been launched to secure imports of power to the country from neighbouring countries. So far, 200 MW has been secured as of September 2022 and a further 1 000 MW has been identified for 2023.

Eskom has launched an Emergency Generation Programme to procure additional power when the grid is significantly constrained.

Designated local content for solar panels has been reduced from 100% to 30% to alleviate constraints. 19 out of 25 projects from Bid Window 5 have signed project agreements to date for 1 800 MW of new capacity, and will now proceed to financial close and construction.

A revised RFP for Bid Window 6 was published to increase the capacity procured.

Five preferred bidders have been selected to date to provide 1 000 MW of solar power. Several wind projects could not be accepted as the available grid capacity has been taken up by private sector projects, which are now proceeding to construction.

The IRP 2019 is being reviewed, with a completion target of March 2023, to update assumptions regarding energy availability and technological changes.

The Minister of Mineral Resources and Energy will issue a determination for the remaining allocations in the Integrated Resource Plan 2019, and will open further bid windows on an expedited basis.

We will release a request for proposals for battery storage by September this year, and a further request for gas power as soon as possible thereafter.

To incentivise greater uptake of rooftop solar, Eskom will develop rules and a pricing structure – known as a feed-in tariff – for all commercial and residential installations on its network.

The RFP for battery storage has been finalised and will be released to the market shortly. An RFP for gas power will follow by March 2023.

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Eskom has submitted a net metering tariff for residential customers to NERSA for approval.

Work is underway to develop a net billing framework for municipalities to enable customers to feed electricity from rooftop solar installations onto the grid.
OBJECTIVE 5: Fundamentally transforming the electricity sector

The appointment of an independent board for the transmission entity will be finalised by the Minister of Public Enterprises.

The Electricity Regulation Amendment Bill, which will establish an independent transmission and system operator and a competitive electricity market, has been finalised for submission to Cabinet in January 2023.

"To ensure that these measures are implemented in a coordinated manner, I have established a National Energy Crisis Committee. The NECOM will draw on the best available expertise from business, labour, professional engineering entities and community-based organisations."

"We will soon be appointing boards for the transmission and generation entities."

"Broader reforms to establish a competitive electricity market will be expedited through the finalisation of the Electricity Regulation Amendment Bill to enable private-sector investment."

NECOM has been established with nine workstreams and is fully operational.