

**DRAFT INTEGRATED RESOURCE PLAN FOR  
ELECTRICITY  
2010**

**RESPONSE FROM THE SOUTH AFRICAN  
INDEPENDENT POWER PRODUCERS  
ASSOCIATION  
2 Dec 2010**

SOUTH AFRICAN INDEPENDENT  
POWER PRODUCERS ASSOCIATION



**SAIPPA**

## IRP2010



- SAIPPA is a lobby group to lobby Legislators, Regulators, law makers and Government to ensure a fair and level playing field for IPP's to invest and operate in the power industry. It draws its membership from IPP's, Engineering Companies, Finance Institutions, Legal Institutions, other Associations and Professional Bodies, Professional Individuals.
- SAIPPA congratulates the DoE for the effort of producing the IRP2010 which is the first time such a comprehensive plan has been produced in SA
- This document and subsequent iterations will ensure that ALL South Africans participate in determining the energy future

# BASELOAD STABILISATION 1/2



- IRP2010 Revised Balanced Scenario is a radical shift from coal usage. Next coal Baseload is 2027.
- Therefore Risks and Economic Impacts need to be fully evaluated. Affordability and Security of Supply of Imported Fuels – Oil, Gas, LNG – are critical issues.
- Total dependency on Eskom build program – if Eskom program is delayed there are no other options. Baseload is a chronic problem in the short to medium term.
- CCGT's from 2019 to 2021 suggest imported LNG. The risk and economic impact need to be evaluated using this fuel source as baseload.

## BASELOAD STABILISATION 2/2



- Coal is the best understood primary energy carrier in SA for baseload in the next 10 years.
- IPP's need to invest in coal fired plant in the next 10 years to stabilise SA baseload requirements.
- In comparison to China and India, SA's carbon contribution in next 10 years is very small. ( China and India will construct coal into 2030)
- Stabilisation of SA's Baseload in the next 10 years is crucial to the economic outcomes SA is planning – growth and jobs.
- Using coal earlier than 2027 releases pressure on nuclear build for future baseload – better planning and financing options can be investigated
- The Carbon bubble can be still maintained in the 2030 window.

## RSA/INDIA/CHINA comparison on coal fired power generation to 2030



Mt/a burnt	RSA	India	China
Business as usual	200	1140	3700
Mitigation	150	710	2650

Approx figures

SA contribution is very small.

# RENEWABLES



- SAIPPA fully supports the renewable energy program
- The implementation of solar CSP and PV need to take into account the global learning curve – costs and operating experience.
- The IRP2010 shows a heavy shift to renewables - wind in particular(4500MW). For the System Operator, the back-up power requirements (spinning reserve) need to be fully understood to execute such a program and avoid system instability.
- A successful RE program will drive the ‘green economy’.

## REGULATORY ENVIRONMENT... 1/2



- References by both President and Finance Minister in separate speeches on ISMO are encouraging but when? (Mentioned White Paper Energy 1998/ 2006).
- Eskom and Government admit future demand needs IPP participation, yet level of IPP participation unclear. Eskom cannot fund Gx requirements alone.
- The Amendments of the New Generation Regulations MUST accommodate Willing Buyer/Seller & Wheeling. Market demand for private power is high.
- REFIT 1 delayed awaiting Amendments to Regulations.
- Draft ISMO Bill not yet released for public comment.

## REGULATORY ENVIRONMENT... 2/2



- IPP's need POLICY CLARITY (Allocation Private/Public) to have investment comfort
- Financiers need POLICY CLARITY (Procurement/Buyer) for such significant investments
- IPP's are ready and willing to participate in the Power Supply industry and welcome Governments' recognition of complementing Eskom Gx supply.
- The Draft ISMO (Independent System&Market Operator) Bill is eagerly awaited.
- The IRP Implementation Rules from Nersa was published for comment.
- ALL Policy and Regulatory instruments must be synchronised or else not implementable.

# IRP Methodology



- While SAIPPA applauds the DoE for its current effort, this process needs optimisation. (The IMC and IRP TTT were ad-hoc)
- The impact of power on the economy merits the establishment of a Permanent Energy Commission to research and publish future IRP's.
- The Commission should draw on the advice of experts globally.
- The Methodology should draw on international experience and application of National Planning parameters not "Company" planning parameters. E.g Discount Rates.

THANK YOU

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