

Unnecessarily constraining the IRP

IRP public discussion workshop

December 2016



Base case constraints

There is an unnecessary constraint on wind and solar in the base case.

- It does not represent least cost
- It is not international best practice
- It is not required
- It is not what I am here to talk about



Different procurement models for different technologies

Not comparing apples with apples

RE and Gas

IPP Procurement

Fixed Energy Price

VS

Nuclear

Eskom Procurement

Large Capital Spend

**Liberalization of the electricity market
is required in order to allow the IRP to
be correct**

Eskom is a vital partner in electricity planning

Eskom's role is both important and justified

- Eskom has major influencing role
- Eskom owns most of our generation
- System operator
- Directly affected by the IRP



Eskom has not been allowed to be in a position to help make the best decisions for the country

Why?

Imagine I want to start a new business



I ask an apple farmer for business advice



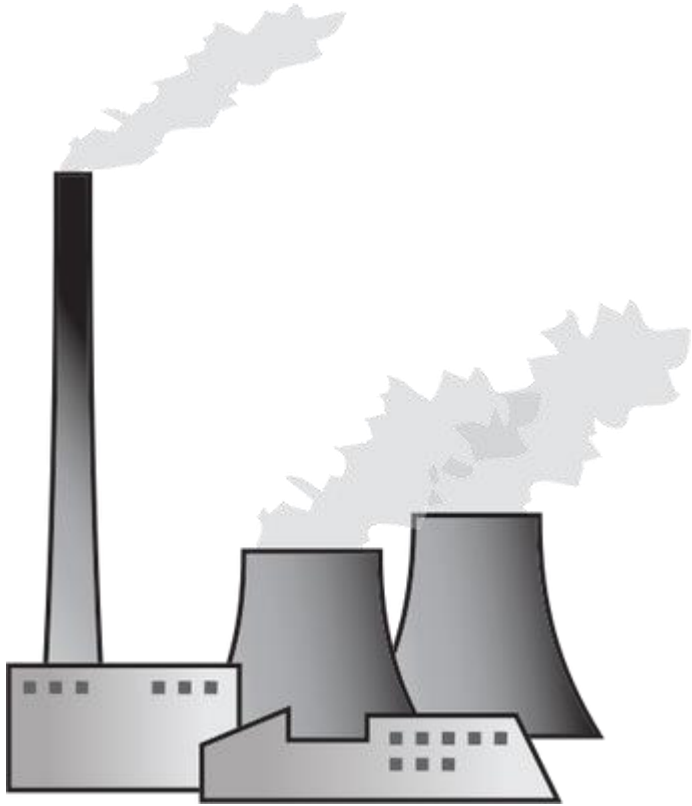
Now I ask a lemon farmer



Eskom has been excluded from some generation markets



Eskom has limited options for new build



Coal



Nuclear

Nuclear generation is heavily contested

Nuclear will not be accepted by the population easily

- Needs to be transparent and rational
- Needs to acknowledge and manage risks
 - Risks of cost and time overruns.
 - Risk of stranded assets
- Cannot put the national grid at risk



IRP doesn't account for competition for funds

- One company running transmission, distribution and generation
- Generation and transmission compete for capital
- This cannot properly be compared in the IRP
- Risk of failure is linked to both generation and transmission
- If generation business fails, so does transmission

System reform is now required for effective energy planning

The time has come to implement the changes we have seen coming for years

- All generation types can be more fairly compared.
- Risks and costs are not transferred to the transmission network
- Costs can be transparent
- Eskom is given a fair ability to make decisions that are best for the country
- International best practice





Thank You

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