

# Radebe breaks gridlock in electricity generation

● *Nersa told to license applications from business to generate power and feed it into national grid*

**Carol Paton**  
Writer at Large

Energy minister Jeff Radebe has opened the way for businesses to generate their own electricity and feed this into the national grid.

The move is a crucial development that will assist in alleviating electricity supply constraints and open the generation market to enable more private entities to provide power alongside Eskom.

The state-owned power utility is battling to keep the lights on and has been burning diesel at great cost since March to close the supply gap and prevent load-shedding.

Radebe wrote to the National Energy Regulator of SA (Nersa) earlier this week informing it that it was permitted to go ahead and license applications from industrial, agricultural, mining and other enterprises to generate their own electricity in projects with between 1MW and 10MW capacity without waiting for the promulgation of the new Integrated Resource

Plan (IRP), which is still under discussion at Nedlac.

Department of energy officials confirmed on Tuesday that Radebe had given Nersa permission to go ahead with the licensing of 500MW of what are known as small-scale embedded generation (SSEG) projects.

The IRP, which is the government's long-term plan for the electricity sector and models how demand should best be met, has been in the works for several years now, owing to ongoing political wrangles over technology choices.

In August 2018, Radebe tabled a draft IRP for public comment and consultation. It is expected it will still take several more months before consultation is complete and the IRP, which makes allowance for 500MW of SSEG, is approved by cabinet and promulgated.

The SA Photovoltaic Association said in March that about 500 projects that could bring 1,000MW onto the grid in the next 12 months were in the

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pipeline awaiting Nersa's attention. AgriSA, which has hundreds of farmers that are ready to generate their own solar PV energy, puts the potential capacity higher at about 1,400MW.

The licensing process for SSEG has been stalled at Nersa for several months. Now, with the general election behind him, Radebe has moved decisively to unblock the Nersa logjam.

Nersa also made progress on the process to allow smaller generation projects of up to 10MW to be registered.

This will allow businesses and households that produce mainly for their own use to register to generate up to 10MW of electricity using for example, photovoltaic rooftop panels. This too had been stalled at Nersa for several months. Last week, the regulator published a consultation paper on invited comments.

Nersa estimates that it will be able to go ahead with registra-

tion of 10MW or smaller projects within the next two or three months. Households with solar panels producing less than 100kW would not be obliged to register with Nersa, said CEO Christopher Forlee.

In a speech on Tuesday at the Africa Utility Week and Powergen Africa conference in Cape Town, Radebe gave the most explicit commitment yet on opening up the electricity generation market.

He said that it was within his powers to determine through a notice that new generation capacity was required and that this was becoming necessary.

"A deteriorating Eskom plant performance propelled by old generation infrastructure, suggests that we are now in need of more investment in new generation capacity to replace the old power plants... This happens at a time when Eskom's balance sheet is at its weakest in a long


**Power supply:**

Energy minister Jeff Radebe has opened the way for businesses to generate their own electricity.

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time... Partnerships between the private sector and government need to be intensified as a necessity," he said.

Radebe said that the government had to recognise that the traditional power delivery model was changing, with implications for municipalities and industrial customers.

Municipalities were also "keen to generate their own power for various reasons" and

"as Eskom's tariffs rise, we can expect more rooftop solar PV systems to be installed" by residents. To date, households had installed about 150MW of solar PV capacity, he said.

The City of Cape Town is in litigation against Radebe to win the right to procure energy directly from independent power producers rather than exclusively from Eskom.

patonc@businesslive.co.za