



# SSEG regulatory framework in South Africa





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10 Nov 2017
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# Introduction

After the first NERSA regulatory draft was released, it was retracted due to public feedback and also due to the possibility to amend the ERA.

An overview of existing frameworks will be provided that may be used as guidance during this interim phase.



# Licensing Exemption and Registration

- Gazetted 10 November 2017
- Amend Schedule 2 of the Electricity Regulation Act, 2006 (Act No. 4 of 2006)

## Schedule 2

### **EXEMPTION FROM OBLIGATION TO APPLY FOR AND HOLD A LICENCE**

- 1 Any generation plant constructed and operated for demonstration purposes only and not connected to an inter connected power supply
- 2 Any generation plant constructed and operated for own use
- 3 Non-grid connected supply of electricity except for commercial use



# Licensing Exemption and Registration

The purpose exemption is to exempt various categories of generation facilities from the requirement to hold a generation license under the Electricity Regulation Act (ERA). It is suggested that these activities rather be registered with NERSA.

The following exemptions categories are listed in the document (all with installed capacity under 1 MW):

- Facilities connected to the grid at the same point as the load that they serve, i.e. where **no wheeling** takes place
- Facilities **wheeling through the grid**
- **Off-grid generation**
- Facilities used for **demonstration purposes** (no sales of electricity allowed)
- **Back-up generation**
- **Tariff structure** and **quality of supply**



# Regulatory Framework

- Now that the licensing rules have been published, NERSA can resume to finalise the regulatory framework
- Expected key aspects to expect in the framework:
  - the application process for SSEG
  - tariff design recommendations
  - registration and
  - connection agreement



# The draft Integrated Resource Plan (IRP) 2018

- Electricity demand is no longer captive to Eskom/municipalities as users can afford to generate their own electricity. (Cost of new generation has reduced significantly)
- Increasing electricity prices puts pressure on households and industries on the verge of closing down.
- Planning philosophy is to minimise cost of electricity while keeping up with governments environmental commitments



# The draft Integrated Resource Plan (IRP) 2018

After reviewing the IRP 2010, the following were highlighted

- The pace and scale of new capacity developments up to 2030 needed to be curtailed.
- Some technologies in the 2010 will not be deployed as least cost option.
- Imposing annual built limits on renewables does not impact the installed capacity of renewable energy technology up to 2030.
- There will be a significant change in energy mix post 2030 which will be driven by decommissioning of old coal power plants.





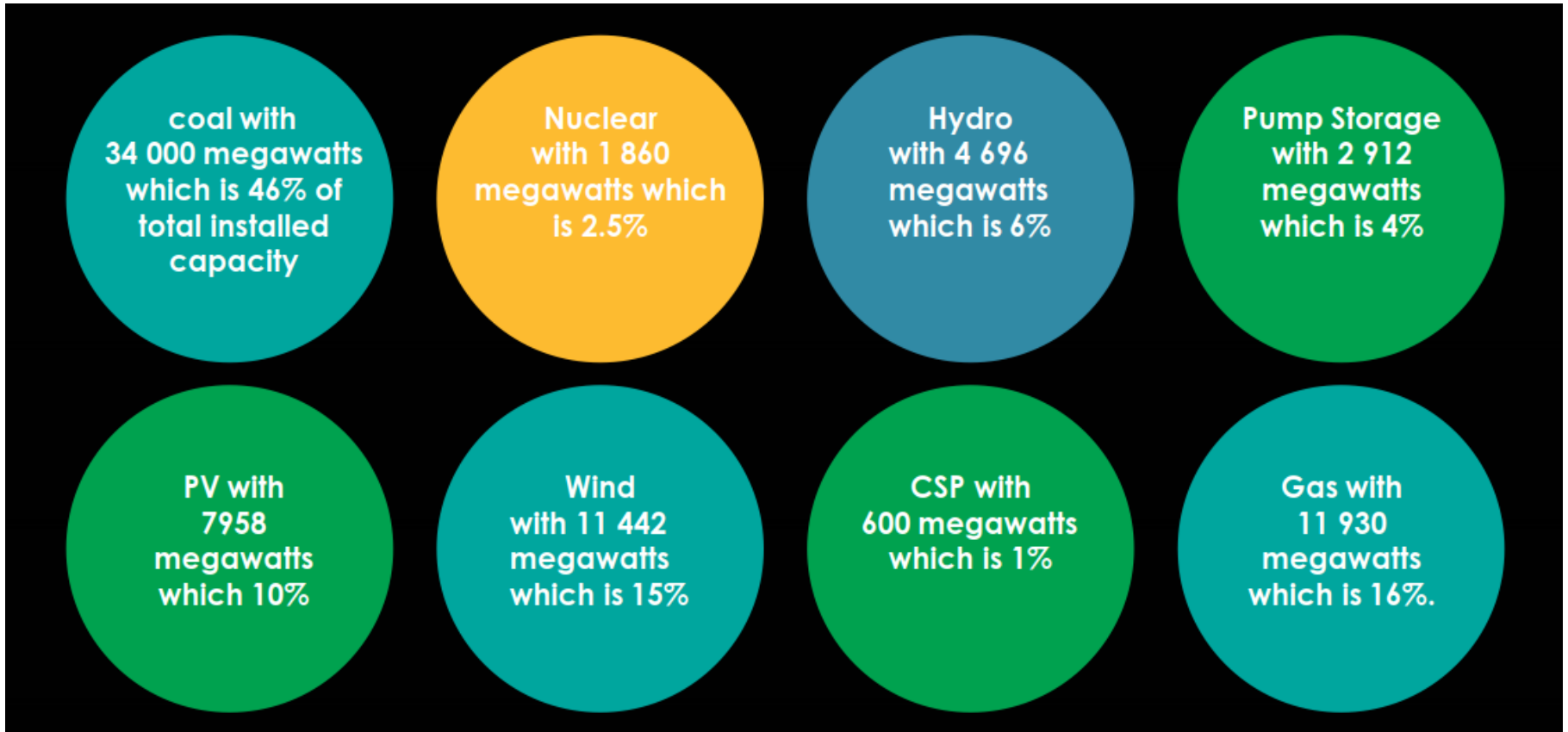
# The Draft IRP 2018

	Coal	Nuclear	Hydro	Storage (Pumped Storage)	PV	Wind	CSP	Gas / Diesel	Other (CoGen, Biomass, Landfill)	Embedded Generation
2018	39 126	1 860	2 196	2 912	1 474	1 980	300	3 830	499	Unknown
2019	2 155					244	300			200
2020	1 433				114	300				200
2021	1 433				300	818				200
2022	711				400					200
2023	500									200
2024	500									200
2025					670	200				200
2026					1 000	1 500		2 250		200
2027					1 000	1 600		1 200		200
2028					1 000	1 600		1 800		200
2029					1 000	1 600		2 850		200
2030			2 500		1 000	1 600				200
<b>TOTAL INSTALLED</b>	<b>33 847</b>	<b>1 860</b>	<b>4 696</b>	<b>2 912</b>	<b>7 958</b>	<b>11 442</b>	<b>600</b>	<b>11 930</b>	<b>499</b>	<b>2600</b>
<b>Installed Capacity Mix (%)</b>	<b>44.6</b>	<b>2.5</b>	<b>6.2</b>	<b>3.8</b>	<b>10.5</b>	<b>15.1</b>	<b>0.9</b>	<b>15.7</b>	<b>0.7</b>	
<p> <span style="display: inline-block; width: 15px; height: 15px; background-color: #cccccc; border: 1px solid black; margin-right: 5px;"></span> Installed Capacity  <span style="display: inline-block; width: 15px; height: 15px; background-color: #ffff00; border: 1px solid black; margin-right: 5px;"></span> Committed / Already Contracted Capacity  <span style="display: inline-block; width: 15px; height: 15px; background-color: #92d050; border: 1px solid black; margin-right: 5px;"></span> New Additional Capacity (IRP Update)  <span style="display: inline-block; width: 15px; height: 15px; background-color: #f4a460; border: 1px solid black; margin-right: 5px;"></span> Embedded Generation Capacity ( Generation for own use allocation)         </p>										

Source: Draft IRP 2018



# Installed capacity mix in year 2030



Source: Draft IRP 2018



# How SSEG can contribute to the National Development Plan (NDP)

- SSEG projects contribute to the economy and creates more jobs
- SSEG helps improve infrastructure
- SSEG has a big contribution to a low-carbon economy



# Policy and Framework

Questions?