

A CASE FOR AN IPP PLATFORM FOR IPP PRACTITIONERS IN SA

INTRODUCTION

This is a proposal for IPP practitioners whether companies, individual academics, professionals, consultants or just those keen to be active in the IPP industry.

The aim is to introduce the idea, concept and some, but not fully-fledged, plan of action for the idea on the optimistic basis that it will be generally endorsed.

It is not expected that the proposal will be fully exhausted in one occasion and therefore such effort should be viewed as a process that is launched today.

This presentation does not aim to be exhaustive lest it assumes monopoly of wisdom on the subject matter.

BACKGROUND TO THE PROPOSAL

The evolution of alternative energy in SA has been buttressed by the emergence of the IPP industry although IPP's do operate in what can be regarded as conventional energy. However such emergence was not without challenges especially acknowledgement of the IPP practitioners, conducive environment for them to operate with reference to policy, legislation and regulation.

SAIPPA represents a broad range of IPP's and is not focused on specific technology types. We work closely with other industry associations such as SAREC, SAWEA, SAPVIA, SASTELA, PAMSA, the EIUG, SASA, SESSA and others. Many of the renewable energy technologies are represented by the above mentioned industry associations. Therefore, whilst we do work with these associations, SAIPPA's current membership is mainly in cogeneration, thermal, waste to energy, hydro power and related industry sectors – a feature that may be fast changing anyway.

SAIPPA also aims to achieve its objectives through the sharing of ideas for international best practice, and advocacy, but primarily through its participation on special technical task teams established from time to time by key stakeholders in the Energy Supply Industry.

SAIPPA believes that any changes contemplated by Government, and other role players in the Electricity Supply Industry, must seek to achieve, inter alia, the following key objectives:

- ✓ An enabling environment for IPP's to realise generation of electricity in keeping with current policy of providing 30% of national power,
- ✓ The establishment of open access to the grid for IPPs,
- ✓ The creation of enabling legislation and regulatory to facilitate competitive independent power generation as well as related aspects.

There has already been a number of instances where issue-based collaboration amongst the various IPP associations has occurred and provided a model, albeit partial at times, of what formal collaboration can be and benefits it yields.

CHALLENGES THAT BESET THE IPP INDUSTRY

- There are a number policy, legislative and regulatory constraints that affect the IPP industry and have been raised with government with minimal or slow response thereon.
- Whilst engagement with government has been conducted by each of the IPP associations, a unified and coordinated approach would have yielded better results. Access to Ministers, in a number of instances, have been inundated by the various associations seeking to address same or similar matters.
- The IPP industry is not free of fragmentation in that there is a number of IPP formations who have only recently coordinated their activities on issues of common interest.
- Competitive relations amongst the associations has compromised their collective effectiveness in a number of ways.
- Economic spectatorship by South African companies, whether overt or subtle, has emerged in REIPPPP with no obvious drive to minimise and reverse it.

WHAT IS ENVISAGED

- SAIPPA bringing all the energy associations together for joint positions regarding Eskom long term planning and investment in transmission infrastructure.
- SAIPPA is highlighting the need for structured engagement with government especially the DOE with respect to:
 1. Working relations between SAIPPA and government as well as
 2. Working relations between DoE and the "business forum on energy" (forum coordinated by BUSA)
- To focus on direct engagement lobby modalities with government rather than using the media
- Initiate an industry-based dialogue on legislation, policy and regulation
- Initiate a debate on addressing the National Plan for Electricity including the restructuring of the electricity sector
- Knowledge Sharing and technical lectures – explore a programme through partnerships
- Compliance to and/or promotion of BBBEE and related matter through peer influence and not pressure
- It has to be appreciated that this proposal is by no means suggesting formation of single body for now but a mere platform that brings birds of the same feather together.

A FEW HINTS

There are a few issues that need either urgent attention or special focus viz.:

- Challenges such as constraints of access to the network, difficulties in wheeling, formal and fully-fledged recognition of cogeneration, to a less extent promotion of small scale embedded generation, etc.
- SAIPPA was requested by the Department of Energy to facilitate an enquiry and assessment of failures and shortcomings regarding compliance to socio-economic development, youth and community involvement requirements as well as localisation as required by REIPPPP. SAIPPA clearly appreciated the sensitivity surrounding this matter and will take cue from participants on how to handle it.
- Representation of IPP's in the War Room Process and the implementation of the Stabilisation Plan vis-a-vis the creation of Business Electricity Mitigation Forum. NOTE: The expected role and contribution of IPP's with reference to the 2nd pillar of the Stabilisation Plan.
- Resuscitation of NEDLAC Energy Task Team and implications to the role and contribution of the IPP's.

CONCLUSION

Not only is it appropriate and strategic to establish this IPP Platform for united voice and coordination, it is necessary to have to manage expectations within the very IPP community.

If R140Bn has already been either invested or committed for 3900 MW out 6600 MW of renewable energy in the context of REIPPPP/IRP framework then we need to ensure we add even more value as the IPP community in future programmes.

One of the bold steps we need to make is to engage the ruling party directly in order to have a sense from the horse's mouth about future prospects for the IPP industry and how it may prepare itself for the future.

The most humble appeal is for participants in this meeting to deliberate on the proposal with heightened optimism to generate another set of brilliant to challenges the face our industry and thereby adding value to economic prosperity of the country.