**NEWS ARTICLE**

Govt’s energy action plan sends a strong message to industry and investors

**2 August 2022:** The action plan announced by President **Cyril Ramaphosa** in his national address on 25 July to address the country’s energy crisis is a strong and positive message to the market, industry, and private investors looking to invest in renewable energy, says **Janice Foster**, Market Managing Director – Energy at leading consulting engineering and infrastructure advisory firm [Zutari](http://www.zutari.com). “What was great about the President’s speech was that he has opened the energy challenge to a shared solution with opportunities for everyone to have an impact, no matter how small.”

President Ramaphosa revealed that the country faced an electricity shortage of 6 000 MW. “That acknowledgement in itself is important because a problem cannot be fixed until it is identified,” says Foster. While the largescale renewable projects mooted will take time and require buy-in from multiple stakeholders, Foster says she is “optimistically confident” that the action plan “sets us up to make the right decisions and move us in the right direction.”

A highlight of the plan is doubling the new generation capacity for wind and solar power for Bid Window 6 of the Renewable Energy IPP Procurement Programme (REIPPPP) from 2 600 MW to 5 200 MW. Zutari has supported client projects in all REIPPPP Bid Windows to date, including the latest.

Another significant step is removing the threshold for embedded generation capacity entirely. Raising the threshold to 100 MW last year has already unlocked a pipeline of more than 80 confirmed private sector projects with a combined capacity of over 6 000 MW. “This is a significant increase in capacity for private offtakers, which we expect to see starting to come online in the coming months,” says Foster.

She stresses that preferred projects in Bid Window 5 should be prioritised, “as these have already been awarded and in theory would be the quickest to get online if we can overcome the obstacles to those achieving financial close.” However, Foster adds that Bid Window 6 projects are anticipated to factor these constraints into their costing and delivery.

Another important move by government is the announcement of an Eskom feed-in tariff for small-scale embedded generation. “That is a real signal of incentive to Eskom’s commercial users and private residential customers that they can also contribute and support their own needs at the same time,” says Foster. While municipalities like Cape Town are already forging ahead in this regard, it applies to utility customers at present.

It is also positive that the government is reaching out to the private sector to assist with expertise and skills. “Yes, while there are consulting firms like us that can provide that support, there are also possibly a number of individuals who have left the industry entirely for whatever reason who can be attracted back and add value. I think it has definitely sent a message acknowledging the need for everyone to contribute in whatever way they can. It is a shared problem, so we can make it a shared solution,” says Foster.

The planned battery energy storage to supplement Eskom’s capacity represents a multifaceted approach to the energy crisis. “This opens up the energy storage market to private investment. The addition of Battery Energy Storage Systems (BESS) will support the grid by catering for peak shaving, providing network stability,” adds Foster. These systems will enable greater penetration of renewables into the future.

While the current energy crisis is the result of years of loadshedding, the situation is not unique to South Africa. “Globally we see different parts of the world facing energy challenges that might look different but are based on some of the same fundamental issues.” One of these is the Just Energy Transition the government is tapping into to invest in the grid and repurpose power stations that have reached the end of their viable lifespans.

“It is a global imperative for the world to reduce its reliance on carbon-intensive energy solutions. This is a problem likely to be with us for the foreseeable future. It is both an energy security challenge as well as the need to reduce the carbon footprint of our energy supply,” explains Foster.

A ‘just’ energy transition is probably the most important consideration from a local perspective. “The bulk of our power supply is still coal-based. As we transition away from fossil fuels, we need to ensure there are opportunities for participation of all stakeholders, especially the thousands employed in the coal-mining industry. Our energy crisis is a relatively solvable problem from a technical standpoint, but the number of social and institutional challenges it brings are equally, if not more, important,” concludes Foster.

**Government’s Action Plan to Address the Energy Crisis**

1. Improve the performance of Eskom’s existing fleet of power stations
2. Accelerate the procurement of new generation capacity
3. Massively increase private investment in generation capacity
4. Enable businesses and households to invest in rooftop solar, and
5. Fundamentally transform the electricity sector and position it for future sustainability

**Pull quote**

“It is a shared problem, so we can make it a shared solution.” – **Janice Foster**, Market Managing Director – Energy, Zutari

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President Ramaphosa’s #ActionPlan to address the country’s #EnergyChallenge sends a strong and positive message to the market, industry, and private investors looking to invest in renewable energy. #Zutari

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**Notes to the Editor**To download hi-res images for this release, please visit <http://media.ngage.co.za> and click the Zutari link to view the company’s press office.

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As engineering consultants and trusted advisors, Zutari co-creates an engineered impact that enables environments, communities and economies to thrive. Few others can match our local capacity, long-standing presence and understanding of the challenges required to operate successfully across various regions in Africa and the Middle East.

We have created an impact across Africa for almost 90 years (1932 to 2022) and remain committed to this continent, making us the perfect partner to those less familiar with working in Africa. We are experienced in international projects and our Global Design Centres allow us to bring world-class solutions to our clients.

As a private management-owned company, our commitment is true and we have vested interest in our clients’ success. Our strong relationships allow us to connect the right expertise, processes and resources to match client’s needs and bring stakeholders that have shared interests together.

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