

What will drive South Africa's Energy Transition? 3

Factors to Watch

South Africa's energy sector is entering the throes of transition – and the world is watching. While the announcement of the \$8.5 bn [Just Energy Transition Partnership](#) at COP26 has perhaps received the most attention, local factors will ultimately drive the broader transition and determine its success or failure.¹ The ongoing [Eskom crisis](#) is certainly one key area to watch, but here are three other recent developments that will likely prove equally important in determining the direction and speed of change:

1. Renewables reloaded

South Africa finally restarted its Renewable Energy Independent Power Producer Procurement Programme (REI4P) in 2021 and announced Bid Window 5 preferred bidders in October. Despite a severe power supply crisis, the country had not procured any new power since 2015.² The 25 announced projects will contribute 2,583 MW of renewable power to the grid. Minister of Mineral Resources and Energy Gwede Mantashe indicated that the government will release a request for proposals for an additional 2,600 MW in March 2022 and that further bid windows will be launched at 6-month intervals thereafter.³ After an almost 6-year gridlock on power purchase agreements under Bid Window 4, which also blocked subsequent rounds, we shouldn't take progress for granted. A study on alternatives to state guarantees for IPPs mentioned by the South African Treasury in its February 2022 Budget Review, for example, has caused jitters.⁴ The speed of transition away from coal will depend on how fast – and how affordably – South Africa can ramp up its renewable capacity.

2. Reforms abound

The government released an Electricity Regulation Amendment Bill for comment on 10 February 2022. At 74 pages, the Bill is more than twice as long as the original Act – and includes substantial new sections as well as targeted amendments, which together will alter the structure of the sector and set the basis for a more competitive multimarket power system model.⁵ The Bill arrived hot on the heels of a much smaller but significant amendment to the South African Electricity Regulatory Act (ERA) in 2021, which raised the license exemption limit on distributed generation from 1 MW to 100 MW. Both regulatory reforms, in addition to the other measures such as the unbundling of Eskom, are evidence of further steps being taken to reshape the power sector.⁶ The progression of these reforms will have far reaching implications for the energy transition. Specifically, they could help solve the deep financial risks emanating from Eskom, lessen barriers to private sector involvement, and reduce high levels of regulatory uncertainty – all of which impede much needed energy investment. However, many questions remain, including how the new sector structure will ensure access to affordable power for all.

3. Resistance renaissance

Environmental and social justice activists (and their concerns) have become one of the most important forces shaping South Africa's energy transition. While this is certainly not the first time environmental and social justice principles have had far reaching impact, they are more central than ever in both formal governance processes and high-profile civic action.⁷ For example, the [Presidential Climate Commission](#) (PCC) is undertaking pioneering work to build a social partnership around the just transition, including in the energy sector and as regards climate finance. Meanwhile, civic action has advanced on key fronts, including the ['Deadly Air'](#) court case against the South African government for its alleged violation of the constitutional right to clean air; appeals against exceptions awarded for air pollution at Eskom power plants; and public protest and litigation against the government relating to seismic surveys for oil and gas along the South African coast.^{8,9} While political elites continue to debate technology pathways for the energy transition, many of the most important decisions may end up being made on the streets or in the courts.

Endnotes

1. [Political Declaration On The Just Energy Transition In South Africa](#), UN Climate Change Conference UK 2021, February 11, 2021.
2. South Africa's Risk Mitigation Independent Power Producer Procurement Programme (RIMPPP) has been more controversial and it is still uncertain whether the [controversial Karpowership projects](#), which account for almost two thirds of the preferred bidders announced, will go ahead.
3. [Mantashe says South Africa's renewables resources can 'kickstart' economy](#), Terence Creamer, *Engineering News*, February 16, 2022.
4. [Govt signals reduction or elimination of guarantees for REIPPPP projects](#), Terence Creamer, *Engineering News*, February 23, 2022.
5. [Electricity Regulation Amendment Bill points to far-reaching structural changes](#), Terence Creamer, *Engineering News*, February 11, 2022.
6. [Roadmap for Eskom in a Reformed Electricity Supply Industry](#), Government of South Africa, 2019.
7. [Goldman prize awarded to South African women who stopped an international nuclear deal](#), Johnathan Watts, *The Guardian*, April 23, 2018.
8. [Activists File Appeal Against Eskom Emission Exemptions](#), Antony Sguazzin, *Bloomberg*, February 10, 2022.
9. [Creecy, Mantashe Facing More Legal Battles Over Seismic Surveys Off Sa Coast](#), Saya Pierce-Jones, *Eyewitness News*, February 2022.