

Draft ERA Schedule 2 10 MW Cap on Registration

**Presented to AMEU
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Risk of a 10 MW Cap to Registrations

10 MW is too low:

- Meridian - 5000 MW from IPP power if cap 50 MW
- SAIPPA suggest cap > 50MW. 75MW = RE-IPPPP
- On-going load shedding and poor economic growth

Munics Not Ready:

- Impact on municipal accounts
- IPP registration & approval systems
- Tariffs not cost reflective
- Cost of Supply studies for tariff setting
- Grid Code and technical issues

IPPs Not Ready:

- Mistrust of regulations and low risk appetite

Other Hurdles

- PFMA and MFMA limitations
- No incentives for generators
- NERSA's Wheeling Rules

Benefits of a Raised Cap to Registrations

National Grid:

- Reduced load shedding and its cap on economic growth
- Reduced losses in the Tx system
- Diversity of gen – geographic, ownership, gen profiles
- Relief to constrained infrastructure incl Eskom Ops

Municipalities:

- Growth in IPPs and impact on economic activity
- Reduced constraints from Eskom supply
- Security of Supply
- Attractive investment destinations
- Attractive to Cogen industries
- Better choices for generators and loads

Other Constraints

IRP 2019:

- No specific allowance for munics
- RM-IPPPP not friendly to smaller IPPs
- What benefits for “Other” technologies?

New Generation Regulations:

“We will also put in place measures to enable municipalities in good financial standing to procure their own power from IPPs.” President, SONA Feb 2020

- Minister of DMRE draft for Munics in May 2020.
- What progress in 12 months?
- Ministerial Determinations (RM & RE-IPPPP) took all allocation for Eskom to buy.

Support Available

GIZ:

- Working with AMEU Technical Committee to improve controls in municipalities

IPPs:

- Potential for partnerships for Win-Wins
- Many have been exploring & pushing for some time

SAIPPA:

- Membership incl traders, consultants and lawyers
- IPPs big and small and some within munics
- Project Developers and Transactional Advisors
- SSEG and Grid Code Working Groups
- Wheeling Help Desk

Thank you !