

EDITORIAL: IRP 2023 — crafted by an apathetic government?

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Picture: MARIANNE SCHWANKHART

It is difficult to decide whether the draft Integrated Resources Plan (IRP) 2023, an update of the 2019 version of SA's energy plan, is brutally realistic or if it just shows blatant apathy towards whether things will improve for SA or not.

Until the full data sets that informed the assumptions made in the IRP 2023 about energy demand, the cost and affordability of different generation technologies, economic growth and just transition ambitions are published there will be more questions about the plan than answers.

But from what has been presented in the draft document that was published by the

department of mineral resources & energy for public comment last week, the country is planning for many more years of slow economic growth and no quick resolution to the energy crisis.

One sign of the slow growth SA has been stuck in is the lower-than-projected energy demand. Demand in 2023 was about 20% lower than was projected five years ago in the IRP 2019.

The revised version of the plan expects energy demand to remain below the previous forecast until the early 2040s when it expects demand to start increasing rapidly as “National Treasury reforms earmarked for aggressive economic growth” start to bear fruit. But for the next decade the IRP 2023 expects energy demand to increase by less than 10%, a damning outlook for those hoping to see an uptick in mining, manufacturing and other energy-intensive industries.

It is perhaps because of this lacklustre demand forecast that the new generation capacity envisaged in the plan falls so far short of what many studies, including Eskom’s, showed SA would need this decade if the country is to escape load-shedding.

It is generally agreed that SA needs to add 50-60GW by 2030 to end load-shedding, allow for an improvement in economic growth and compensate for the megawatts that will be lost when end-of-life power stations are decommissioned (or if they must be shut down for contravening regulations on minimum emissions standards).

But the IRP 2023, which suggests an energy plan up to 2030 that will only add 29GW of generation capacity, clumsily works its way around this by advocating for delaying decommissioning (even though we still don’t know what this will cost, or if it will be feasible) and by suggesting that some sort of balance be found between the death and sickness caused by unabated pollution from dirty coal plants and the economic impact of shutting down these stations.

A more ambitious plan would have opted for an aggressive rollout of renewable energy which would enable economic growth without putting the health of thousands of people in further danger.

Also, as pointed out by Gaylor Montmasson-Clair, senior economist at the Trade & Industrial Policy Strategies think-tank in an interview with Business Day, the combined rollout of about 8GW of wind and solar power from 2024 to 2030 proposed in the plan makes a mockery of the renewable energy master plan, developed under the auspices of the department of mineral resources & energy, and the departments of science & innovation, and trade, industry & competition.

SA needs to be rolling out more than double that (about 3GW a year) to achieve the ambition in the master plan to build industrial development and a renewable energy value chain in the country.

But perhaps the most puzzling feature of the IRP 2023 is the decision to present scenarios that do not end load-shedding.

Of course it is fine to look at all the possible scenarios when doing the modelling that, according to the department of mineral resources & energy, puts together the scenarios presented in the plan and the consolidated “emerging plan” up to 2030. But why include scenarios that do not solve the energy crisis before 2030?

Three of the five energy mix scenarios given for the period to 2030 include high levels of unserved energy until 2030 and beyond (which implies no end to load-shedding in this decade). The two scenarios that do end load-shedding before 2030 rely either on getting 4,200MW from new gas plants, or on improving the performance of Eskom’s power stations dramatically over the next couple of years. Neither of these plans is practical or realistic.

The IRP 2023 is conservative about the pace at which businesses and households will invest in independent electricity supply. It is therefore likely that the supply gaps will be closed by the private sector. But this opens another Pandora’s box of problems that are not addressed in IRP 2023 — most notably how the government plans to keep electricity affordable for low-income households that cannot ditch Eskom.

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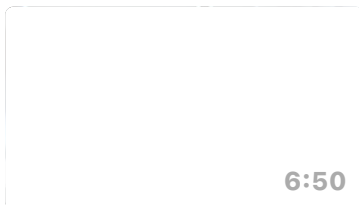


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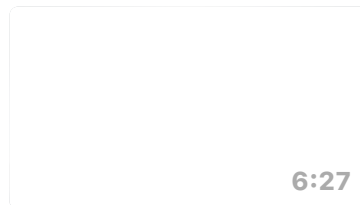
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