

Unravelling South Africa's Just Transition: Unpacking the energy-level impacts

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Presentation content:

- Energy access and use in SA – focus on the low-income households and communities
- Energy poverty in SA – connections and access do not equal use
- Measures to mitigate energy poverty
- COVID-19 Impacts
- Potential solutions – Just Energy Transition

Household energy access and use in SA

- Just above 91% of households have formal electricity connections
- Many still use and rely on traditional energy sources and fuels –
- 16,6 million hhs use candles as main lighting source (StatsSA, 2018)
- Electricity connections and access do not equal use
- Household energy transition – not a traditional ladder. Use mix of sources.

Energy poverty

- Inability to meet your (household's) energy needs mainly due to costs which affect access and use
- Mainly affects low-income households
- Access to electricity grid connections does not guarantee use
- Negatively impacts on day-to-day activities
- Leads to malnutrition – cooking becomes expensive
- Use of harmful energy sources leads to respiratory and other illnesses
- Limits income generation options to those that don't rely on energy
- Decreases sense of security – especially among women and girls

Measures to mitigate energy poverty in SA

- Free Basic Electricity Subsidy
 - For grid electrified indigent households
 - Eskom has 900 000 registered indigent customers qualifying for FBE, only 700 000 hhs accessing it (ESI Africa, 2020)
- Free Basic Alternative Energy Subsidy Mainly affects low-income households
 - For non-electrified and off-grid electrified indigent households
 - In 2018, of 213 municipalities, 49 indicated they are providing it in the form of solar fee-for-service (3,5 million), paraffin (86 500), candles (13 700), gel fuel (19, 600) – (StatsSA, 2018)
- Is this enough?

COVID-19 Impacts

- Devastating economic and social impacts worldwide.
 - Number of global infections to date 57,4million and 1,32 million deaths,
 - Number of SA infections 751 thousand and 20 241 deaths
- Loss of jobs and informal economic opportunities
- Employment rate - record high of 30.8% (Quartely Labour Force Survey for the 3rd quarter of 2020)
- In South Africa, it revealed the reality of our poverty levels – the poor depended on the state's assistance more than ever before
- Negative impacts on energy access and use – can't afford energy for lighting, cooking and space heating
- No able to pay energy bills and pre-paid electricity
- Turned to social media – using **Twitter**, Facebook, Instagram, WhatsApp – turning to users, celebrities and influencers

COVID-19 Impacts



COVID-19 Impacts

May 2

Replying to

Capitec: Elect Token: 4106 9013 6125 6731 5138 Receipt No: 473476259669
Electricity: R50.00 VAT: R6.52 Units: 21.9kWh Call 0860102043

1 13

May 2

Thank you very much God bless

1 1

1 more reply

Apr 30

Replying to 04202509461

1 9

Apr 30

Token Description: Credit Token
Token No.:
5841-8960-4515-6150-4091
No. of Units: 71.50
Token Amount: R100.00

2 1 55

1 more reply

Apr 30

Replying to 07163911758 for my neighbor 🙏

1 18

Apr 30

Token Description: Credit Token
Token No.:
0840-0018-6732-7781-5119
No. of Units: 56.80
Token Amount: R100.00

May 3

Replying to

Send Instructions

R50.00 Electricity purchased for 07141682661.
Token #3892-8344-9266-1297-2801. For queries, call 0875759405.
1.Home
2.Prepaid

Cancel Send

1 12

Ka leboga Morena. 😊

1 8

3 more replies

May 3

Replying to

Standard Bank:
Ref: V191145645
Amt:R 51.60
U: 24.30Kwh
2001 8041 8092 6314 8161

Debt:R 0.00
Charges:R 8.40
Query? 0860 288 673

Solving energy poverty through a Just Energy Transition

- It depends on how it's implemented, who is driving it, their priorities and the costs
- Is it a Just Transition and what does this mean in the SA context?
- There is fear of loss of jobs in the coal and electricity generation sectors
- There are speculations that communities in these areas will experience negative socio-economic effects
- The World Economic Forum places SA at number 106 out of 115 countries measured for readiness for Energy Transition (WEF, May 2020)
- Considering energy poverty – is the JET on increasing tariffs and what are the implications?
- If the tariffs increase – at least 20% of the population will be excluded – will face energy poverty
- Could we consider cost reflective tariffs supported by a fiscal policy that will ensure benefits for the poor
- In other words, can FBE and FBAE be drastically extended to achieve a JET?

Solving energy poverty through a Just Energy Transition

- The assumption is that a Renewable Energy led Energy Transition will lead to an energy price drop
- If we take a step back and reflect on the prices, they are based on imported products which are lower in cost
- The price goes up when the RE systems components are manufactured locally
- In order for the transition to be just, we need:
 - Investments in RE industrialization initiatives
 - Subsidies for affordable pricing
 - A review of current FBE and FBAE subsidies
 - Review and not miss the opportunities presented by the transition – i.e. inclusion of historically disadvantage groups to participate and contribute to the country's economic growth, skills development, repurposing for new and sustainable industries, municipalities generating their own electricity, prosumers and self generating cooperative models, etc.
 - Need for different stakeholders to collaborate – practitioners, utility, IPPs, academia, government, international partnerships, etc.
 - Need in-depth objective socio-economic studies focusing on JET in the SA context

Thank you

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