

Cape Town wants to break free from its dependence on Eskom

Another five-day round of load shedding has strengthened the City of Cape Town's resolve to break free from its reliance on Eskom as its main source of electricity supply.



Image source: Getty/Gallo

The city's mayor, Dan Plato, said amendments to the electricity regulations were finally gazetted in October 2020, which could pave the way for municipalities to source power independently from independent power producers (IPPs). This process should be expedited because "we cannot go on like this".

"The city has been preparing for a future where more affordable and cleaner energy can be procured by municipalities. The city's plans include building and procuring its own renewable generation capacity. We implore the Department of Mineral Resources and Energy to provide clarity on the process as soon as possible so that we can move forward with the execution of our plans," Plato said.

The city intends to have a photovoltaic (PV) plant (solar-powered) built on the ground by 2022/3, but with the current Municipal Finance Management Act and Energy Regulation Act regulations it could take up to five years after a determination is provided to having the first power from an IPP in its grid.

"We are in discussions with the national IPP office to assist us in developing a framework for a municipal procurement

programme for cities. We are also procuring the services of a legal firm to establish the contractual terms of the power purchase agreement to ensure its compliance with legislation, national regulatory frameworks and the City's policy landscape," Plato said.

"We have done a lot of work and the National Treasury supports our initiatives and also the public and transparent procurement processes we committed to from the start. Tender processes and the successful bids would need to be completed ahead of any potential procurement.

"We are working with the CSIR to develop a city-level Integrated Resource Plan which will provide the optimal mix. The last assessment done by the CSIR for the city indicated the low-cost optimal mix included purchasing as much renewable energy as possible," he said.

The city is seeking clarity on the practical implementation of the new amended regulations on:

- The status of own generation. Municipal generation projects are unclear, with the regulations referring only to buying and procurement of electricity and not to own generation.
- Municipalities need to understand how the regulations will be implemented within the context of the current Integrated Resource Plan (IRP) for electricity, which is fully allocated up to 2024. It is not clear where the allocation for municipal procurement will come from in the IRP and whether the determinations provided last September will be amended to include municipalities or whether a new determination will be issued to include municipalities.
- It is not clear what timelines will apply to the processing of municipal applications by the Department of Mineral Resources and Energy, especially the time for review of feasibility studies

Plato said with the cost of renewable energy constantly going down, it held potential for big cities to procure cleaner energy for their customers at potentially lower bulk prices, while also making energy more accessible.

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