May 2023

RECOMMENDATIONS FROM THE PRESIDENTIAL CLIMATE COMMISSION

A Critical Appraisal of South Africa's Just Energy Transition Investment Plan

CONTENTS

ABOUT THIS REPORT

This report presents the PCC's critical analysis of South Africa's Just Energy Transition Investment Plan (JET-IP) and sets out the PCC's recommendations in this regard. The analysis and recommendations are based on significant stakeholder engagement with all social partners, set against the current national policy framework, notably the National Development Plan, the Just Transition Framework, and South Africa's climate commitments (the NDC). The report also makes reference to the JET-IP – Stakeholder Perspectives Report, which has been a valuable input into this recommendations report, and is available on the PCC's website.

ABOUT THE PRESIDENTIAL CLIMATE COMMISSION

The PCC is a multi-stakeholder body established by the President of the Republic of South Africa to advise on the country's climate change response and pathways to a low-carbon climate-resilient economy and society. In building this society, South Africa needs to ensure decent work for all, social inclusion, and the eradication of poverty. Those most vulnerable to climate change, including women, children, people with disabilities, the poor and the unemployed need to be protected, and workers' jobs and livelihoods also need protection. The PCC facilitates dialogue between social partners on these issues – and in particular, defining the type of society we want to achieve, and detailed pathways for how to get there.

ACKNOWLEDGMENTS

This report has been compiled after extensive discussions with stakeholders across the social partners. The PCC is very grateful for the frank and candid feedback from stakeholders, including the numerous written inputs made during the consultation process. In addition, the ongoing work being done by science-based institutions and research organisations has provided a valuable foundation for this appraisal of the JET-IP. The PCC is also grateful for the inputs and discussions in the Net-Zero Working Group and for the guidance and leadership of the Climate Finance Working Group.

1. EXECUTIVE SUMMARY

When the President presented the JET-IP to the PCC on Friday 4 November 2022, he requested the PCC to conduct stakeholder consultations on the plan and provide feedback on how the plan can be improved. The PCC conducted several rounds of stakeholder consultations on the JET-IP, including with youth, business leaders, civil society, local government, organised labour, and the faith community. The stakeholder views are summarised in a separate report available on the PCC's website.

The PCC's assessment of the JET-IP is informed by four considerations:

- The views and concerns raised during stakeholder consultations with social partners.
- The policies that inform the PCC's approach to the just transition, in particular the Just Transition Framework (JTF) as well as South Africa's Nationally Determined Contribution (NDC), and more broadly the National Development Plan (NDP).
- The PCC's Our own critical appraisal of whether the JET-IP moves the just transition forward at sufficient pace – a particularly important consideration in the present debates on energy policy.
- The PCC has considered many aspects – the science of climate change, transition pathways, the challenges of mobilising and scaling up climate finance, the country's constrained fiscal realities, implementation complexity and capacity, project development and packaging capability, absorption capacity of South Africa's capital and savings markets, industrial strategy, export competitiveness – as well as South Africa's present loadshedding crisis.

The PCC views the JET-IP as an important framework and foundation for the implementation of South Africa's Just Energy Transition (JET). However, it is not the totality of a JET plan, nor an implementation plan for the broader Just Transition Framework. The JET-IP needs to clarify these scope limitations. The PCC views the JET-IP as a time-limited but nevertheless catalytic intervention in the three priority sectors of the plan. The JET-IP was developed within certain constraints, notably the Political Declaration between the International Partners Group (IPG) and the South African Government. In addition, the preparation of the JET-IP was based on existing government policies (notably the IRP 2019, the electricity emergency plan, and Eskom's own plans regarding generation and grid extension).

Mindful of these constraints, the PCC recommends that:

- The JET-IP is an important platform for advancing the just energy transition, and should be supported. There have been valid criticisms raised by stakeholders, and these must be addressed fully in the process of implementation.
- Just transition issues are inadequately prioritised within the plan, and sections on skills development, economic diversification, mine rehabilitation and worker support should be substantially reviewed and investments increased.
- The overriding priority is upgrading and expanding the national grid, linked to reforms to set up the state-owned independent transmission company. The JET-IP should indicate how the grid upgrading will be financed and implemented with urgency.
- In the light of the current energy crisis, the programme of public and private investment in renewable energy and battery storage, both for the national grid and embedded generation, must be scaled up and implemented at speed.

- The electric vehicle and green hydrogen components of plan need to be located within a national industrial strategy which sets out fiscal incentives and enabling infrastructure to grow the sectors, and enable early stage investment.
- Government must continue to advocate for and demand greater grant and concessional financing in the context of our NDC, even as the JET-IP moves forward into implementation phase.
- National Treasury needs to undertake a fiscal review (which is then published) and integrate the JET-IP, and the JT more broadly, into the MTEF and 2024 budget.
- Capacity and implementation issues are inadequately covered yet fundamental. Government should urgently undertake a capacity assessment, align the governance structures and address barriers to implementation.
- Timeframes should allow for detailed project preparation, capacity development and addressing barriers to effective implementation. This can be accomplished within the JET-IP time horizon of 2023 to 2030, but a second five-year phase of implementation should be considered in addition.
- Stakeholder buy-in is integral to the successful implementation of the JET-IP, and there needs to be a commitment to ongoing inclusion in the implementation process.
- Climate impacts need to be factored into JET-IP, but more importantly, there is a need for a separate adaptation and resilience investment plan which focuses on issues such as water and food security, amongst others which were beyond the scope of the JET-IP.

The valuable feedback from stakeholders, together with the recommendations of the PCC, should inform the formulation of a more detailed implementation plan. <u>Bridging the JET-IP to an implementation plan requires more detailed scoping of projects, clarity on financing plans, integration into national budget processes, unblocking systemic issues and institutional capacity development.</u> This will position South Africa for the next phase of implementing the JET-IP in line with the principles of the Just Transition.

2. INTRODUCTION: JET-IP

The launch of South Africa's Just Energy Transition Investment Plan (JET-IP) by President Cyril Ramaphosa, at a special sitting of the Presidential Climate Council (PCC) on 4 November 2022 – a year after the UN 2021 climate change conference known as COP26 and the announcement of the Just Energy Transition Partnership (JETP) – was an important moment for our country. It was the first time that such a broad and complex societal issue as the *Just Energy Transition* (a critical component of South Africa's Just Transition to a net-zero climate-resilient economy and society) was elaborated in a coherent and financially quantified manner.

The JET-IP covers a range of complex and intertwined issues in an accessible and comprehensible way, setting out an initial transitional pathway for the three sectors covered – electricity, new energy vehicles and green hydrogen. The electricity sector in particular is critical to mitigating carbon emissions in the economy. As the world decarbonises, South Africa's high-emissions electricity system poses risks to the trade and competitiveness of the economy, with potential negative impact on workers and communities.

In the case of electric vehicles and the development of green hydrogen capability at scale, these transitions have the potential to contribute to economic growth and competitiveness whilst growing jobs in new economic sectors.

Seen together, these provide a platform to meet the dual objectives of lowering emissions and socio-economic development to address unemployment, poverty and inequality.

The PCC therefore acknowledges the JET-IP as a substantial contribution to our country's transition to a net-zero carbon future. It has provided a basis for social engagement and further detailed planning and implementation of priority projects and programmes to achieve our objectives by 2030. It is a point of departure from which social partners can move forward towards a detailed plan of implementation.

That said, the JET-IP presents itself as a plan to be implemented, rather than as a theoretical research paper. As such the PCC is applying a critical lens to the plans outlined in the JET-IP to assess the extent to which it is consistent with and supportive of the wider energy transition as well as the work of the PCC. The PCC, therefore, seeks to constructively offer these critical reflections on the JET-IP.

The JET-IP was drafted by the joint secretariat to the JETP but stress tested by the Presidential Climate Finance Task Team (PCFTT) for specific relevance to South African conditions and imperatives. The JETP is a financing cooperation mechanism designed to help South Africa (and other heavily coal-dependent emerging economies) make a just energy transition away from coal, and also address the social consequences of sector transitions.

Announced for the first time at COP26, South Africa was promised USD8.5bn in financing by the International Partners Group (IPG) comprised of the governments of the United Kingdom, the United States, France, Germany, and the European Union. Although this initial offer spurred the launch of the JET-IP, it is clear that the total investment and financing requirements of the plan – estimated by the JET-IP itself to be at least USD98bn for the period 2023 to 2030 – will require South Africa to think creatively about how these funding needs can be mobilised.

The PCC, invited by the President to consult stakeholders and make recommendations on the JET-IP, is first and foremost guided by the principles contained in the Just Transition Framework (JTF). This is also the mandate of the PCC, namely to "advise on the country's climate change response and ... support a just transition to a low-carbon climate resilient economy and society". Fulfilling this mandate requires dialogue between social partners on these issues, in an effort to define the economy and society we strive for, "and detailed pathways for how to get there". It is in this spirit that the PCC approached the process and content of this response. The PCC's critique of the JET-IP is premised on the need for unified and concerted action towards implementing a just transition successfully and urgently.

Stakeholders have raised some serious concerns about the JET-IP. Amongst others, they are concerned that consultation has been undertaken late in the planning process, and social justice issues appear to be addressed as an afterthought rather than a central premise. Skills development and economic diversification appear to be inadequately prioritised. Labour unions are concerned about the impact on jobs in the coal value chain, as well as what they perceive as an implicit privatisation of the energy sector. Civil society stakeholders question the focus on new energy vehicles and green hydrogen. And communities have raised concerns that human development, health and energy poverty issues are inadequately addressed, if at all.

The PCC acknowledges these all as valid and important concerns and has sought to address them in the following pages. The PCC is also mindful of the need to act, even as it debates these issues further. South Africa can gain much from acting swiftly and boldly. Transition costs will be lower and the transition potentially more just. However, it must be embedded in a sincere and practical process that enables communities and workers to engage in meaningful and real decisions. The confidence that a concerted implementation drive will generate, both for capital markets and social cohesion, will be invaluable in attracting the necessary finances and investment.

However, the need to advance the energy transition in order to achieve improved energy security for South Africa during our current loadshedding crisis, and advance the country's decarbonisation goals is one of the most critical socio-economic programmes facing South Africa and we cannot afford for the process to become derailed or paralysed by a lack of complete consensus. At times the country will need to push ahead in the national interest based on economic analysis, scientific insights and sufficient consensus. In the current context of fraught debates on energy policy and endling loadshedding such an approach is crucial.

3. METHODOLOGICAL BASIS FOR ASSESSING PLAN

The PCC's assessment of the JET-IP is informed by several considerations.

First, the views and concerns raised during stakeholder consultations with social partners, for which the PCC is extremely grateful. In order to ground-truth the plan and understand the plan's impacts on all parts of our society, such a listening exercise has been all-important. In line with the PCC's mandate to establish dialogue between social partners on issues relating to South Africa's just transition, we conducted several rounds of stakeholder consultations on the JET-IP. These stakeholders included youth, business leaders, civil society, local government, organised labour, and the faith community. In addition, community engagements were held in Mpumalanga and Limpopo provinces. The consultation sessions were wide-ranging and covered issues such as the procedures involved in the drafting of the JET-IP, its content and alignment with the JTF, and institutional arrangements and capacity to implement the plan. The concerns and views raised during these engagements played a crucial role in informing our assessment of the JET-IP and the recommendations we put forward.

Second, the PCC's assessment of the JET-IP takes into consideration the policies that informs its approach to the just transition, in particular the JTF as well as South Africa's Nationally Determined Contribution (NDC), and more broadly the National Development Plan (NDP), as follows:

- The JTF has at its centre, a quality life for all South Africans. It emphasises that the transition should be firmly placed within the principles of social justice, namely: distributive justice (sharing the risks and opportunities of the transition equally), restorative justice (redressing historical damages against individuals, communities and the environment incurred by the fossil fuel economy) and procedural justice (giving agency to workers, communities and small businesses in the transition).
- The NDC communicates South Africa's domestic climate commitments to the international community on climate change adaptation, mitigation, and the financing and investment requirements for both.
  South Africa's first NDC plan was communicated in 2016 and included a greenhouse gas emissions target range of between 398 and 614 Mt CO_2 equivalent (CO_2-eq) in both 2025 and 2030. This formed part of a "peak, plateau and decline" trajectory towards net zero carbon emissions by 2050. The updated NDC plan of 2021 revises the emission target to between 398 and 510 Mt CO_2-eq in 2025 and between 350 and 420 CO_2-eq in 2030. The updated NDC is therefore significantly more ambitious and, while the upper bound is in line with existing policies, achieving the lower bound will require additional financial resources and considerable mitigation efforts by government, the private sector and society.

Third, the NDP details the action needed to address the triple development challenges facing South Africa, namely income poverty, extreme inequality, and structural unemployment.
This document served as the premise of the JTF, particularly with its focus on using the energy transition as an opportunity to address South Africa's development challenges.

Fourth, the PCC's assessment in this document is also informed by our own critical appraisal of whether the JET-IP moves the just transition forward at sufficient pace. The PCC has considered many aspects – the science of climate change, transition pathways (and the dynamic interplay between elements within these pathways), the challenges of mobilising and scaling up climate finance, the country's constrained fiscal realities, implementation complexity and capacity, project development and packaging capability, absorption capacity of South Africa's capital and savings markets, industrial strategy, and export competitiveness.

4. PROCEDURAL JUSTICE AND PROCESS OF CONSULTATION

Procedural justice is one of the just transition principles (alongside distributive and restorative justice) outlined in the JTF. It seeks to empower workers, communities, and small businesses in the transition and give them the capacity to define their own development and livelihoods. Worker and community organisations must be able to participate actively in just transition policy-making and decision-making processes.

The JET-IP indicates that several consultations were conducted among experts, youth, business, civil society, labour, and local government. A summary of these constituencies and the issues they raised can be found in the accompanying report: "Just Energy Transition Investment Plan – Stakeholder Perspectives". While the PCC welcomes the consultations that informed the JET-IP, stakeholders raised several issues regarding lateness and sincerity of the consultation process which potentially negate the procedural justice principle. These concerns are summarised in the adjacent text box.

Stakeholder views: Scope and prioritisation

Business emphasised the importance of skills development, alignment with the JTF, combating corruption, regulatory certainty for NEVs and investing in local renewable energy manufacturing capacity. They also discussed potential job creation, recycling opportunities, and rural development through the JET-IP implementation, but stressed that this should occur in the context of long-term economic growth.

Civil society criticised the focus on green hydrogen and called for greater attention on existing grid infrastructure capacity and also questioned the JET-IP's alignment with the JTF. They suggested that the majority of generation be distributed through households, community-scale mini-grids, and municipal-scale local grids and called for adaptation and resilience programmes to address township vulnerability.

The **faith community** raised concerns about skills development and emphasised energy security, efficiency and equity and suggested that these issues should be highlighted more clearly in the context of a healthy environment and sustainable living. They mentioned food security as an issue in transitioning away from fossil-fuel-based farming machinery.

Youth questioned the PCC's plans for educating and reskilling young people, discussed the importance of onboarding programs for youth to participate in the actual implementation of the programme and called for the incorporation of JET-related content into school curricula.

Local Government emphasised the need for explicit alignment with the just transition, called for a clear spatial planning strategy to enhance grid capacity, and deemed skills development at the municipal level crucial.

Labour suggested working with older power stations and questioned the pressure on South Africa to follow a decarbonisation path. They also questioned the funding arrangements for green hydrogen and emphasised the need for larger funding allocation for skills development.

The PCC recognises that the development of the JET-IP was a very technical exercise that involved many expert inputs on climate, energy, development finance and related matters. However the high policy priority attached to the plan underlines the importance of engaging stakeholders on it. Constituency consultations should be procedurally just and meaningful, and should not follow "form over function" or, as framed by organised labour, be a "box-ticking exercise". The views and concerns raised during these engagements can go a long way in preparing for the implementation of large-scale energy transition projects and are vital to ensuring that the transition takes place in a just manner. Indeed, the faulty design of implementation projects very often stems from a poor understanding of the problems communities face, insufficient knowledge of the implementation context, and the absence of political and societal backing.
The dialogues now occurring – in public, with the PCC and in various fora – are crucial inputs to the coming implementation stage. The consultative process which has started should be taken forward into implementation, co-creating partnerships for delivering on aspects of the plan; and consultation needs to be further deepened by taking the conversation to the shop floor and community level.

The JET-IP is a living document and should have the ability to adjust to interdependencies of various parts of the plan. In particular, the methods employed and the need to deepen the procedural justice principle in the implementation must be committed to by all social partners, especially government.

5. SCOPE AND PRIORITISATION

The JET-IP is project-based and short- to medium-term in outlook. It is set out in three broad sections: energy, electric vehicles (EVs) and hydrogen. The amounts of rands and cents attributed to each (ZAR1tn, ZAR128bn and ZAR319bn) gives some sense of priority and respective timelines for implementation. The document itself gives a higher emphasis and resource need to energy, followed (in terms of investment requirements) by hydrogen and EVs.

The PCC needs to critically examine whether the amount of attention given to – and financial needs presented – in the plan for hydrogen and EVs is appropriate. In the absence of clear investment plans for adaptation and resilience, the question does arise: what are the priority areas for allocation of scarce financial resources and capacity? The PCC is mindful of the constraints in the JET-IP, namely, that this is a plan mainly focused on decarbonisation of the included sectors, along a pathway that can show direct contribution to the decarbonisation effort whilst ensuring a just transition. In this regard, the JET-IP must be critiqued for what is in it, as well as what is NOT in it.

Where economic diversification and localisation of value chains needs to be undertaken or new industrial sectors stimulated (NEV and green hydrogen), it is paramount that these be in the context of the country's industrial development strategy. The PCC highlights this point for a number of reasons. Firstly, these development strategies need a clear statement of policy intent. Secondly, the investments required for these programmes should not cannibalise the scarce grant resources (which should primarily be utilised to enable just transition projects to be made viable). Thirdly, the stimulus and incentive mechanisms for these programmes must be a function of national policy intent, and given transparency and impetus by government.

Overall, the JET-IP needs to provide a catalyst to the decarbonisation intent that underpins its reason for existence, and address the social justice aspects of the transition in the priority sectors.

5.1. ALIGNMENT WITH JUST TRANSITION FRAMEWORK

When the JET-IP is analysed in relation to the JTF, it clearly is not an implementation plan for the whole just transition, or even the just energy transition, albeit it addresses some critical components of the latter. In this regard, stakeholder expectations have not been met. Many issues relevant to the broader transition have been raised, but these are evidently beyond the scope of the JET-IP as an investment plan. Even for areas that were in scope, elements designed to give effect to distributive and restorative justice clearly need to be strengthened . Some of the most pressing concerns raised by stakeholders are summarised in the textbox. The discussion below details what, in the PCC's view, are the main areas that require attention in the JET-IP to strengthen its alignment with the JTF.

In broad terms, the JTF recognises the social, economic, and environmental risks facing the country's imminent transition to a zero-carbon economy. These risks emanate from job losses in coal, petrochemical, industrial and transport sectors, as well as climatic conditions (droughts, floods, extreme weather events) that threaten livelihoods in sectors such as agriculture. These sectors are responsible for not only a substantial proportion of the country's formal and informal employment but also, in a context of extreme inequality, income poverty and structural unemployment. Income from these jobs very often supports a wide range of dependents through remittances to labour-sending areas.

The triple challenges facing our country – poverty, inequality, unemployment – are rooted in historical injustices, a burden that continues to be spread unevenly along social, class, and spatial lines. To this end, and in line with our National Development Plan (NDP), the JTF emphasises that the transition to a low-carbon economy should not exacerbate the country's inequalities, but instead, should be conceived as an opportunity to build new economic sectors and improve people's livelihoods in an inclusive way. This can only be done if the transition is guided by the principles of distributive, restorative and procedural justice.

Concerns in relation to procedural justice have already addressed. While in no way suggesting that these principles are mutually exclusive, for the purposes of this discussion, the focus will be on distributive and restorative justice concerns.

Distributive justice requires that the risks and opportunities that stem from the energy transition be distributed fairly, "cognisant of gender, race, and class inequalities". This principle must be achieved by equipping South Africans with the necessary capabilities and resources to participate in the economy of the future, including industrial policy, labour market and social policies, and putting assets such as land and working capital into the hands of less advantaged citizens.

Restorative justice deals with the historical damages against individuals, communities and the environment, incurred by the fossil fuel economy. It requires "healing people and the land" and can be embodied by among others, addressing the health and environmental impacts to coal communities and other fossil fuel impacted areas; shifting away from fossil fuels to improve ecosystems, addressing energy poverty and; rehabilitating degraded land, air, and water systems.

While the JET-IP acknowledges that social support will be required for workers in the coal value chain who would be unable to obtain access to employment opportunities in the renewable value chain, the transition will nevertheless entail substantial shifts in employment. For instance, the majority of jobs in the renewable energy value chain are estimated to be in manufacturing, rather than electricity generation. Only ZAR1.6bn has been apportioned for the localising of the clean energy value chain, compared to ZAR648bn allocated to the building of electricity infrastructure. This imbalance runs the risk of continuing the dominance of South Africa's existing growth path, which advantages capital intensive activities. Without active support measures, there is a risk that a substantial number of workers in the coal value chain will not be adequately absorbed into the new clean energy value chain. This concern is compounded by the JET-IP's generalised and somewhat ambiguous stance on local content regulations governing REIPPPPs.

The PCC recognises that some flexibility is required in the immediate timeframe as the country builds its manufacturing capacity in new energy sectors. Yet, while the JET-IP acknowledges the need to provide social security to affected workers, youth and communities affected by sector transitions, these concerns are not adequately provided for as part of the initial JETP offering, nor are they provided for from the fiscus or from funders more widely and globally.

The JET-IP should more clearly spell out what direct elements of distributive and restorative justice require explicit funding to be made available in relation to economic diversification, skills development and social support (e.g. retrenchment and early retirement packages, temporary employment support) in the localities where the transition will severely impact communities.

In the event that public resources need to be mobilised to deal with the issues raised above, there should be clear reference to the need for such elements, otherwise they are at risk of not being addressed at all. As such, the PCC believes that the issue of marshalling wider resources for social protection must be articulated in the JET-IP more fully. There should be lines in the investment plan where reference is made to the sourcing of and receptacles for funding. This is not the case in the JET-IP, and without specific provisions, will not be the case within five years.

Other, alternative protection mechanisms more aligned with the aims of the investment plan will need to play a crucial role in strengthening the resilience of affected communities to absorb the livelihood shocks that stem from the unpredictable outcomes of job losses, reskilling, and relocation. In particular the PCC appreciates the reference to land rehabilitation in coal mining areas, and how this could provide a means for new livelihoods in those areas.

To summarise, the JET-IP should explicitly outline the industrial policy, labour market and social protection requirements coupled with the just transition and its funding to address stakeholder concerns about job losses. The PCC sees the JET-IP as an important first step where key principles and issues can be anchored. These requirements should be more fully elaborated in a JTF implementation plan and in the national budget. This would better address remaining uncertainties surrounding the issue of social protection systems required for workers and households to absorb livelihood shocks and would enable a more actionable response among relevant implementing agencies.

That said, the PCC does feel that the JET-IP can do more in terms of addressing the social justice issues coupled with the transition – both in terms of the detail, with more specific examples, and in terms of financial quantification of the needs for this to be achieved. In particular the PCC is concerned that the private sector, particularly the industrial and financial sectors, should be encouraged and persuaded to mobilise the projects and capital required. The grant and deeply concessional elements of the JET-IP should be prioritised towards unlocking resources for just transition project. Where it is necessary to utilise grant financing to de-risk and create leverage for critical projects, this must be done transparently.

5.2. SKILLS DEVELOPMENT

All stakeholders are agreed that the focus on skills development in the JET-IP is insufficient. Further work is required to quantify the needs for upskilling the workforce and providing for new entrants (youth and young women in particular). The limited allocation for skills development in the JET-IP belies the real value that can be unlocked by re-orienting the resources already committed in the skills development system. The PCC recommends that the skills section should reference the funding available for skills development, what additional resources are required in terms of the JET-IP, and how this links to mainstream government policy, in particular the national skills development framework. Innovative mechanisms that can be scalably financed should be explored, such as pay for performance or pay for outcome-based models which have been shown in other contexts to work in South Africa and abroad.

Unlocking resources through the existing skills development system will require transformation of adult basic education, artisanal skills development and the higher education system. Retooling the Technical and Vocational Education and Training (TVET) colleges and the Sector Education and Training Authorities (SETAs) can improve qualitative outcomes and free up the resources required for a successful and sustained availability of skilled personnel for the future economy.

The JET-IP lacks detail about *what* types of skills will be prioritised – even within the more immediate phase that will see the decommissioning and repurposing of some coal-fired plants in Mpumalanga. The JET-IP does not critically assess South Africa's existing skills base to enable the just energy transition, such as mechanical engineering skills required for grid upgrading, the operation and maintenance of renewable energy stations, and distribution management, to name a few. Skills should be planned across all areas of our transition including skills to actually deliver projects (both capital and "just" ones). As a starting point skills development in priority areas such as transmission and the integration of renewable energy in high-resource areas need a more granular breakdown.

Although the PCC recognises that caution is needed in terms of what the JET-IP could realistically do, a more explicit mention of the types of skills and job requirements needed in priority areas will provide for a more actionable plan that can speed-up execution.

The projects that are described in the JET-IP (which in the PCC's view are more like project descriptions, than well-enunciated and financeable projects) themselves require detailed project preparation, project development, technical feasibility, financial feasibility and other expert skills, if we are to see their implementation. This essential enabling and implementation requirement for the JET-IP itself is insufficiently scoped and provided for.

The current supply of skilled labour and technical expertise is limited, and the JET-IP gives no indication of how it will be addressed in the short-term. This gives rise to questions around who will actually provide the training required for upskilling workers in the coal value chain, design curricula for educational institutions where skills development will take place, and how this can be funded. It is therefore necessary to consider the amount of time it will take to develop the necessary skills for a low-carbon economy to close the skills gap in the local market.

Finally, on skills, the PCC believes that while there is a need to focus on the specific requirements for the future low-carbon energy system and the economic sectors outlined in the JET-IP, there are fundamental issues relating to our entire education system that need to be addressed. From early childhood development, through primary education, and pulling all the way through to tertiary education and vocational skills, South Africa will never realise its true and full potential until all of society is given the opportunity to develop to its full potential. The PCC recognises that this cannot be achieved by the implementation of the JET-IP alone.

5.3. ADAPTATION AND RESILIENCE

The JET-IP outlines renewable energy investments that by and large focus on climate change mitigation, that is, mitigating greenhouse gas emissions into the atmosphere. This is evident in the emphasis that renewable energy generation plays throughout the plan. However, the JTF recognises the need for adaptation and resilience to combat climate change and meet the country's commitments in its NDC.

South Africa is extremely vulnerable to climate variability and change, given our high dependence on rain-fed agriculture and natural resources, high levels of poverty and low adaptive capacity. Droughts, floods, and extreme weather events pose severe physical and livelihood risks to a large number of people. On the one hand, rising sea levels and floods can (and have) caused widespread displacement and, in coastal communities, threaten water security as a result of saltwater intrusion, increased erosion and salination of groundwater. On the other hand, droughts and floods threaten the livelihoods of those employed – formally and informally – in the agriculture and tourism sectors.

Adaptation measures that aim to manage these climate risks are therefore crucially important for the country's change response strategy. Yet adaptation investments that address the livelihood and physical risks posed by climatic conditions, are not addressed in the JET-IP. These measures play a crucial role in strengthening the resilience of citizens amid the transition and to take advantage of beneficial opportunities provided by climate change transitions. As such, a comprehensive JET-IP – balancing mitigation, adaptation, and resilience – is fundamental to a just transition. To this end, the JET-IP can be clearer on how these gaps will be addressed, either by including this in the current plan or through the production of separate investment plans.

Acknowledging the limits of what the JET-IP can realistically be, the PCC recommends that a separate investment plan be developed to address urgent adaptation and disaster response measures, which are crucial for strengthening climate resilience. Such a plan should be spearheaded by the department of forestry, fisheries and the environment (DFFE). The PCC is willing to support this through consulting and reviewing the process and its outputs. In the PCC's view, this should encompass all spheres of government, and live up to the commitment made by cabinet when adopting the Just Transition Framework for implementation and integration into national budgeting and planning processes.

Besides the public finance system gearing up to provide the much-needed resources to this area of work in the just transition, catalysing and enabling innovative financing and insurance products should be explored.

The JET-IP certainly should address adaptation and resilience issues directly related to its core focus areas. For instance, the plan makes little reference to our country's water crisis vis-à-vis the energy sector's dependence. There are wider government reform plans ongoing from the department of water and sanitation (DWS) and Operation Vulindlela. The implementation plan should reference positive work ongoing in other areas of government, and indicate the need for a detailed investment plan in this sector.

The PCC recommends that the JET-IP should commit resources to assist the communities around power stations and coal mines, and this should include projects that are linked to resilience and adaptation such as mine rehabilitation, enabling alternate uses of land, ecosystems, water infrastructure and services to create water (and therefore food) security for the affected communities.

5.4. GRID CAPACITY

Grid capacity is a national priority to solve, not only for our transition needs, but also for our short-term emergency to solve loadshedding – there is strong alignment between these two policy aims. Grid capacity certainly gets focus in the JET-IP yet its status needs to be elevated as a broader enabling factor to a greater degree – both within the electricity section and in the whole plan itself. This should be the key focus in the coming five years where significant efforts are needed to implement Eskom's transmission development plan (TDP). The implementation plan of the JET-IP needs much closer alignment with the latest TDP as research in this area develops rapidly and policy making from government after the latest budget also starts to move faster.

The JET-IP needs to clearly indicate how the grid expansion will be financed, despite the constraints on public sector funding. It may be worth exploring alternative models for new investments in the state-owned transmission grid. For instance, public-private partnerships (PPPs) funding models for transmission have been shown to be low cost and effective globally and in Africa, with appropriate risk sharing. Transmission PPPs can be a highly bankable, solid credit investment for the private sector. Indeed, in the recent budget the National Treasury highlighted the need for a PPP transmission development model to be explored urgently.

To be clear, this is not about selling off ownership of existing or new grid, but a model for getting the private sector to finance, build, operate new grid under the ownership and control of the independent state owned transmission company. Similar approaches have been adopted for South Africa's national roads, so there is existing experience inside the country. Unlocking the national grid at speed and scale is key, in the PCC's view, to vast swaths of the transition (including many "just" elements), and funding in the implementation plan should be aligned with National Treasury's evolving policy, paying particular attention to the need to simplify the public-private partnerships for financing of infrastructure (PPPs).

5.5. RENEWABLE ENERGY GENERATION AND STORAGE

The JET-IP correctly emphasises the need to roll out renewable energy generation capacity, and for storage solutions (including batteries), at an accelerated pace. The relatively high quantum of financial resources required for this aspect of the JET-IP (ZAR498bn) is supported by the PCC. However, the view of the PCC is that the means of implementation and the mobilisation of the resources required is insufficiently explored.

According to the PCC's own analysis, South Africa requires between 6 GW and 8 GW of renewable energy generation capacity to be rolled out every year. We concur that most of this will be funded and implemented by the private sector. However, the risks (both of implementation and funds mobilisation) associated with this critical aspect of the energy transition are not adequately assessed. Furthermore, what portions of grant and concessional finances are intended to stimulate and de-risk the anticipated projects are neither stipulated nor quantified. The PCC is of the firm view that the foregoing Renewable Energy Independent Power Producer Purchasing Programme (REIPPPP), since it started in 2010, has significantly de-risked the market – both financially speaking as well as in terms of perceived risk. In addition, the market price discovery of a globally accelerating renewable energy generation sector has naturally brought prices down significantly. It is the PCC's view that the private sector must bear the major portion of risk going forward, whilst acknowledging the need for power purchase agreements to give certainty to the project life cycle.

In the foregoing section, we raised the constraints posed by the existing national grid (both for its spatial orientation – north to south - as well as its inadequacy in renewable energy-rich regions). We believe that there is an optimisable nexus between the need to stimulate renewable generation and storage solutions, the decommissioning and repurposing of coal-fired power stations, and the critical need to stimulate regenerative growth and job preservation in Mpumalanga Province. To de-risk renewable energy (RE) projects, one needs to move away from the single buyer model with a non-creditworthy buyer in the form of Eskom, to bilateral or multi-lateral contracts between RE generators (IPPs) and creditworthy off-takers either directly, or via credit worthy third-party traders, or via a creditworthy independent system and market operator.

Specific attention should be paid to utilising JET-IP resources to enable the crowding-in of renewable energy generation – through grant, development finance and concessional finance being transparently utilised to develop viable projects in the anticipated repurposing programme. The planned decommissioning and repurposing of Eskom's power stations should offer an opportunity to stimulate renewable power generation in areas where grid capacity exists, as well as just transition projects in these localities.

In this regard, appreciating the current crisis in the provision of electricity, and the dire need to maximise electricity generation, the PCC cannot avoid commenting on the "accelerated coal transition" (ACT) investment plan. The plan is embedded as a significant component of the USD8.5bn JETP commitment. In particular, the ACT Plan has been jointly committed to through an agreement between the Climate Investment Funds (CIFs) and the South African Government represented by DFFE. It is anticipated that the USD500m "deeply concessional" financing contribution of the CIFs will leverage a further USD2bn of private sector financial commitments for the decommissioning and repurposing of Camden, Hendrina and Grootvlei power stations. The PCC is supportive of this programme, but emphasises that the over-arching comments made throughout this critical appraisal should equally apply to this sub-component of the JET-IP. In particular, the fundamental issues of restorative and distributive justice must be embedded into the project development and implementation fabric of the ACT Investment Plan.

The PCC also points out that there is some confusion about the notion of an "accelerated coal transition". The decommissioning and repurposing programme is aligned with existing policy (the IRP) and Eskom's own decommissioning plan – driven by the technical assessment of "end-of-economic-life" of power stations in its fleet. In the PCC's view, there is no need to re-open this aspect for discussion. It is separate to the very important programme to improve the energy availability factors in the operational fleet of power stations. The term "accelerated coal transition" confuses the fundamental issues related to the need to decarbonise at a pace the country can afford (given its energy security needs) and in a manner that is just. Following on the Komati project (an important pilot and test case outside the JET-IP, and funded separately through Eskom), it is of critical importance that the decommissioning and repurposing of the three power stations, elaborated in the ACT Investment Plan, continue at a manageable pace.

5.6. ELECTRIC VEHICLES

The JET-IP apportions ZAR128bn to the new EVs ecosystem as part of the JET-IP financing needs for the initial five-year period (2023-2027) however only USD0.2bn (or around ZAR3bn) of this is allocated under the JETP. Many stakeholders have questioned the focus on (particularly private) EVs for reasons of inequality and justice and highlighted the importance of public transport (which receives a very small ZAR6.1bn from the total).

Given the 200 000 auto workers whose jobs are at risk, the PCC understands the critical importance of retooling the automotive sector for electric vehicle manufacture. With the European Union having passed the resolution to ban the sale of new internal combustion engine (ICE) vehicles from 2035, the South African automobile manufacturing sector is facing an existential risk. South Africa needs to clearly articulate its industrial policy intent in the face of this threat and the attendant risks. We are also aware of the opportunities to strengthen our domestic position in the new supply chains – battery manufacture, localisation through new investments and transitioning current players to be relevant in the new areas.

Yet, given that the growth of this industry is so reliant on government policy choices, which have yet to be elaborated, the PCC is concerned about the explicit prominence given to electric vehicle manufacture in the absence of a clear national policy commitment to transform the existing motor manufacturing sector. According to the JET-IP, the private sector is set to lead the EV industry, and reinforces the need for a conducive environment – but then is silent (the row is blank in the funding table) about the single largest component of the EV plan which is the stimulation of demand through subsidising the EV price, and the development of charging infrastructure. Even though the charging infrastructure can and should be private sector led, the subsidisation of vehicles can only come from government. Yet the absence of government participation here speaks to the fact that National Treasury does not appear willing to pay for it. Looping back to earlier comments on prioritisation of EVs – this seems a serious hole in the role of EVs within the entire plan.

With the world's largest original equipment manufacturers (OEMs – such as Mercedes, BMW, Toyota, Ford) already having made historically significant life-cycle investments in their South African facilities, we believe that they will be keen to make a capital investment and allocation in respect of decisions towards retooling their production processes for EVs. Government needs to finalise the NEV Master Plan as soon as possible, and Treasury needs to give a clear indication whether or not it will fund incentives on either the demand or supply side. The role of the Industrial Development Corporation (IDC) in development finance solutions for this endeavour should also be explored, and more particularly, for the enablement for local technology and industrial development opportunities for localisation along the associated value chains in components and battery technology in particular.

For economic growth and decarbonisation outcomes, the PCC believes that freight transport (road to rail for cargo) is a critical sector, but this is given scant attention in the JET-IP. Indeed, strengthening and extending the rail freight system and greatly improving the efficiencies of our port system, directly deliver the dual objectives of economic growth (through removal of constraints and logistics efficiency gains) as well as the country's decarbonisation objectives.

Focus on public passenger transport in the EV sector offers municipalities an opportunity to explore local infrastructure development and decarbonising their localities, whilst improving the safety and reliability of their public transport system.

5.7. GREEN HYDROGEN

Stakeholders have raised concerns regarding the safety and environmental impact of the hydrogen industry, as well as the risk and viability attached to such an early-stage technology. Nevertheless, the hydrogen industry holds significant industrial growth opportunities for South Africa.

The PCC's own assessment of decarbonisation of the energy system shows that the harder to abate industrial sectors will depend on a scaled and productive green hydrogen sector in the later years of the pathway to net-zero. The production of green ammonia in turn makes an important contribution to greening (and hence decarbonising) the agricultural fertiliser value chain. The significance of decarbonisation of the export-oriented agricultural supply chain, in the face of risks posed by carbon border adjustment mechanisms is also recognised.

Cabinet approved the "Hydrogen Society Roadmap" and the "Green Hydrogen Commercialisation Strategy" in 2022. We believe that the key to further unlocking the potential for a scaled, competitive and financially viable green hydrogen industry depends on a clear industrial development strategy. Without it, the contribution to decarbonisation, economic growth and job creation, as well as export revenues, will not be achieved in the near- to mid-term, which is the focus of the JET-IP.

The estimation of the ZAR319.01bn investment requirement to develop, stimulate and scale a green hydrogen industry, whilst it is a key component articulated in the JET-IP, should not unduly cannibalise the limited grant and deeply concessional tranches in the JETP offer, or future offers of these categories of financing.

The private sector is well-positioned to make the risk decisions (whether new opportunities or need to transition their own business and operating models to survive) required to invest and fund the development of this new industry without requiring scarce just transition climate finance support.

As mentioned previously in relation to industrial development strategy, should fiscal, incentive-based and risk-mitigation finances be required, these must be provided through a national industrial development policy framework.

Both globally and domestically, the green hydrogen industry is still in its infancy. Until very recently, green hydrogen – produced with renewable energy – only accounts for about 1% of global hydrogen supply, and only a few green hydrogen projects have successfully been brought to market. This is because the risks and peculiarities that green hydrogen projects present, such as the emergence of new technology, the segmentation of energy input, the production, storage and transportation to end-users, undermine traditional forms of investment into this industry. While some EU countries have sought lower production costs by backing hydrogen plans with subsidies, the JET-IP does not mention how support requirements for this industry will be addressed.

The production of green hydrogen requires a significant amount of electrical energy, the supply of which South Africa currently lacks even for its immediate electric power security needs. This reinforces the earlier point that grid capacity should be the critical path focus of the JET-IP.

In the early stages of the development of green hydrogen projects, these should ideally be through the utilisation of embedded renewable electricity generation.

In the interim, the PCC believes that the early steps to invest in the potential for a green hydrogen industry can be achieved through appropriate governmental incentive mechanisms, as well as private sector to private sector arrangements (as posited by the relaxation of conditions to enable embedded generation using renewable energy) to achieve the early stage transitional steps required by key industry players. The role of the Industrial Development Corporation, given its mandate to catalyse and enable the industrial development, including new industries, should also be expanded in this regard.

The PCC wishes to emphasize the importance of industrial development in green technologies in the medium- to long-term. Our support of an industrial strategy in developing a green hydrogen capability should be viewed in this context, focused on economic growth, export competitiveness, job creation and localisation, and the contribution of such strategies to our decarbonisation imperatives.

5.8. IS THE JET-IP AN INVESTMENT PLAN?

Among the JET-IP's weaknesses is that it does not fully, clearly, and programmatically link the quanta of financial investments required (in the JET-IP's estimation) to specific projects. The granularity that is required for a determination of the type of finance that will be appropriate for specific projects is therefore lacking.

In particular, while the JET-IP does a good job of referencing the types of instruments that might be suitable for some of the broad programmes described in the respective three sectors, this is insufficient to be able to spur and catalyse mobilisation of resources and the scaling that is required to practically realise the stated USD98.7bn investment need.

There has been much criticism of the plan for not being "bankable" i.e. not making an investment case in sufficient specific detail for both public and private sectors, together with sources of capital (DFIs, MDBs, philanthropies, asset managers, commercial banks, private equity providers, to name a few) to immediately begin a process of preparing projects for financial investment and implementation.

The PCC appreciates the reasons why the JET-IP was probably not able to achieve such a deep and detailed presentation of granular and ready-to-finance listing of project proposals. In critiquing this aspect of the JET-IP, the PCC is not suggesting or indeed advising that the plan be re-written. The plan provides a base from which to launch such detailed work (project identification, project development and analysis) that will allow a comprehensive listing of investable and implementable projects.

The PCC is aware of the hard-work of the JETP Secretariat in arriving at the cost estimates in the report – indeed this is why the PCC thinks that the report is so important. Yet this work needs to come through more fully in the forthcoming implementation plan to attain full credibility. This is particularly the case with the "just" projects (projects designed to deliver the restorative and distributive justice elements of the Just Transition) and to a strong degree with transmission – for instance, where existing plans (in this case Eskom's Transmission Development Plan) can be brought to bear.

For broader private sector investment where a project-by-project description is less possible, more detailed information is needed on the individual types of projects, their possible locations given grid constraints, and how they support different aspects of the transition. In particular, we believe that the strong and coherent narrative – the story line – contained in the JET-IP is a valuable launch pad for such detailed work to commence without delay.

Overall, amongst the investment amounts in the JET-IP, we see a need for greater emphasis on value for money of each intervention in a cost benefit analysis approach. At present, the plan gives little sense – again in prioritisation terms – of exactly why the projects listed are there, in terms of its contribution to the overall objectives. Against the assumed goal that this is contributes directly to a carbon transition that is aligned to our NDC goals, there is not much by way of assessment against this primary set of goals (i.e. does the project contribute to the goals, how much and how efficiently does it contribute, and how "just" is the contribution (i.e. how does the monetary value contribute to social outcomes). The latter is clearly a harder concept, but at the very least it can be dealt with in terms of an impact assessment.

Metrics could be used such as rand per CO_2te avoided, least cost Levelised System Cost of Energy (LCOE), or rand per beneficiary. The PCC understands fully that such methods are difficult and uncertain, but it is exactly in their application that we think it will start to become clear why and how items and projects within the JET-IP (and then the detailed, project-based implementation plan) are there. Through that process, credibility and bankability can be established.

In other words, the PCC believes that the JET-IP can do a better job in telling funders (private and public, and those in between) why they should invest. At the moment – again feeding off the concern of some stakeholders that this is a central and essential requirement – the view comes across that what is in the plan must be invested in because it is there, rather than a deeper motivation. The JET-IP does indeed discuss NDCs and a framework for thinking about decarbonisation, but these do not link to the rest of the document in a coherent, quantified (even at the level of estimated contribution) or motivational way.

5.9. TIMEFRAMES

At a conceptual level, we think that five years for the plan is very ambitious, but fails to take the various objective, subjective and environmental factors into account. The PCC, in various research projects and assessments, has highlighted the need to review some of the existing policies, regulations and institutional arrangements. To ensure that this total system change (which we believe is critical to a long term and successful acceleration of the just transition) can be undertaken successfully, the groundwork that is required should not be underestimated.

Many stakeholders share this view. Ambition and intention should not be substitutes for a thorough analysis of the various capacities and capabilities that are required in the total South African system, in order to successfully implement such a complex and interrelated transition – even in just the three sectors that the JET-IP focuses on. South African society struggles to move pathways, even on matters of urgency, at great speed. There must be a realistic appreciation that prior preparation of a starting point that takes the JET-IP from being a desk-top plan based on analysis, to a real and executable plan that includes detailed project proposals, implementation plans and the means of mobilising finance, requires much more work than the current articulation of transition pathways for the three sectors in the JET-IP.

In addition, the nature of our participatory democracy requires sufficient consensus between involved social partners as we undertake a collectively agreed upon journey. A timeline of planning, financing, structuring and implementation, not to mention any social compacting or similar process, is an urgent next step that must be undertaken.

While sheer political and strategic necessity can get things "moving" and create much anticipation, South Africa needs to anticipate bottlenecks, barriers and constraints, that can slow down the effort. The country cannot afford the risk of this JET-IP (and hence South Africa's just transition itself) being judged to be a failed project.

To be clear, the PCC is not suggesting that the time frame for the JET-IP should be extended; sound and thorough preparation, institution building and capacity strengthening is a critical and urgent next phase as the JET-IP is translated into and implementation plan. A detailed plan for the next five year period (2030-2035) should be developed to provide impetus to the continued implementation of the just energy transition, and in particular to give project-based expression to the energy mix policy that is being reviewed currently (the revised IRP)

While the JET-IP is focused on the financial needs of the plan's content, the PCC believes that insufficient attention has been paid to the absorptive capacity of the country – both in terms of implementation capability as well as the investment and funding capacity of domestic markets.

Lest this is misunderstood, this view is not intended to delay the implementation of the JET-IP. The PCC believes that implementation must commence urgently and the "no-regret", ready-to-be-implemented projects must be accelerated. This is simply to caution against haste that fails to foresee the systemic changes that are required for durability of the just energy transition.

6. FINANCING TERMS

There has been significant interest in the terms of financing of the transition from stakeholders. The PCC agrees with much of the feedback received, often critical of funders and terms of deals, the size of the grant component and the level of concessionalities. At the same time, the PCC recognises the need to be pragmatic about the global and domestic funding environment as we find it, cognisant of funders' own behaviour and motivations (whether they are right or wrong), private sector fiduciary duty and the regulatory environment that funders operate in – especially banks and asset managers, but also development finance institutions, onshore and offshore.

Questions here often focus around the JETP rather than the JET-IP and the PCC notes that the JET-IP is a far broader conception of funding and investment than the JETP. The priority should be this broader conception, there are legitimate concerns about the JETP. In aggregate the PCC believes that the JETP has value in the expertise and funding it brings to the table but will take serious negotiations (between equal partners) that may well be lengthy to unlock.

As such, the PCC does not believe that the JET-IP itself or the implementation stage should be delayed by debates regarding what could or should be on the funding side – particularly the JETP. As an investment plan – particularly one that is concerned with a short timeframe, it must instead concern itself with what is currently available, and what it can affect which is beyond the JETP and in many cases private sector financing focused.

Greater focus and how this should be carried out, including in the JET-IP implementation plan, should be on risk sharing, both in terms of funding and project design, between the private sector, for sharing in upsides as well as downsides.

The PCC can also influence the way the national budgeting process works, how priorities are set and encapsulated within National Treasury's budget cycles by stakeholders and by political principals, as well as the wider civil service. Fresh ways are needed to align the massively growing need for fiscal support (not just monetary but more broadly conceived) to drive parts of our transition that are hard to finance in other ways. The PCC is currently concerned that the needs here are outpacing the ongoing reforms to shift the way budgeting works. A greater focus in the JET-IP could cause such change to crystalise faster and more completely.

While some financing issues such as the level of concessional and grant funds or the constraints on the country's fiscus are beyond the scope of the JET-IP, government must continue to advocate and pressure for changes in the global and domestic, public and private financial system.

The subsequent sections will provide a more detailed analysis of some of the primary financing concerns. Firstly, the financing allocations outlined in the JET-IP will be examined. Secondly, the potential role of grants and concessional loans in financing the just energy transition we be explored. The third section will look at the risk sharing framework in IPP deals, as outlined in the JET-IP, followed by a focus on the funding arrangements of the plan. Lastly, the alignment of the JET-IP with the national budget will be interrogated.

6.1. Financing allocations

The tables at the back of the JET-IP, where proposed instruments from funding sources (grants, commercial, budget, etc.) are listed, is a useful starting point, for their clarity in suggesting possible mechanisms, and the financial structuring approaches which could be used. Yet, while noting the potential to achieve financial solutions with the structures suggested, it is easy to take this literally – and underemphasise the challenges that will be experienced in mobilising and scaling up appropriate finance to close the gap, through a belief that this significant financial requirement is already available for "allocation".

For instance, this does not clearly separate out what can be philanthropic capital which is going to be crucial to capacity building and the "just" elements of the transition. This should be made much clearer in the implementation plan.

Furthermore, given the centrality of municipalities in the renewable energy transition, it is vital to produce a detailed breakdown of the financing sources and instruments that make up the allocated ZAR319.06bn for municipalities in the JET-IP.

Additionally, there is also a call for greater clarification and transparency around the initial JETP offering of USD8.5bn and how it is channelled via National Treasury and other mechanisms to fund just transition projects in the immediate implementation phase. This also raises the question of how the JETP offering will be leveraged to raise the large-scale funding required in the longer term.

The JET-IP does hint at the fact that there are now considerable resources available from local and global philanthropies for capacity building. However, given the lack of specifics in the document, this is not fully driven home as a distinctive source of funding. The PCC has noticed, along with commentators, how such funders seek not so much alignment per se, but guidance and direction from both the JET-IP and the JTF, and this is why the PCC thinks it is important that the implementation places capacitation and institutional strengthening specificities more firmly at its core, so that such guidance can indeed be inferred.

6.2. Grant component

There is a risk that private sector investments in renewable energy will not take into account social justice issues – either because they are too costly or too complex. Questions around how the transition will cater to the energy demands of workers and communities in the informal sector are by and large unanswered. These gaps in social justice financing can be addressed through grant instruments. However, the PCC and its stakeholders view the grant component as highly inadequate. It is therefore crucial for the plan to adequately address how this potential shortfall will be mitigated through prioritising fiscal interventions or encouraging more innovative private capital market funding developments to provide such investment (currently still a space in its early stages of development in South Africa certainly but also to a lesser extent globally). There is also a need to provide clarity on the nature of the grant funding and how it can be used by, for instance, municipalities.

It is unlikely that the quantum of grant funding will meaningfully increase by an order of magnitude in the near future – even though advocacy outside of the JET-IP may well be appropriate. Still, the implementation plan should be an adaptable living document, so that when and if increases in funding are available, then the plan can adapt, and the institutions around it should be flexible enough to take advantage of such opportunities.

In the meantime, innovative ways of leveraging grant funding more broadly is a key research concern of the PCC.

8.3. Concessional loans

Concessional finance plays a crucial role in the just energy transition. It targets high-impact projects such as climate change mitigation and resilience at below market interest rates. The JET-IP details the concessional loans that make up the JETP offering from each donor entity. While these loans are highly concessional, they target industries such as green hydrogen over EVs. This has caused concern among the PCC's stakeholders about whether or not they are sufficiently concessional, and there are calls for a more detailed disclosure on their conditionalities and interest rates. Given that the country's debt-to-GDP ratio is already disconcertingly high, the question arises over whether or not South Africa can afford to take on more debt to finance the just energy transition.

Similar to grant funding, the terms of concessional financing are highly standardised by international norms (rightly or wrongly), and while there is ongoing advocacy by South Africa and others in the Global South to change these (with some seeds of success starting to form), the PCC does not believe that an alternative paradigm can be assumed now – such a move would just not be credible. Again, institutions and implementation need to be adaptive and nimble to take advantage of any future changes.

There is perhaps a place in an implementation plan to highlight, in brief, how additional grant or concessional funds would be used.

6.4. Risk and risk sharing

To stimulate private investment in renewable energy generation, the state has provided sovereign guarantees in the contracts of many independent power producers (IPPs). While the JET-IP appears to move away from state guarantees in the REIPPPP, in the absence of a comprehensive de-risking strategy regulating private climate finance through PPPs, there is a concern that the current risk-sharing framework could bankrupt the state. To this end, the JET-IP requires a comprehensive approach that ensures appropriate risk-sharing with the private sector, specifically in future REIPPPP programmes. This framework should address how the state will manage Eskom's fragility, increase contract transparency, and enhance the state's negotiating capacity.

There is however a concern about some of the choices made – a few key examples follow. For instance, there is no reason why batteries should be development finance institution (DFI) or government financed. These can easily – as shown around the world – be financed by the private sector at scale and speed. The forthcoming Independent Power Producers Office battery procurement round, as well as the use of batteries in the private sector, will demonstrate this. As indicated earlier, under the transmission grid, there is no mention of possible private sector involvement. Yet PPP funding models for transmission have been shown to be low cost and effective globally, including in Africa, with appropriate risk sharing. Indeed, in the recent budget the National Treasury highlighted the need for a PPP transmission development model to be established urgently. In the PCC's view, unlocking South Africa's grid at speed and scale is key to vast swaths of the rest of the transition (including many "just" elements), and the implementation plan should pay attention to National Treasury's forming policy consensus.

The PCC recognises that the scale of financing required for the transition cannot be met through public sector financing alone; private-sector energy generation will have to take the vast bulk of the new investment. Concerns have been raised that lock-ins and demand agreements will raise the cost of energy provision and undermine efforts to address energy poverty. The JET-IP does not explicitly address how the terms of IPP agreements will be structured to ensure electricity affordability – indeed as these are currently part of a private-to-private market it is difficult to see how they could be dictated to. That said, the plan should give due cognisance to the fact that the government should ensure energy security and reduction of energy poverty as part of the transition. This would have to happen as part of least cost National Transmission Company South Africa (NTCSA) procurement of power in the way that currently happens with REIPPPP, or else via new mechanisms like buying day-ahead power on a new electricity market that will come from energy and market reforms facilitated by the Electricity Regulation Act Amendment Bill forthcoming shortly from Cabinet.

The pertinent issue here is energy poverty and energy access (at fair prices) and the cross-subsidisation mechanisms needed to achieve this, not the nature of the mechanism per se.

6.5. FUNDING ARRANGEMENTS

The JET-IP goes to great lengths to highlight the range of sources of funding needed and available for the scope of types of project – some of which will be hard to finance via the private sector. It is the job of government to think carefully about the scale of financing required for the "just" elements of the transition in particular, and unblocking of pathways to achieve this.

That said, it is unclear how just transition funding will be arranged. Questions about whether or not financing will take the form of a pooled arrangement remain unclear, and this now appears very unlikely in the main.

Overall, the PCC feels that the JET-IP should now reflect the reality of the current status of the JETP – which is not as straightforward now as it was at COP26.

We also need to be particularly cognisant of how financing arrangements are impacted negatively by wider policy choices – especially on [o] decarbonisation pathways and the difference between temporary extensions of life of Eskom plant for 1-2 years, especially those units that have good energy availability factors (EAF). The PCC believes that the financial and economic sense of extending the life of power stations for a significantly longer period must be rigorously proven, and consideration must be given to the impacts on health (arising from emissions of both carbon and other fine particulate and sulphurous matter). The PCC does not think that it makes sense to undertake large capital investments for long term extension, and the risk of stranded assets is a real possibility.

8.6. REFLECTION IN NATIONAL BUDGET

The JET-IP does not give adequate attention to exploring how South Africa's on-budget spending choices are crucial to drive the transition and its investments, both at national as well as at sub-national level.

Firstly, a significant portion of the USD8.5bn JETP funding will be through deeply concessional policy loans at the sovereign level. The PCC supports the mobilisation of these concessional funding tranches, particularly in the light that they are between 300 and 400 basis points lower than what the National Treasury could raise in the market on the basis of South Africa's sovereign debt rating. In addition, since they are "prior action" based, they do not have the danger of dictating policy change going forward.

However, since the concessional loans will flow through the general revenue fund, and be subject in their allocation through the national budgeting process, the PCC does have a concern about how these resources will be utilised to implement the just energy transition and the broader just transition. In particular, the PCC would like transparency on how these loans contribute directly to our just transition.

Many stakeholders have raised the critical issue of sustainable fiscal liabilities into the future. The PCC's own understanding, however, is that these specific policy loans are within the existing fiscal policy framework, and would be required to be raised anyway. Hence the PCC is supportive of this aspect of the JETP offer.

Many hard-to-fund issues will end up sooner or later back at the door of the fiscus, and innovative and new ways of crowding in private sector financing or providing support and safety nets will be required from the fiscus to ensure South Africa's transition is successful. The JET-IP largely broad-brushes these issues with simple references to state financing in its funding tables, without further delving into the complexities involved. Such complexities need to be pulled out at the implementation report stage.

It is important to re-emphasise that the JET-IP is not a pot of money like a fund, and nor is it a plan where the fiscus can simply pick up the slack of items not funded elsewhere. The fiscus's role is not a marginal one. The PCC recommends that a broader process occurs, in parallel with the work National Treasury is undertaking on the technical aspects of how its budget is tagged to green or climate or transition issues, to ensure alignment with the JET-IP.

7. INSTITUTIONAL ARRANGEMENTS

One way in which the JET-IP's current five-year timeline potentially undermines its success is that it does not adequately appreciate the capacity requirements needed for the just energy transition. There is key risk than if capacity issues are not addressed then this would prevent successful execution of the JET-IP. Many stakeholders have raised issues around the ability to implement the JET-IP In the South African context, given institutional problems, oversight issues and monitoring and evaluation problems around how institutions function related to the transition.

The PCC wants to ensure that there is a sensible debate taking place on capacity issues – for instance, the PCC believes it would be a superior outcome to have a mixture of public sector/fiscus and philanthropy investments, combined with private sector support, to build capacity over an initial two to three year period, which then ensures that the transition is more successful and has more momentum and credibility in the remaining part of the decade. Too often, citizens are not afforded such opportunities to sit back and think strategically; the transition and the JET-IP give us this opportunity.

The institutional capacity to implement the just energy transition is a concern in all spheres of government. The JET-IP is not oblivious to this, and indeed, prioritises municipal capacity building for the first five years of the plan. While concerns have been raised among stakeholders on where the municipal capacity building efforts will be focused, of particular concern is the absorptive capacity of the country to channel capital into just transition projects. Beyond the initial JETP funding, the JET-IP outlines the amount of capital that will be needed for the just energy transition, which amounts to an estimated ZAR1.5tn. While the JETP loans are channelled through the National Treasury, the PCC recommends that greater clarity should be given on how this money is

Stakeholder views: Institutional arrangements and capacity

Business expressed concern about the government's reluctance to implement ringfencing, which could negatively impact project implementation.

Business also emphasised the importance of defining the private sector's involvement in the JET-IP, given SA's high-risk business landscape. They also called for a **robust implementation strategy** that includes well-defined timeframes and milestones to ensure project success.

Faith stakeholders highlighted the importance of robust oversight and governance structures for the successful implementation of the JET-IP. They also stressed the necessity to prioritise equal energy distribution, environmental sustainability, and environmental health in the process.

Youth stakeholders voiced concerns about the degree of privatisation in the JET-IP and questioned the government's capacity for oversight and ensuring the accountability of participating entities. They also noted that some stakeholders believed privatising Eskom might have negative consequences for low-income families and communities.

Labour stakeholders raised doubts about the government's role in fostering an "enabling environment", fearing that it might lead to a "capitalist bonanza".

They expressed concerns about the JET-IP's focus on privatisation and ownership, arguing that it appeared more like a "green infrastructure investment plan" than a "just transition" plan.

Labour also worries that increased privatisation could further concentrate wealth and aggravate social inequality.

directed to just transition projects. Furthermore, in terms of the capital required beyond the JETP, which is substantially more than the initial USD8.5bn offering, the PCC is concerned that the current institutional capacity to absorb significant amounts of investment is inadequate. Issues such as corruption, government effectiveness and regulations all undermine the institutional capacity of the government to absorb investments and channel them into transition projects. To this end, the JET-IP should consider and explain in detail how institutional capacity will be strengthened to address concerns of corruption and efficient resource management.

Stakeholder views: Monitoring and Evaluation (M&E)

- On M&E, stakeholders emphasised the importance of **transparent monitoring and evaluation** mechanisms throughout the JET-IP's development and implementation.
- Stakeholders acknowledged the government's role in this process, but also recognised that extensive **institutional reform** would be needed for it to effectively fulfil its M&E responsibilities.
- Additionally, some stakeholders sought clarification on how different groups will be integrated into the JET-IP and the **mechanisms in place to ensure accountability.**

The PCC has set out some of the most pressing capacity concerns that need to be addressed to ensure the wider JET-IP can be delivered below, dealing with the absence of skills and resources, inappropriate or non-existent institutional design and problems of mandate and spheres of power and influence:

There are capacity problems of governance to oversee and manage the implementation of a JET-IP, in particular, given it will not be a fund or similar, but requires the corralling of capital of many different types around many different types of projects. This complexity is only partly encapsulated in the JET-IP.

- Overall, JET oversight functions from government are unclear, with currently weakly formed institutions with specific responsibilities. While National Treasury has taken some of the heavy lifting on funding, it is not designed to be the kind of matchmaking service in a traditional "merchant bank" type model for projects and funders that are needed in a proactive manner here.
- There is particular concern over the inability of current regulatory authorities to understand and pre-emptively prepare for the new type of energy market and market-making functions that are required for South Africa's transition – which has negative consequences today in terms of delays and discouragement of investment.
- Conflicts of interest still existing in government, particularly between policy making and regulatory functions within DMRE.
- Sub-national level capacity is even weaker and less likely to respond quickly, especially in respect of capacity related to new generation and distribution.
- Skills development entities and other support programmes remain very weak and largely input focused, and need more fundamental reform and partnering with civil society to drive outcomes-based models.
- Monitoring & Evaluation mechanisms (M&E) and feedback mechanisms in government and between government and social partners, especially civil society are very weak – however they must be strengthened given the uncertainties and newness of JET – to ensure successful implementation of the JET-IP. Such mechanisms are also important for building trust where transparent.
- Corruption and theft come up as significant issues from all stakeholders, and implementation must be mindful to strongly guard against these risks. That said, dealing with these in and of themselves more broadly must be the responsibility of government, civil society and business, individually and collectively.
- There are worries about SOE capacity to implement various aspects of the JET-IP, in particular Eskom, its grid access unit, and its transmission investment and development divisions *within the NTCSA.*

- Broadly, the PCC is of the view that the next steps of the implementation plan for the JET-IP should seek to concentrate on correcting many of these institutional arrangements. This is an Investment that will bear broader fruit over time through South Africa's transition.

7.1. Sub-national institutions

In both stakeholders' and the PCC's view, there is far too little focus on the sub-national component in the JET-IP – in particular municipalities.

As the PCC has laid out in the JTF, these spheres of government are crucial to the transition, and their full importance across a range of spheres needs to be laid out in the JET-IP. Much funding is available internationally and domestically from multiple sources for exactly these transition tasks, and investments required for them. They are also a focus for the country's wider inequalities and risks around the transition in how capacity and service delivery will be shaped, including everything from resilient municipal infrastructure, through to power supply from municipal distributors.

There is a range of capacity and skills that municipalities and metros are going to have to acquire which need investment to deal with the transition. This includes risk management of asset resiliency, improved planning functions for climate risk, processing approvals related to embedded and distributed generation for households and businesses, and being able to undertake financing and project management on own-build projects related to all these, including distribution and IPPs.

More generally, there needs to be an upskilling to understand the role of municipalities in energy security, and the understanding that these municipalities have a critical central role in the electricity system of the future. Better financial management at municipal level (and in provinces which also have an oversight and coordinating function) is also critical. A first step will simply be clearing maintenance backlogs that have worsened due to loadshedding, before considering distribution upgrades.

7.2. OWNERSHIP BALANCE AND THE ROLE OF THE STATE

In addition to concerns about institutional capacity, stakeholders also have concerns about the balance between public and private ownership and the role of the state in the just energy transition. The primary concern expressed by some stakeholders pertains to the wholesale privatisation of the energy system, which could undermine energy affordability and efforts to address energy security.

The JET-IP flags the importance of energy affordability on numerous occasions and acknowledges its centrality to human development, yet says very little about how this will be secured through social ownership models or through electricity subsidies for low-income households. This point reinforces the arguments made earlier regarding the significance of distributive justice and social ownership in achieving a just energy transition. For the purposes of this discussion, it is important to consider how the JET-IP could better address the ownership balance in the context of institutional constraints in terms of electricity generation, financing, and a lack of transparency.

The JET-IP puts PPPs at the core of renewable energy generation, particularly through the REIPPP programme and its successors, as well as bilateral loans and other market mechanisms. Indeed, as mentioned previously, the JET-IP highlights the private sector as having a crucial role in transitioning the country to a low-carbon economy. According to the JET-IP, there are several reasons for this focus, the first being the institutional constraints the country faces to generate an adequate and stable supply of electricity, and the urgent need to add energy capacity to the grid at scale. Secondly, Eskom's debt burden poses severe fiscal limitations for the state to fund large-scale renewable energy projects on its own. Thirdly, to meet our NDC targets by 2030 requires a substantial reduction in GHGs where electricity generation constitutes a significant portion of emissions. Fourthly, the emphasis on the private sector also aims to address concerns about the lack of transparency and corruption that often beleaguers the machinery of the state.

Yet, we should be cautious not to overemphasise the role of the private sector in the just energy transition as outlined in the JET-IP. Indeed, the plan makes clear on numerous occasions that the country's transmission and infrastructure will remain under state ownership. The PCC concurs that this is not always evident, and the role of the state remains, at times, ambiguous throughout the JET-IP. This generates uncertainty among stakeholders, which can be addressed through an elaborated partnership model that leverages the capacities of all social partners – local government, business, labour and youth.

There is a need to consider more thoroughly and widely the institutions that would be needed to ensure the emergence of a balance of different ownership models.

The PCC shares stakeholder concerns over the small quantum allocated to ensure social and community ownership in renewable energy generation plans. Democratic ownership models are key to the successful implementation of the transition, and key to ensuring that this happens in a just manner. To this end, we think that the JET-IP's implementation plan could provide a more detailed explanation of the incentives and processes that would be implemented to ensure inclusive ownership. Central to this is addressing how localisation and local content regulations will be configured to ensure ownership for disadvantaged households and workers.

However the PCC must be realistic – social forms of ownership may not be able to match the scale of private investment in the coming five to ten years. Nevertheless, even if relatively small, the coming five-year window should see some increased focus in an implementation plan that allows NGOs and unions to work to deliver this – while government creates a conducive environment for the creation, operation and funding of wider ownership models.

8. CONCLUSION

The PCC views the JET-IP as an important framework and foundation for the implementation of South Africa's Just Energy Transition (JET). However, it is not a comprehensive JET plan, nor an implementation plan for the broader Just Transition Framework. The JET-IP needs to clarify these scope limitations. Instead, the PCC views the JET-IP as a time-limited but nevertheless catalytic intervention in the three priority sectors of the plan.

The valuable feedback from stakeholders, set out in the Appendix to this report, should inform the formulation of a more detailed implementation plan. In specific areas, this will require built-in means to rectify previous omissions, and elaborate projects and institutional capacity development for successful implementation. Our recommendations therefore focus largely on this process of bridging the JET-IP to an implementation plan.

8.1. ALIGNMENT WITH JUST TRANSITION

The PCC recommends that the just transition should be the guiding framework within which the JET-IP is implemented. In particular the JET-IP implementation plan should:

- Provide a commitment to ongoing stakeholder, worker and community engagement in the process of implementing the JET-IP.
- Clarify the scope and limitations of the JET-IP, and how it fits within the implementation of the broader just transition.
- Develop detailed project plans and quantify the just transition measures required for the three sectors (electricity, EVs and green hydrogen) which are the focus of the JET-IP. This should include economic diversification and industrialisation; investment in skilling, reskilling and upskilling; social protection measures; and restorative justice for workers and communities impacted by the energy transition.
- Support projects that enable social ownership and worker participation in the new energy economy.

- Propose mechanisms for the ongoing financing of community projects intended to give effect to distributive and restorative justice.

- Be cognisant of the risks from wider policy uncertainties especially from Eskom emissions.

8.2. ON ADAPTATION AND RESILIENCE

An adaptation and resilience investment plan should be developed in parallel to the JET-IP implementation plan.

8.3. SKILLS DEVELOPMENT

The JET-IP needs to substantially increase the level of priority afforded to skills development, including:

- *Provide details of the skills and type of skills required for the energy transition that can be translated into implementable and quantified projects.*

- *Indicate how the JET-IP relates to the national skills development framework and the process to update it.*

- *Quantify skills development requirements in relation to funding available to the skills development system and indicate how the JET-IP interventions can leverage resources and drive transformation across the system.*

8.4. ELECTRICITY

Within the JET-IP the overarching priority is the electricity system (as the JET-IP itself recognises) – in particular:

- The investments and project implementation required for the extension and strengthening of the national grid.

- This needs to be accompanied by restructuring of the electricity supply industry, the *creation of an independent state-owned transmission and systems operator, and electricity market reform.*

- *Enabling conditions must be created for accelerated renewable energy* and energy storage capacity deployment.

- *Within the context of the in the electricity crisis response, the PCC believes that the JET-IP needs to take on board the immediate priority areas for electricity security, in a manner that is consistent with the longer-term trajectory envisaged in the energy transition.*

8.5. ELECTRIC VEHICLES

It is recognised that the motor industry transition to manufacturing electric vehicles is an important national industrial development imperative. However, the JET-IP cannot provide effective support to the EV transition in the absence of national policy and incentives:

- Public transport and freight rail should be the priorities of decarbonisation in the transport sector, and the JET-IP should conduct an additional investment needs analysis in these areas.

- The role of municipalities in implementing low emission public transport systems should be included in this additional assessment.

- Government needs to finalise and publish its New Energy Vehicle policy framework setting out the measures and incentives to support the EV transition.

- National Treasury needs to give guidance with respect to the incentives and financial instruments to support industrial development in terms of the stated policy.

- Scarce grant and concessional finance should not substitute for the above incentives, and should instead focus on just transition measures to protect affected workers and communities.

8.6. GREEN HYDROGEN

While many civil society organisations questioned the priority given to this sector, the PCC recognises that a future green hydrogen industry carries potential for significant industrial growth if early stage risks can be overcome. However the JET-IP cannot substitute for government policy and incentives to support this areas. The PCC recommends that:

- Government needs to clearly articulate a national industrial strategy for the development of the green hydrogen sector, including the incentives and other support mechanisms required for an emergent sector.

- The private sector should provide the bulk of the capital investment and technology that is required to evolve and grow this sector. Where early-stage technology development, and accompanying investment risk needs to be mitigated, these should come from the private sector in the first instance, and supported by an industrial development strategy of the state where necessary.

8.7. FINANCING TERMS

Stakeholders have raised some fundamental issues relating to the financing terms that underpin the JET-IP and the JETP, including fiscal sovereignty, the debt burden, the role of state (public finance) versus market, the appropriate sharing of risk, and the implications of public versus private ownership of assets and operational control. In this debate there has been some conflation of the IPG "offer" of USD8.5bn and the JET-IP's quantification of the need (USD98.7bn or ZAR1.5tn) for the three sectors in the just energy transition. Some issues require much further clarification and debate, but the PCC makes the following recommendations as it relates to JET-IP financing as well as the IPG package of USD8.5bn:

- The grant and concessional finance components of the JETP are inadequate in relation to the developed world's multilateral commitments and in enabling South Africa to achieve the lower bound of its updated NDC. South Africa should continue to pressurise the developed world to fulfil their commitments in the Paris Agreement to supporting the climate transition in developing countries.

- The process of mobilising and scaling up finance for the just energy transition from a variety of sources is an ongoing task, but it is important to proceed with the immediate implementation of priority projects in line with available resources.

- The limited grant component in the IPG package must be dedicated to achieving the outcomes envisaged in the Just Transition Framework.

- For the policy-based concessional loans, transparency must exist in its terms and allocation through the national budgeting process, and means must be found to ensure that these public resources are directly related to the outcomes of the just energy transition.

- Any further sovereign loans must be evaluated for their concessionality as well as for the relevance to the just transition (and therefore the JET-IP) and affordability within a fiscal framework.

- The JET implementation plan must explain how private investment will be mobilised at scale and speed in ways that have not been seen before

- There is a need to clearly identify the key actors in mobilising finance, as well as those who are responsible for removing blockages and barriers to investment.

- Clarity is required on the mechanism for disbursement of financial resources that will flow through municipalities, aligned with the annual Division of Revenue Bill.

- Treasury should undertake a fiscal review in relation to the JET-IP (and more broadly the JTF) to ensure alignment and integration with the MTEF in the 2024 budget.

- A transformative process is necessary in the private commercial finance sector (banks) as well as the savings and investment sectors (asset managers and pension funds), which are critical to the mobilisation of the ZAR1.5tn investment required for the JET-IP.

8.8. TIME FRAME FOR JET-IP

In terms of the time frame for the JET-IP, the PCC recommends that:

- A preparatory period is required to remove barriers, create institutional capability, build market readiness, and translate priority areas into sufficiently detailed projects along a timeline.

- A coherent implementation plan must be developed to give impetus to and sustained momentum maintained, for the programmes articulated in the JET-IP

- Such an approach will allow for rapid acceleration of success in the latter periods.
- The JET-IP will provide the catalytic spur to the just energy transition as well as the embedded justice components that are required for the JET-IP to be aligned to the just transition framework.
- A second five-year plan for the JET-IP should be considered to allow for the above developments.

8.9. INSTITUTIONAL ARRANGEMENTS AND CAPACITY

- Provide a detailed plan that addresses capacity concerns, with a focus on strengthening investment absorptive capacity. This would include a detailed capacity assessment to be undertaken.
- Identify barriers (whether these are financial risks, project risks or regulatory hurdles) and clearly attribute responsibility for their mitigation (the current report does this to some degree but is not clear on an agenda to clear the way to implementation).
- Where government policy and or regulations are barriers to implementation, the plan must explicitly enunciate these and make the necessary recommendations directly to government.
- The PCC recommends the speedy finalisation of the South African Renewable Energy Masterplan (SAREM), the revision of the Integrated Resource Plan (IRP 2019), and the implementation of the reforms to Eskom contained in the Roadmap for Eskom in a Reformed Electricity Supply Industry.
- The implementation of the specific recommendations above are essential for signalling to all social partners, and the market, that we are committed to our just energy transition.
- The JET-IP should be clear on what success looks like, and should translate this into key performance outcomes with responsibility and accountability allocated to the implementing partners.
- The monitoring and evaluation mechanism should ensure that there is ongoing, independent and frank assessment of JET implementation.

8.10. FROM INVESTMENT PLAN TO IMPLEMENTATION PLAN

The PCC recognises that the JET-IP presents an initial foundation and narrative for a just energy transition. The challenge now is to take this into an implementation phase in a way that addresses the concerns raised by stakeholders. The PCC views a successful and credible implementation plan as including:

- A detailed statement (i.e. inventory) of specified discrete projects that give a clear basis for all of the social partners to cohere around.
- An assessment of the efficacy of each project for consistency with the plan's outcomes, and endorsing such for inclusion in the portfolio.
- A clear statement of how financial, institutional and technical resources will be mobilised for the successful implementation of the plan.
- A clear articulation of the role of all social partners in implementing the plan.

The points above are the recommendations of the PCC as it relates to the strengthening of the current JET-IP, which we suggest should be the key guiding principles of a detailed implementation plan.

Specific recommendations around project development, design and implementation

- The implementation plan for the JET-IP must be project specific for each of the programmatic themes.
- For each project, or portfolio of projects, an early determination should be made of its internal viability, and therefore the type of finance that is required.
- For each project, or portfolio of projects, it should be determined whether any grant, deeply concessional or public financing is required to close the viability gap.

- The project implementation paths and timelines, including inter-dependencies, must be elaborated clearly.

- For private sector developed and funded projects, clear signals must be sent and the barriers to their implementation assessed.

- A project developer, equity investor or commercial funder (government or private sector) should be able to select a project and see a clear path to its execution.

- Where scarce grant and deeply concessional financing is required, each project must be critically examined in the context of risk sharing and whether distributive justice principles are met.

In conclusion, the PCC reiterates the importance of the JET-IP as a valuable platform for the transition to a net-zero and climate resilient economy and society. The criticisms of the JET-IP notwithstanding, the PCC believes that the JET-IP provides South Africa with an opportunity – a catalytic spur – to launch our just transition in the three sectors that it prioritises.

The PCC's views are intended to provide support for an implementation of the critical path(s) that require immediate steps to be taken. Those issues that have an innate complexity, or where further work needs to be done to develop clearer rationale and sufficient consensus, can be addressed in the course of implementation.

The PCC is mindful that some of the issues in the JET-IP (and the just transition more broadly), are in contention as a result of very real concerns of social partners, as well as the interests of some significant groups in the current socio-economic system. The PCC has attempted to highlight and recognise these in its assessment of the JET-IP; however, South Africa's transition is too urgent and pressing to not act while we continue to engage. In the words of one of our Commissioners:

"THERE ARE MANY NO-REGRET ACTIONS – LET US HASTEN THE IMPLEMENTATION OF THESE."

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