



**PRESIDENTIAL
CLIMATE COMMISSION**
TOWARDS A JUST TRANSITION



May 2023

A PRESIDENTIAL CLIMATE COMMISSION REPORT

Stakeholder Perspectives on South Africa's Just Energy Transition Investment Plan

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About the Presidential Climate Commission

The Presidential Climate Commission (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, we need to ensure decent work for all, social inclusion, and the eradication of poverty. We also need to protect those most vulnerable to climate change, including women, children, people with disabilities, the poor and the unemployed, and safeguard workers' jobs and livelihoods.

The PCC facilitates dialogue between social partners on these issues—defining the type of society we want to achieve, and detailing pathways for how to get there.

About the Report

This report presents a summary of the consultations conducted by the PCC on South Africa's Just Energy Transition Investment Plan (JET-IP). This stakeholder consultation report was prepared by OneWorld Sustainable Investments, who also assisted the PCC with the stakeholder consultations. The views expressed by all stakeholders have informed the PCC's critical analysis and recommendations on the JET-IP—a report of which is available on the PCC's website. Both reports have been presented to the President of the Republic of South Africa. The stakeholder report and the PCC recommendations on the JET-IP emanate from the President's request to the PCC on 4 November 2022.

The consultation process was as follows:

- Each stakeholder consultation comprised an information session as well as a formal consultation.
- Consultations were done with each social partner: business, civil society (including faith and youth), government (including local government) and labour.

- Community consultations at the local level were also held.
- A National Colloquium, bringing together all stakeholders in a culmination of the consultative process, was held on 14th April 2023. Three Ministers of the National Cabinet were present at the National Colloquium.
- The stakeholder consultation process on the JET-IP was combined with the consultation process on the electricity system — these separate reports on the electricity system recommendations and the stakeholder report on the electricity system will soon be posted on the PCC's website.

In this report, stakeholder perspectives have been captured under the following five headings, which also contain the essence of the recommendations:

- Methodology and procedural justice for consultation
- Scope and prioritisation of the JET-IP
- Timeframe and financing terms of the JET-IP
- Institutional arrangements and capacities
- Monitoring and evaluation

The report concludes with a chapter on the overlaps between the JET-IP and electricity planning, followed by a short synthesis of the various recommendations.

1. Introduction

During the February 2022 PCC Commissioners Strategy Session, the Commissioners received input from the Minister of Mineral Resources and Energy regarding South Africa's energy future. Thereafter, the PCC commissioners took the decision to make recommendations to H.E. the President of South Africa and Cabinet on taking climate change into account when planning South Africa's energy future, and more specifically its electricity production and use. As per the PCC mandate, the PCC ran a year long process of engaging with stakeholders, first in a programme of topical "Energy Dialogues" and then in a series of engagements with stakeholders and specific communities. The latter engagements were done in parallel with national consultations on the Just Energy Transition Investment Plan (JET-IP) and the PCC Recommendations on Electricity Planning in South Africa. At the request of the Presidential Climate Finance Team, the PCC also hosted JET-IP consultations and briefing sessions with social partners between September and October 2023.

The Just Transition / Just Energy Transition (JET)

According to the International Labour Organisation (ILO), "a just transition involves maximising the social and economic opportunities of climate action, while minimising and carefully managing any challenges – including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights" (ILO, 2023).

The PCC's Just Transition Framework, launched in 2022, framing the just transition as having the aim of "...seizing the opportunities and managing the risks associated with climate change, with an overarching goal of improving the lives and livelihoods of ALL South Africans, particularly those most impacted" (PCC, 2022). As such, the scope of the just transition in South Africa is wide, both in the focus on people, and on the time scales of action and delivery.

Conducted between January and March 2023, the two-part (Electricity Planning and JET-IP) dialogues reached all the country's social partners. These included national and local government, including local municipalities, business, civil society (including faith and youth groups) and organised

labour. This process elicited a range of stakeholder perspectives on South Africa's energy security, electricity and energy planning and investment, and decarbonisation. The consultation process was delivered in two formats – an information session, followed by a formal consultation with each social partner and stakeholder group. This approach sought as far as possible to ensure that stakeholders were informed and prepared for the consultations. A key objective was to gather perspectives from across society on South Africa's just energy transition (JET) which underpins both the PCC's recommendations on the JET-IP, and on electricity planning.

This report is the summary output of these engagements as they pertain to the PCC's recommendations on South Africa's JET-IP. A report on the stakeholder perspectives on South Africa's electricity planning has been prepared separately.

This JET-IP Stakeholder Perspectives Report presents the varied opinions across South African social partners (see Figure 1) involved in the energy transition and presents the outcomes of the PCC's consultation process conducted over the first quarter of 2023. This summary stakeholder perspectives report is an important input into a separate report that holds the recommendations. Read together they provide a record of the PCC process of wide stakeholder consultation.

1.1 Methodology underpinning the stakeholder consultations and report development

The objectives of this stakeholder consultation programme were to (i) gather and consolidate the views and concerns of affected stakeholders regarding what constitutes a JET for the South African economy and society; (ii) build trust and understanding between parties; (iii) understand the principal elements of the national Just Transition Framework which need to be built into the JET-IP; and, iv) establish a consensus regarding the principal elements of a set of recommendations on incorporating climate change into energy investment and electricity planning in South Africa.

This engagement is ongoing, as the PCC seeks to incorporate the perspectives of social partners in all the PCC's work and in the expansion of our work in

electricity to the broader energy landscape. A long-term exchange of views between social partners and the PCC is critical to reaching consensus and enabling implementation.

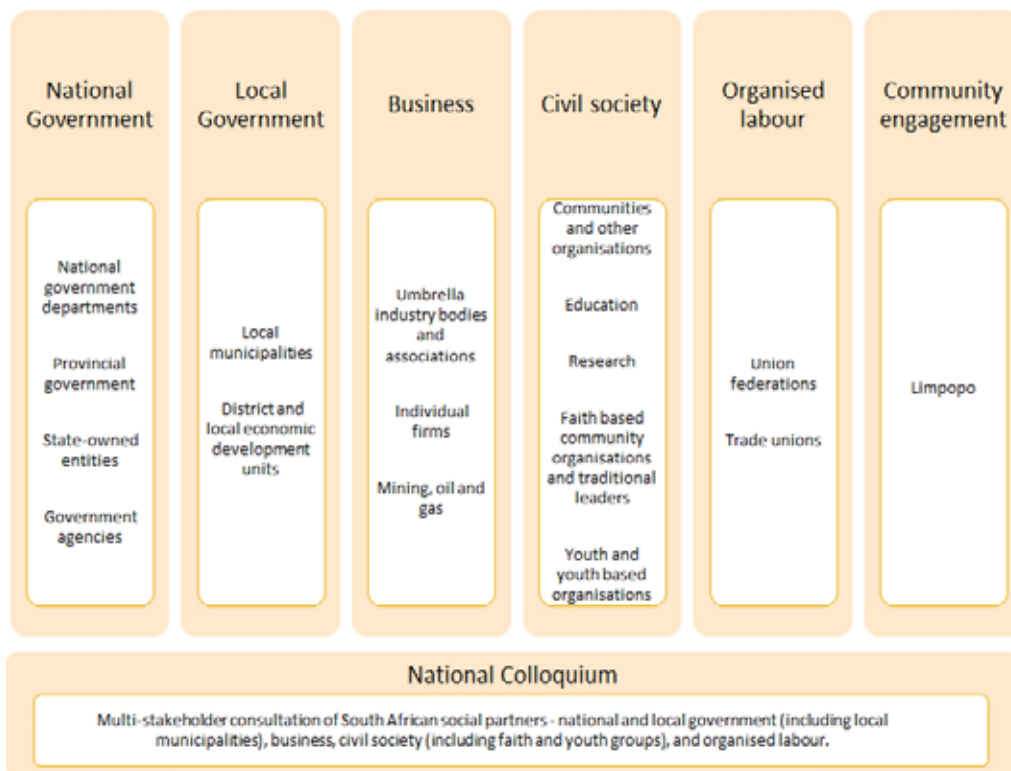


Figure 1. Balanced stakeholder representation

This section of the report sets out the methodology used to capture and synthesise stakeholder data and perspectives gathered throughout the consultation process. The data captured to inform this report emerged from the series of JET-IP and energy planning dialogues conducted by the PCC as outlined in Table 1. The report is further informed by the written comments received from some stakeholder groups, as summarised in Table 2.

Consultation events were delivered in two formats: information-sharing sessions and formal consultations. This approach came about early in the integrated energy consultation process as a result of procedural issues raised by stakeholders with the PCC (see box 1 later on in this report). The information sessions gave the social partners the opportunity to gain some early insights into the JET-IP and the PCC’s Recommendations on the Electricity Plan. These first sessions also allowed partners to become familiar with the content and context presented; as well as gain greater clarity through questions and discussion with the PCC and with stakeholders. These information sessions, which were held online, started with detailed presentations on both the JET-IP and the Electricity Recommendations, followed by a facilitated Q&A with the participants. Participants could raise their hands and speak or use the online Chat and Q&A functions. The information-sharing sessions were followed by formal consultations which were conducted through a hybrid online and in person format.

The formal consultations allowed the social partners to reconvene with the PCC, already having an insight into the work being discussed, and served to provide a platform for deeper and meaningful discussion on the topics presented. The information that was shared with participants ahead of each information and consultation session is included in Annex 2 to this report. Documentation included an information pack, with important links to documents such as the JET-IP, as well as the PCC’s presentations on each of the JET-IP and the Recommendations for the Electricity Plan.

Table 1: Summary of PCC integrated energy dialogue events

Social partner	Event type	Date
Youth	Information sharing	08 February 2023
Industry and Business	Information sharing	10 February 2023
Organised Labour	Information sharing	14 February 2023
Industry and Business	Formal consultation	17 February 2023
Limpopo Communities	Integrated community consultation	20 February 2023
Civil Society	Information sharing	01 March 2023
Local Government	Information sharing	02 March 2023
Faith-Based Community	Information sharing & Consultation	08 March 2023
National Government	Information sharing	10 March 2023
Organised Labour	Formal consultation	13 March 2023
Local Government	Formal consultation	14 March 2023
Youth	Formal consultation	24 March 2023
Civil Society	Formal consultation	27 March 2023
National Colloquium on Electricity Recommendations	Multi-stakeholder Colloquium	14 April 2023

In addition, written comments submitted by various stakeholders have been taken into consideration in preparing this summary report. See Table 2 below for a full schedule of these.

Table 2: Register of written comments submitted to the PCC on the JET-IP and Electricity Plan / Energy Mix

Submitting Organisation	Format of the Written Comments	Social Partner
Black Business Council	1 st March 2023: Black Business Council JETIP Review and Input	Business
Centre for Environmental Rights	4 th April 2023: Email Body from Centre for Environmental Rights.	Civil Society
Centre for Environmental Rights	17 th February 2023: DRAFT PCC Electricity_Planning and Recommendations Report_V6_Centre for Environmental Rights	Civil Society
Centre for Environmental Rights NPC	3 rd April 2023: Life After Coal Campaign and (LAC) and Fair Finance Coalition Southern Africa (FFCSA) Comments on the JET-IP 3 April 2023	Civil Society
City of Cape Town (CoCT)	29 th March 2023: Email Body from CoCT	Local government
City of Cape Town (CoCT)	29 th March 2023: Addendum A: Response to JETP Finance Task Team letter	Local government
Congress of South African Trade Unions (COSATU)	6 th April 2023: COSATU JET IP Submission Document	Organised Labour
Department of Environmental Affairs and Development Planning	8 th February 2023: Email body WC gov Questions	National government

Submitting Organisation	Format of the Written Comments	Social Partner
Energy Council of South Africa	6 th March 2023: Energy Council comments on PCC power sector draft recommendations	Business
Global Change Working Group of the Youth Policy Committee	YPC Recommendations_Comments on PCC Electricity Report	Civil Society
groundWork	December 2023: GroundWork_Contested Transition Report-2022	Civil Society
Industrial Development Corporation of South Africa (IDC)	26 th March, 2023: Email Body feedback _JDC	National Government
Institute For Economic Justice (IEJ)	31 st March 2023: Final version_IEJ & CLIFT_JETIP Submission_March 2023	Civil Society
Northern Cape Economic Development Trade And Investment Promotion Agency (NCEDA)	Letter to PCC on inclusion of GH ₂ and Funding	National Gov
National Union of Metal Workers of South Africa (NUMSA)	NUMSA response and submission to the content of recommendation to the Presidential Climate Commission	Organised Labour
Presidential Climate Commission (PCC)	27 th March 2023: Email Body -A critical appraisal of the JETIP - PCC recommendations	PCC Commissioners
South African Federation of Trade Unions (SAFTU)	Final_SAFTU input to PCC_13March2023	Organised Labour
Sasol	Sasol's submission on the JET-IP March 2023[69]	Business
Section 27	28 th March 2023: Email Body from Section 27	Civil Society
Shared Value Africa Initiative (SVAI) & Shift Impact Africa	1 st March 2023: Email Body comments SVAI	Civil Society
Shared Value Africa Initiative (SVAI) & Shift Impact Africa	SVAI Questions and comments on the JETIP and Electricity Plan (EP) draft recommendations	Civil Society
South Africa Climate Action Network (SACAN)	SACAN PCC JETIP Submission	Civil Society
SACAN	3 rd April, 2023: Email Body from SACAN	Civil Society
South African Local Government Association (SALGA)	21 st March 2023: SALGA Letter to PCC-21032023 (002)	Local government
Sustainable Energy Africa (SEA)	2 nd March 2023: SEA comments on the JET-IP and EP draft recommendations	Civil Society
World Wildlife Fund (WWF)	4 th April 2023: Email Body from WWF	Civil Society
World Wildlife Fund (WWF)	3 rd April 2023: Cover Letter 03042023_PCC Consultation on Recommendation on the Electricity Plan + JET IP	Civil Society
World Wildlife Fund (WWF)	PCC consultation on Electricity Plan and the JET IP - WWF inputs	Civil Society
Youth of Johannesburg	24 th March 2023: Written feedback	Civil Society

Some sessions were closed, at the request of the social partner concerned (labour). As such, the information from these sessions is not publicly available. However, COSATU submitted written input on the JET-IP on 06 April 2023, and this was also analysed for the purposes of this stakeholder report.¹

Capturing data

For each consultation event presented in Table 1, the OneWorld team captured detailed notes. The team also ensured that all comments and questions raised in the discussions, as well as in the chat box or Question and Answer (Q&A) function, and from later written submissions, were noted and captured. This included the names of individuals and/or organisations providing feedback, questions and comments. The project team also transcribed and analysed the notes recorded during information sharing and consultation sessions, as well as written feedback submitted by stakeholders. An Excel workbook was used for this purpose. The categories, layout and organisation of the workbook are shown in Table 3 below.

Stakeholder feedback and comments were classified and clustered by topic, theme and sub-theme (see Table 3). This classification and clustering allowed the project team to identify frequently raised stakeholder perspectives and comments, in an unbiased manner. Clustering also allowed a preliminary view of emerging points of convergence and divergence amongst stakeholders. While the key themes were pre-identified, with stakeholder perspectives classified accordingly, a range of sub themes to these emerged from the analysis of the dialogue discussions. These are also captured in Table 3 below. A summarised view of the consolidated stakeholder perspectives is presented in Annexure 1.

Table 3. Layout of Excel workbook used to capture stakeholder perspectives captured during Information sharing and Formal consultation sessions on the JET-IP.

Category	Details
Topic	Select the appropriate topic: <ul style="list-style-type: none"> • JET-IP • Electricity Planning Recommendations
Theme	Select the appropriate theme: <ul style="list-style-type: none"> • Methodology and Procedural Justice for consultation • Scope and prioritisation of the JET-IP • Timeframe and financing terms of the JET-IP • Institutional arrangement and capacities • Monitoring and evaluation • JET-IP and electricity planning

¹ Cosatu rejected the JET-IP in the beginning of its written input; but went on to enunciate specific views on the need to re-write or amend the JET-IP in the later parts of its written report. These specific viewpoints have been included in this report.

Category	Details
Sub-Theme	<p>Select or identify the appropriate sub-theme:</p> <ul style="list-style-type: none"> • Methodology and procedural justice for consultation <ul style="list-style-type: none"> ○ Methodology for consultation ○ Consultation timing and preparation ○ Thematic consultations ○ Procedural justice for consultation • Scope and prioritisation of the JET-IP <ul style="list-style-type: none"> ○ Alignment with the Just Transition Framework ○ Energy ownership models and privatisation ○ Skills development ○ Grid capacity ○ Industrial policy and the JET-IP ○ Corruption, theft and vandalism ○ Municipal component ○ Demand side management • Time frame and financing terms of the JET-IP <ul style="list-style-type: none"> ○ Timeframe of the JET-IP ○ Financing terms • Institutional arrangements and capacities <ul style="list-style-type: none"> ○ Capacity to implement the JET-IP ○ Governance arrangements and crime • Monitoring and evaluation <ul style="list-style-type: none"> ○ Reporting
Question/ Comment	Comment or question raised by stakeholder
Response	Used to capture comment or feedback as well as identify points of divergence or convergence on frequently raised comments or questions. Note: The response column is typically reserved for PCC responses. All <i>stakeholder</i> feedback is captured in the Question/comment column to avoid confusion. PCC responses to questions are not considered in this report as stakeholder responses.
Stakeholder (Speaker)	Name or identifier for the stakeholder contributing a comment or question
Organisation	Organisation or affiliation of the stakeholder (speaker)
Consultation Group	Used to capture the stakeholder group (business, civil society, faith, local government, national government, organised labour, youth)
Submission Type	This column identifies whether an input was in the form of a written submission or, alternatively, in the case of the Colloquium worksheet, this column identifies at which stage of the conference the comment emerged.

2. Key Messages

First and foremost, the justice, or just transition aspects of the PCC's recommendations came under significant scrutiny. Although the social partners raised different issues pertaining to justice, many stakeholder groups were concerned with issues of energy affordability, incentives, the pace and extent of decarbonisation, and the role of the state. Other issues that concerned many stakeholder groups were the extent of private investment, skills development and employment, and corruption, theft and vandalism. (These issues have been listed in no particular order, here.)

Most stakeholders did not distinguish between the Electricity Plan and the JET-IP in delivering their comments and observations. They took it as a given that the Electricity Plan and the JET-IP are interrelated, with some seeing the JET-IP as leading into current and future iterations of South Africa's electricity plans and policies. This perceived interrelationship is evident in the key messages distilled from the synthesis analysis of the consultations below, and in the elaborations to these in chapter 3 that follows.

The following key messages emerged from the JET-IP and electricity planning consultations and community engagements. These are highlighted below as critical messages that emerged from the analysis of the consultation outcomes. These messages are considered to be critical either because there was broad consensus on these issues, or because there was contestation, requiring balance and future dialogue.

- The need for a **meaningful consultation approach** was heightened by Eskom's low capacity to deliver energy security to South Africans and the consequent current electricity crisis.
- It is evident that the JET-IP is being presented as a "Cabinet-endorsed plan" and stakeholders are being asked to comment on it as an approved plan. It should be viewed as a **living document** and hence be continuously open to adaptation as conditions require going forward.
- **Procedural fairness** is a critical success factor of all consultations and dialogue. Timely sharing of relevant information and notification of consultations as well as thorough stakeholder mapping and inclusion are all key in this regard. Moreover, more effort is needed toward ensuring that consultation processes enable participation by those most affected by decisions and their implementation.
- **The scope and priorities of the JET-IP** require thorough review. The Just Transition is the overarching framework for the just energy transition and the JET-IP must sharpen its focus on critical just transition aspects such as equitable sharing of risks and opportunities related to the transition. The JET-IP should dedicate support for those most at risk to South Africa's energy transition.
- The rationale for prioritising **Green Hydrogen** within the scope of the JET-IP is not immediately clear and requires further justification and explanation. Electric Vehicles should be considered as an industrial development strategy and further work must be done in the area of public passenger transport and the freight system. These are the areas that make a direct contribution to social services whilst at the same time achieving South Africa's decarbonisation objectives.
- **Energy affordability** is an unresolved issue in South Africa, with too many people still struggling to afford and/or access electricity and energy services. A collaborative approach between all the social partners toward finding and implementing solutions and realising tangible outcomes is critical and urgent.
- **Energy poverty**, or the lack of access to essential energy services, driven by energy affordability and also related to the use of dirty fuels, continues to affect the well-being of a large numbers of South Africans because their energy consumption is very low, and because they are being affected by the use of dirty, pollutant fuels. Energy planning and investments need to tackle this issue to ensure a just transition for all South Africans.
- **Municipalities** are emerging as a stronger player in energy developments and investments than has been envisaged in the country's previous electricity and industrialisation plans.

Their role needs to extend beyond distribution services, and the role of municipalities in power generation, demand side efficiency and social ownership models need to be included. This is vital to their continued ability to deliver their constitutional mandates.

- **Grid upgrading is a critical and urgent priority** that needs targeted investment, thorough planning and stress testing against local conditions, and consideration for inclusive access as well as near- and long-term electricity and energy security. This must be more fully articulated in the JET-IP.
- **Social outcomes** for localisation and social and community ownership, electricity access and affordability and employment are non-negotiable outcomes of the JET-IP and these should not be compromised in any way.
- **Skills development and transfer is pivotal** to ensuring these social outcomes and to realising a just transition through South Africa's just energy transition. The budget for skills development needs to be considerably increased in the JET-IP.
- **There are overlaps and gaps between South Africa's electricity planning and the JET-IP** and these need to be further aligned with the national industrial policy development framework and the skills development framework.

Throughout the integrated energy consultation and community engagement process, the PCC has taken account of the key messages and recommendations that stakeholders have articulated. These perspectives, have incrementally influenced the PCC's recommendations on the JET-IP. This recommendations report were further deliberated at the Colloquium held on the 14th April 2023. The report on the Presidential Climate Commission's recommendations on the JET-IP, inclusive of the stakeholders' views, will be presented to the President of the Republic of South Africa.

3. Key Stakeholder Perspectives for the JET-IP

In addition to the emerging trends and themes synthesised above, there are important process lessons to take on board in both planning for and convening stakeholder engagements. Key perspectives arising from these engagements on both the procedural and substantive aspects of the project are detailed below, against five themes that emerged from the energy dialogues and engagement process. These key themes are:

- Methodology and procedural justice for consultation
- Scope and prioritisation of the JET-IP
- Timeframe and financing terms of the JET-IP
- Institutional arrangements and capacities
- Monitoring and evaluation

This chapter synthesises the emergent stakeholder perspectives captured systematically from these dialogues (following the methodology outlined in chapter 1 to this report). Key perspectives, particularly those that featured in the comments from more than one participant and social partner groups, are summarised in this chapter against the themes listed above. Both points of consensus and points of divergence have been highlighted, while important outlying voices have also been noted. The Annexure A to this report provides a summary of the perspectives arising for each stakeholder group consultation shown against the themes that emerged from the consultations, as listed above.

3.1 Methodology and procedural justice for consultation

Methodology for consultation

All constituencies commented on the methodology applied to the consultation process, particularly in the initial phase of conducting these. Key methodological issues included timing of and preparation for the consultations, and the need for thematic discussions to address systemic issues such as energy affordability and energy poverty, and emerging energy transition solutions such as green hydrogen.

Consultation timing and preparation

The social partners concurred that the execution of the consultations should be procedurally just.

“We call for a more inclusive process with Youth, communities, CSOs, women’s groups. There should be participation in drafting, planning and monitoring implementation - not just for information and feedback. There should be support for consultation – data, documents provided in advance. There must be more sharing of information with more details.” (Civil Society)

In the early information sessions, stakeholders highlighted the need for sufficient time for constituencies being consulted to review materials and prepare positions which are open to public discussion and debate. Constituencies particularly noted the critical importance of receiving transparent information at least two weeks, but preferably a month, ahead of a formal consultation. This allows for adequate preparation. For some constituencies, such as labour, this includes consulting internally to prepare positions that are agreed by members within the constituency, for presentation in the formal consultations. Civil society observed that national and local engagements have taken place, but at a very quick pace. (See Box 1 below for the PCC’s response to these comments.)

One constituency (labour) further requested that their constituency consultations be established as closed processes, open only to invited stakeholders representative of the constituency.

Box 1. PCC response on procedure and methods for consultation

The PCC’s response on procedure and methods for consultation

Following stakeholders’ feedback on the importance of the consultations, the PCC reconfigured the dialogue process to hold two dialogue events for each constituency: i) a briefing, or information session, and ii) a consultation session (see Figure 1).

The consultation sessions were typically held two to four weeks after the information sessions (as preferred by stakeholders). Business was the exception to this, where the formal consultation followed a week after the information session. The PCC recognised that organised business has been very active in South Africa’s energy security, pricing and transition discussions. This includes several aspects: through the Energy Council of South Africa, a CEO-led initiative that brings together key public and private sector companies; through business/industry associations such as the Black Business Council, Business Unity South Africa (BUSA), the National Business Initiative (NBI) and local development finance institutions that have a significant presence and actively participate in the energy sector.

The adjustment in consultation methodology allowed constituencies to be adequately briefed on the Presidency and PCC’s forthcoming and living plans, through an information sharing session, with time to prepare for the consultation. A closed consultation was conducted with labour following the prior, open information session, at this constituency’s request.

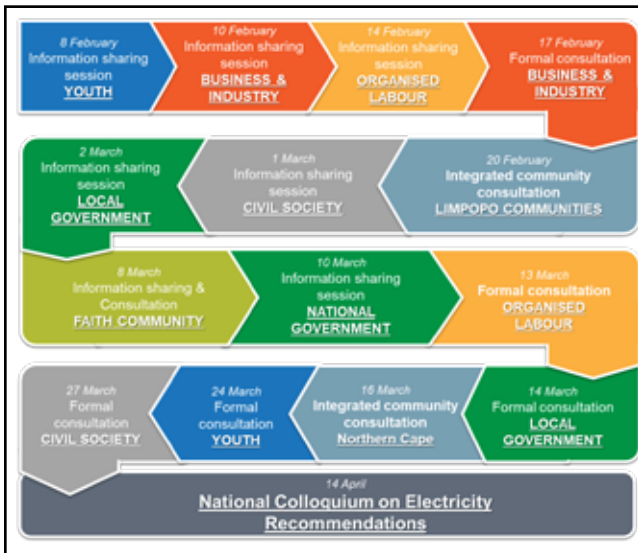


Figure 2. Timeline of stakeholder consultations

The importance of thematic consultations

“Between the noisy public meetings and discrete boardroom discussions, there is a gulf.” (Civil Society)

Some constituencies expressed the need for more intensive discussion on key thematic issues. These issues, although canvassed and covered in the PCC presentations (see Annexure 2), are complex and require further engagement, discussion, and capacity building in these areas. In addition to technical sessions already held by the PCC, some stakeholders requested further technical sessions, or thematic consultations, on systemic issues. These are issues that either remain unresolved in the South African landscape, such as energy poverty, or are emerging and less understood opportunities for energy provisioning and economic development, such as green hydrogen and electric (or new energy) vehicles.

Civil society - including faith-based organisations - led the call for addressing the complexity of energy affordability and energy poverty in a transitioning energy environment, through thematic dialogue. However, labour and local government also raised the issue of energy affordability and poverty, albeit from different standpoints. While these nuances are discussed in the relevant section to this chapter, the energy dialogues made clear that the issue of energy poverty needs significant discussion, with the associated needs of all affected constituencies being

considered in the solutions to this long-standing and systemic problem. If not addressed as central to the just energy transition (JET), energy affordability, and energy poverty are likely to stand in the way of achieving justice for all.

The need for and content of the integrated consultations

All constituencies welcomed the opportunity to review and consult on the JET-IP, which was considered by many constituencies to be a critical investment plan and foundation of South Africa’s future energy and electricity planning, and just energy transition (JET).

“Let there be light, and let it be sustainable electricity.” (Faith)

“We note that the plan has been concluded. It is about us, but without us” (Labour)

However, although the Presidential Climate Finance Task Team (PCFTT) conducted consultations in 2022 (facilitated by the PCC) prior to launching the JET-IP, most constituencies felt that they were being consulted on a final investment plan over which they could have little influence. Labour, in particular, regarded the process as a *fait accompli* rather than a consultation. However, other constituencies noted the urgency and driving forces of climate change, the pressure globally and nationally for South Africa to cut carbon emissions, and the need for South Africa to achieve a concomitant renewable energy transition – in a just manner. Of overarching concern to all constituencies was that the transition be inclusive and equitable. All constituencies noted the necessity for South Africa to participate in a more thorough consultation process to maximise inclusivity within the Just Transition, while some emphasised the risks of the JET for energy affordability and access.

“We call for a more inclusive process with youth, communities, CSOs, women’s groups. There should be participation in drafting, planning and monitoring implementation - not just for information and feedback. There should be support for consultation – data, documents provided in advance. There must be more sharing of information with more details.” (Civil Society)

The need for a meaningful consultation approach was heightened by Eskom's low capacity to deliver energy security to South Africans and the consequent current electricity crisis. Discussions and inputs by all constituencies were permeated by the electricity crisis, which has sharpened the need for and focus on justice and social inclusion. Hence this process initiated by the PCC, at the request of the Presidency, to consult further on an inclusive JET-IP was widely welcomed, with many constituencies welcoming the idea that the JET-IP is a living document that will be amended over its lifecycle.

"...the JET IP is critical, and it is not only a "steppingstone for the just energy transition", and "... it should be considered a bold signalling initiative or a flagship Just Energy Transition initiative, of a hopeful future characterised by positive social, economic and environmental outcomes for all South Africans." (Civil Society)

As much as there has been an urgent need to produce a timeous and efficient JET-IP, the commitment to inclusivity and not leaving anyone behind has also meant that the Presidency, through the PCC, has prioritised the aim of ensuring a deeper and procedurally just consultation process. The consequent JET-IP should be viewed as a published high priority plan rather than a draft report. However, the JET-IP is also founded on the assumption that it should remain a living document and hence be continuously open to adaptation as conditions require going forward.

On the question of thematic consultations, the PCC is currently planning a dialogue on the topic of energy poverty which it hopes to hold in the next quarter of 2023. Furthermore, the PCC has noted the significant level of discussion on the issue of industrialisation (discussed later in this report). Most social partners put forward positions on the role of the energy transition in South Africa's industrialisation policy. In particular they acknowledged the importance of achieving a scale of industrialisation required to ensure economic development and employment. The role of green hydrogen and electric vehicles in this policy area needs to be more clearly articulated by government and the relevant industrial sectors. The PCC therefore proposes to conduct a thematic consultation on green and just industrialisation in addition to that for energy

poverty. These will form part of the dialogue process as the PCC moves their attention from electricity planning to energy planning as a whole (the remainder of 2023).

All constituencies perceived these methodological issues to be critical foundations of procedurally just consultations.

3.2 Scope and prioritisation of the JET-IP

Both the scope of the JET-IP and the current priority investments outlined in the JET-IP came under significant scrutiny, and across the JET-IP's spectrum, from all constituencies. This has highlighted the need to comprehensively reconsider the scope and priority investments of the JET-IP, as outlined below under the sub themes of:

Alignment with the Just Transition Framework

- Energy ownerships models and privatisation
- Skills development
- Grid capacity
- Industrial policy and the JET-IP
- Corruption, theft and vandalism
- Municipalities

Alignment with the Just Transition Framework

"We should not embark on a process in the name of the transition that then imposes costs on people" (Civil Society)

Constituency calls for strengthening the justice component in the JET-IP were pervasive throughout the consultation process.

Constituencies expressed the view that least cost investment pathways must be sought and *that all opportunities* for accelerating the just transition should be exploited. Civil society articulated that energy provisioning must be sustainable while also being within the confines of social justice. Socially just energy investment and provisioning includes

planning for the transition of the coal value chain, particularly in the provinces that are most directly affected, ensuring that women in municipalities and communities are fully and explicitly considered in the JET-IP, and that South Africa's inequalities are addressed through the JET-IP. Collective action by all the social partners in formulating and implementing what South Africans need and have to do. Youth emphasised the need for collective and systemic action, highlighting that the current lack of justice is a systemic problem that needs action by all social partners.

"When SA burns it doesn't burn one house, it burns everyone's house... – we need to take collective action (as social partners) to formulate and implement what we have and need to do".
(Business)

"When SA burns it doesn't burn one house, it burns everyone's house... – we need to take collective action (as social partners) to formulate and implement what we have and need to do".
(Business)

"The current approach to justice is 'trickle down'".
(Civil Society)

For some constituencies – primarily civil society and labour – strengthening the justice component involves the development and inclusion of explicit social ownership models, with community ownership cited as a priority among these. Within this context, land-use and ownership came under considerable scrutiny. Many stakeholders called for mining land rehabilitation to enable livelihoods and livelihood diversification. Some constituencies considered land ownership as being central to the social ownership models for renewable energy investment. Specifically, some business and civil society groups highlighted that renewable energy development needs considerable land and that communities could benefit from land lease arrangements between the community and the renewable energy project developer. It was however also noted that such arrangements and benefits can only arise if South Africa's land issues are addressed concomitantly with the JET-IP (and electricity planning). Addressing land ownership and use issues could include but is not limited to implementing existing legislation that

requires mine land rehabilitation, until now a largely unenforced legal requirement.

This will require land issues to be addressed in the course of the just energy transition. Regulations governing mine rehabilitation must be reviewed and the existing regulations must be enforced, with community participation in this process being made central to this programme.

"The Just Transition must be about systems change that transforms relations of power" (Civil Society)

All groups have been in favour of the JET-IP kickstarting the rehabilitation of neglected mining land. However, local communities are concerned about the land use impacts of such processes, as outlined above, within the broader requirement for rehabilitation of mining land for alternate livelihoods. The JET-IP therefore needs to demonstrate that it is cognisant of these issues and that it explicitly seeks to address the incorporation of local communities in the process of mine land rehabilitation and their participation in the benefits that follow rehabilitation. Research shows however that consideration must be given to the practicalities of differentiated uses and repurposing activities. These are briefly outlined in Box 1 below, which summarises key points made in the body of research that surrounds mine land rehabilitation in South Africa.

Box 1. Research perspectives on mine land rehabilitation and repurposing

Rehabilitation of mining land is a multi-year process. However, repurposing mined land for renewable energy production is a quicker process than for agricultural production, as restoring agricultural fertility requires many years of intensive regeneration activity. Mined land that has been rehabilitated in accordance with best practice standards, will still have decreased land capabilities as some effects, such as soil loss will be present for several years following the rehabilitation process (Slater, D. 2017; Limpitlaw et al., 2005).

Transforming mined land that is contaminated and abandoned (brownfields) into land that can be productively used for renewable energy generation, such as for solar developments (brightfields) can provide an economic opportunity. It can also relieve the financial liability for the longer-term and more scientifically intricate process of rehabilitation for agricultural production (K'oyoo et al. 2022; Kuehl & Church, 2022).

"Access to affordable electricity is correlated with economic development. The JET-IP must understand that access to electricity is really important." (Local Government)

All groups expressed major concern with the damage that the electricity crisis is causing to **economic activity**, with particular impacts for jobs and small enterprises. Small and medium enterprises often cannot afford to install small scale embedded generation (SSEG) facilities to mitigate loadshedding. Stakeholders perceive that jobs are being lost as a direct consequence of the electricity crisis and that there is a decline in the survival rates and productivity of micro, small and medium enterprises (MSMEs). This issue of economic and social loss was highlighted by all constituencies, and almost all stakeholders demanded that economic loss, and particularly jobs and enterprises, be urgently addressed in forthcoming versions of the JETIP, including through social protection investments. Civil society groups recommended that the JETIP build on the understanding and solidarity that is growing between communities, workers and activists. These groups highlighted that workers are not only those with formal jobs who belong to trade unions but that they also include street traders, waste pickers and food gardeners, etc.

Discussions in the integrated consultations on the broader and wide-reaching issue of **energy poverty**, further entrenched this theme of concern for the poor and unemployed bearing the brunt of the electricity crisis. Energy poverty was the subject of extensive discussions (and written stakeholder comments). This was mentioned earlier in this report as requiring a discrete thematic discussion with all social partners. The impacts of the current electricity crisis are felt by all the social groups in different ways, and almost all the constituencies called for addressing energy security as well as energy poverty.

Many stakeholders specifically mentioned the need to address energy poverty through revising and enhancing the existing energy subsidy model for low-income groups (free basic electricity, or FBE) and to extend this system to ensure that low income households are able to afford sufficient energy services. Stakeholders concurred that the minimum, acceptable threshold level of energy consumption is 350 kWh per household per month. Consumption

levels below this threshold is reflective of energy poverty and stakeholders expressed strong views that the State should guarantee an acceptable minimum threshold level of consumption.

"If we are to say "no one will be left behind" we must expand the impact of JET not only being for workers and communities, but include contractors, goods and services suppliers, logistics industry, informal sector, etc." (Business)

Some constituencies went further, highlighting the need for enabling low-income households to have access to SSEG in the JET, and for social models and investments to include SSEG subsidisation for low-income households and small businesses. Others raised the need for strong and explicit localisation models in the JETIP that are designed to benefit small businesses and stimulate new job opportunities and enterprises. Addressing energy poverty is considered a high priority by most constituencies. As previously mentioned, energy poverty was widely discussed by civil society, including faith and youth, as well as labour and local government constituencies.

"This is not a case for slowing down the transition, but a case for serious and honest upfront commitment of financial and other resources to support these workers and coal-affected communities." (Civil Society)

Such concerns go beyond the immediacy of the electricity crisis. They also resonate with expressed calls for ensuring that both middle- and low-income groups are inclusive in the JET (and to longer term electricity planning). The risk of the energy transition for municipal revenue models was a primary driver behind local government and civil society considerations of the role of municipalities in energy generation. On the other hand, an increased role for the private sector was on the minds of business. Business highlighted an important role for municipalities to procure renewables through the Independent Power Producer (IPP) model. Changing consumption patterns were widely understood to be a result of the electricity crisis. Some groups (civil society, local government) feared that as SSEG expands, municipal revenue models will be at risk and that this will ultimately threaten the ability of the municipality to deliver its constitutional mandate of

service provision and local economic development.

“We are worried that the JET-IP does not cover the fact that municipalities have to engage with generation. That seems to be a gap. If we do not get into that game in 2023-2027 then that is a problem. We are already working with DBSA on this and we are worried that this will be killed if JET-IP does not cover this. We also need the JET-IP to deal with the balance sheet matters to allow municipalities to play a role.” (Local Government)

Local government is deeply concerned that its traditional revenue model is at threat under the current version of the JET-IP as the model is largely dependent on electricity sales (albeit to varying degrees among South African municipalities). Local government expressed considered concerns that the only way they can survive the electricity crisis, and the JET, is by generating electricity themselves or through Independent Power Producers (IPPs) and selling this to their customers. However, as articulated by civil society and labour constituencies, the energy generation models adopted by local government cannot only be beneficial to the middle class and should not be exclusionary to poorer households and businesses. The role of local government in the JET-IP was deeply interrogated by both local government and civil society groups, to some extent by business, and in a differentiated manner by labour (who is concerned with perceptions that privatisation will result, as discussed next in this section). Municipalities are therefore also discussed in a separate section, later in this report.

“SA is not ready to be on the same level as the developed world. We need to focus (first) on powering heavy industries” (Faith Organisation)

The global and national **climate change agenda** and the just energy transition emerged as a major concern from some constituencies (most prominently labour, as well as some civil society, particularly faith groups). Specifically, groups articulated that in adjusting to climate change dynamics, South Africa should not be driven by the agenda and timeframes of the industrialised, high income countries. These countries have been the primary drivers of higher global temperatures and/or they are better capacitated to respond to climate change. The need for South Africa to be able to continue to

industrialise for economic and employment benefits was a common thread underpinning the climate change and JET discussions by many groups.

“The stone age didn’t end because they ran out of stones, but because they came along with something better”. (Faith)

An argument stressed by labour is that South Africa has not been responsible for climate change and that the country should not be accelerating targets for emission reductions as it has done in the 2021 Nationally Determined Contribution (NDC). (The 2021 NDC submitted to the United Nations Framework Convention for Climate Change (UNFCCC) increased emission reduction targets from the 2016 NDC submission which in turn derived its targets from the Peak Plateau and Decline (PPD) modelling conducted by the government in 2008). This issue was addressed differently by other social partners, in recognition of the high carbon emissions from Eskom specifically. Eskom, coupled with Sasol, are among the ‘global carbon majors’, contributing to South Africa’s status as one of the top global carbon emitters. However, this view was not overwhelmingly projected by all social groupings, with some groups, particularly civil society, highlighting the human health issues associated with poor local air quality from coal-fired power generation, and fossil fuel-based transport.

“We believe that the original 2008 timeframe to plateau emissions until 2030 was correct. That would have allowed us new coal plants.... We demand that the movement from high to low carbon emissions must happen at a pace that suits South Africa as a developing country” (Labour Union)

Furthermore, some constituencies, particularly faith, pointed out that modern approaches to the energy transition are required and that renewable energy is a modern, increasingly affordable and reliable, sustainable energy solution.

The aforementioned debate notwithstanding, it was accepted by most groups, including most groups within labour, that the science on climate change is clear, as well as that the causes lie in our collective modes of energy production and consumption. There were however some labour groupings that argued that the science is not clear. However,

most groupings did agree that South Africa should determine the pace of its JET transition process in line with its own circumstances while ensuring that it meets its international commitments. With this, there is broad consensus among the social partners that all sectors of society must be the beneficiaries and that society as a whole must benefit from the JET. In turn, this can only be achieved through trust and trust will be built on action across the social partnership base.

“What everyone agrees on is climate justice. But this is complicated. [The] fact is that industrialised world caused climate change. We all agree on this. What is contested is who is going to pay to put it right. Who is going to benefit from the transition and who will lose?. There is tension between developed and developing countries. Developed countries have responsibility for paying for the transition in developing countries. The JET-IP [arose] from this. The question in the South African context is who will benefit. There are people outside the [energy] system, e.g. subsistence farmers, women, families etc. who will carry the risks of the transition..... we have to approach this issue with humility.....”.
“We are not powerless, but we don’t have time”.
(National Government)

Some stakeholder groups raised concerns that South Africa may be focusing on a JET at the expense of considering the wider issues of **adaptation and resilience** to climate change.

“We have an energy shortage. We have a climate crisis. We have an unemployment crisis. Our response must respond to all three”. (Labour)

Stakeholders expressed that although South Africa is a major carbon emitter and therefore needs to develop and implement policies and strategies for reducing greenhouse gas emissions, the country is also experiencing the impacts of climate change. Adaptation strategies and implementation plans for building the climate resilience of the economy and society – and particularly vulnerable communities – also need significant levels of investment. Some groups, mainly civil society, but also labour, highlighted that failing to strengthen adaptive capacities and build climate resilience would result in severe consequences for communities that are

vulnerable to climate change, and this would be unjust. Job creation and energy access both lie at the heart of adaptive capacities and therefore these issues need to be at the forefront of the JET-IP.

Energy ownership models and privatisation

“You are privatising the energy sector – when you close a power station you replace it with an IPP. This is the state borrowing money from the state for private capital so they can maximise their profit...”
(Labour Union)

The role of state, social models for ownership of energy generation, and privatisation was contested terrain in the energy dialogues. Some social partners, and groups within these (notably labour) felt that the state should play a prominent role in all facets of energy delivery. While all the social partners questioned the capacities of government (including but not limited to Eskom) to deliver the JET-IP and to ensure energy security for all South Africans, some stakeholders questioned their perception that the JET-IP will result in increased privatisation of the energy sector.

“We are concerned about putting the private sector at the centre of what is claimed as a JUST transition”
(Civil Society)

While all of labour warned against privatisation, stating that social ownership models and affordability of energy were of higher priority and critical components of an energy transition, some groups within labour were explicit in defining the role of state in the JET-IP. One trade union that is directly affected by the JET articulated that Eskom should own 70% of generation capacity, stating that in their view, private sector investment should be contained so as to ensure the affordability of energy services. Some civil society groups expressed similar concerns that privatisation will push energy prices up, and out of reach for low-income groups. Organised business on the other hand expressed the need for increasing private sector IPPs, including through adjusting the regulatory environment to enable new generation capacity from the private sector.

Skills Development

“The plans do not take seriously the issue of skills. We see the allocation as (being) a pittance. (Labour)”

All social partners criticised the approach and weighting given to skills development in the JET-IP. This was primarily in terms of the quantum of investment afforded to skills development, but concerns were expressed as to the approach to and investment in acquiring the scarce skills urgently needed to enable the JET. There was a general concern across all social groups that South Africa’s skills base across a wide variety of economic and operational activities (e.g., grid upgrading) was generally inadequate to enable an optimal JET.

“The point has been made that we have a skills shortage. (The) budget for skills seems inadequate given the scale of the shortage and the dependence on new technology” (Business)

Specific concerns were expressed as to the time it will take to develop the local skills needed to upgrade the grid at speed and at scale, given that such skills have become scarce in South Africa.

“Skills needs a localised agenda. [The JET-IP] must please look at the localisation agenda. National Government

Furthermore, there was wide, general consensus that skills development is seriously under-prioritised (in terms of both cost and clarity) in the JET-IP. Some groups went as far as to imply that the low level of investment in skills development articulated in the JET-IP downgraded the importance of the plan overall. All constituencies highlighted that skills development must take place under a localisation agenda.

“we acknowledge that the JET can be a driver of economic development, but if you talk to people in Emalaheni in Mpumalanga or Secunda – are we saying how we will provide support and training. What will you say to them?” (Local Government)

Of particular concern to stakeholders was that the JET-IP contains a relatively low recognition of the “just” aspects of the JET. Stakeholders expressed the need for strategic implementation, that deals with skills development, to be brought to the fore.

In order to ensure this, it was argued that the JET-IP needs to be integrated with overall skills funding and the National Skills Development Framework.

“youth can fit in in research, development, energy awareness etc” (Youth)

This would require some necessary and concomitant updating of both instruments. It was also argued, in order to be inclusive and create the necessary buy-in, that a detailed plan for skills development and the creation of transfer pathways should be developed and implemented in collaboration with key social partners – for example, the youth, civil society and municipalities. Civil society and youth in particular highlighted their need for skills development and their willingness to be integral to skills development planning and to the implementation pathways of this crucial aspect of the JET-IP. Overall, all social partners agreed that a major programme of investment in skilling, reskilling and upskilling is required to equip South Africa’s labour force for the future economy.

Grid Capacity

“How do we take account of areas with energy poverty [through lack of access]... where there is no infrastructure to support new energy opportunities?” (National Government)

All social partners, with the exception of labour, expressed concerns as to the capacity of the grid to onboard renewable energy at the requisite scale for both addressing future energy demands and the current crisis. Some stakeholders further argued that the grid does not provide equitable access to electricity for all and that there are some areas that have low or no access (particularly areas of the former Ciskei and Transkei). In this regard, many stakeholders argued that grid investments were immediately critical and that grid upgrading is central to achieving the JET. These stakeholders called for the JET-IP to make explicit and adequate provision for grid investments, perceiving this as a gap in the current JET-IP. The need for a spatial planning approach to planning and procuring capacity for upgrading the grid was widely acknowledged by stakeholders.

What is grid capacity?

Grid capacity typically refers to the maximum amount of electricity that can be transmitted through the power grid at any given time. It is the measure of the power grid's ability to handle the energy demand of homes, businesses, and industries in a particular geographic area. The grid capacity is determined by the capacity of the transmission lines, transformers, substations, and other infrastructure components that make up the grid. If the demand for electricity exceeds the grid's capacity, it can lead to blackouts, brownouts, or other forms of power outages. Therefore, ensuring adequate grid capacity is critical to maintaining a reliable and resilient electricity supply.

A widely-held perception was that the current electricity crisis includes inadequate electricity grid capacity and Eskom having neglected grid maintenance and expansion. Most stakeholders were explicit about their perception that the grid cannot deal with current operational needs, let alone enabling a rapid and expanded onboarding of renewable energy at scale and accelerated pace. Some stakeholders articulated practical interim measures to address the grid crisis. One example was expanding power generation from existing power stations through utilising gas, with this solution seen as being integral to plans for grid upgrading (parts of business). Including a clear focus in the JET-IP on grid capacity and expansion is considered by most social partners as a very high national priority.

Parts of national government emphasised the need for stress testing of grid expansion and energy plans against local conditions, while others argued that stress testing has been conducted, including through reference to international studies. Those stakeholders that were concerned with the need for additional stress testing also questioned the role of VRE and its ability to yield energy security for South Africa. These stakeholders, alongside parts of labour, questioned the validity of expert studies, both local and international.

Industrial Policy and the JET-IP

All stakeholder groups discussed South Africa's JET-IP, or aspects thereof, vis-à-vis their perceptions of the country's industrialisation prospects and pathways. Investment priorities for renewable energy, electric vehicles and green hydrogen came under scrutiny in this regard. Some groups, particularly labour, argued that industrialisation objectives are paramount and that the JET should not compromise related prospects and employment. Most stakeholders argue that industrialisation continues to be critical to economic development and employment, but the discussions highlighted the varying perceptions as to the pathways for industrial development, with geographies across the country having differentiated priorities. However, the social partners concurred on the need for coherent policy, emphasising that industrial policy, electricity planning and the JET-IP, among other key instruments should be coherent and closely aligned. Stakeholders agreed that this coherence is currently lacking, with detrimental economic consequences for the country and its people.

Stakeholders across the social partner groups highlighted the urgent need for careful planning for localisation that is coordinated with industrial and financial policy that seeks to build competitiveness in the domestic market. Some stakeholders emphasised the need for sub national green industrial strategies and that these should be capacitated and enabled through the JET-IP.

South Africa's Industrial Policy: Green Hydrogen and NEVs

South Africa has manoeuvred its industrial policy such that a major focus has been on the development of green hydrogen and new electric vehicles (NEVs) – as highlighted by the current JET-IP. The government's goal is to position the country as a leading player in the global hydrogen economy and to leverage its abundant renewable energy resources to become a hub for the production and export of green hydrogen and NEVs.

Electric Vehicles

“We strongly recommend prioritising the use of sustainably developed renewable energy, locally manufactured and community-owned, for local purposes to address energy gaps and provide internal resources rather than for export” (Civil Society)

For Gqeberha, a centre for the automotive industry in South Africa, sector stakeholders argued for electric vehicles (EVs) to be central to the area’s economic survival, critical for protecting and transitioning jobs and enterprises. EVs were prioritised over green hydrogen (GH₂) by almost all the social groups. This was primarily because of the high number of existing jobs in the automotive sector, which produced for both the domestic and export markets (but relies heavily on export markets to sustain the industry). Stakeholders articulated that the automotive industry has well-established value and supply chains, and that the automotive component manufacturing sector is well established, with small and medium enterprises that create thousands of jobs. EVs were also supported because of their contribution to cutting carbon emissions and reducing air pollution, with concomitant human health benefits. The inclusive aspects were also a major priority, through stressing that any EV roll-out should have a strong focus on producing and utilising EVs for public transport. There are also perceived applications in large industry, such as mining.

Green Hydrogen

“We strongly recommend prioritising the use of sustainably developed renewable energy, locally manufactured and community-owned, for local purposes to address energy gaps and provide internal resources rather than for export” (Civil Society)

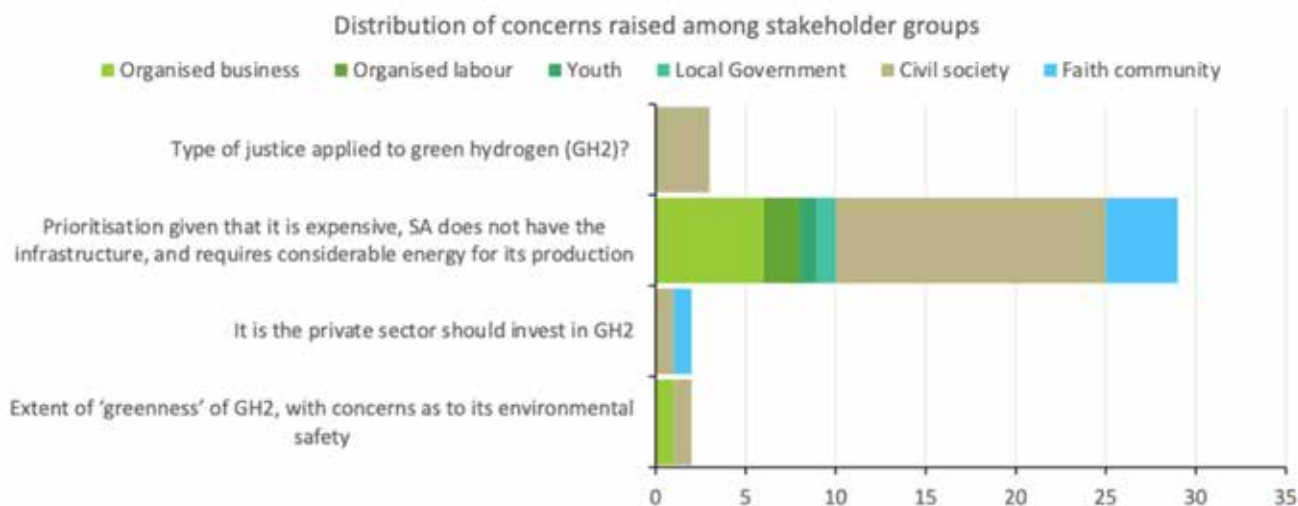
Green hydrogen (GH₂) did not feature as a high investment priority for any of the social groups’ priority list. While each social partner and stakeholder group questioned GH₂, their questions

and arguments varied, pointing to the need for a discrete thematic dialogue (included under an industrialisation discussion) with all social partners. In summary, the issues raised on GH₂ were significant (see figure 2 below) and it was evident from the consultations that stakeholders across the board need to see a much stronger rationale for this investment priority, while the social partners also wish to be a party to developing this rationale.

Why civil society is concerned about Green Hydrogen: Because the JET-IP allocates R313 billion to development of Green Hydrogen. Concerns over this inclusion in the JET-IP rather than having Green Hydrogen should be dealt with under the Green Hydrogen Commercialisation Strategy to be potentially financed by private sector. [The allocated in the JET-IP] detracts attention from key issues raised such as social ownership and mine rehabilitation.” Civil Society

For civil society, it was also not clear as to how any plans for expanding GH₂ would relate to the justice component of the JET. However, all groups concurred that given the large investments required, if GH₂ was to be a focus then the private sector should be the investor, and bear the financial and project risks, rather than the state. In particular, most stakeholders opposed the use of scarce grant finances towards this programme. There was also consensus about the unavailability of the required infrastructure in South Africa – which would also require significant and potentially expensive investments. Furthermore, there was strong agreement that the need to use renewable energy to produce GH₂ creates a conflict in an already energy scarce and compromised country. Those that raised this argument, argued that renewable energy needs to be targeted toward solving the current electricity crisis, while also meeting future, ongoing demand. PCC Commissioners explained that if South Africa was to pursue GH₂ then it needed to be an early mover or not waste resources trying to be a late player. It was also acknowledged that perhaps GH₂ could address Sasol’s need for alternative pathways in the energy transition.

Figure 2. the range of concerns raised on GH₂ among stakeholder groups



Demand-side Management

What is Demand -side Management?

Demand-side Management (DSM) refers to managing consumers' demand for electricity, by using for example financial incentives (pricing), thus encouraging more efficient use of energy. A common DSM method is to make electricity more expensive during peak times (times of highest demand). This variable pricing is referred to as Time of Use tariffs (ToU). Battery energy storage systems (BESS) are large battery storage. A BESS can store energy during periods when (cheaper) energy is available, for use at optimal times, when it is more expensive (e.g., peak), or when Eskom supply is inadequate. BESS is thus a DSM tool. Feed-in tariffs are a mechanism for pricing electricity fed into the grid from IPPs, thus encouraging investment in VRE.

Energy efficiency and demand side management (DSM) arose in the discussions although it is not articulated in the JET-IP as an investment priority. Some stakeholders commented on South Africa's low uptake of energy efficiency solutions (e.g. civil society), and a range of options were discussed. Some stakeholders within business, as well from the civil society and local government groups highlighted that energy storage – "battery storage is a powerful DSM tool" – needs to be leveraged in order to attract private sector investment. Other groups within business argued to the contrary, stating that battery storage technologies are nascent

and expensive, while other business stakeholders articulated the efficacies and applications of this technology, and cited reducing costs. Some groups felt that the JET-IP should clearly reflect battery storage as part of its network development plans.

Corruption, Theft and Vandalism

"The issue of good ethical/moral leadership seems to be the greatest challenge. How are ...(we) ... going to address the issue of good governance and leadership" (Faith Organisation)

This was a major issue addressed by all social groupings. There was wide and deep consensus that addressing corruption and theft must fall within the scope of the JET-IP.

"...public sector capacity has been severely damaged by high levels of financial mismanagement and excessive profiteering..." (Labour)

This was not least because of the threat of corruption, theft and vandalism to the very investments that JET-IP seeks to realise. All groups stressed that this issue is systemic, widespread and deep, and that addressing it requires a high prioritisation by government as well as within the JET-IP. Groups called for a discrete financial allocation within the JET-IP coupled with a systematic plan designed to address corruption, theft and vandalism, bring them under control, and finally eliminate them.

Municipalities

“We must remember that water and sanitation infrastructure is in a mess. We must consider how these things connect” (Municipalities)

“The infrastructure maintenance backlog and the cost of a new generation model and grid cannot be funded largely by local government needs to be an external source of funding. The current model will never pay” Local Government

“we are worried that the JET-IP does not cover the fact that municipalities have to engage with generation.” (Municipalities)

It was apparent from the consultations (especially hearing the voice of the local government sector) that the role of municipalities must be addressed at a much greater level of granularity than is currently the case. (Local government is primarily envisaged in the JET-IP as playing a network and distribution role.) As discussed earlier in this report, local government widely articulated that municipalities will not survive without being enabled to generate their own power. Business articulated the need for their role differently, arguing that increased IPP generation should be enabled at the municipality level to effectively manage distributed generation in areas that have abundant renewable resources. This is especially the case for the metropolitan municipalities, some of which present good financial standing. Municipalities need to be able to contract IPPs and to expand the role of SSEG at a commercial and residential level. Such efforts will substantially increase the level of private sector investment under their governance control (an issue contested by labour, and by some civil society actors as discussed earlier in this report).

Municipal infrastructure and energy security investments are hence a critical component of any energy transition, and the JET-IP has to fully incorporate these aspects. The energy-water infrastructure nexus was also a major concern for municipalities, since it was exacerbated by the electricity crisis and the impact of load shedding on their ability to maintain and manage delivery of sustainable water and sanitation services. All constituencies expressed differentiated concerns

about municipal risk and impact from the energy transition – including for local government jurisdictions and municipal workers – and highlighted that municipalities therefore must be integral to JET discussions, and resultant investment and implementation plans.

It was felt that the critical role of municipalities was not recognised in the JET-IP process. The following was identified as being necessary:

- Investment is needed at municipal level to build capacities and to address distribution maintenance backlogs - the Equitable Share Grant could be used for the maintenance backlog
- Consider interventions needed to allow municipalities to invest in functional distribution networks
- Consider how municipalities can address MSMEs

[The] transition must be just so that municipalities aren't worsened.” “Revenue is an issue for municipalities.” Local Government.

- The role of municipalities needs to more clearly and comprehensively articulated in the electricity section of the plan, including battery storage, and generation, among other aspects. The current JET-IP only focuses on municipalities in terms of distribution and not generation
- Investments are needed in the JET-IP to capacitate municipalities in the future of energy delivery in South Africa
- An independent and participatory study that analyses the implications and opportunities of the energy transition for municipal pricing and revenue models should be supported.

“Building resilience at the end of the day is something that needs to happen at a local level. Therefore local municipalities and communities are critical in the implementation and delivery of any plans.” National Government

Unlocking municipal regulations to enable their procurement of private sector NewGen capacity

is critical – a view expressed by local government as well as by some parts of business. This however requires streamlining regulations, incentives, and providing support for smart grid investment. Municipalities currently do have a pipeline of projects that are Council approved for financing/ funding through the Medium Term Revenue and Expenditure Framework (MTREF) Capex and Opex budgets. These need to be fast tracked and the JET-IP can play an important role in this regard.

3.3 Time Frame and Financing Terms of the JET-IP

Timeframe of the JET-IP

“Can the money from the G20 Just transition loans be kept out of Eskom and pushed into pioneering new decentralised local systems? Eskom has been shown to already be corrupt and inefficient so won't that money just disappear” (Faith)

Most stakeholder groups questioned the timeframe of the JET-IP (currently framed as a five-year investment plan), with differences of opinion regarding the weight of this issue. It was generally felt that South Africa should transition at a pace it can afford and coupled with an industrial strategy that will drive employment creation and economic growth, including through beneficiation. The timeframes of the JET-IP were considered by many to be unrealistic since time is needed to plan and implement its details properly, and in conjunction with the need for aligned industrial policy. It was also argued that South Africa's energy security must come before mitigation. Hence the transition should not be rushed. The problem was that theft and corruption are slowing the transition AND worsening the electricity crisis, and this has to be addressed if the JET is to be at all possible.

“Business is ready to come to the party, but government needs to put incentivisation and regulation in place to make an enabling environment. Feeding back onto grid and municipal coordination and governance” (Business)

Some social groupings (notably labour) felt that South Africa is being forced by big polluting countries to make a more rapid transition

to renewable energy than is tenable. These stakeholders, along with some civil society groups argued that South Africa should ensure equity between developed countries and South Africa as a developing country on issues such as pace of the transition and how to finance it. Other groups, notably parts of civil society and youth argued for inter-generational equity – or avoiding saddling future generations with the (poor) decisions of the current generation.

Others argued that South Africa is in fact a major contributor to global warming. Eskom and Sasol are major carbon emitters at a global scale. Sasol is one of the 100 global companies that have caused more than 70% of all global carbon emissions.

Financing terms

All social partners questioned the financing terms of the JET-IP, calling for greater transparency, and raising concerns as to the costs of finance in an already burdened fiscal system. Civil society particularly recommended that funding and reliance on climate finance must be realistically considered. Concerns raised included the JET-IP's financing mechanisms, further risk of JET-IP finance to South Africa's fiscal system, currency risk, legal risk, and the exclusionary nature of the JET-IP financing terms (e.g. for municipalities and small businesses).

Funding mechanisms

“While loans can be an effective way to fund large-scale infrastructure projects, they also come with a significant financial burden for the country.” (Civil Society)

All groups highlighted that the grant component of the JET-IP is highly inadequate, especially for funding the “just” aspects of the plan. These social partners strongly emphasised the just transition alignment aspects of the JET-IP. Business specifically argued that skills development should be funded by grants and not loans. All groups raised serious concerns that the just transition has been inadequately addressed in the JET-IP, as has been raised earlier in this report. Concerns were raised as to the lack of clarity on the nature of the grant funding – what it is to be used for and how municipalities could access this grant funding for example.

Cost of finance for the fiscal system and currency risk

“...we have not fully tapped into domestic funding sources and that this should be prioritised before any new commercial loans are considered for the transition.” (Labour)

Most groups also questioned the conditionalities associated with the concessional loans, stating that the terms of these loans are not clear, and that the country likely cannot afford this additional debt burden. Full disclosure is required in this respect and by all groups. In terms of risk sharing, it is unclear, and clarity is required, on the extent to which risks are adequately and equitably shared between the public and the private sector.

“a just transition must enable that everyone is guaranteed access to a minimum amount of electricity...” (Civil Society)

Other issues raised by some groups (civil society and labour) pertain to the national risk of a privately dominated renewable energy sector – is this likely to impact on affordability? Will electricity prices rise due to increased usage of expensive technologies, or will these lead to price decreases as has been the case so far? How will Eskom’s massive debt burden be dealt with going forward? Questions were also raised as to whether blended finance arrangements are likely to fragment the JET-IP.

Furthermore, currency risk was raised along with issues of debt sustainability of the JET-IP. Some stakeholders noted that the investment plan is debt denominated in foreign currency, placing the finance at currency and exchange rate risk.

Legal risk

Concerns were raised by civil society around the legal risks associated with bilateral investment treaties. These groups noted that the JET-IP has increased the country’s exposure to legal risk. Stakeholders argued that the debt crisis in Europe requires that debt arising from the JET-IP should be restructured. In particular, society needs to know and understand the conditions of the loans but that the bilateral agreements that characterise the JET-IP do not allow for this level of transparency, while they increase the country’s exposure to legal risk.

Exclusionary nature of JET-IP finance

Local government called for a more detailed breakdown of the allocation of the R319 billion for municipalities, given their importance in the JET. Calls were for a breakdown of its constituent parts of sourcing and instruments. In addition, most stakeholders called for the promised \$8.5 billion climate-finance deal being offered by wealthy nations to clarify how this deal will be leveraged to raise the additional and substantial large scale capital needed to bolster South Africa’s energy supply needs, and for the energy transition. Furthermore, some constituencies called for the financing terms that enable small business participation in the JET-IP. These constituencies highlighted that project preparation finance is needed for small business projects and that only large companies stand to benefit from the JET-IP in its current form.

Many stakeholder groups (business, civil society and labour) strongly recommended that the JET-IP make provision for social ownership models for electricity generation to be explored and scaled up. This point was made repeatedly throughout the consultation process, including the national colloquium, and came under a broader discussion of the need to source sustainable financing for the just transition elements of the JET-IP (and related industrial policies and electricity planning processes).

“...we would like to ask the government to explore alternative funding sources to ensure the transition is sustainable and does not burden the country’s finances.” (Civil Society)

Finally, at the moment it appears that the JET-IP only envisages providing finance for the private sector engaged in the energy transition. What about also providing investment for state entities where this is required and is in harmony with the aims and objectives of the JET-IP? The latter obviously raises questions about how financing arrangements through the JET-IP will be reflected in the South African government’s national budget.

3.4 Institutional arrangements and capacities

A major subject of concern and focus was the topic of the institutional arrangements necessary to ensure that the JET-IP is provided with sufficient capacity. Discussion centred around a number of issues: Capacity to implement the JET-IP as a whole, capacity to implement its Plan, privatisation and ownership models, the need for a JET-IP implementation plan and what it should contain, oversight and governance arrangements including anti-corruption measures, current shortage of the skills needed in South Africa to fully implement the JET-IP, and monitoring and evaluation.

Capacity to implement the JET-IP

There was consensus that governance must be strengthened in order to ensure that proper implementation occurs. This included clarification on the roles of different spheres of government. Ministerial oversight over the JET-IP also needed to be clarified - for example, which Minister is to have primary oversight over its operations? All agreed on the need for a JET-IP implementation Plan although there were differences on the specifics of what it should contain. The JET-IP also needed to be understood as a living document and it needs to be structured so that it can respond to a changing policy and institutional space.

“Communities and the faith communities are at the centre of the transition, they are the eyes and ears of SA This group plays a critical role in tracking and reporting on the impact of the JET-IP” (Civil Society)

There were low levels of confidence as to how implementation of the Plan will be realised. Consequently, government and business should identify collaboration pathways for implementation, and these should be made explicit in the Plan. Given the envisaged role of municipalities, their capacity should be strengthened. In terms of inclusivity the roles of the social partners in JET-IP implementation arrangements need to be made clear and explicit. Civil society felt that it could be the eyes and ears of the JET. It could also play an important role in monitoring and evaluation as well as helping in implementing the skills development component of the JET-IP.

Governance arrangements and measures to address crime

Generally speaking, there was agreement amongst all social groupings that robust governance, management, M&E and learning frameworks that allow public transparency needed to be incorporated in the JET-IP Implementation Plan.

“Criminality, as mentioned previously, is systemic. Public transportation, illegal mining. Electricity infrastructure falling apart and lack of skilled workers to fix it.” (Business)

The Plan needed to incorporate appropriate scaled solutions to counter ongoing large and smaller scale theft and corruption.

Finally, organised business, civil society and faith organisations concurred that in terms of the JET the Department of Mineral Resources and Energy (DMRE) was mired in conflicts of interest insofar as it had dual responsibility for developing the “mineral resources and energy sector so as to promote economic growth and development and social equity...”.

“How does the JET impact the work of the Minister of minerals and resources – this dept is still pushing coal and further gas exploration” (Faith)

The problem for the JET was encapsulated in the fact that the DMRE defines mineral resources and energy as one sector. Decoupling these would limit the department’s conflicting interests in developing coal mining and also achieving a net zero carbon pathway. The various groupings were uncertain whether the newly appointed Minister of Electricity would provide a possible solution.

3.5 Monitoring and Evaluation

“Allocations are always (for) things like substations and cabling but not monitoring and control.... This is often ignored as it is not seen as expending services. But this is essential for a smart grid.” (Local Government)

Monitoring and Evaluation was essential, but it required establishing a transparent and accountable infrastructure for managing and reporting on the

process of JET-IP implementation. Municipalities and civil society argued they could play an important role in oversight, monitoring and tracking.

All constituencies argued for inclusive monitoring and evaluation and that accountability must be ensured throughout the implementation of the JET-IP. Stakeholders specifically called for consultations to continue into and throughout the implementation of the JET-IP, highlighting that this is critical for ensuring accountability and inclusivity.

4. JET-IP and Electricity Planning

Most stakeholders did not distinguish between the Electricity Plan and the JET-IP in delivering their comments and observations. They took it as a given that the Electricity Plan and the JET-IP are interrelated, with some seeing the JET-IP as leading into current and future iterations of South Africa's electricity plans and policies. This is an issue that needs to be addressed and further clarified with the various social groupings. For example, labour and some civil society organisations felt that the JET-IP should put in place long term commitments (beyond its current 5-year focus) on issues such as privatisation. Local government and some civil society organisations likewise argued that local government should be engaged in longer term and meaningful participation in electricity planning (i.e. not limited to distribution) while they also argued for a clearer local government role in the JET-IP that includes generation and is not limited to energy distribution.

Validity of the electricity planning and JET-IP instruments

While all social partners sought to make inputs on both electricity planning and JET-IP recommendations, some labour groups went as far as to call for the dismissal of both instruments on the basis that they could not be founded on the core just principles to the JT Framework. They argued that fairness is not apparent, noting that although they are not against the transition per se, they object to one where South Africa carries the burden for rich countries. Some labour groups argued that the electricity planning and JET-IP instruments have been influenced by powerful global actors which have

established the targets and adaptation pathways on South Africa's behalf. Moreover, these groups argued that South Africa lacks the resources for managing the costs of climate change impacts, many of which have already been seen and are not all because of this country's emissions.

Green Hydrogen and Electric Vehicles

Other overlaps between feedback on electricity planning and the JET-IP arose in discussions on emerging sources of electricity that are nascent in terms of policy, investment and infrastructure in the South African JET, industrial and electricity policy. While these sources, particularly GH₂ and EVs, may become part of South Africa's electricity mix in the future, it was evident from stakeholder inputs that further work needs to be undertaken before this can happen. Of central consideration across all social partners was the need to achieve coherence and alignment between industrial and energy policy in South Africa to ensure success for the JET-IP. Such alignment should seek to promote localisation and skills development, a balanced approach to public sector spend and private sector investment, clear prioritisation of future, large scale energy sector investments, and investments that enable sustainable industrial development. Civil society was particularly concerned with the need to eradicate poverty and inequality *before* South Africa addresses electric mobility and green hydrogen in heavy industries. The argument of these groups was that by first addressing poverty and inequality, South Africa would strengthen its consumer base. Other constituencies, such as business, other parts of civil society, and parts of labour, contested this view, arguing that by immediately focusing on enabling deeper, sustainable industrialisation, the country will increase its jobs and skills base, which in turn will contribute to poverty alleviation and improved equality.

In terms of GH₂, there was a mixture of feedback. Confusion arose among all the social partners about what producing GH₂ in South Africa would mean, whilst there was hesitation about whether it would foster localisation or not, and uncertainty as to whether the private or public sector would be expected to drive investments and GH₂ developments. There were also concerns about the potential cost of infrastructure, and the location of

such plants given large scale water and renewable energy resource requirements. GH₂ did not therefore feature as a high on any social groupings' priority list. All groups raised issues and concerns with GH₂, although mainly in the context of the JET-IP which had articulated GH₂ as a priority investment. Nonetheless, the concerns raised will need to be considered if GH₂ is to be included in South Africa's future electricity or energy mix. This includes addressing perceptions around priorities, with EV production having been considered by some social partner groups as being a priority over GH₂.

"In Nelson Mandela Bay the Just Transition challenge is not coal to RE jobs, but the transition from ICE to EV, particularly in the downstream component industries" (Business)

Electric vehicles (EVs) were prioritised over green hydrogen (GH₂) by some social groupings, particularly business and civil society. This was primarily because of the high number of existing jobs in the automotive sector, producing for both the domestic and export markets. These groups identified that EVs can potentially assist with creating sufficient mass public transport as well as with heavy industry transport, such as in the mining sector, but that they also require clear government policy, planning and investment. Some of the stakeholders that discussed EVs, saw this as a priority investment over GH₂ (again, this was discussed largely in the context of the JET-IP). EVs were also supported because of their contribution to cutting carbon emissions and air pollution. The inclusive aspects were also a major priority through stressing that any EV roll out should have a strong focus on local production. The strongest support for a transition from petrol driven motor cars to EVs in the JET came from local government. Municipalities argued that EVs provided a potential solution to the mass transport problems they were facing, as well as opportunities for revenue generation in setting up a network of public charging stations.

5. Conclusions from the National Colloquium

The National Colloquium held on the 14th February 2023 brought the social partners together and cemented key points of convergence while also highlighting critical issues that the social partners do not agree on. These have been captured throughout this report. However, the key points of convergence and divergence are summarised below.

Points of convergence

- The just transition is the overarching framework for the JET and this must be strengthened throughout the JET-IP, with an increased focus on enabling social ownership models and localisation.
- Equity must be established between South Africa and its developed country partners in establishing the 'rules of engagement' for South Africa in the global JET.
- The current generation should take great care not to saddle future generations with the impacts of the decisions they make today. The pace of transition and decarbonisation must be managed in a way that protects livelihoods and maximises employment.
- A major programme of investment in skilling, reskilling and upskilling is required to equip labour force for future economy.
- Decision making on the JET must take into account the three key issues of energy security and equity, least cost models that promote social ownership, and environmental sustainability. *However, there was disagreement between the social partners on the pathways for attaining this balance.*
- The JET must be nested within South Africa's key policies for national development, just transition, industrialisation and energy and electricity planning – and these policies should be well aligned and seek to promote localisation and the national competitiveness of the energy sector.

- South Africa needs cost reflective tariffs that enable cost recovery by service providers. This must be off-set by affordability based on least-cost supply and targeted FBE provision for low income households.
- Local government should be prioritised, capacitated and adequately funded.

Points of divergence

- Energy plans need to be stress tested against local conditions, and expert and international studies are inadequate in this regard.
- With this, disagreement arose on the role of VRE and its perceived inability to ensure energy security. *Local studies will need to be further interrogated with experts.*
- Protecting livelihoods is critical, but South Africa should also seize opportunities to redress fundamental inequality and poverty in society.
- Science and transparency is critical to decision making and planning for the JET but stakeholder's question the validity of local and international studies.
- Upgrading and expanding the grid through a spatial planning approach is critical to ensuring equitable access and accelerating new generation capacity integration.

6. Synthesis recommendations

The following recommendations have been synthesised from the various integrated energy consultations and written inputs, as well as from the National Colloquium.

Government and other social partners should collaborate toward aligning South African policies and plans that are of high relevance to the energy and electricity sector. South Africa's energy and electricity planning, industrial development policy and implementation and skills development policies and plans must be aligned. Furthermore, implementation pathways and partners should also be aligned. Such alignment is critical to realising positive outcomes for justice – as required by all

stakeholders – across all three of the Just Transition Framework principles of procedural, distributing and restorative justice.

The role of the state in South Africa's electricity and energy governance models requires a thorough review. What is paramount – because each and every social partner raised this – is that government greatly strengthens the architecture for transparency and accountability. The JET-IP should include an explicit provision for an investment in infrastructure for transparency and accountability. Stakeholders were widely of the view that in the absence of this architecture, and of government confronting corruption, theft and vandalism, the electricity transition, and particularly the just transition, will not be possible. Robust, credible and transparent governance arrangements and implementation pathways should be elaborated and co-developed with the various social partners. Lastly, ministerial oversight and the role of the DMRE should be clarified, with concomitant recommendations for resolving perceived issues of conflict in the current form of the DMRE and NERSA mandate.

The desired balance between state ownership and management of South Africa's electricity and energy assets, and energy sector privatisation needs to be clarified and agreed with all the social partners. Government needs to address issues of capacities for implementation (of the JET-IP, and of electricity planning outcomes), electricity access and affordability, optimal localisation outcomes, job creation, and energy security. Government should not retreat from its role for protecting energy and electricity as a public good.

Furthermore, the role and positioning of local government in the JET-IP should be strengthened and clarified. The role of municipalities needs to be completely re-envisioned. Their role should extend beyond their current role in the distribution network to include a clearly articulated role in electricity generation. Local government capacitation must be an integral component of the JET-IP. This recommendation should also be factored into the process for clarifying government and private sector participation in the energy sector. Finally, the financial models under which local government operate need serious consideration, especially as electricity systems transition and the just energy transition evolves.

The Just Transition is given insufficient focus in the JET-IP. The justice elements should be greatly strengthened, to show clear alignment with the principles and scope of the JT Framework. Specifically, social ownership and protection models, incentives and subsidies, energy access and affordability, job creation and enterprise development, and skills need to be rigorously addressed in the JET-IP. Energy poverty was widely felt to be a persistent issue that the JET-IP must squarely address. Not doing so will ensure that the energy transition is not just.

Positive outcomes for social justice should be made a priority target of the JET-IP. This is of particular concern in plans and processes for decommissioning coal fired power plants (along with protecting jobs and transferring skills). Positive human health outcomes will both significantly improve social well-being of affected communities and relieve the associated burden on the public health system. Achieving these human health outcomes will also nudge South Africa much closer toward its decarbonisation targets which will evidently bring important national benefits as well as for the global community which South Africa is a part of.

The scope and prioritisation of the JET-IP needs to be reworked. A balanced and clear rationale for priority investment pathways should be further developed and articulated with the relevant social partners. The JET-IP should reconsider, or clearly argue the prioritisation of GH₂ and ensure a balance between public sector incentives and private sector investment in new energy infrastructure such as for GH₂ and NEVs. Furthermore, the JET-IP may need to reconsider the prominence given to EVs, given the risks facing the automotive sector.

The cost and type of finance in the JET-IP needs to be reconsidered to address concerns that finance is too expensive. With this, there needs to be much greater transparency around the terms and conditions of finance in the JET-IP with careful consideration given to financial, legal and social risks of JET-IP finance. Furthermore, the grant component of the JET-IP needs to be increased. Grants should be targeted toward achieving

justice in the energy transition and through the JET-IP investments. Specifically grants should enable inclusion, for example of small business and municipalities, rather than promoting exclusionary models.

Skills development and transition is a critical issue.

All stakeholders commented on the need to transform the existing tertiary and vocational skills system, and for the available resources to be aligned to the just transition and the JET. Skills pathways and funding for skills development and skills transfer must be thoroughly reviewed and articulated in detail, with budget allocations and partnerships (e.g., with civil society) for their implementation. Skills development arose largely as a JET-IP issue because it is articulated as an investment area in this Plan. Most stakeholders however raised issues with the level of investment accorded to skills development in the JET-IP, calling for a much greater investment in skills development and skills transfer in the JET.

Adaptation to climate change and building resilience needs to be integrated into the JET-IP and electricity planning instruments. This is critical for ensuring social protection and livelihoods for vulnerable populations. However, adaptation and resilience also deserves its own investment plan as South Africa faces the challenge of both having to meet its carbon emission commitments globally and nationally, while also needing to adapt to the impacts of global warming, for example for agricultural productivity, water security and human settlements.

The JET-IP lifecycle should be extended to ten years and should include regular review intervals to ensure its status as a living document. With this, the argument for accelerated investment in green energy must be clearly articulated. This is critical for mitigating views that South Africa is transitioning at a pace it cannot afford, and which compromises social justice.

Annexure 1: Stakeholder Perspectives by Group

The PCC's engagement with key social partners in South Africa on the issue of the JET-IP yielded a range of valuable insights and concerns. Due to the centrality of stakeholder engagement in the PCC's strategic approach to the development and finalisation of the JET-IP, capturing these stakeholder inputs is of fundamental relevance.

The inputs themselves typically fell across a range of core themes:

- Methodology and procedural justice for consultation
- Scope and prioritisation of the JET-IP
- Timeframe and financing terms of the JET-IP
- Institutional arrangements and capacities
- Monitoring and evaluation

This annexure offers a summary overview of the more salient points of insight and contention which emerged from each individual engagement, grouped loosely within the themes presented above. Note that these summaries are intended to capture general sentiments shared by stakeholders and stakeholder groups, and therefore do not necessarily highlight individual inputs or comments.

Some of the key, cross-cutting comments which emerged across nearly all social partner consultations are as follows:

1. The transparency and inclusivity of the PCC's engagement process was lacking.
2. The urgency of the current electricity crisis was not emphasised enough.
3. There was a concern about the systemic nature of corruption in South Africa and the effect this would have on the implementation of the JET-IP.

4. The funding arrangements of the investment plan were indicative of a lack of country ownership and the potential for a loss of monetary sovereignty.
5. The apparent move towards electricity privatisation and new ownership models elicited strong but varied responses across social partner groups.
6. There was not always a clear understanding of the difference between the JET-IP and Electricity Planning as presented by the PCC Secretariat and this seriously impacted the value and coherency of stakeholder feedback.

1. Business

Engagement with the business sector highlighted several pressing concerns about the capacity of government and local institutions for actual JET-IP implementation, as well as the state of the legal and economic enabling environment in South Africa more broadly.

On Methodology and procedural justice for consultation:

- Participants requested greater transparency regarding key documents and especially with regards to the risk profile of the JET-IP.
- Another suggestion was for the PCC to include in its information packs explanations of baseload (old systems) and variable supply/wheeling (new systems), as well as daily demand/supply profiles that match South Africa's sun/wind supply relatively well. This could demystify the idea that because the "Sun doesn't shine at night and the wind doesn't always blow" renewable energy (RE) is not feasible.

Some points related to Scope and prioritisation of the JET-IP which emerged:

- Proper skills development will be a key factor in the success of the JET-IP, not only due to South Africa's general skills shortage, but also with regards to the reskilling of workers across sectors for the shift towards a low-carbon economy.

- Similar to the above point: alignment with the Just Transition Framework must be prioritised, especially if the JET-IP is to meet the ideal of “no one will be left behind”. Specifically, training, skills development (re-skilling, upskilling, etc.) must all be emphasised in order to ensure that job creation outweighs job loss over the course of programme implementation.
 - Serious focus must be directed towards the mitigation of corruption and theft at all levels, but particularly within government and across related value chains. This includes expanding on specific recommendations within the JET-IP document.
 - Regulatory surety with regards to neighbourhood electric vehicles (NEVs) is going to be crucial as several of South Africa’s key export markets begin to look for competitive options across Africa and the developing world.
 - Participants noted the “consumption focused” nature of the JET-IP and offered thoughts on a plan which rather seeks investment commitments in localisation of renewable energy manufacturing capacity – in line with South Africa’s NDCs.
 - On green hydrogen, the business group bemoaned the possibility of only exporting the resource. This is in line with concerns raised in the local government consultation as well.
 - Participants noted the potential for job creation in the move towards green fuels, however, they voiced concern regarding the short- and medium-term nature of the skilled work, while the long-term work would be mostly unskilled (low-level maintenance etc.)
 - Participants also noted the recycling opportunities that may arise with wind turbine disposal.
 - Along with this, speakers raised the possibility of South Africa becoming a manufacturing hub for renewable energy technologies.
 - Speakers noted the potential for rural development through implementation of the JET-IP – this could be realised through solar farm projects and the like.
 - According to some participants the JET-IP does not properly emphasise the need to create long-term economic growth as opposed to just jobs in the short-term.
 - An argument was made for the NEV focus of the JET-IP to deal more with public transport and large trucks as they contribute most (in terms of vehicles) to global emissions.
 - Special focus must be directed towards supporting MSME’s especially due to their low capacity to respond to crises.
- On the **Timeframe and financing terms of the JET-IP:**
- The funding arrangements as outlined by the JET-IP seem to indicate a loss of control and direction by South Africa – or more specifically, a lack of country ownership.
 - Setting clear milestones for JET-IP implementation (every 2 to 5 years) will be crucial especially when it comes to dealing with highly complex value chains – such as those which deal with RE, green hydrogen and other alternate energy sources. This also relates to timeframes in general as the business group highlighted the significant delays that occur in the private sector when it comes to getting large infrastructure projects off the ground.
 - Questions and potential solutions were raised with regards to government’s ability to leverage existing funding pools over solely relying on foreign investment.
 - The transparency of funding arrangements was routinely criticised by stakeholders – although the PCC reiterated its commitment to sharing all data and information where legally possible.
 - The allocation of funding for green hydrogen was red-flagged due to the resource’s perceived lack of efficiency and its nascency as an industry within South Africa and the world. Further, concern was raised regarding the disbursements of funding for green hydrogen and NEV initiatives, particularly when it comes to ensuring money does not flow only to a few big players.
 - One quotation in particular highlighted a common sentiment amongst not only the business

group but also the civil society and labour partners as well, which is that the financing terms seem to be “socialising the risks, and privatising the profits”.

Some points related to the **Institutional arrangements and capacities** which emerged:

- National government demonstrates a seemingly perennial aversion to ringfencing – potentially posing significant risks for future project implementation.
- The South African business environment is fraught with risk, and this means the nature of private sector’s involvement in the JET-IP must be clarified – whether relating to implementation, investment, ownership or governance.
- There is a clear need for a JET-IP *implementation plan* which firmly maps out timeframes and relevant milestones.

In general, while the business group did raise key concerns regarding the JET-IP, there was also a clear acknowledgment of the opportunities that the plan’s successful implementation could present. Although this would ultimately be contingent on transparent, coordinated cooperation between business, government and all social partners.

2. Civil Society

The civil society engagements yielded comprehensive feedback on both the process of consultation and content of the JET-IP. Importantly, civil society partners acknowledged the necessity of a just energy transition plan and commended the government on its recognition of this necessity.

In terms of Methodology and procedural justice for consultation:

- The PCC needed to take far greater initiative in passing on information regarding the development of the report.
- The inclusivity of the stakeholders consulted was lacking as there needed to be wider range of social partners and multi-sectoral organisations present for discussion and feedback.

- In particular, stakeholders called on the PCC to take on a gender-responsive approach to its consultation processes, taking into consideration the unique gender environment in South Africa.

- Civil Society partners particularly emphasised the need for the PCC to engage marginalised and vulnerable groups across South Africa – not least because these groups often face the greatest risk from climate and energy-related impacts.
- The health sector is a key partner in restorative justice and thus the just transition as a whole. Therefore, stakeholders called on the PCC to ensure the health sector is consulted throughout the process of developing and implementing the JET-IP.

Comments on **Scope and prioritisation of the JET-IP** which emerged:

- The focus on green hydrogen within the JET-IP was criticised as being both inflated and pre-emptive. This also included the large allocation of funding set aside for the resource. However, the PCC did note that much of this funding was for prefeasibility assessments and the existing plans were likely to evolve continuously throughout the implementation phase.
- Capacity of existing grid infrastructure was highlighted as an area that needed greater emphasis – especially in the context of the ongoing electricity crisis. This was also related to coal mining and export, and how this would be affected by the decarbonisation process.
- It was not always clear that the JET-IP aligned well with the Just Transition Framework as understood by participants – especially in relation to just and equitable distribution of energy.
- Some participants argued that the bulk of generation should be dispersed through households, community-scale mini-grids and municipal-scale local grids.
- Despite acknowledgement by some that the decarbonisation process must be slow and that there should be space for coal at least in the

short-term, others strongly emphasised the idea that any new fossil fuel projects would be totally out of alignment with a just transition strategy.

- Some partners issued a strong call for adaptation and resilience programmes to be put in place to address township vulnerability.

Some points on the **Timeframe and financing terms of the JET-IP** and **Institutional arrangements and capacities** which emerged:

- The nature of the risk sharing arrangement was questioned by some of the stakeholders as they felt that the private sector might take on the majority of the risk when it comes to the JET-IP's implementation process.
- Civil society partners also noted with concern the fact that the funding arrangements were dominated by loan agreements rather than grants – representing a massive financial risk in the long-term.
- Concern was raised regarding the level of privatisation foreseen within the JET-IP framework, particularly with regards to the importance of prioritising the 'just' aspect of the just energy transition. Too great a degree of privatisation may only lead to greater concentration of capital in the hands of the few, fundamentally inhibiting the 'just' nature of the PCC's framework.
- Transparency surrounding the funding arrangements was noted by several participants as being lacking.
- Participants questioned what the role the JET-IP would serve as a framework tool which could inform other policies and initiatives related to decarbonisation strategies.

Some points on **Monitoring and evaluation**:

- Stakeholders stressed the need for clear monitoring and evaluation mechanisms across the development and implementation lifecycle of the JET-IP, and further acknowledged the role of government in this regard. However, it was also noted that, in order for government to properly fulfil its M&E role, extensive institutional reform will be necessary.

2.1. Faith

The faith community was vocal in its commendation of the PCC with regards to the development of the JET-IP. However, many stakeholders noted the PCC could have done more to engage across all the provinces in South Africa, and further focus on engaging at the community level – including rural areas.

Some points on **Methodology and procedural justice for consultation**:

- Speakers noted that the online/hybrid nature of some of the consultations severely inhibited the proper expression of feedback and a lot of communication was lost.
- There were also several requests for simplified documents to be released going forward as the technical nature of the JET-IP often precluded comprehensive engagement from group.
- Some participants also raised concerns that the entire faith community might not have been represented in the consultations.
 - The PCC offered reassurances that faith groups across the entire country were being engaged.

On **Scope and prioritisation of the JET-IP**:

- Skills development, and particularly skills development for the youth was raised as an issue of concern.
- Energy security, efficiency and equity were highlighted as issues important to the faith community and to South Africans more broadly – something that was felt could have been emphasised more clearly. This was in line with general commentary on the need for a healthy environment and a sustainable way of living.
- Along with this was the issue of illegal connections and the theft of electricity. Recommendations included strong protocols for dealing with such issues. This also relates to concerns surrounding corruption within government and Eskom and the need to monitor funding flows and allocations closely to avoid the capture of critical finances.

- Food security was also raised as issue in the context of the transition away from fossil-fuel based farming machinery.
- As with nearly all social partner groups, the issue of green hydrogen was raised – both with regards to the consulting process surrounding its inclusion in the JET-IP, and its relevance in the South African context.

With regards to **Timeframe and financing terms of the JET-IP:**

- As with many of the social partners, this group raised several probing questions on the transparency of funding arrangements related to the JET-IP as well as the degree of financial security (regarding loan repayments, concessional financing arrangements, etc.), South Africa could expect going forward with the investment plan.

On **Institutional arrangements and capacities:**

- Speakers noted that we will need strong oversight and governance arrangements for the successful implementation of the JET-IP.

Ultimately a central concern for the Faith consultation group was ensuring equality of distribution of energy, as well as a critical focus on environmental sustainability and environmental health.

2.2. Youth

The Youth engagements facilitated by the PCC were lively and, according to the Secretariat, some of the richest in quality of feedback. Key areas of discussion revolved around youth employment and skills development for youth, as well as concerns around financing arrangements and the JET-IP's focus on rapid decarbonisation.

A point on **Methodology and procedural justice for consultation:**

- As with Faith, strong emphasis was placed on the need for engagement outside of just urban areas where access for many is restricted or unequal. A request was made for the PCC to engage peri-urban and rural areas to a far greater extent to ensure that their consultations are truly inclusive and representative.

- Through written feedback it was strongly noted that the input from youth must be taken seriously, i.e., that the youth are legitimate social partners in this engagement and should not be considered “cute” or dismissed out of turn. Along with this however, was the acknowledgement of the responsibility for young people to educate themselves on issues of climate change and sustainability.

Some points on **Scope and prioritisation of the JET-IP** which emerged:

- Questions were raised regarding the PCC's plans for educating – or reskilling – the youth in preparation for the market opportunities presented by the JET-IP.
- This also included onboarding programmes for youth to become involved with actual programme implementation –through IT support, community engagement, etc.
- There was a call for JET content to be phased into school curricula in order to capacitate students as early on as possible.

Some points on the **Timeframe and financing terms of the JET-IP** which emerged:

- Several speakers noted that a large proportion of the funding arrangements outlined in the JET-IP are made up of loans, and questions were raised regarding what the long-term impacts of such loan repayments would look like, and what effect this would have on the South African economy and the poor.
- Further, and in line with many of the points raised in the labour consultation, the seeming pressure on decarbonisation strategies implicit in the funding arrangements appeared to place an unfair level of pressure on South Africa – both due to the country's reliance on coal and due to the comparatively low level of pressure placed on certain Western partners.
- Participants noted the lack of clarity about specific dates and timeframes for implementation – noting that often with programmes as complex as these one's it is necessary to be adaptive and

flexible (the Covid-19 pandemic being just one such example of a destabilising crisis).

Some points on **Institutional arrangements and capacities** which emerged:

- As with labour, concerns around the extent of privatisation in the JET-IP were highlighted.
- This fell in line with questions raised regarding government's oversight capabilities and the degree to which actors and entities involved in the development and implementation of the JET-IP could be held accountable.
- Some stakeholders specifically emphasised their belief that Eskom should be privatised as this would impact low-income families and communities.

Some points on **Monitoring and evaluation**:

- Stakeholders stressed the need for clear monitoring and evaluation mechanisms across the development and implementation lifecycle of the JET-IP, and further acknowledged the role of government in this regard.
- Others were insistent on knowing how the inputs from the Youth group would be incorporated into the JET-IP and what mechanisms were in place to ensure accountability in this regard.

3. Government

3.1. Local Government

Consultation with local government revealed the municipal capacity and equitable access to energy were central concerns for stakeholders.

In terms of **Methodology and procedural justice for consultation**:

- Local government stakeholders raised the issue of consultations going forward through the implementation phase of the JET-IP and how stakeholder feedback would be incorporated throughout the lifecycle of the investment programme.

- Along with this was a certain lack of clarity on the PCC's thinking around presenting both the JET-IP and Electricity Planning recommendations together.

- The PCC acknowledged that there is significant overlap between the two instruments, and that the reason for their being presented together was to try and avoid information overload.

On **Scope and prioritisation of the JET-IP** comments that were raised included:

- Alignment with the just transition must be an explicit priority for the PCC within the JET-IP document, especially when it comes to fair and equal access to the grid and to energy more broadly. Energy access is strongly correlated to economic development, and therefore, ensuring equitable energy access will likewise ensure strong, local economic development.
- Along with this was the call for a clear, comprehensive spatial planning strategy in order to enhance grid capacity in the short-term to ameliorate the effects of the ongoing electricity crisis.
- Skills development at the municipal level is key – noting that there is a clear distinction between national and local government when it comes to resource access and capacity. Further, stakeholders were particularly interested in the minutiae of the PCC's plans for providing skills development support at the local level.
- As with many of the other social partner consultations, green hydrogen was highlighted as an area of interest, although in this case it was to question whether its development was for the benefit of South Africa's power generation, or simply as a resource for export to funding partners.
- The need for social or communal ownership was also emphasised, within both the JET-IP and Electricity Planning. In terms of the former, speakers noted the potential value of social ownership of renewable energy technologies when it comes to mitigating theft, vandalism, and other related crimes. This was especially

relevant in those peri-urban and rural areas where municipal government often lacks capacity to respond to such social risks.

With regards to **Timeframes and financing terms of the JET-IP:**

- Local government participants were especially interested in the technicalities surrounding grant funding applications and access, particularly as this was a key area within the funding arrangements that concerned municipal level development.
- The issue of timeframes was raised several times as well, considering local government had less leeway to respond to implementation arrangements than, for example, national government.

3.2. National Government

Engagement with national government unfortunately was not as extensive as with other social partners due to scheduling conflicts. However, the feedback received was still insightful.

On **Methodology and procedural justice for consultation:**

- Participants were curious to know how the PCC had established its evidence base with regard to national government's operations.
- It was explained that engagement and consultation had taken place across government departments and that the current consultation was for the purpose of identifying further initiatives, perspectives, and programmes which could be incorporated into the JET-IP.

On **Scope and prioritisation of the JET-IP:**

- Grid capacity was again raised as a serious and pressing issue – especially with regards to capacity constraints and the degree to which this had been factored into the implementation strategy of the JET-IP.
- During the PCC's National Colloquium on Electricity Recommendations, members of the DMRE argued that there was not enough discussion on nuclear power as an

option within the current and potential future electricity mix

- This was in line with a critique that an exclusive focus on variable renewable power and battery energy storage would be extraordinarily expensive.
- Further, DMRE representatives argued that the PCC has not done sufficient stress testing related to its models of the proposed energy mix and that comparisons to countries such as France show the potential upsides of an emphasis on nuclear power – particularly within the context of a just transition.

On **Timeframes and financing terms:**

- Stakeholders wished to get clarity on the status of the 8.5 billion USD earmarked in the JET-IP
 - The PCC Secretariat noted that the 8.5 billion USD in question was an offer, and all relevant parties are now in negotiation regarding the terms of the engagement.
- Participants also noted National Treasury's potential role with regards to repurposing or leveraging existing assets to assist with JET-IP implementation procedures.

4. Labour

The labour consultation was highly involved and produced extensive stakeholder feedback. Several key concerns and critiques emerged across the group – with a particular focus on what speakers argued were poor consultative procedures (on the part of the PCC), fundamentally skewed funding arrangements within the JET-IP, and an unreasonable emphasis on rapid decarbonisation.

On **Methodology and procedural justice for consultation:**

- Consultation with labour representatives seemed to many participants to be a tick-box exercise for a range of reasons including:
 - The documents were not provided with sufficient time for review or consideration.

- The document also appears to be in its completed form. The question thus being, will any of the feedback really be incorporated in the JET-IP, and will this have a meaningful impact on its development or implementation?
- Ultimately, participants argued the JET-IP was presented as a *fait accompli* – and that the stakeholder engagement is simply being conducted as an afterthought.

Some points on **Scope and prioritisation** and **Timeframes and Financing terms** which emerged:

- Working with older power stations whose lifecycles could be extended was offered as a strategic solution to issues of adaptation and resilience.
- A major talking point throughout the labour consultations was the degree to which South Africa is being pressured along a decarbonisation path.
 - Attendees argued that coal is still a fundamental driver of economic growth in South Africa.
 - There is an element of hypocrisy amongst certain foreign funding partners in that they had much longer to transition away from fossil fuel-intensive production, and also appear to be able to U-turn on their decarbonisation commitments at will.
 - Several speakers questioned the funding arrangements with regards to green hydrogen, with the central question being: why is the private sector not taking on the burden of financing such a nascent industry?
- Speakers also stressed the need for a much larger funding allocation for skills development, as the task of training and re-skilling workers for the just energy transition will be key to its success.
- The size of the grant component versus the loan component within the JET-IP was also heavily criticised – particularly as speakers noted the burden loan repayments would place on the South Africa taxpayer.

- The PCC did agree that the grant component was far too small but questioned what the appropriate response would be.

Along with the critiques of the grant component size, participants stressed the danger of the funding arrangements being underpinned by a foreign currency, with the concern being that South Africa's monetary sovereignty would be directly threatened.

On **Institutional arrangements and capacities:**

- Participants questioned what 'enabling environment' conditions the government was expected to create and how these conditions might simply spur on a "capitalist bonanza". This echoed concerns across other consultations related to "socialising risks and privatising profits".
- Another central concern for the labour group was the privatisation and ownership priorities outlined in the JET-IP. Many felt that the "just" aspect of the just energy transition was overshadowed by a plan that was more a "green infrastructure investment plan" than a "just transition" plan. Ultimately it was argued that privatisation would only serve to concentrate wealth in an already unequal society.

Annexure 2: Information sent to stakeholders prior to engagements

A. Information Pack

Introduction

The Presidential Climate Commission (PCC) has been mandated to consult stakeholders on the Just Energy Transition Investment Plan (JET-IP) and to make a set of recommendations to government on how South Africa might take into account the carbon constraint in electricity planning and governance. Therefore, the PCC will run a series of stakeholder consultations and a national colloquium on investment and electricity planning for the Just Energy Transition.

Context to the Just Energy Transition

The UNFCCC is building a coalition of support among countries for carbon neutrality by 2050, and in particular urging all countries – including emerging developing economies – to take bold steps to decarbonise the power sector through a systematic shift to clean renewable energy, taking into account its national circumstances and sustainable development priorities. In 2021, the PCC submitted its first report on South Africa's 2nd Nationally Determined Contribution Commitments (NDCs) under the Paris Agreement. A review by the PCC of acceptable emissions target ranges under the Climate Equity Reference Calculator, Climate Action Tracker and the University of Cape Town's own analysis shows that emission target ranges should be in the region of 350 to 420MT CO₂eq up to 2030 to meet the 2°C temperature goal envisaged in the Paris Agreement.

Just Energy Transition Investment Plan (JET-IP)

South Africa's JET-IP for the five-year period 2023-2027 sets out the scale of need and the investments required to achieve the decarbonisation commitments in our NDCs, which outline the rate at which South Africa plans to reduce greenhouse gas emissions and represents South Africa's fair contribution to the goals of the Paris Agreement.

Following the successful launch of the JET-IP at COP27, the President has requested the PCC to conduct public and sectoral consultations on the JET-IP. These consultations will result in a set of collective recommendations that will be submitted to the President and to Government in the first quarter of 2023. These consultations seek to ensure that the JET-IP lives to a just transition that recognises the direct and indirect impact that the electricity transition has on livelihoods, workers, and communities.

A copy of the South Africa's Just Energy Transition Investment Plan (JET-IP) is provided as appendix 2 to this information pack.

PCC's recommendations on electricity planning in a climate context

The 2019 Integrated Resource Plan (IRP 2019), sets out a power mix and pathway to 2030 comprising an emissions constraint on the electricity sector of 275 MT CO₂eq, some additional renewable energy, and decommissioning of older coal fired power stations could lower this. The PCC is developing a commissioner view of the generation and system mix and governance of power in South Africa, in support of the DMRE IRP update process and in support of a recommendations report to be submitted to the President and to Government. The PCC will be making recommendations on how to ensure electricity security and access while decarbonising the electricity system and creating jobs in low carbon industries.

Consultation on the JET-IP and PCC's recommendations on electricity planning in a climate

Context

The PCC is hosting a series of integrated consultations with stakeholder groups representative of the country's social partners to help guide the framing of the recommendations on the JET-IP and PCC's recommendations on electricity planning in a climate context and any research that will support these recommendations.

Presentations

A pdf copy of the full presentations prepared by the PCC on electricity recommendations and JET-IP is provided as appendix 1 to this information pack.

2022 dialogue series

The PCC held a series of dialogues in 2022 on the Just Energy Transition. Links to recordings of these dialogues are included below for your reference.

- 14 July 2022 Energy Systems, Planning, and Balancing - [here](#)
- 4 August 2022 Energy Security and Technology - [here](#)
- 25 August 2022 Energy Transition Finance - [here](#)
- 15 September 2022 Electricity Industry Structure - [here](#)
- 6 October 2022 Jobs, Skills, and Just Transition - [here](#)
- 25 October 2022 Case Study of Eskom's JET Flagship: Komati Repurposing - [here](#)
- 27 October 2022 The Pace of Coal Closure - [here](#)

B. Slides from Stakeholder Consultations – Feb / March 2023



PCC
**Recommendations on
Electricity Planning
and the JET-IP**
Stakeholder Consultations –Feb/Mar2023



PCC
**Recommendations
on Electricity
Planning**

Commissioners agreed in the February 2022 PCC strategy session that the PCC should make recommendations on how to deal with the carbon constraint in energy planning and governance



Our conclusions thus far are based on engagement and research

4

We have commissioned 4 research papers on the energy regulatory environment, the impact of potential air quality rulings on coal closure, an assessment of the 3 main South African net-zero energy modelling studies, and an investigation of early coal closure options.

7+1

Commissioners hosted 7 public events discussing key elements of power transition with influential speakers drawn from important energy planning and decision-making bodies in South Africa. In addition, we hosted an event at COP27 with key international energy planners (IEA and World Bank) and local experts.

1

Commissioners coalesced the thinking so far in an Extended Net-Zero Working Group, guided by a set of invited energy, finance, governance and Just Transition thinkers.



We will continue engagement ahead of a specific consultation on draft documents

Feb and Mar
2023

9

Specific stakeholder engagement sessions sharing initial views and seeking input. Engagement will be with business, government, labour, civil society, the youth, and interfaith-movements. We will also engage with specific communities and workers in Mpumalanga, Lephale and the Northern Cape. These engagements will complement/combine with engagements on the JET-IP.

Mar 2023

1

We will host one large public engagement to share findings.

~

Ongoing engagement with the DMRE as they complete their IRP draft; as well as ongoing engagement with experts.



The PCC agreed they will:

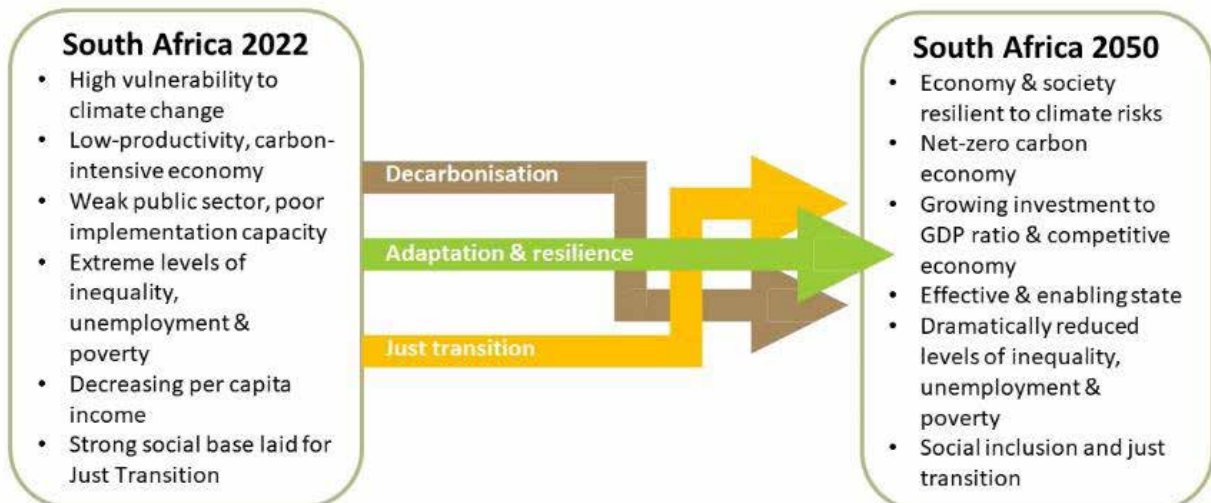
1.
make recommendations on an energy mix and energy governance that enables us to achieve the emissions trajectory set out in our NDC.
2.
base its recommendations on best available science and modelling that factors all aspects of a just energy transition - affordability, security, job creation and decarbonisation.
3.
PCC will do this in a participatory and inclusive way that enables participation by all social partners, and draws conclusions in a transparent and participatory manner.



We are thus presenting our learning and our preliminary conclusions to you today. We would love your feedback. We will adjust our presentations and draft reports as we go.



The climate transition represents a developmental opportunity to materially change South Africa's triple challenge of poverty, inequality and unemployment



Source: WB SA CDDR 2022



as well as exacerbating climate impacts, both trade risk and physical risk impacting the poor more harshly



Impacts

- A 34% reduction in agricultural output due to climate change, more than any other region.
- Reduced income and growth and increased income inequality for African countries compared to their northern hemisphere counterparts.
- Over 3.6 million weather related displacements.
- A -5% impact on GDP per capita for South Africa

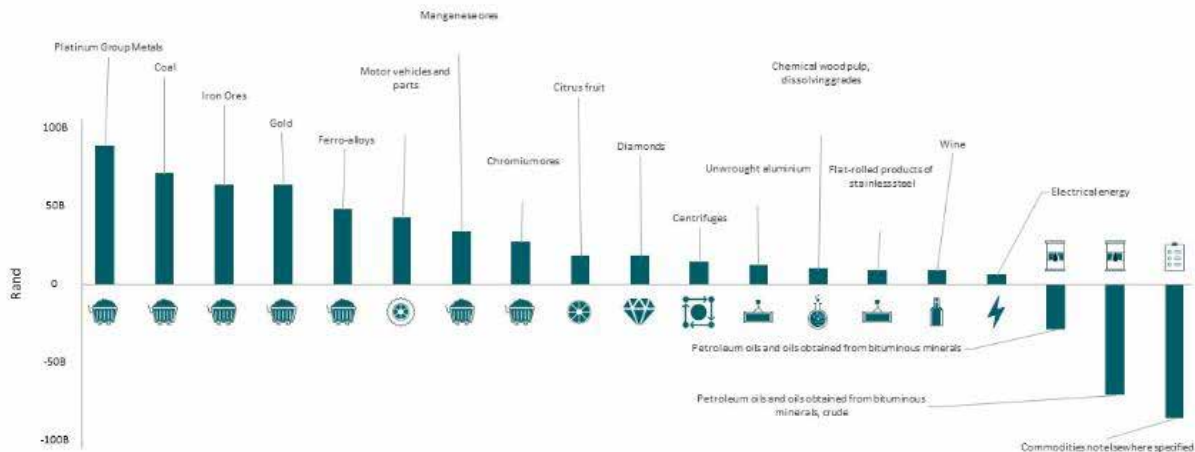
Projected Impacts

- A further 25 to 75% reduction on agricultural output, depending on crop and scenario
- A 50% drop in South Africa's GDP by 2100
- With 1.7°C global warming by 2050, 17–40 million people could migrate internally in sub-Saharan Africa, increasing to 56–86 million for 2.5°C

Source: IPCC 6th Assessment Report Working Group II, Chapter 9: Africa



Failure to act on climate change will make our economy less competitive...



Source: <https://www.nbio.org.za/climate-pathways-and-a-just-transition-for-south-africa/>

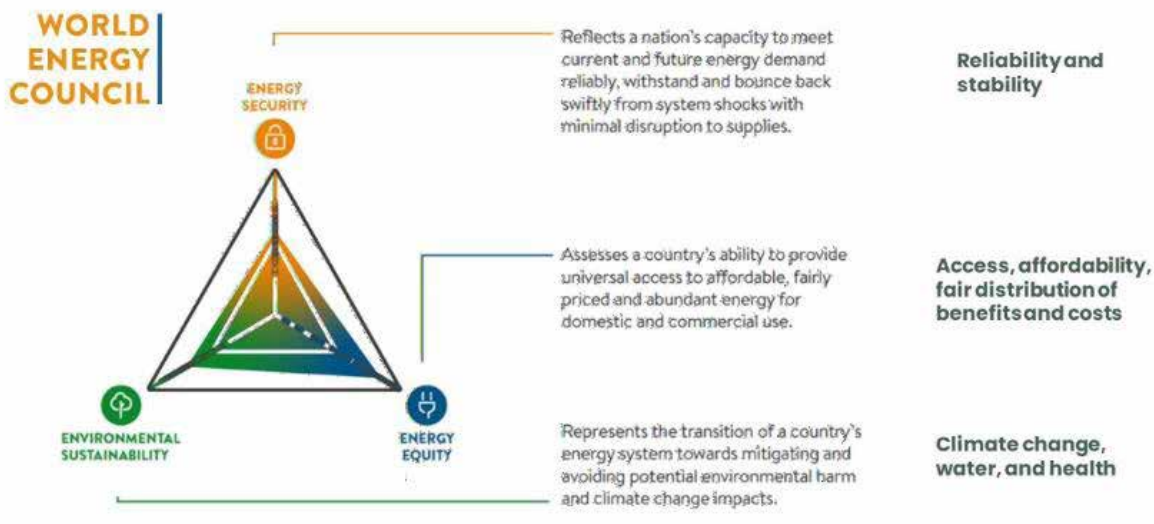


Principles of engagement

- 1 Short term solutions cannot compromise long term climate outcomes
- 2 To deviate from climate optimized plans would therefore require significant, data-driven justification



Selection of energy systems must consider energy security, equity and sustainability; as well as just transition elements



There are several local and international, consultative studies that we can draw on




All of which consider the trilemma and conclude similarly, least cost systems are drive by renewables, battery storage and peaking gas



- Massive, urgent investment in renewables
- Urgent investment in the grid
- No new coal or nuclear
- Limited role for gas for peaking
- Investment in storage
- The need to manage inertia and frequency
- Energy efficiency is critical
- Cost is driven by the rate of coal closure
- We should watch technologies like SMR and CCS but they are not yet mature




Even when the models are unconstrained by climate change, they do not build coal. Least cost solutions are renewables based.

	SYSTEM-IQ ENERGY CARBON BUDGET ~2.5 GT	NBI ENERGY CARBON BUDGET ~3.5 GT	UCT ENERGY CARBON BUDGET
Renewable Energy Generation 	US\$ 40 Bn	US\$ 18.2 billion	US\$ 10.8 billion
Storage (battery and pumped hydro) 	US\$ 4 Bn	US\$ 0 billion	US\$ 0 billion
Gas Plants 	US\$ 2 Bn	US\$ 4.7 billion	US\$ 4.5 billion
Transmission and Distribution 	US\$ 25 Bn	US\$ 9.8 billion	US\$ 7.8 billion

The cost of the system is driven by how quickly you decommission coal to meet specific carbon budgets.



Across the trilemma categories renewable systems are considered better, or even

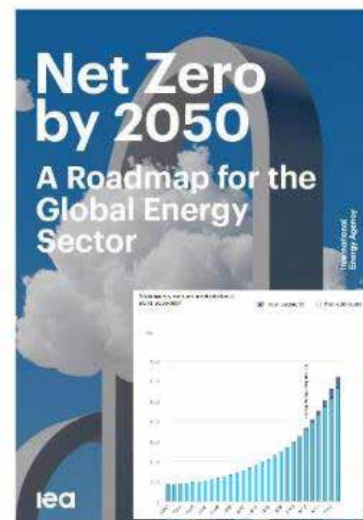
	Variable RE Systems	Traditional Systems
 ENVIRONMENTAL SUSTAINABILITY	Climate Change	✓
	Water	✓
	Air Quality and Health	✓
 ENERGY EQUITY	Access	✓
	Affordability	✓
	Fair distribution of benefits and costs	?
 ENERGY SECURITY	Reliability	✓
	Stability	✓



The debate in South Africa is focussed on energy security with claims being that intermittent inverter-based systems are not secure



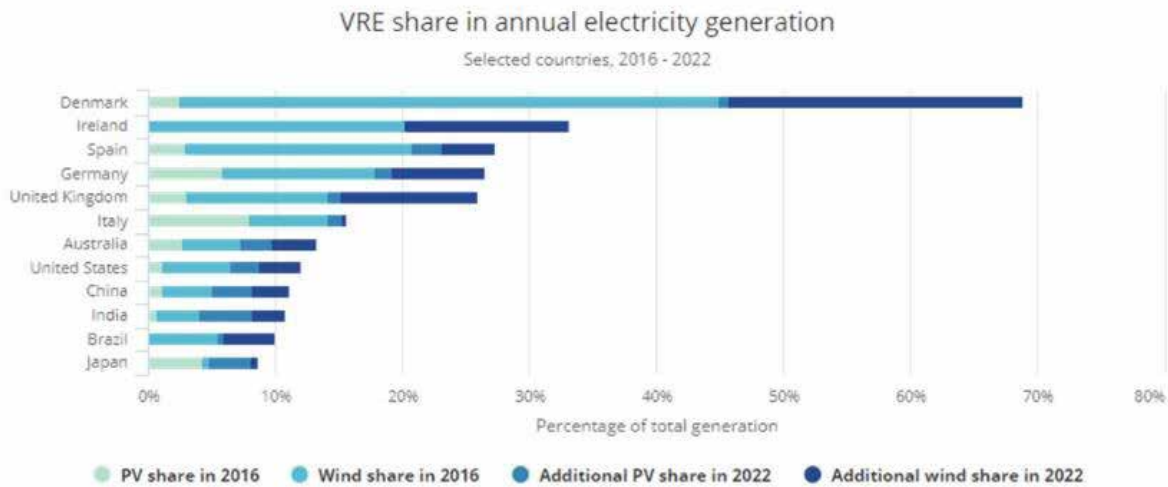
Academia and utility choices confirm that renewable systems are as secure



This was the topic of the PCC's first two power dialogues (hosted in 2022), where expert speakers (including from Eskom) confirmed renewable energy systems are mature. You just have to manage them differently.



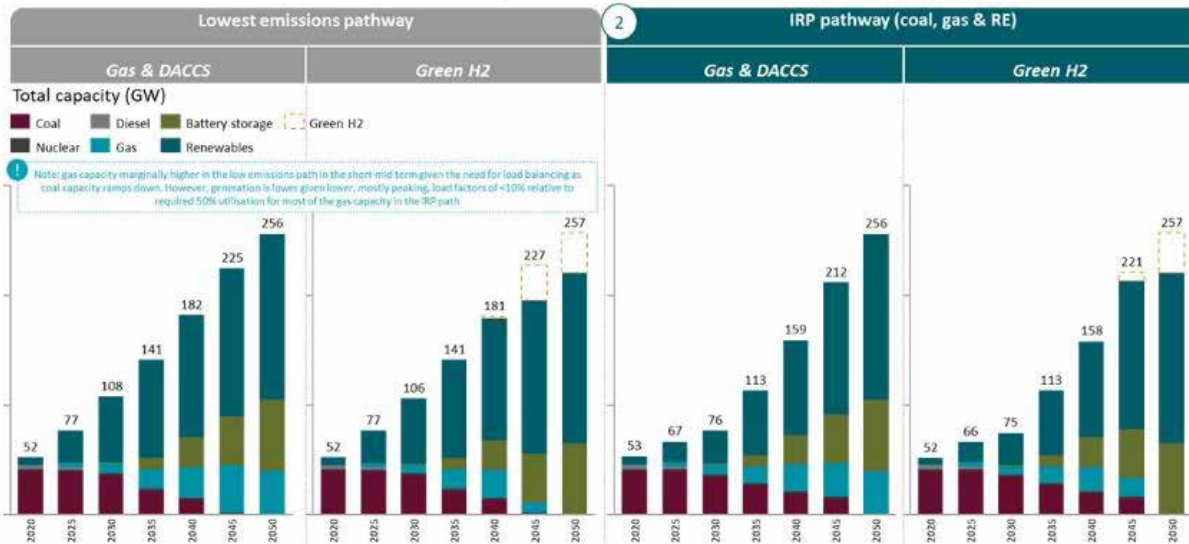
Countries around the world are successfully managing the risks of higher and higher renewable penetration



Renewables 2017, IEA



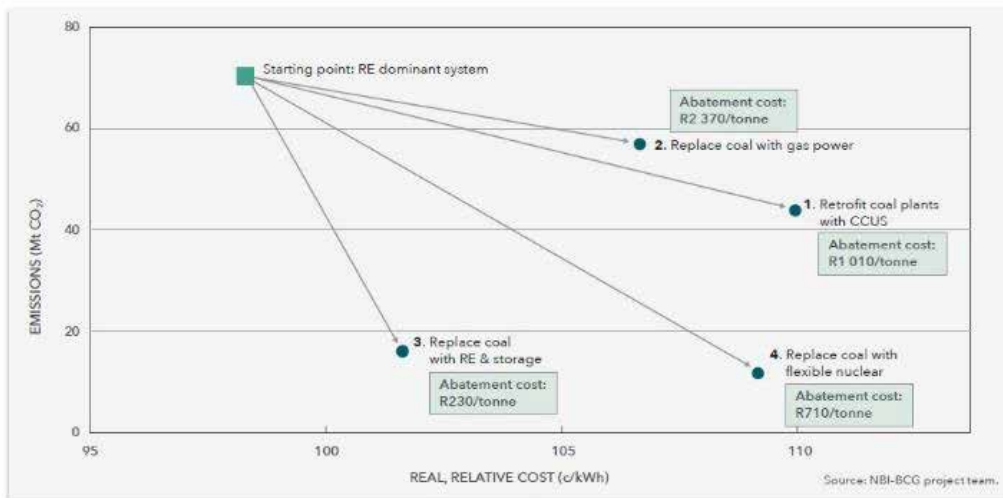
The long-term solutions must therefore be renewables focussed (with gas for peaking support)...



Studies show a range of 5 to 10 GW installed capacity of gas, running at low utilisation levels. In the shorter-term gas could run at higher utilisations to assist with load shedding and commercialisation. It is possible that coal plan could be used at much lower utilization levels (as low as 10%) to provide peaking support in the 2040s. Critical to the question of gas is where to locate it - with coastal applications (especially at Richards Bay) looking the most likely. An over investment in gas will result in stranded assets.



But should carefully monitor not yet mature or commercially viable technologies



Notably:

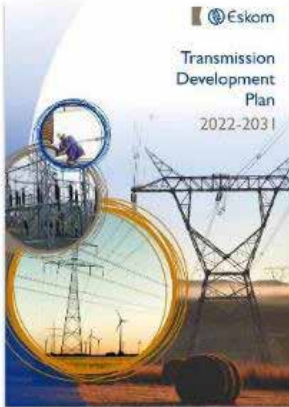
- Abating coal and gas with CCS/CCUS
- Flexible nuclear (small modular reactors)
- Advances in hydrogen to power
- Other future innovations



There is however a short-term energy crisis that needs to be urgently addressed; short term energy solutions will also be renewables based



We need to simultaneously and urgently invest in the long-term improvement of the grid allowing future access for renewables



No silver bullet...

Technology Advancements – Grid-Forming Inverter (GFI) and ARE-NA perspective:

- Grid-forming inverters are critical to high penetration weak grids like South Africa
- Still under development by many manufacturers
- No international standards exist
- Manufacturers have their own interpretation of a Grid-Forming inverter

However, unlike in any other device including synchronous condenser if they are not a silver bullet and to be effective there are a range of factors which need to be carefully considered.

The thought experiment of grid forming batteries alongside other technologies will be critical to managing the transition to renewables.

Acceleration connection capacity

Collaboration is key to enable grid capacity

Activities underway:

- Inter-governmental initiatives
- Provincial
- Renewable association
- International collaboration

Including in solving grid inertia and stability challenges that form at high renewable penetrations.



Eskom emphasis short term renewable generation options

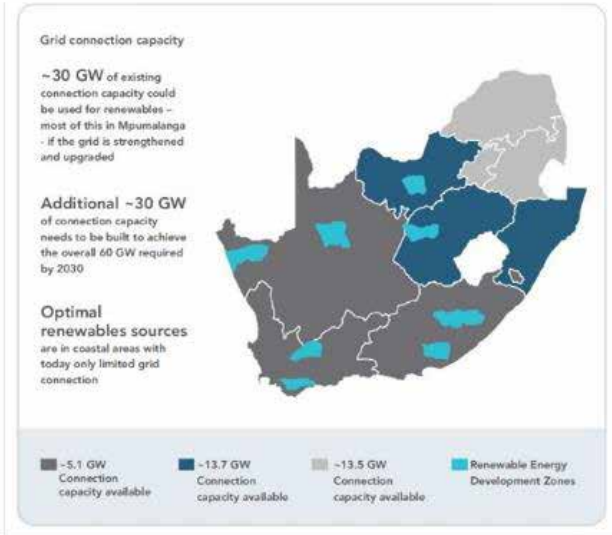
Eskom identified a mix of renewables & limited gas as the optimal power source given LCOE & build time

Technology	Capital cost LCOE ¹	Build time	Build	Own	Operate	Comment / Eskom position
PV	975 \$/kW 4,2 US c/kWh	18-24 months	✓	✓	✓	Identified potential sites to retrofit PV capitalising on existing infrastructure & available resources
Wind	1 450 \$/kW 5,4 US c/kWh	24-36 months	✓	✓	✓	Leverage sites for, and get environ. auth. for wind to capitalise on existing infrastructure and available resources
Gas	1 250 \$/kW 7,3 US c/kWh	24-60 months	✓	✓	✓	Use imported gas as a means to supplement baseload in short to medium term
Nuclear	12 500 \$/kW 19,8 US c/kWh	12-15 years	✗	✗	✓	Support Government plans to roll out new nuclear, however, unable to build due to inadequate balance sheet
New coal	6 225 \$/kW 15,9 US c/kWh	10-12 years	✗	✗	✗	Own & operate current coal fleet until shutdown, & repower sites with cleaner options. No new Eskom coal projects

Technology Preference ↑

1. Capital cost includes EPC cost, capital cost during construction, LCOE – levelized cost of energy, Source: Lazard 2020 costs

The constraint to short-term solutions is grid availability. We need to stimulate renewable investment where grid access is available.



- The efficiency of non-optimal locations in South Africa are still better than that of renewable energy deployment in Europe
- Collocated renewables and storage can maximise the energy output in the short term
- This will require governance reform including transparency on queuing for grid connections
- The advantage of a regional renewable development approach are twofold:
 - Distribution of renewable jobs
 - The ability to create very detailed spatial plans
- Batteries co-located with renewables can flatten congestion on the grid; and batteries in cities and homes can flatten peaking demand



Energy Efficiency and Demand Side Management are easy short-term wins

Institution Interest

- It saves money for institutions
- It provides energy security

National Interest

- It takes the load of a struggling Eskom
- Saved money means more competitive institutions, greater productivity, growth and job creation
- It enables SA to meet its international commitments on climate change.
- Investment in EE creates jobs
- It makes our economy more competitive

All of the modeling assumes aggressive energy efficiency targets are met, often aligned with the National Energy Efficiency Strategy. If they are not even more generation capacity must be added to the system adding significant cost and risk.



Long term and short-term solutions must both have the Just Transition at their heart

Short Term (2028 to 2030):

- Pricing and social support measures for those most impacted by load shedding and who do not have access to or cannot afford electricity
- Re-skilling and re-training of vulnerable workers
- Provide job opportunities and training for the youth
- Resolving the skills and jobs planning ecosystem challenges
- Build the capacity of local government to support changes in generation and billing
- Job creation through infrastructure investment, including in regions in transition
- Inclusion of black owned business in infrastructure investment and in value chain opportunities
- Repurposing the coal fleet inline with decommissioning schedules



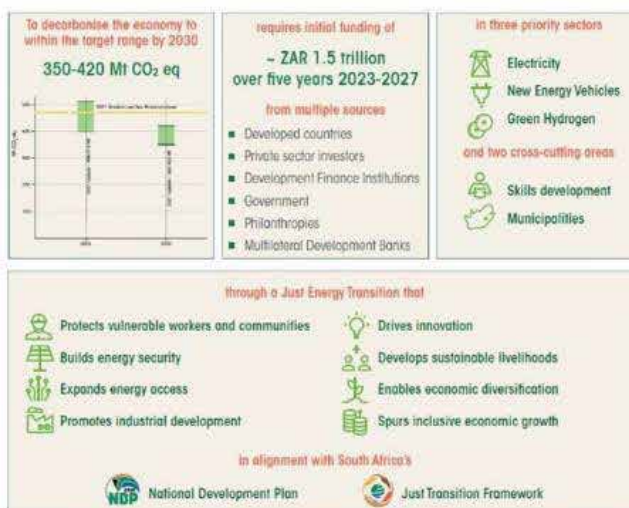
Long Term (post 2030):

- Localisation of manufacturing
- Job Creation outside of power (economic diversification)
- Finding ownership solutions that reduce inequality
- Long term land rehabilitation and re-use



This thinking is aligned with the direction of the JET-IP and a short-term spatial plan will give the necessary meat to the JET-IP implementation

Building a pathway towards a low carbon and climate resilient society



Every effort is needed, we must continue to implement known solutions



Improve EAF as much as possible

- coal contract delivery to spec and remove poor quality coal from system,
- reduce crime and corruption,
- keep to maintenance schedules, enhance quality of maintenance teams
- Consider pilot O&M contract for coal fired power station

Continue work on a Just Transition

- Continue work on Just Transition and build capacity in JT office
- Decommissioning & repurposing of Komati with economic diversification and RE training centre (with SAROTEC)
- Collaboration with Mpumalanga province around economic diversification and industrial development strategy to create a green energy hub
- Work with Mpumalanga stakeholders on economic diversification and jobs planning

Set up independent transmission company and invest in grid expansion

Work with public and private stakeholders to drive Energy Efficiency

Get us much new generation on the grid as possible

- Feed-in tariffs and wheeling
- Private sector generation
- Enable black owned PPAs to develop their opportunities,
- Continue to use available Eskom land
- Collocate batteries with generation to maximize grid utilisation
- Aggregate consumer systems in cities to drive additional generation and storage



Specific Draft Recommendations

The PCC believe that the priority interventions, with the deepest systemic impact, and that are aligned with climate positive outcomes and meet the criteria of the energy trilemma are:

- Develop a short-term spatial plan that maximises grid usage. This should be done in a transparent and public manner providing realistic information to the public about impacts on load shedding.
- Large scale governance reform, including:
 - The establishment of an independent grid operator (ITSMO), responsible for energy planning and adequately capitalise it
 - Making queuing systems for grid access transparent
 - Adjusting the pricing system to be cost reflective and unbundled (separate prices for energy services and power purchased)
 - Set-up day ahead market
- A huge drive on energy efficiency, storage (batteries) and demand side management
- Invest in grid upgrades to support the continuing addition of renewable generation
- Support public, private and household renewable energy generation and storage, including through tariff structures and entrenching the role of cities. This will require policy reform and significant support to municipalities to both implement and to ensure revenue security.
- Ensure measures are implemented to support those most impacted by load shedding and who cannot afford electricity, especially SMMEs. This would include disbursing and improving free basic electricity.
- Support the Just Transition with economic diversification efforts in regions in transition (including accelerating the adoption and implementation of SAREM)





Thank you and Questions



**JET-IP Consultation
Presentation**



1 SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



Approach to Just Energy Transition investment planning

- South Africa faces **serious climate risks**: physical impacts of climate change, the carbon intensive nature of our economy, and the risks of not managing a low carbon transition in an orderly way that supports affected workers, communities, and industries.
- South Africa is in the early stages of a move from a **high-carbon economy to a net zero economy** by 2050.
- The **phased energy transition** will be well-researched, well-managed, and structured to address the challenges of poverty, inequality, unemployment, and economic exclusion.
- This is a **'whole of society'** transition and will involve all sectors of society.
- The establishment of the Presidential Climate Commission (PCC) and its Just Transition Framework has created that basis for **social partners to align** around the just energy transition.
- In submitting an ambitious updated Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2021, South Africa raised the question of how its climate action could be **supported by the international community** in keeping with the Paris Agreement.
- The JET IP sets out South Africa's **scale of need and financing options** between 2023 and 2027 to decarbonise the economy at the rate that would be required to meet its NDC targets.



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



Building a pathway towards a low carbon and climate resilient society



requires initial funding of

~ ZAR 1.5 trillion over five years 2023-2027

from multiple sources

- Developed countries
- Private sector investors
- Development Finance Institutions
- Government
- Philanthropies
- Multilateral Development Banks

in three priority sectors

- ⚡ Electricity
- 🚗 New Energy Vehicles
- 🌱 Green Hydrogen

and two cross-cutting areas

- 👤 Skills development
- 🏘️ Municipalities



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



through a Just Energy Transition that

Protects vulnerable workers and communities	Drives innovation
Builds energy security	Develops sustainable livelihoods
Expands energy access	Enables economic diversification
Promotes industrial development	Spurs inclusive economic growth

in alignment with South Africa's

National Development Plan

Just Transition Framework



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027

Funding requirements 2023–2027	ZARbillion (US\$ billion)
Electricity Sector	711.4 (47.2)
New Energy Vehicle (NEV) Sector	128.1 (8.5)
Green Hydrogen (GH ₂) Sector	319.0 (21.2)
Skills development	2.7 (0.18)
Municipal capacity	319.1 (21.3)
TOTAL	1 480 (98.7)

Achieving the JET IP outcomes is dependent on the scale and nature of financial support that South Africa can secure from the international community to complement domestic resources. At the 26th Conference of the Parties (COP) in 2021, a Just Energy Transition Partnership (JETP) was forged with France, Germany, United Kingdom, the European Union, and the United States (forming the International Partners Group [IPG]) in which the IPG undertook to mobilise US\$8.5 billion over five years to support South Africa's just energy transition. The initial IPG offer of US\$8.5 billion is thus a catalytic contribution towards addressing the JET IP priorities.

The JET IP is an invitation to international and local investors and donors to partner with South Africa on its just energy transition journey.



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027

SOUTH AFRICA'S JUST ENERGY TRANSITION IN CONTEXT

South Africa's dependence on fossil fuels gives rise to a range of climate, energy and transition risks, especially for affected workers, communities, businesses and exporters. But embracing new economic opportunities in green technologies can drive industrial development and innovation, leading to a sustainable and resilient future with decent work, social inclusion and lower levels of poverty. The JET IP represents the initial building blocks of managing South Africa's just energy transition and climate response.

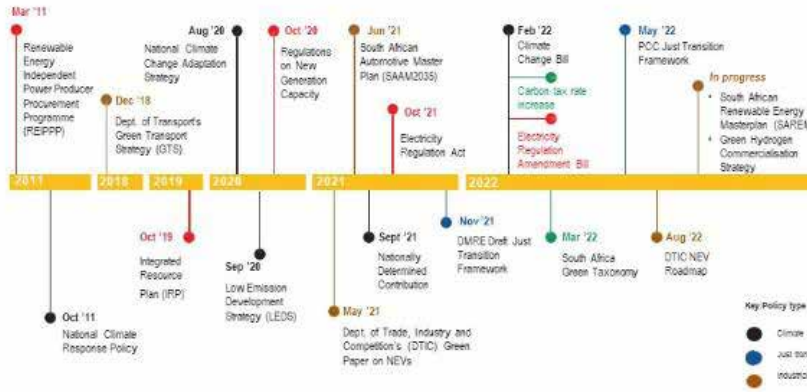


SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



SOUTH AFRICA'S ENABLING POLICY ENVIRONMENT FOR THE JET IP

The enabling policy, institutional, and regulatory framework for climate-related investments in mitigation, adaptation and a just energy transition demonstrates South Africa's resolve to fundamentally restructure the electricity sector, address energy insecurity and energy poverty, and build human capital for a new energy economy.



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



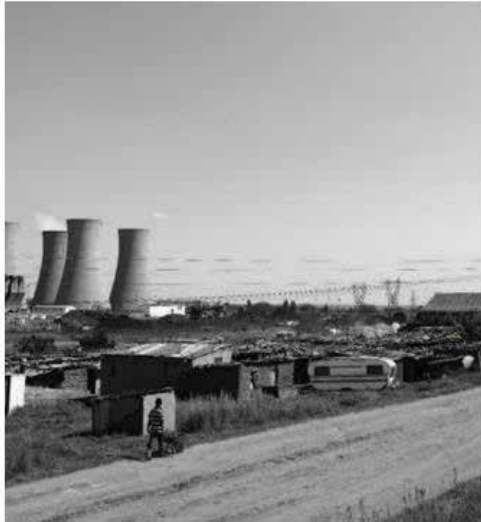
JET IP PRIORITIES 2023-2027



National electricity sector's infrastructure investment needs	ZARbillion
Coal plant decommissioning	4.1
Transmission	131.8
Distribution	13.8
New solar photovoltaic (PV)	233.2
New wind	241.7
New batteries	23.1
TOTAL	647.7



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



Mpumalanga's just transition investment needs	ZARbillion
Repurposing coal plants	3.4
Repurposing coal mining land	13
Improving infrastructure for development	12.3
Diversifying local economies	24
Caring for the coal workforce	5.6
Investing in youth and preparing future generations for the transition	0.75
Planning for success	0.3
Instituting policies for post-mining redevelopment	0.05
Building capacity for success	1
TOTAL	60.4



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



Electricity sector's just transition investment needs	ZARbillion
Manufacturing and localising the clean energy value chain	1.60
Piloting social ownership models	1.65
TOTAL	3.25



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP)
2023-2027



Municipal investment needs	ZARbillion
Infrastructure: Distribution maintenance	200
Infrastructure: Distribution modernisation for NEVs	73
Infrastructure: Electrification backlog	45
Operational: Demand-side management	0.5
Operational: Energy access design	0.1
Capability and capacity	0.23
Collective planning	0.03
Municipal revenue modelling	0.2
TOTAL	319.1



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP)
2023-2027



NEV sector's investment needs	ZARbillion
Industrial development and innovation	41.4
Public transport	6.1
Mobility emissions abatement	6.8
Early adoption and innovation	1.8
Technical assistance	1.6
NEV deployment support	70.4
TOTAL	128.1



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027

GH ₂ Sector investment needs	ZARbillion	GH ₂ Sector investment needs	ZARbillion
Project Feasibility costs		Capital costs (for above projects)	
Aviation Fuel	0.10	Aviation Fuel	8.00
e-methanol	0.12	e-methanol	12.00
Fuel Cell	0.16	Fuel Cell	1.40
GH and Green Ammonia	3.70	GH and Green Ammonia	109.30
Green Steel	0.20	Green Steel	13.20
Hydrogen Mobility	0.10	Hydrogen Mobility	6.60
Infrastructure	0.13	Infrastructure	13.00
Subtotal	4.61	Subtotal	163.50



GH ₂ Sector investment needs	ZARbillion
Port project development	1.00
Port infrastructure capital	150.00
Subtotal	151.00
TOTAL	319.01



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



Skills development investment needs	ZARbillion
Skills hub/platform for JET and the Future of Work (high-level coordination)	0.05
Pilot Skills Development Zones in Mpumalanga, Eastern Cape, Northern Cape	1.6
Mobilise allocations to JET from existing public and private post-school education and training (PSET) funding per annum	1
TOTAL	2.65



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



FINANCING THE JET IP

The following principles guide the quality of finance that South Africa is seeking for the JET IP:

- Finance should follow **UNFCCC principles for developed countries support to developing countries**
- Finance should be **additional to existing climate and development commitments**
- Financing instruments should **reflect South Africa's unique needs** as reflected in the JET IP
- Financing of the **just transition components should be mainstreamed**
- **Sovereign debt terms should be more attractive** than could be secured in the capital markets
- Finance flows from partner countries should be **predictable and certain**
- Finance should be **channelled through institutions best placed** to manage them
- Partnerships with the private sector should **foster appropriate risk sharing**
- **Governance and safeguards** must be in place.

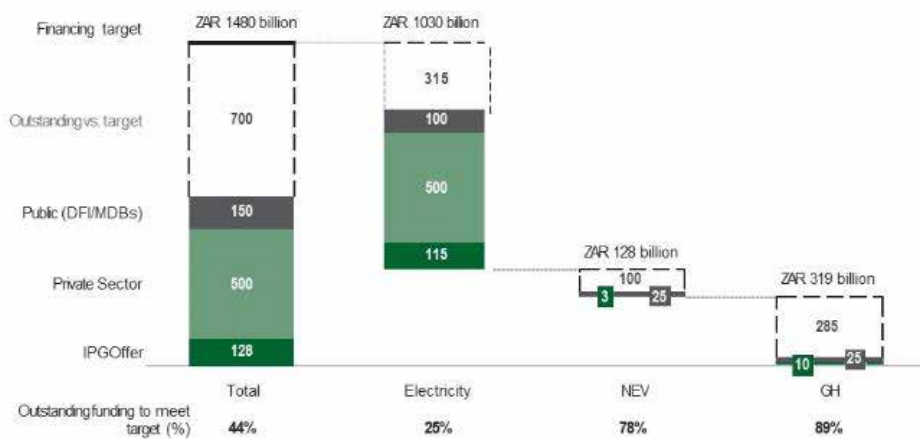
The success of the JET IP will depend on the scale and availability of concessional finance, including grants. Limited public finance must be strategically deployed to mobilise larger volumes of financing, particularly from the private sector and institutional investors. The overall indicative funding gap for the JET IP over five years is approximately ZAR 700 billion (44%).



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



Projected JET IP funding needs and estimated availability per source, 2023-2027



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027

The IPG US\$8.5bn offer comprises grants, concessional and commercial loans, and guarantee instruments, contributing to approximately 12% of South Africa's JET IP funding needs for the period.

Sources and financing instruments of the IPG offer

US\$ millions	Grants / A	Concessional Loans	Commercial Loans	Guarantees	Total (source)
OF/ACT (\$500m to leverage an additional \$2.1bn)	50	2 555	0	0	2 605
European Union – EIB	35	1 000	0	0	1 035
France	2.5	1 000	0	0	1 002.5
Germany	198	770	0	0	968
United Kingdom	24	0	500	1 300	1 824
United States ¹⁴¹	20.15	0	1 000	0	1 020.15
Total (instrument)	329.7	5 325	1 500	1 300	8 455



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027

The IPG funds will be primarily directed towards the electricity sector for:

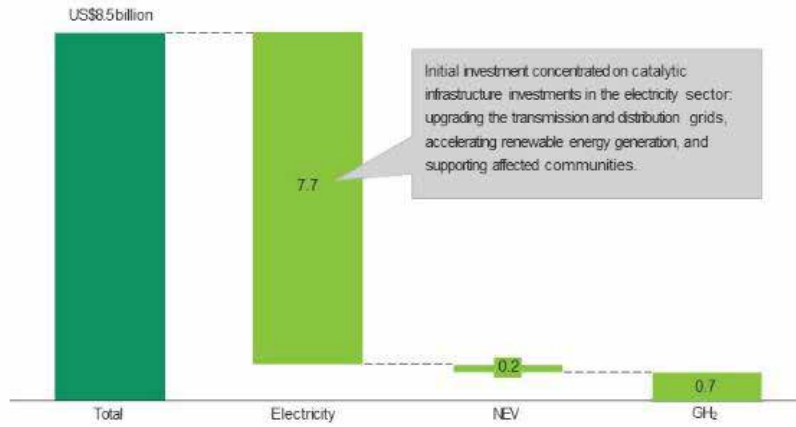
- the **decommissioning** of coal plants
- the expansion and strengthening of the **transmission grid and distribution** infrastructure
- supporting **economic diversification** in affected coal mining areas
- deployment of **renewable energy**



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



Indicative use of initial US\$ 8.5 billion from IPG (~ ZAR 128 billion)



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP) 2023-2027



IMPLEMENTING THE JET IP



South Africa's just energy transition will be a managed, phased, long-term process of economic, social, and environmental change. It will involve multi-year, multi-sectoral, and multi-jurisdictional initiatives with many stakeholders, including significant capacity building to manage the scale of the just energy transition.

Implementation must be based on solid foundations for a sustained, focused, and visible effort across government, civil society, trade unions and the private sector that can adapt as needed over time. It will be grounded in existing South African institutions and systems and will adopt both local and global best practice.



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP)
2023-2027



Features of the JET IP implementation

	Ministerial oversight, governance and political coordination.
	National government oversight, coordination of the country-wide JET IP to update national plans, mobilise ongoing financing, and monitor and report national results.
	Institution-specific funding agreements between the providers of finance and implementing institutions.
	National Treasury-managed sovereign loan agreements with providers of finance.
	National intermediary institutions (for example DBSA, IDC) managing disbursements of capital from providers of finance to municipalities, private companies, and non-governmental organisations.
	Community-level governance and trade union structures for ongoing needs identification, visibility of projects progress, monitoring, and learning; and social partner organisations playing intermediary roles in social support investments.
	Private sector investors in renewable energy infrastructure, just energy transition social support, NEVs, and GH2 will also contribute to national results monitoring.



SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP)
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<p>Strong governance arrangements</p> <p>to ensure leadership, oversight, transparency, safeguards, and accountability</p>	<p>Robust management arrangements</p> <p>for planning, performance, reporting, and communications, at various locations of the JET IP delivery</p>	<p>Monitoring, Evaluation & Learning Framework</p> <p>for the measurement of success and continuous improvement</p>	<p>Risk Management Framework</p> <p>for identifying potential risks and implementing mitigation measures to reduce material risks to the JET IP</p>
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SOUTH AFRICA'S JUST ENERGY TRANSITION INVESTMENT PLAN (JET IP)
2023-2027



Thank you

Find the JET IP on www.thepresidency.gov.za



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2023-2027



Thank you

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TOWARDS A JUST TRANSITION

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