



Municipal new energy business model to meet the demand

NSTF Annual Energy Crisis Discussion Forum

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- Introduction
- Problem statement
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- Municipal business model
- Conclusion

Introduction

- The energy sector is undergoing a major transition both globally and nationally as renewable energy takes centre stage year-on-year.
- There has been substantial transformation in the energy landscape across the world in general, and much of the energy policy shift in South Africa in particular
- The South African electricity regulatory framework is mature and well established.
- There is a massive increase in the installation of embedded generation, mainly at a small scale in residential and commercial, and large scale in industrial sector
- This is a reality that the municipal distributors have to adjust to

Problem statement

- Shortage of generation capacity
- Rapid uptake in the installation of embedded generation across customer segments
- Impacts on municipal revenue
- Vandalism of municipal infrastructure
- Traditional municipal energy business model

What are municipalities facing?

Legacy EDI Problems



Energy Crisis



Just Energy Transition

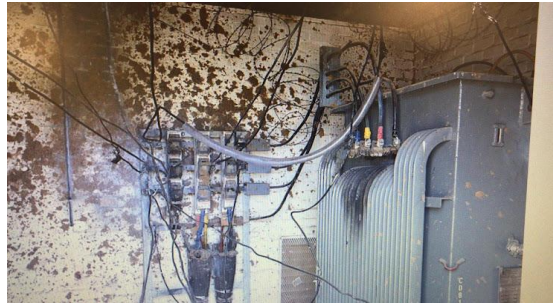


Performance of the sector

R70 Billion Debt



Theft and Energy Losses R290 bn debt
by Municipal customers



<50% of Munics have more than
25% losses

Tariffs not cost reflective



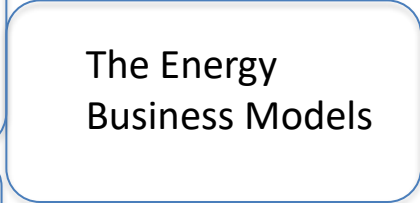
<70% of Munics don't invest 6%
of revenue in Maintenance



Municipal business model

“The Municipal Electricity Distribution Business as we know it, has undergone fundamental changes throughout the years, and is no longer sustainable”

Municipal business model cont...



Wheeling

- Wheeling Tariff and Use of System Costs
- Model Wheeling Agreement
- Cost of Supply Studies

Procurement from IPPs

- Municipal Master Energy Plans
- Feasibility Studies for Renewable Energy Potential
- Model PPA and other Agreements
- Guidelines for Procurement from IPPs
- Grid Impact Studies

Build and Own Generation

- Municipal Energy Plans
- Sustainable Energy Tariffs
- Legal Agreements
- Project Management
- Grid Impact Studies

Trading with SSEG Customers

- SSEG Guidelines
- SSEG Tariffs
- Administration of SSEG
- Grid Impact Studies

Safety Requirements

Use of Customer Roofs for Solar Rooftop Energy

- Feasibility Studies
- Model Agreements with Customers
- Costing
- Design and Installation
- Grid Impact Studies

Higher Purchase Rooftop Installations

- Developments of Business Cases
- Feasibility Studies
- Development of Business Systems
- Grid Impact Studies
- Model Higher Purchase Agreements with customers

Providing Energy Advisory Services

- Development of Business Case
- Training and Skills Development
- Costing the business case
- Model Agreements with Customers

Install Large Battery Systems and use to Offset Eskom Time of Use tariffs

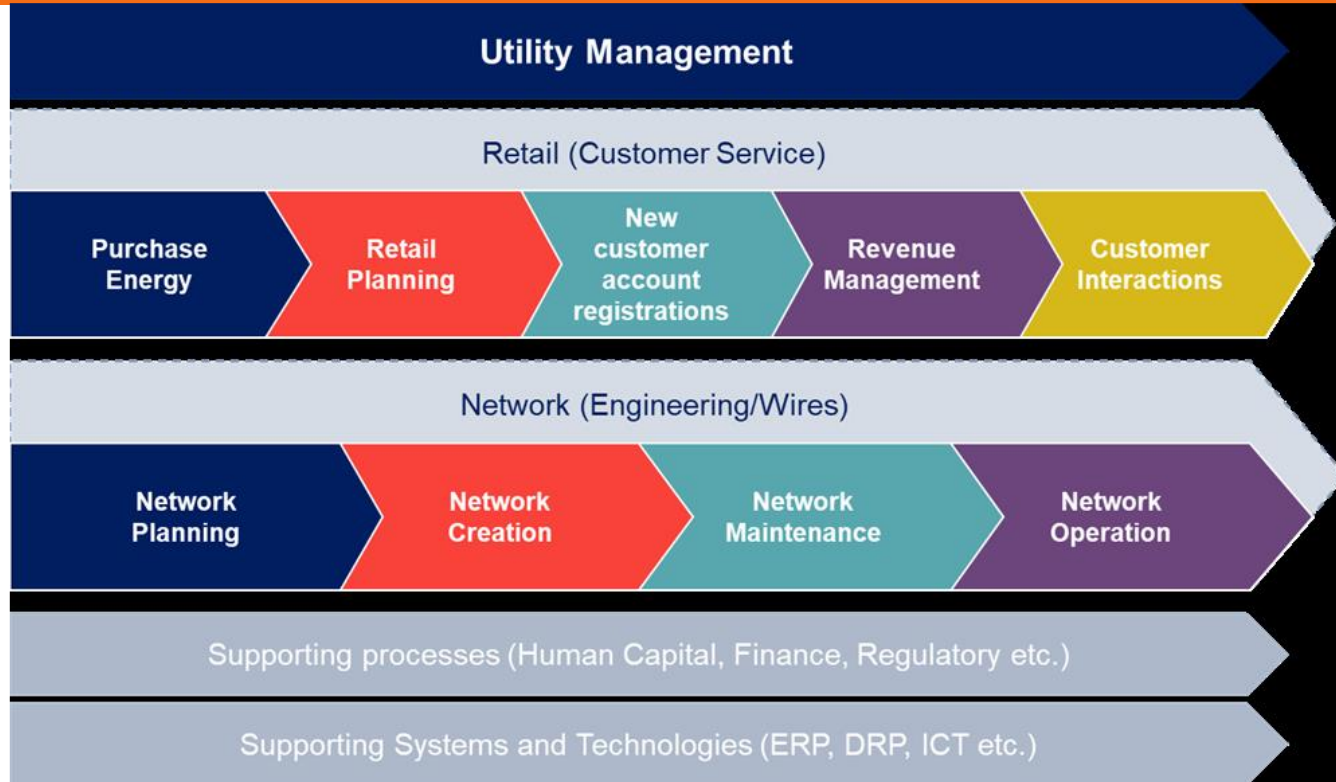
- Feasibility Studies
- Business Case
- Costing
- Training and Skills Development



Municipal business model cont...

- Municipal power procurement (IPPs)
- Municipal embedded generation (power for own use)
- Embedded generation processes to allow customers to connect to the municipal network
- Wheeling

Municipal business model cont...



Conclusion

- There is a massive increase in the installation of embedded generation, mainly at a small scale in residential and commercial, and large scale in industrial sector
- This is a reality that the municipal distributors have to adjust to
- SALGA in cooperation with various partners provide technical support to municipalities to:
 - ✓ Develop processes to accommodate SSEG in a safe and financially sound manner.
 - ✓ Procure power for own use
 - ✓ Procure power from IPPs
 - ✓ Capacitate municipalities to adapt to the changing energy landscape

SALGA SALGA has a clear strategic role to play in, representing the interests of local government to fulfil their developmental obligations



Thank You



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