Power to the People

Raising the voice of civil society in electricity planning - Integrated Resources Plan 2010 inputs and departmental responses

Phase 1: Comments on IRP2 input parameters

12th October 2010.

The attached civil society analysis of the inputs and comments in the Integrated Resources Plan IRP2 was produced with the support from Institute for Security Studies' Corruption & Governance Programme, The Green Connection, Project 90x2030, Southern African Faith Communities Environment Institute and WWF-SA.

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The aim of the report was to point out the perceived shortcomings of the phase 1 of the consultative process, and thereby hope to improve both the next phase of the IRP2 consultations and future public consultation processes.

The report has been endorsed by the undersigned organisations:

Southern African Faith Communities Environment Institute (SAFCEI)

Institute for Security Studies Corruption and Governance Programme

350.org South Africa

GenderCC-SA

WWF-South Africa

Greenpeace Africa

Pelindaba Working Group

Coalition Against Nuclear Energy

Project 90x2030

Zwartkops Conservancy

Alternative Information and Development Centre (AIDC)

Koeberg Alert Alliance

Gender and Energy research and Training

Earthlife Africa Cape Town

Institute for Zero Waste (IZWA)

Federation for a Sustainable Environment

Public Environmental Arbiters

Ecopeace Party

Earthlife Africa Johannesburg

Indaloyethu Environmental Cooperative Ltd

The third World Investment Gateway Trust

Wildlife and Environment Society of South Africa (WESSA)

Masizakhe Youth Development Club

The Green Connection

GENSA

Johannesburg Anglican Environmental Initiative

WECCF (Womens' Energy and Climate Change forum)

Diakonia Council of Churches



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Introduction:

In December 2009, the Department of Energy (DoE) published an Integrated Resource Plan (IRP1) that provided guidance on how South Africa would meet its electricity needs in the short term[1]. However, there was general acknowledgement that this IRP1 was procedurally inadequate because of the manner in which it had been determined. In January 2010, Minister of Energy, Ms. Dipuo Peters, thus announced that IRP2 would be initiated and drafted with meaningful public consultation during 2010.

South Africa is now in the process of final drafting of a twenty year electricity plan for the country (IRP2). In May 2010, the DoE embarked on its public consultation process, which was largely a web-based approach where relevant documents were published on a website[2] with provision of a mechanism for web-based inputs from civil society. This was supported by emails to registered stakeholders providing updates on the process, consisting primarily of a set of draft parameter sheets containing a range of assumptions for comment. Public hearings were also conducted in Pretoria on 7 and 8 June 2010 to receive oral submissions of inputs.

This report draws on the written inputs made by civil society organisations into the Integrated Resource Plan (IRP2) during the first round of consultations during a 30-day period in May - June 2010. It aims to provide some analysis of the response by DoE to these inputs in order to strengthen civil society engagement in the second round of IRP2 engagement. [3] It is understood that this second round will follow on Cabinet's approval of the output of the DoE/Eskom scenario-modelling process.

Such an analysis is also useful to inform the political decision-makers of civil society's perceptions concerning the manner in which public input has been dealt with by government officials to date, and would thus also serve as an important indicator of whether the public consultation process was

[1] The IRP1 was to set out for a period of three years.

[2] www.irp2010.gov.za

[3] The analysis team were only able to access submissions that organisations sent through to them as the IRP2 website did not publish all civil society inputs received for the public to access.

administratively fair and just. Such an analysis would therefore also be useful for those civil society organisations that might be in a position to pursue some form of recourse, whether it is through legal action or otherwise, should they feel that the government has failed to consult adequately on this critically important public interest issue.

Furthermore, it is hoped that the analysis would assist the DoE with understanding the perceived shortcomings of their present consultative process, and could assist them in improving both the next phase of the IRP2 consultations and future public consultation processes.

Context of Electricity Planning:

Policymakers and citizens all over the world are grappling with the challenges of providing access to clean, reliable and affordable electricity, and addressing major environmental challenges including climate change[4]. It is common knowledge that South Africa's electricity needs are mostly met by coal, and our electricity is also among the cheapest on the planet because the full cost-externalities of coal, including climate change, health and social impacts for example, are not reflected in the price, and our coal fired power stations are all paid for.

However, our coal fired power stations will need to be retired in the coming decades and choices need to be made - how to use electricity wisely and how to supply electricity into the future.

An understanding of the aim of the IRP2 is to guide investment in electricity infrastructure to ensure a sustainable electricity plan over the next twenty years. Such investments in electricity-related infrastructure are likely to be large and, in the case of large units of generation capacity, likely to be long-lived: 40 to 60 years. The financing of such large investment is likely to fall on the state, either in the form of loan guarantor or directly paying for such infrastructure through loans or grants to Eskom.

High electricity prices impact on the poor and vulnerable citizens. Electricity is an input cost for industry and business and as electricity prices rise, food and other goods will rise in price, effectively adding to food security risks; and it is the poor and vulnerable that will be hardest hit.

Electricity planning needs to take into account that over 75% of the country's electricity is used by industry and commerce, while 2.5 million households have no access to electricity. Planning should therefore also focus on addressing access to electricity by the poor, in order to address historical imbalances in provision as well as developmental concerns. Electricity planning should not be seen in isolation from broader sustainable development goals and should be connected to, and a subset of, various other processes aimed at addressing these issues arising from our historical legacy.

Given that increased state investments in energy will place a burden on the tax payer and if those investments are very costly, the consumer will also pay through increased tariffs, it behoves us to tread carefully and to examine, in depth, measures that will reduce these burdens.

Electricity Planning in 2010: Influential actors

A brief overview of the Government's approach to the drafting of the IRP2 demonstrates that industry and commerce are the key influencers determining the outcome of the process.

[4] Electricity Governance Initiative final report - 2009

Several months before inviting public participation, the DoE established a technical advisory committee, purportedly to provide input into the modelling process. However, the committee comprises of individuals drawn mostly from existing large business interests. The fact of the appointment of the technical committee was not placed in the public domain by the DoE and the names were only formally released after civil society wrote to the Minister of Energy asking for confirmation of whether or not the committee existed and, if so, whether reports of its membership were accurate. Furthermore, the committee meetings are closed to the public, and a request for copies of the minutes of the committee's meetings has been refused. This does not augur well for a transparent, trustworthy and fair participation process.

The table below lists the members of the technical advisory committee and their affiliation. [5] [6]

NAME	**SECTOR**	**INSTITUTION/ AFFILIATION**
Neliswe Magubane	Government	DG Dept of Energy
Ompi Aphane	Government	Dept of Energy
Ria Govender	Government	Dept of Energy
Thabang Audat	Government	Dept of Energy
Kannan Lakmeerharan	State Enterprise	Eskom systems operations and planning
Callie Fabricious	State Enterprise	Eskom planning and market development
Mike Rousouw	Business – coal	Xstrata
Ian Langridge	Business – coal	Anglo American
Brian Day	Business - coal/RE	Exxaro
Piet van Staden	Business – fossil fuels	SASOL
Kevin Morgan	Business - smelters/coal	BHP Billiton
Paul Vermeulen	Local govt-owned company	City Power (Johannesburg)
Doug Kuni	Business	SA Independent Power Producers Association
Roger Baxter	Business	Chamber of Mines
Prof. Anton Eberhard	Academic	Graduate School of Business, UCT
Shaun Nel	Business - project manager	Gobodo systems[7] (Eskom is listed [on their website] as one of their clients)

[5] http://www.thedailymaverick.co.za/article/2010-04-23-national-integrated-resource-plan-for-electricity-a-document-to-shape-our-future

[6] David Macata from NUM/COSATU is also apparently on the technical task team but his name was not listed in the letter from the Minister's office.

According to the letter from the Minister's office (dated 21 June 2010) in response to civil society's request for a range of information relating to the committee and to the IRP2 more generally, the members of the task team are chosen for their technical expertise and "are not meant to represent the interests of their constituencies/employer organisations". However, there are, for example, notably no apparent experts in the key areas of social impacts, gender equity and environmental quality on this advisory panel, not even from other government departments. There are also no experts drawn from civil society on the team, despite there being many who have significant expertise and extensive experience on energy issues.

This advisory committee has apparently provided input into the modelling of the electricity scenarios, and clearly such debates will be informed by the particular experience of its various members. It is difficult to see how such a modelling process could not be biased towards primarily ensuring supply to the large industrial sector - i.e. substantially a continuation of the 'business as usual' paradigm, albeit possibly with some, as yet unclear, accommodation of other perspectives. It is our view that this indicates that the IRP2 process is unlikely to result in any significant shift towards an integrated electricity plan with efficiency, demand side management and energy supply options more suited to developmental priorities in the general public interest.

Over the years, many civil society organisations have challenged this industrial bias in state-driven electricity planning with the argument that this won't lead to the most appropriate energy solutions to meet the needs of broader society into the future. Civil society campaigns have highlighted inequities in the system and alternative solutions have also been proposed[8].

Legal context for public participation:

- *The Promotion of Administrative Justice Act*, 2000 (PAJA) provides for reasonable time-periods for public input with a minimum of 30 days, depending on the complexity of the issues and information involved in a particular public policy decision-making process. The novelty and complexity of electricity planning clearly warrants a longer period for adequate consultation, particularly in view of the fact that most citizens (educated and uneducated, rich and poor alike) have been excluded from these decision-making processes until now.

- The entire scheme and structure of the *Promotion of Access to Information Act*, 2000 (PAIA) clearly indicates that, in order for stakeholders to participate meaningfully, they need access to sufficient reliable information to enable them to understand and critique the information and proposals made by Government.

- The *National Environmental Management Act*, 1998 (NEMA), which applies to all environmental decisions by state bodies, states that public participation must be promoted so that all interested parties can participate in a meaningful manner.

The Process as outlined by the DoE:

[7] Shaun Nel is a Director in Gobodo's Systems Consulting Division. Prior to assuming this role, Shaun was a Director at Ernst & Young and led its information security, availability and data privacy practice. http://gobodosystemsconsulting.com/html/team_profiles.html

[8] Banks & Schaffler 2006; Marquard *et al.* 2007, Holmes *et al.* 2008

On 18 May 2010 the DoE sent an email to all registered stakeholders to inform them of the following general process:

1. Comment on IRP 2010 Draft Input Parameter Sheets – due 30 May 2010
2. Public consultation on the IRP 2010 draft parameter sheets – to be advised shortly
3. Public hearing on 1st draft IRP
4. IRP 2010 gazetted for public participation
5. Public hearings on IRP, in accordance with public participation processes
6. Promulgation of IRP 2010

Progress to date:

At the outset, it is necessary to recognise that the time period for concluding the process as described above is highly ambitious and rushed with just over five months to conclude a process with major long term impacts.[9]

The issue of timing is also important, as alluded to above, as the content and trajectory of the IRP2 is closely connected to other policy processes. In particular, the Integrated Energy Plan, of which the IRP2 is a subset, ought to be completed before the IRP2 is drafted. But the IEP is due to be completed only next year. The DoE in fact, does agree that this is the correct sequence of processes, as stated in a letter from the Department[10], but concludes rather unpersuasively that the two plans are distinct and that it prefers to focus on the IRP at this stage.

The DoE's understanding of public participation as legally required in South Africa appears to be extremely limited. Firstly, notification of the IRP2 process was poorly advertised, being announced in only a small selection of newspapers. Those who did manage to see the announcement then needed to register as a stakeholder, which could be done only via email.

Secondly, in the first round of public inputs, the initial period allowed for public comment was only seven working days, from 12th May until 21st May 2010, significantly less than the legal minimum of 30 days. After civil society organisations raised objections, this timeframe was extended to the 30th May, and then subsequently extended to the legal minimum of 30 days to the 11th of June

On 24 May 2010, the South African Faith Community Environment Institute (SAFCEI) wrote a letter of concern to the Minister of Energy (Appendix A), raising a number of process concerns. On 10 June 2010, 350.org (Appendix B) wrote a follow up letter, addressing similar issues, supported by 15 organisations[11]:

Key issues raised in the letter were:

[9] The process has subsequently been delayed by the Inter-Ministerial Committee and other government forums. But the ambition is to still gazette the document during the course of 2010.

[10] Letter of 21st June 2010 to 350.org

[11] The organisations include the following: 350.org South Africa; Gender and Energy South Africa; Sustainability Action Movement; Bishop Geoff Davies - South African Faith Communities Environmental Institute; Brenda Martin & Robert Fischer - Project 90x2030; Gender and Energy Research and Training; Earthlife Africa Cape Town; Institute for Zero Waste in Africa; Greenpeace Africa; Environmental Monitoring Group; Timberwatch; groundWork; and the Ecopeace Party

1) *Extend the current deadline of 11th June for inputs on the parameters to at least the 11th of August, and enable informed DOE officials to be available over this period to engage in discussions and debates with civil society groups on the parameters and policy issues;*
2) *Reconstitute the Technical Task Team within 21 days to include (in a number equal to private sector representation) civil society representatives (who could be nominated via labour networks, gender networks, faith networks, as well as various established civil society networks such as the Energy Caucus & Climate Justice Now!-South Africa);*
3) *Ensure that the Task Team meetings are open to observers (similar to Portfolio Committee meetings in Parliament) and the minutes made available on the department's IRP website;*
4) *Develop a "Comments and Responses" document that can be updated regularly and available on DOE's IRP website (when input is received, this could be logged in the document, and then once responses are determined, these could be logged);*
5) *Develop a public awareness campaign that particularly addresses citizens without access to the internet and whom do not speak English;*
6) *Post-development of the draft scenarios, utilise this public awareness approach to communicate in accessible language the potential impacts on citizens' lives that the different scenarios could have, and allow for various forms of citizen contribution (not just written submissions);*
7) *Make DOE officials available for civil society meetings to discuss the draft scenarios, and allowing a 60 to 90 day comment period;*
8) *Making funds available to support interested community members to participate in national stakeholder meetings on the policy process;*
9) *Ensure that government does not pre-suppose our future energy mix, which the IRP 2 should be defining only upon its conclusion;*
10) *Ensure that the IRP 2 remains in draft form until integration/alignment with the Integrated Energy Plan, industrial policy, national Climate Change policy, and the Renewable Energy White Paper;*
11) *Establish an open and transparent process for the development of the Renewable Energy White Paper, consistent with the same principles and practices suggested above to enable constructive civil society consultation;*
12) *Clarify how the department is consulting and working with other relevant departments - including Water & Environmental Affairs; Agriculture, Forestry & Fisheries; Economic Development; Public Enterprises; Trade & Industry; etc - to address the issues around electricity in a coordinated and coherent manner*

On 21st June 2010, the Minister replied to the letter from 350.org, and addressed a number of the issues raised, including the timeframe for consultation (Appendix C). The DoE's view of these events is as follows:

"*.. You correctly point out that the DOE is striving to ensure that we appropriately engage with all stakeholders despite our tight timeframes for completion of the IRP and our very restrictive budget. Our deadline for delivery of the IRP is determined by the Inter-Ministerial Committee (IMC) on Energy. The deadline that we are working towards is September 2010, for promulgation. This deadline, as you can appreciate is non-negotiable. While we appreciate your call for extensions in the timeframes for public comment, this will have a direct impact on our overall deadline. You are reminded that we have already extended twice the deadline for public comment on our input parameter sheets - this was done to accommodate public requests to this end*"

Whilst noting budgetary issues, the timeframe and justification that the DoE provided is simply inadequate. Meaningful public participation, in a country where only less than **10.7 people per 100**[12] have access to the internet, would necessarily need to encompass more than a website with limited content.

It would thus, at least, require more face-to-face and interactive engagements, or using other mediums such as radio (with broader coverage but limited potential for interaction), for example.

However, apart from the two days of public hearings held in Pretoria (see below), which amounted, essentially, to a one-way delivery of oral submissions by primarily non-state parties, the only formal channel of communication with the IRP2 process to date is through their website, where only the DoE's documents are published. The participation process therefore, is limited to those participants with access to electricity, access to the internet, and to email. Moreover, this internet access needs to be of sufficient quality to enable the download of large technical documents.

The reasonableness of an administratively fair consultation process needs to be determined by actual conditions and context in which it is undertaken, which does not appear to be the case here.

In response to this concern about a lack of consultation, the letter from the minister stated, "*As a result of recognising the existence of various stakeholders out there who represent the important interests of their constituencies, my Department is committed to ensuring meaningful engagement with stakeholders in the development of the IRP 2010 - as evidenced by our kick-off stakeholder plenary sessions on 07 and 08 June 2010, in Pretoria*".

But then,

"*We will investigate the possibility of developing a public awareness campaign as described in your letter. However, I wish to categorically point out that the DOE's budget is severely constrained and does not make provision to such a campaign. This applies equally to funding the participation of community members in the public plenary sessions - we simply do not have a budget for this*"

The DoE does not indicate what its budget can accommodate, which would be an important determinant for the type and depth of consultation it may be reasonably able to conduct. Instead, the stakeholders who were able to attend the 7 and 8 June 2010 plenary sessions in Pretoria were those who had the financial means to travel there, without any guidance or offer of financial assistance from the DoE to pay for travel or accommodation. For example, our understanding is that organisations had to use their own resources in order to fly/travel from outside Pretoria to the hearings venue, and if an interested party could not afford the airfare, it was excluded from the process. The question must also therefore be raised - which stakeholders are the DoE referring to when they claim to want to engage 'meaningfully'?

In an acknowledgement of the inadequate consultation process, the letter from the DoE quotes the following as a solution for the failure to communicate beyond a website:

"*.. We will however, endeavour to ensure that my officials upon request, are available to attend your meetings and brief your constituencies on the IRP development*"

A representative from the DoE attended a few community organisation meetings and met with some organisations separately as well. In at least one of these meetings, the national civil society Energy Caucus[13] on 14 May 2010, civil society representatives asked a number of questions (about 27) that

[12] http://www.worldwideworx.com/2010/01/18/sa-internet-growth-accelerates/

[13] The energy caucus is a network of civil society organisations working in the energy sector.

required some response. Mr Ompi Aphane, the DoE representative at this meeting, promised to respond by 18 May 2010. For the convenience of the DoE representative, these questions were subsequently reduced to writing and sent to Mr Aphane and to his personal assistant on 17 May 2010. However, at time of writing this report, there is a trail of broken promises with no feedback received.

Fully four months later, no response has been received, and no explanation, apology or, indeed, any communication over this failure to respond has been received. This leads to the conclusion that the assurances provided in the letter from the Minister quoted above, lack substance which is necessary for a meaningful engagement.

Analysis of key civil society inputs into the IRP2 process - first round of public consultation.

1. Process issues:

In the first round of inputs into the IRP2 process, a number of process related issues were raised. These issues have mostly been covered the description of the process above.

Organisations raised the following issues or concerns:

- the time constraints for submissions (as discussed above)
- the composition of the task team (as discussed above)
- the decision-making process

These issues are detailed in Idasa brief[14]; 350.org letter (see appendices).

One example of a concern raised is given below:

The rushed and superficial nature of consultation with civil society, with "insufficient time to adequately discuss all parameters" (this point was raised by WWF-SA, CJN-WC, Greenpeace, SAFCEI, ELA-Jhb, Idasa, Energy Caucus).

A critical input into the modelling process is the relative cost of the various technologies under consideration as part of the energy mix. The results of this evaluation, undertaken for the DoE and Eskom by the U.S.-based Electricity Policy Research Institute (EPRI), were made available publicly only four days before the end of the public consultation period. This short notice made it practically impossible for civil society to comment on the contents and findings of this evaluation.

Another critical input assumption, upon which the credibility of the scenario modelling process rests, to a large extent, is the energy demand forecast, which is the primary determinant for the estimate of generation capacity required to be catered for by the IRP2. Several public submissions questioned Eskom's forecast as unduly high given the likely impact of significantly increased electricity tariffs over the MYPD2 period authorised by NERSA in February 2010. The CSIR was asked to undertake an independent evaluation of Eskom's demand forecast. The CSIR's report, apparently completed some time during June 2010, was made available to Parliament's Portfolio Committee on Energy only on 3 August 2010, when it emerged into the public domain. Civil society consequently had no opportunity to consider the implication of this independent assessment, or to comment on it during the authorised comment period.

[14] http://www.advocacy.org.za/index.asp?page=output_details.asp%3FRID%3D2178%26OTID%3D47%26TID%3D8

2. Comments and Response Document:

In a series of letters sent to government in June 2010, civil society organisations asked for a 'comments and responses' document to be compiled as a vital part of a transparent process. It was anticipated that such a document would assist civil society and the broader public to develop and greater understanding of how the DoE had considered and dealt with public comments, i.e. whether, how and why submissions had been accepted or rejected by the DoE. Government responded to the letter from 350.org on 25th June with the following comment:

"*We thank you for the various suggestions you make in page 2 of your letter, and assure you that we will consider them going forward. We consider very useful your suggestion that we develop a "Comments and Responses" document that is made available on our website. This is currently being done, and will reflect a consolidated account of comments received on the input parameter sheets and the DoE's response to the comments*"

In the absence of any other definition, we assumed that the minister's letter referred to a similar document type to that stipulated in the EIA regulations (see text box below).

Environmental Impact Assessment Process - Comments and Responses Document

In a legal process for assessing project developments, the Environmental Impact Assessment makes provision for a detailed 'comments and responses' document in which all interested and affected parties can see how their concerns or issues have been considered and are going to be addressed. Such a process ensures that any interested party can determine how their particular issue is to be addressed or not, and provides guidance for further engagement with the process.

Such documents are routine for the hundreds of EIAs undertaken in the country, including those for electricity related projects, and the use of the 'comments and responses document' is described in the EIA regulations and further elaborated in the public participation guidelines. From the guidelines:

7.3 Responding to comments received
All comments received by I&APs must be acknowledged, indicating how the comments received will be responded to. Comments and responses must be indicated in the Comments & Response Report (submitted with the Basic Assessment or Scoping and EIA Reports).
Note: *The EAP is responsible for ensuring that the issues raised by I&APs are addressed in an objective manner. Where issues are not addressed the reasons for this must be provided in the Comments & Response Report*.[15]

The partly revised parameter documents (based on issues raised by civil society regarding the IRP2) were published on the website on 27 July 2010, seemingly with some responses and comments. Initially, civil society welcomed this response.

However, a detailed analysis of the parameters reveals that government has ignored most of the inputs submitted into the IRP2 process, and appears to have prepared a comments and response document that, for the most part, fails to respond to comments and submissions in any meaningful way. Indeed, many comments and submissions are not recorded in the document at all; far less do they receive a substantive or reasoned response.

The IRP2 process relies on technical modelling and the results of this technical process will only be as good as the assumptions and parameters that form inputs into this model. Despite several technical

[15] DEA&DP NEMA EIA Guideline Public Participation September 2007

inputs by various civil society organisations, for the most part, there is no confirmation that (a) the inputs have been captured and brought to the attention of the modellers, or (b) that the inputs have been responded to in a way that demonstrates that they have been considered meaningfully.

On 3 August 2010, the DoE reported to Parliament's Energy Committee that they had received 81 submissions, which included 831 specific inputs concerning the parameters, and that these inputs were from NGOs (67), academics and consultants (63), and business and industry organisations (70).[16]

Methodology and scope of the analysis undertaken as the basis of this paper

1. Inputs from civil society:

The civil society organisations whose written and oral inputs were used in this analysis were: Climate Justice Now (Western Cape), Earthlife Africa (Johannesburg), Energy Caucus, Greenpeace, Idasa, Project 90x2030, SAFCEI and WWF-SA.

The Energy Caucus comprises many civil society organisations that focus on energy related issues in South Africa. The Climate Justice Network is an environmental justice movement focused on just solutions to climate change, and has members in different provinces in the country (community-based and non-governmental organisations).

In addition, NGOs like Idasa, and WWF SA drew on local and international expertise in their analyses, while organisations like Earthlife Africa, Project 90x2030 and SAFCEI work at grassroots community level. We therefore believe that the issues of concern raised by the majority of the major civil society groupings involved in the energy sector have been captured here.

2. DoE responses to civil society:

The analysis team were only able to access submissions that organisations sent to them as the IRP2 website did not publish all civil society inputs received for the public to access. The fact that the Department of Energy (DoE) has not posted all available written inputs received during the initial consultation phase is a missed opportunity to assist interested members of civil society, as well as the broader public (with internet access), to consider a broader range of views than their own. It also represents a transparency and accountability deficit, as the public is unable to assess to what extent the DoE has or has not taken reasoned account of inputs received

As mentioned above, the DoE's IRP2 consultation process elicited far more than eight submissions from civil society organisations, but these eight organisations undertook to participate in this initial exercise, and provided copies of their submissions. Of the eight, only four organisations' submissions received some form of response from DoE in the DoE parameters documents that contained the comments and responses. These specific responses included that the organisation is mentioned by name when the DoE responds to its comment; and that certain extracts from their submission are recorded in the DoE's response document with an accompanying response from DoE.

Not all the comments of organisations that are specifically mentioned by DoE have been addressed.

Four of the organisations that took part in our study have not been mentioned in the DoE parameters document, and while some of their issues have been addressed in responses that the DoE made to other organisations, this is not the case for many of their issues.

[16] DoE Presentation to PPC: Energy, 3 August 2010

This is despite the fact that all of these groups used their own resources and made a special effort to attend a stakeholder session/public hearing held in Pretoria in order to present their views on the parameters. The failure to respond to, or even record, 50% of the organisations' specific inputs further indicates that the comments and responses document is entirely inadequate for purposes of government officials demonstrating to their political leaders that they have responded adequately or meaningfully to public comment.

The comments and response document also fails to provide sufficient information to civil society organisations to enable them to participate meaningfully and in continued good faith in the IRP2 process.

The civil society submissions were analysed in terms of the issues they raised. In total, more than 250 issues were raised by civil society organisations. The examples of issues used in this analysis are drawn from issues that were raised by more than one organisation in the study.

Table 1: Number of issues raised by civil society organisations categorised according to the IRP2 parameters

Broad Parameter Categories	Number of comments
Demand	123
Supply	104
Externalities	26
Outcome	12

3. How seriously did DoE regard these submissions?

From our analysis of the issues raised by civil society organisations, the DoE responses are categorised into a range of responses as follows:

- **No response**: The issue is ignored and there is no reference to it in the responses document. This category contains a large proportion of comments, and includes many that were seeking specific technical information in order to comment substantively on the parameters.

- **Noted**: The response is noted, mostly with no further explanation. This category of comments shows that DoE is aware of the issue but fails to provide any information about whether this issue will be included in the IRP2 process or not.

- **Under Consideration**: The DoE responses acknowledge the input and suggest it might form part of the process at a later unspecified date. There is also no clear commitment to address the issue in the IRP2.

- **Issue included - Substantive Response**: These responses acknowledge the validity of the comment and refer to action taken to include it in the IRP2.

- **Issue excluded - Substantive Response**: These responses specifically state that the issue will not be included in this IRP, either claiming lack of information or challenging the claim made by the public organisation, or referring the issue to some future process such as the Integrated Energy Plan (of which the IRP2 is a subset) or further iterations of the IRP.

Examples of the comments raised in each category and the responses or lack thereof are given below. One of the examples of each category of issues raised are listed below together with the response from the DoE.

Table 2: Examples of comments and DoE responses

Type of DoE response	Issue raised	DoE response
No response	***Example 1:*** Nuclear energy should be excluded from climate mitigation measures ***Example 2:*** Supply Parameter: Target should be inputted as a minimum to allow for continued selection of RE options	
Noted	***Example 1:*** What are the targets on RE (percentage of electricity generation, split up for different technologies, small and large scale) for 2020 / 2030 / 2050? ***Example 2:*** Uncertain parameter; prudent to choose technologies that have a large percentage of local manufacturing and those that do not use imported fuels	Noted Noted
Under Consideration	***Example***: "The electricity demands of various sectors need to be broken down and analyzed"	"This is indicated more clearly in the adjoining reports from the System Operator and the CSIR. Alignment with industrial policy is still under consideration."
Issue included - Substantive Response	***Example:*** Role of energy storage systems in DSM and what energy storage systems will be considered?	Noted. Pumped storage and CSP with storage are already being considered.
Issue excluded - Substantive Response	***Example 1:*** GDP is a poor index of human development as it hides inequalities. Need to consider the Human Development Index (HDI), the GINI coefficient or the achievement of Millenium Development Goals.	***Example 1 response***: Noted. The chief consideration here is how well GDP serves as an indicator of electricity demand. Research into the explanatory power of the HDI or the other indicators to electricity demand would be useful and could be incorporated in future IRP iterations.

	Example 2: The assumed price elasticities of -0.01 to -0.02 are far too low. A figure of -0.2 would be much more reasonable. ***Example 3:*** Energy conservation parameter - Why are coal mines exempted?	***Example 2 response***: Noted. Price elasticity is almost certainly higher than the original indicated value, but the true value to use for the model is uncertain. This is not explicitly modelled for the current IRP, with additional research being required for later iterations. ***Example 3 response:*** Since the energy conservation programme is not considered in the IRP, this is not an IRP issue; however limiting energy supply to a coal mine supplying power stations would only exacerbate coal supply constraints, leading to further reductions elsewhere

Table 3: DoE responses to civil society inputs

Type of DoE response	Number of inputs that received this type of response	Percentage of inputs that received this response
No response	162	61%
"Noted"	22	8%
Under Consideration	12	5%
Issue included: substantive response	43	16%
Issue excluded: substantive response	26	10%
Total number of issues raised [17]	265	

The spreadsheet database where all the inputs were entered is attached as Appendix D.

For our analysis, we have removed duplicated issues and have indicated where organisations raised the same issues. If DoE failed to respond to the same issue raised by five different organisations, this was only counted as one DoE response.

[17] The total number of issues raised by different organisations totalled to 371. However, some issues were raised in more than one parameter. To simplify the analysis, these were regarded as duplicate issues and excluded from the analysis.

Results and analysis:

The results are depicted below in two pie graphs.

Figure 1 shows the proportion of the different category of responses made by DoE. It should be noted that 61% of the responses were non-responses (the solid grey pie piece). That is, DoE failed to respond to these issues at all. (Examples of these issues are given in Table 2.).

The striped slice indicates where DoE merely stated that it had '**noted'** the comment (applicable to 8% of issues). Clearly, this does not provide any useful information to the civil society organisation (or the general public) and, for all intents and purposes, this is no different to the solid grey block, which represents '**no response'**.

The stippled block refers to responses where DoE indicated that it might include the issue within the IRP2 but there is no commitment to do so - **under consideration**(5%). It will only be possible to determine if these issues were addressed once the final IRP2 is released and then only if DoE provides some reasoned explanation of the results.

The block with wavy lines refers to those issues that were responded to in some detail. In the table, these are coded as **Issue included - Substantive Response, or Issue excluded - Substantive response.** Within this block, there are two different responses categories. In one set of responses, the DoE responded positively, stating that the issue would be addressed within the IRP2 (16%). In the remaining responses, the DoE specifically stated why the issue would not be included within the IRP2 and in some cases, referred to the integrated energy plan or further iterations of the IRP (10%).

Figure 1: Proportion of DoE responses in the different categories

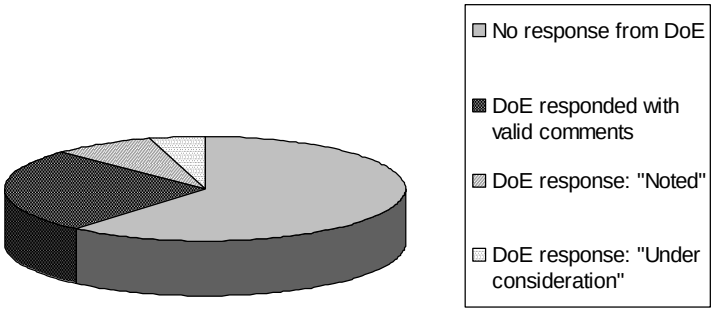
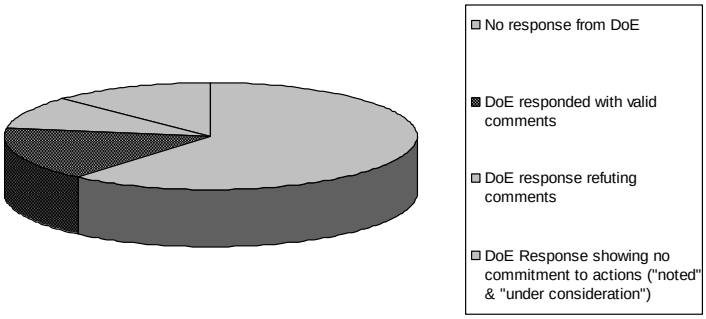


Figure 2 shows, for illustrative purposes, the percentage of civil society inputs that DOE has acknowledged would be included in this IRP 2010. This substantiates the perception that civil society issues have not been meaningfully addressed.

Figure 2: DoE Response to civil society - demonstrating the small number of comments that DOE has claimed that it will include as inputs into the modelling



planning

Within the substantive comments - there were ten comments that stated that the issue would be dealt with through the application of evaluative criteria post the modelling (See appendix D for list of issues). In other words, these issues are not going to be regarded as inputs to the modelling but as a means of assessing the outcomes of the modelling. The results of the modelling would then be a number of supply driven scenarios that would then be assessed to find the best fit against the socio-economic and environmental needs of the country.

Although the proposed DOE consultative process also included the opportunity to comment on the evaluation criteria, no further communication regarding this consultative stage has been forthcoming to date.

The role of IRP2 and civil society inputs

The following comments and responses by DoE reflected below raise some concern at the apparent lack of priority accorded the issues raised by civil society.

Examples of specific issues raised:

The following comments and responses by DoE illustrate an apparent lack of priority accorded the issues raised above and this is of great concern.

1. **Comments:** "Possible programmes (amongst others): Mandatory SWH for new residential and commercial buildings, Accelerated rollout of SWH; CFLs; Storage (thermal and pumped hydro) should be added to load shifting and energy efficiency initiatives, especially utility scale storage"

   Response: "Noted. This possibility will be considered for future iterations."

2. **Comment:** "What programmes are planned to enable/encourage industries and residents to self-supply? Is Own Generation regarded as a supply-side option?"

   Response: "The IRP does not incorporate any programmes to support self-supply. Existing non-Eskom capacity is included, but new capacity is treated as generic."

3. **Comment:** "Inconsistent approach to transmission expenditure – excluded elsewhere, but is the reduction thereof is noted as a benefit of own generation? "

   Response: "As part of the criteria assessment the cost of transmission infrastructure will be determined for each scenario and evaluated."

There are also inconsistencies in the way that DoE has responded and motivated some of its choices.

In a response to demand parameters, measures for reducing demand were put forward:

4. **Comment**: "Assumption not clear: the 8% by 2015 could seem to contradict the target set by the National Energy Efficiency Strategy of 12% by 2015"

   Response: no response

5. **Comment**: "The forecast energy-efficiency improvement of <8% from 2000 to 2015 is 0,5% a year. Globally, energy efficiency grew by twice this at 1% a year between 1980 and 2003 and McKinsey & Co believe this could be boosted to 2.5% p.a. to 2020."

   Response: "Noted".

However, in response to other energy efficiency and DSM comments:

6. **Comment:** "DSM initiatives do not seem to have sufficient realism in the expectations of timeframes, costs, savings extent";

   Response: "Noted. The above programmes are based on Eskom expectations in the absence of a broader consensus."

7. **Comment**: "Storage (thermal and pumped hydro) should be added to load shifting and energy efficiency initiatives, especially utility scale storage"

   Response: "Noted. This possibility will be considered for future iterations."

There is also some commitment to consider an enhanced energy efficiency target but according to parameter O1, there is no energy efficiency beyond 2015. The alternative offered as outlined in one of the comments above, has not been responded to in a manner that implies acceptance. In other words, a conservative approach, probably based on historic energy efficiency trends appears to be used in order to guide planning rather than any ambitious potential.

However, in response to a civil society comment that sought to challenge the growth path and the relation between GDP and electricity demand:

8. **Comment:** "GDP is a poor index of human development as it hides inequalities. Need to consider the Human Development Index (HDI), the GINI coefficient or the achievement of Millennium Development Goals. "

   Response: "Noted. The chief consideration here is how well GDP serves as an indicator of electricity demand. Research into the explanatory power of the HDI or the other indicators to electricity demand would be useful and could be incorporated in future IRP iterations."

9. **Comment:** "Long term avg GDP growth should be 3% for moderate, with 2% and 4% for low and high"

   Response: "Noted as an input, however recent history would suggest long term growth can exceed 3% consistently, given other constraints being removed. The low growth scenario above is consistent with this approach and would indicate the possible supply options required to meet the lower growth."

It would seem that Eskom is taking an optimistic approach to electricity growth. It is perhaps useful to note that in a report prepared by Eskom (systems and operations planning) as part of the IRP2 forecast, the following is stated:

"These forecasts take the impact of the high price increases in the medium term into account together with the resultant customer reactions as reflected by the declining electricity intensity and the derived margin. The global economic crisis in 2008 has resulted in decreased electricity sales which will only be regained once the global economy has recovered and it is estimated that the electricity sales will recover to the same level as before the economic crisis in the 2010 calendar year." (Systems Operator report July 2010).

But DSM is low on their agenda:

"The average annual electricity sales growth rate for the moderate forecast is 2.84% against an average annual growth rate of 4.51% for the GDP. The corresponding numbers for the high

forecast are 3.65% and 5.51% and for the low forecast 1.85% and 3.51%. These forecasts do not take into account any specific planned incentive based DSM initiatives." (Systems Operator report July 2010)

Taken together, the example above is an indication of an approach to electricity planning that appears to be extremely optimistic in terms of the increasing need for electricity over the next twenty years but has an extremely conservative attitude to any intervention that might reduce this demand. Again, this highlights some of the inconsistency in the responses.

This leads to a concern that South Africa may find itself in a situation where it has overinvested in large generation units, imposing a huge burden on the state fiscus and then, with surplus electricity to hand, woos heavy industry with offers of cheap electricity. Historically, Eskom has done this before and it is now commonly understood that such a cavalier approach to the state fiscus is not in any way regarded as efficient electricity planning, and risks imposing an unacceptable financial burden on South African society.

The impression gained by this analysis of civil society inputs is that government is not taking consultation seriously. It appears that in the majority of cases, DoE fails to adjust this IRP2 to include such inputs even in cases where it acknowledges that such information would be valuable.

Conclusion

The process has been marred by insubstantial consultation, poor and inappropriate communication and consultation tools, and a very rushed process. The appointment of an advisory task committee comprised of special interest players operating in a non-transparent forum is a serious impediment to accountability and democratic decision-making. Moreover, the favouring of elite interest groups works against just and fair process and outcomes.

The vast majority of inputs by civil society have been unreasonably and inappropriately ignored by the drafters of the IRP2. Apart from substantive reponses, other responses have been inconsistent, contradictory and poor, where they have not been entirely absent.

Although, at the time of writing, the IRP2 modelling outputs/scenarios/draft IRP2 has not been released for public comment, the DoE's response to several of civil society comments provides a clear indication that this IRP2 will fail to satisfy the majority of civil society concerns and issues, and will continue to serve primarily the narrow interests of a small number of industrial users above the public interest.

Future steps/Action

The results of the IRP2 have been delayed and the document containing the scenarios that were modelled are about to be released. Although the DoE claims that for a small minority of issues raised by civil society, it will take these on board, this is not proven until the IRP2 scenarios come out for comment, and civil society will need to review how the scenarios have been adjusted to reflect their inputs.

A key focus of future action is that civil society will need to engage with the DoE and other relevant government and oversight actors to determine to what extent corrective action can be taken to address the concerns raised as a result of this process.

Part of what civil society will need to consider is why and whether to continue participating in processes that blatantly ignore the comments made by civil society organisations.

What other options are there?

According to the IRP2 parameter document, and confirmed by DoE official, Mr Ompi Aphane[18], the scenarios will be assessed against a number of evaluation criteria. This would aim to ensure that the technical modelling exercise meets the developmental priorities of the country. According to the DoE, these criteria would be published for public comment and once the criteria are finalised, the scenarios would be published for public input.

The manner in which civil society organisations' issues have been treated to date by the IRP2 process does not augur well for the weight they will be given in any future iterations of the IRP2. It also seems that if civil society waits for DoE to issue draft criteria, these criteria are likely to be similarly biased towards a 'business-as-usual' approach and any reactive comments civil society makes will be ignored.

Those organisations that continue to engage with IRP2 might want to use the investigation results in this report to put pressure on government to open up the planning process to allow more meaningful participation.

For DOE, there are a number of corrective measures that might assist in improving the administrative fairness and transparency of the process. These could also add value to the eventual output through enriching the substance of that decision-making process and filling some of the gaps apparent in the technical committee. These include:

- The inclusion of other experts and civil society into the task team to add value.
- Making the minutes of meetings available for public scrutiny to aid transparent and accountable process.
- DoE disclosing its budget for public consultation and working with civil society to determine how to make the most effective use of such funds to improve the consultative process.
- Extending the timeframe to accommodate additional inputs, corrective measures etc
- Serious consideration to postpone the adoption of the IRP2 until, at least, the IEP, RE White Paper and CC Response policies are completed; or, alternatively, to adopt a provisional IRP2, subject to the availability of guidance from these policy processes

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[18] (reference to personal meeting with report compiler of 11 Aug 2010)

Appendix:

Issue	DoE	Comment
The positive effect of greater amounts of renewable energy as opposed to fossil fuels or nuclear in reducing exposure to fuel price fluctuations is an extremely important consideration.	Noted. This should be considered as part of the risk analysis in the criteria assessment.	Security of supply
Inconsistent approach to transmission expenditure – excluded elsewhere, but is the reduction thereof is noted as a benefit of own generation	As part of the criteria assessment the cost of transmission infrastructure will be determined for each scenario and evaluated.	Economic impact - reduction in transmission costs will impact on tariffs Energy security through decentralised supply options
Benefits of decentralised generation over central generation are being ignored Developments SA	The network impacts will be tested and specifically losses will be tested as part of the criteria analysis.	Economic impact - reduction in transmission costs will impact on tariffs
Externalities – the main externalities, positive and negative, should be included in all the scenarios because they are unavoidable and a fact of life (e.g. carbon emissions, water usage, job creation, health and safety etc).	Noted. **There is little information on the monetisation of these externalities, but the criteria will attempt to either monetise the externalities or include the risks** in the risk analysis and economic benefits under the economic assessment.	Risk assessment - seems to be focused on economic impact
Costs of externalities should be internalised in life cycle costing (Energy Caucus) But these externalities should not be subject to a non-zero real discount rate, as the impacts accumulate over time rather than diminish (in particular nuclear waste).	Externalities will be included after the modelling as part of the criteria determination, assessing different scenarios based on the full cost (inclusive of externalities)	Risk Assessment - but contradicts point above - how will they do full cost accounting if "There is little information on the monetisation of these externalities"
Of all technologies renewable energy provides the most jobs and nuclear energy the least.	Noted. This will be included in the criteria assessment for each scenario.	Jobs and livelihoods
The risks of a nuclear accident are not calculated but need to be included.	Noted. The risks associated with technology options will be considered as one of the criteria in assessing the different scenario outcomes.	Environmental services risk Intergenerational equity

Parameter must include the following costs: learning rate (annual cost decline factor, distribution , waste treatment or storage, insurance, water, decommissioning, associated infrastructure (new roads, mines etc); externalities	Noted. Certain costs, such as infrastructure, externalities will be considered in the criteria assessment.	Environmental services
The IRP model should consider the location of a plant as it has implications across the board from fuel supply to transmission costs and supply to local air quality limits to water supply to job creation.	As indicated above, there will be a locational analysis as part of the criteria assessment to determine the additional costs associated to generation locations.	Economic impact Security of supply risk
Distributed grid generation must form an important input parameter.	Noted. The benefits of distributed generation can be included as part of the location analysis.	Security of supply Jobs/livelihoods