

safcei

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NERSA

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SOUTHERN AFRICAN FAITH COMMUNITIES' ENVIRONMENT INSTITUTE

# About SAFCEI

The Southern African Faith Communities' Environment Institute is a multi-faith organisation committed to supporting faith leaders and their communities in Southern Africa to increase awareness, understanding and action on eco-justice, sustainable living and climate change.



# About SAFCEI

SAFCEI works to:

To create a strong, resilient, regional network of faith leaders and communities who are challenging governments on poor energy decision-making, and holding executives to account when planning lacks transparency and legitimacy, and fails to transition towards clean and affordable energy systems.

This is done through training, advocacy, workshops, online events and sharing of information with faith leaders and their communities.



# SAFCEI supports the principle of an independent National Transmission Company (NTC) with the provisos that:

- ▶ the NTC is wholly owned by the state,
- ▶ that a separate NTC will remove red tape and open opportunities to purchase power from a wider range of electricity producers to help alleviate the current electricity crisis,
- ▶ NERSA clarifies the implications for electricity tariffs and informs the public of these prior to granting NTC an operating licence.
- ▶ that the cost of an unbundled ESKOM does not add to the increasing cost of electricity, but instead results in reduced tariffs through access to cheaper generation options.

# SAFCEI support and NTC that would include:

- ▶ improved opportunity to fast track and grow much needed Renewable Energy generation by removing the monopoly of having to purchase all electricity from ESKOM.
- ▶ to diversify the `investors and investment' in new RE generation
- ▶ With the lifting of some of the restrictions around private generation as well as permission for local authorities to buy directly from IPPs, an independent NTC is needed so transmission can better match supply with demand
- ▶ An NTC offers an opportunity for improved transparency around cost of supply as well as issues such as the state of the grid.



# SAFCEI believes that the benefits of an independent National Transmission Company include:

- ▶ Private finance is likely to look more favourably at working with an independent NTC regarding future investment in energy generation
- ▶ Reliable sources from the PCC have indicated that the majority of the 5.8bn US dollars promised to South Africa at the Glasgow COP 26 has been earmarked to upgrade the transmission grid. It is essential that these funds are invested in the NTC for grid extension or upgrades and not lost in the ESKOM parent company.

# However:

- ▶ In spite of all the positive aspects of a NTC, SAFCEI has concerns regarding the impact on the cost of supply of electricity and therefore on affordability of future electricity tariffs. We do not know what the impact is likely to be on tariffs. This means that SAFCEI can't give an unconditional go ahead for the licencing of the NTC. We need NERSA to provide clarity regarding the cost implications for the public so that the public can make fully informed comment. This needs to happen prior to approving the licence application. There will be additional costs in setting up 3 entities.
- ▶ The cost of electricity to the end user is critical. Access to energy is directly linked to achieving a JET. As SAFCEI's membership includes many grassroots faith communities struggling with energy poverty, affordability is one of our key concerns

In summary, SAFCEI supports the granting of the Transmission Licence, Electricity Trading Licence, Electricity Import And Export Licence to the National Transmission Company (SOC) LTD on condition that:

- ▶ The NTC and the transmission grid remains wholly a state asset.
- ▶ NERSA clarifies who the NTC may purchase electricity from. That is, will the NTC be licenced to purchase from smaller IPPs and organisations such as mines and industry that have surplus to sell? Impacts on electricity prices unclear
- ▶ That NERSA explains how the operation of the NTC will impact tariffs prior to approving the licences.
- ▶ Recognition by NERSA and the ESKOM Board that the unbundling of ESKOM and licensing of the NTC needs to support the JET in ensuring affordable access to energy.
- ▶ Recognition by NERSA, National Treasury, CoGTA and SALGA that the restructuring of our energy supply system should include a new tariff methodology as well as a sustainable system to provide a basic energy allocation to low income households



Thank you

