

20 ENERGY
18 SUMMIT

SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION
SALGA
Inspiring service delivery

“Defining the **Energy Future** of Local Government”



Energy Summit: Defining the Energy Future of Local Government

7th to 9th March 2018



Background



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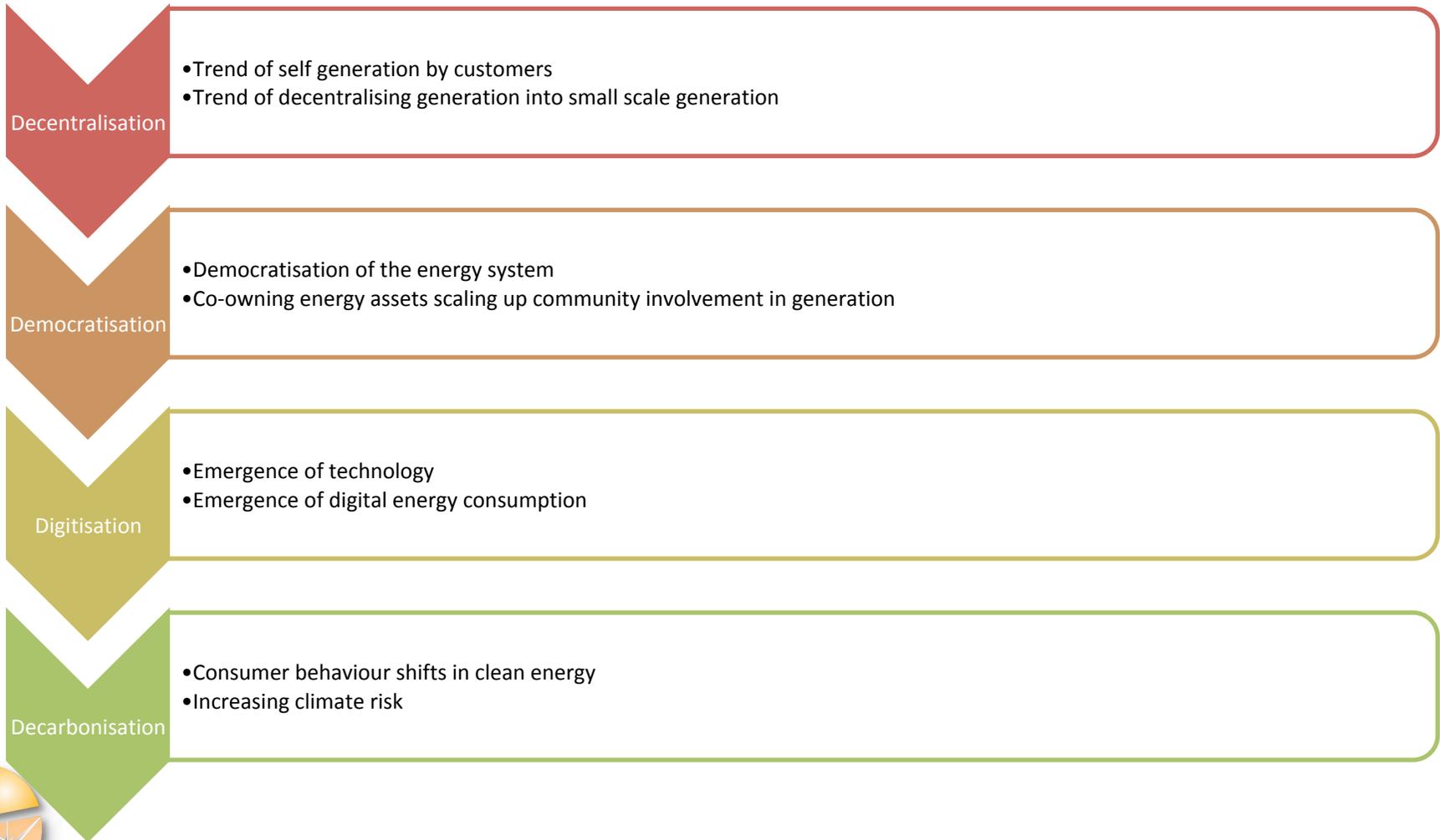
- SALGA is hosting a summit the will be taking place at the **Sandton Convention Centre** on the **7th to 9th March 2018**
- The summit will be focusing the **problems associated with the current business model** as a result of the following changes:
 - Stagnant or even declining electricity consumption
 - Energy security threats and increasing electricity prices, associated with decreasing technology costs and increasing product quality
 - Increased interest in energy efficiency and renewable energy technologies,
 - Growing interest in self-generation of electricity through renewable technologies such as solar photovoltaic systems
 - Lack of Affordability as a result of increasing electricity costs
 - Theft and Non-Payment
 - Renewable Resources and Energy Efficiency
 - Business Opportunities



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- The electricity industry could soon be facing its most disruptive period of change since the commercialization of electricity in the 19th century.
- The time is ripe for significant transformation because the **potential for dramatic disruption to the existing electricity operating model** is coming not from one direction,
- It's coming from a range of factors such as **demand, technology, regulation, new products, and new competitors,**
- **Infrastructure** Maintenance Backlog (Both Eskom and Municipalities)
- The **financial sustainability of municipalities is threatened** which results into:
 - an increase in the Eskom debt, which in turn **negatively affect the energy system** and
 - also negatively affecting service delivery





Purpose



“Defining the **Energy Future** of Local Government”

To examine the current energy landscape and to define the energy future role for Local Government



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Objectives



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- To understand how the transition manifests economically, legally, financially and institutionally for Local Government
- To pursue consensus of the political leadership in the energy sector to agree that change is necessary
- To examine the possible scenarios for South African Energy sector and to define an ideal Future Local Government Utility
- To develop and define a framework on the country compact for the energy sector



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Programme Overview



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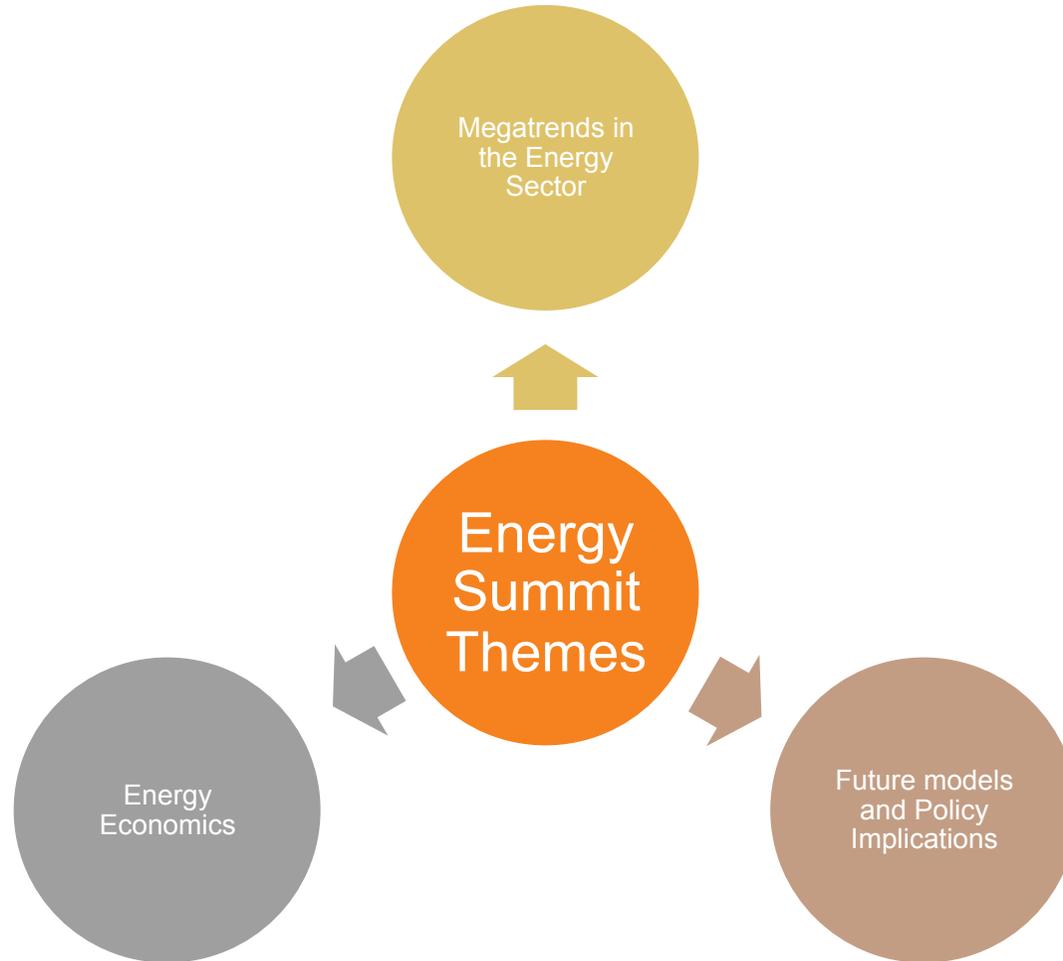
Day 1	Official Opening Welcoming from address from the President and Ministers Ceremonial Speeches
Day 2	Session 1: Five Presentations Session 2: Panel Discussion Session 3: Five Facilitated Breakaway Sessions
Day 3	Session 4: Review of Breakaway Sessions Summit Declaration Closing of Summit



Themes



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Theme 1: Megatrends in the Energy Space

Objective: Reflect on the key megatrends occurring in the Energy space both Nationally and Internationally

Problem Statement

- Numerous trends are challenging the South African Energy landscape, threatening the sustainability the Electricity Supply Energy

Areas of Discussion

- Major trends or likely discontinuities affecting the energy sector over the next five to ten years?
- Will change be driven by the market, or by policy? Or Consumers
- Key International Energy Trends
- Trends in the South African Energy sector
- Changes in the system such as Decentralisation, Democratisation, Digitisation and Decarbonisation
- Implications of Embracing or Resisting Change
- Opportunities for radical new business models for all Players

Outcomes

- A shared understanding of the nature and extent of Megatrends in the South African Energy sector
- Reflection on trends in power generation, the rise of decentralised power, the blurring line between the energy producer and energy consumer
- Possible Scenarios

Speakers

- Local Energy Experts
- International Energy Expert



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Theme 2: Energy Economics

Objective: To explore opportunities shaping Energy Economics

Problem Statement

- Municipal revenues are declining due to unaffordability, technology and slow economic growth which in turn negatively impacting service

Areas of Discussion

- The future realities and innovations to strengthen Municipal Revenue “explore other sources of income and ensure revenue sustainability”
- Asset Management “How to sweat the assets and procure maintenance resources”
- Financing Instruments and Mechanisms (Energy Infrastructure)
- Energy Technology, Systems and Revenue modelling
- Elasticity of Supply and Demand in Energy Market
- Energy Forecasting
- Electricity Affordability
- Opportunities for radical new business models for all Players
- Considerations of the Death Spiral
- **Input Costs and Wheeling Costs**
- **Cost of energy and macro-economic benefits of different energy future scenarios**

Outcomes

- Options on municipal revenue streams
- Proposed Financing instruments and Mechanisms
- Proposed Innovations on Asset Management

Speakers

- Local Energy Experts
- International Energy Expert



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Theme 3: Future Models and Policy Implications

Objective: Examine key opportunities and constraints in the Legislative Framework of the Energy Space

Problem Statement

- The current legislative policies are constraining municipalities from pursuing innovative and development solutions in the energy space

Areas of Discussion

- Examine the current legislative and policy context shaping the energy system
- Current constraints and weaknesses of the legislative framework in the energy space
- Opportunities for enhancements in the legal framework to create an enabling environment for energy transitions
- International Best Practice in the enhancements of the legislative framework
- Energy Planning Policy: national energy planning and local government energy planning

Outcomes

- Identified constraints and opportunities of the legal framework
- Recommendations on Legal Framework enhancements

Speakers

- Local Energy Experts
- International Energy Expert

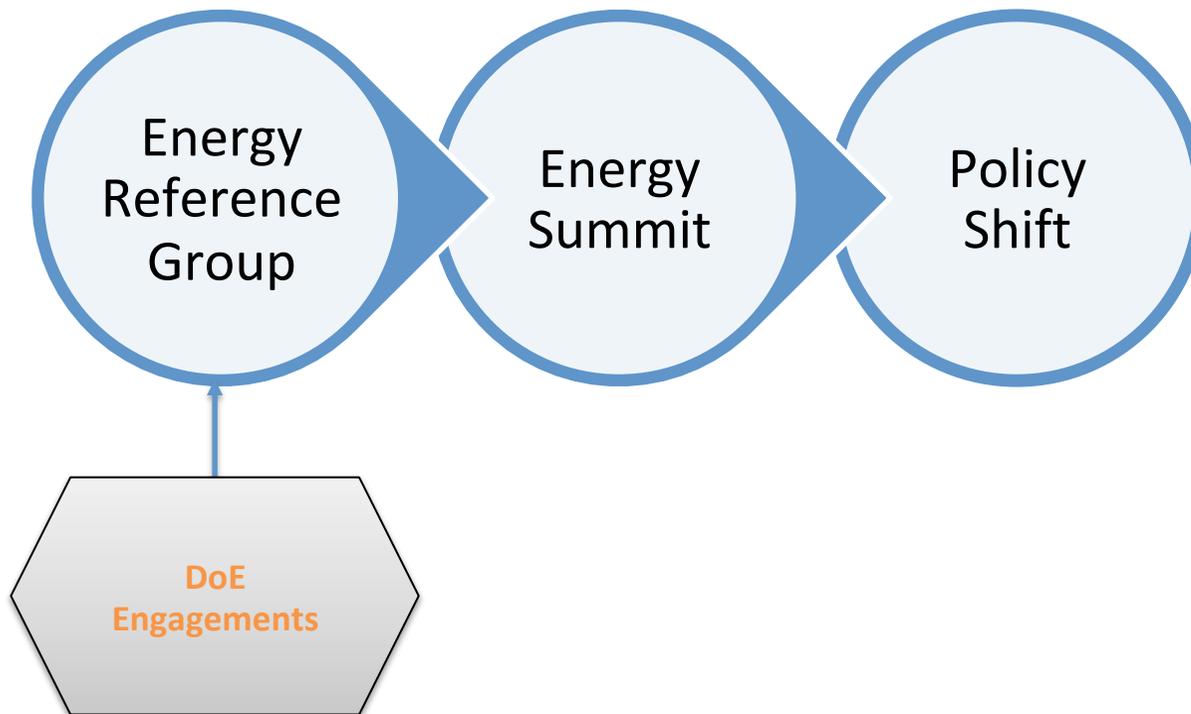


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Post Energy Summit: Policy Shift



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- The main objectives of the Reference Group is to strategize on the content of the Energy Summit
- It will involve energy experts, private sectors, relevant national government and Eskom and others that will engage on the following:
 - Finalisation of the Energy Summit Agenda
 - Finalisation of Key Speakers
 - Finalisation of the Energy Summit Programme
 - Finalisation of the Content and steps to be taken post the Energy Summit



- Post Energy Summit Report with an Action Plan for lobbying (IRP and others) and engage on Work-stream or Roundtable.
- Post the energy summit work will be done with the DoE and other key stakeholders to propose innovative frameworks of policy, legislative and institutional changes that will enable South Africa to adapt to the disruptions in the energy space.
- The propositions will present the proposals necessary for **Policy Shifts that will be aligned to the changing environment in the energy sector.**
- The propositions will also examine possible short term LG opportunities
- Other:



Annual Energy Summit **SALGA/DoE MoU**

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Thank You

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