

# As IPP construction draws to a close, it's important to keep the bigger picture in mind

By [Janine Espin](#),

18 Nov 2019

As construction of South Africa's latest round of renewable energy facilities being built by the Independent Power Producers (IPPs) nears completion, the energy sector is on the cusp of an exciting period of possibility. Much like the changes that came with the rapid advancements in technology and mobile telephones, it's important for all industries involved to prepare for the disruption that progress brings, and to gear for change in a responsible way. What do these 27 new IPPs mean for our country and how can they create sustainable opportunities for communities now that the construction phase is almost over?



Janine Espin

Centralised power generation plants will be phased out in favour of renewable, sustainable energy sources, and our days of dependence on coal and a monopolistic power producer are limited. Given the inextricable connection between energy, water and food production and the persistent droughts experienced in the past few years, energy must now be prioritised so that it may fulfil its role as the enabler that will unite disparate sectors and bring about the economic stimulation that South Africa so urgently needs.

## A powerful context

In May 2011 the Department of Energy gazetted the Electricity Regulations on New Generation Capacity under the Electricity Regulation Act and the first Independent Power Producers (IPPs) were appointed. Since then, photovoltaic solar farms, wind farms, concentrated solar plants and small-scale biogas plants have been established in rural areas of South Africa to meet the goals of the National Development Plan (NDP). The Renewable Energy Independent Power Producer (REIPP) programme has already made a significant contribution to climate change objectives pursuant to our commitments as a Paris Accord signatory, with carbon emission reductions of 33.2-million tonnes carbon dioxide and water savings of 39.2-million kilolitres, achieved by 31 December 2018 alone.

## Status update

Having made significant impacts on the economy, job creation, community upliftment, economic transformation and climate change already, it's tempting for companies involved to think that their obligation to engage local communities is tapering off

with construction nearing completion. However, this is not the case. Unless risk mitigation strategies are carefully considered and carried out collaboratively between private and public sector, local communities that have benefitted (albeit temporarily) from the construction boom will be plunged back into the cycle of poverty. This makes it important to ensure that workers walk away in a better position than they were in previously. Having received training and vital on-the-job experience, companies can ensure that the workers they let go have a better chance of finding employment by providing them with verification of the skills they've acquired in order to negotiate a better wage as a semi-skilled, rather than unskilled labourer.

## **Avoid short-sightedness to see the bigger picture**

Since inception, the REIPP has attracted R209.4bn in committed private sector investment. Local communities have already benefited from over R1bn spent by the IPPs on education such as teacher training, extra teachers and classrooms, and bursaries to students from disadvantaged communities. Furthermore, the provision of health facilities and medical staff, and the implementation of social welfare measures such as feeding schemes, support to old age homes and early childhood development will go a long way toward upliftment in these areas, along with the support that has been provided for the establishment of more than 1,000 small enterprises.

Construction is seasonal, and the process of building the 27 IPPs in rural areas was never intended to provide long-term employment opportunities. Such IPPs will have minimal human resource requirements for operation, which makes it imperative to consider the bigger picture. Renewable energy generation plants, and their related hybrid technologies such as storage and their associated industrial value-chain activities must support the creation of jobs and enhance employment opportunities, while simultaneously managing scarce water resources and curbing the rising costs of energy.

## **ABOUT THE AUTHOR**

Janine Espin, managing director at Economic Development Solutions

For more, visit: <https://www.bizcommunity.com>