Energy storage market analysis pretoria

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Over the following ten years, South Africa’s total power capacity is expected to expand by just under 4GW according to Fitch Connect forecast. The vast majority of this capacity will come from non-hydro renewable sources, which will increase from a 9.3% share of total power generation in 2023 to 17.0% by 2032 according to the predictions. This growth will be fueled by the Renewable Independent Power Producer Programme and the lifting of the license cap, which will enable more private sector participation in the power sector.

The production of thermal energy in South Africa is expected to decline from 200.1 TWh in 2023 to 188.0 TWh in 2032. The Just Energy Transition Partnership’s plans to decommission and repurpose outdated coal-fired power plants in an effort to lower the market’s high level of emissions and the persistent underperformance of the country’s existing thermal capacity are mostly to be the reason for this. By 2032, the government is apparently planning to shut down seven coal-fired power facilities, but until more specifics are known about when and how this will occur, there is not much that can be said about this.

Policy: The South African Government"s National Development Plan (NDP) is the blueprint for infrastructure development to 2030. The NDP lays out a framework for future power generation in South Africa, while energy policies in South Africa are driven primarily by the Department of Mineral Resources and Energy"s (DMRE) Integrated Resource Plan (IRP). The IRP is DMRE"s estimate of electricity demand growth and what energy generation types should be procured to meet that demand, along with the generation capacity, timing, and cost. The IRP is an electricity infrastructure development plan based on least-cost electricity supply and demand balance, considering security of supply and the environment (minimize negative emissions and water usage).

The IRP envisages a total addition to electricity capacity of 29,500 MW by 2030, led by renewables (notably 14,400 MW from wind and 6,000 MW from solar photovoltaic).

Policy Direction: The South African Government"s National Development Plan (NDP) is the blueprint for infrastructure development to 2030. The NDP lays out a framework for future power generation in South Africa, while energy policies in South Africa are driven primarily by the Department of Mineral Resources and Energy"s (DMRE) Integrated Resource Plan (IRP). The IRP is DMRE"s estimate of electricity demand growth and what energy generation types should be procured to meet that demand, along with the generation capacity, timing, and cost. The IRP is an electricity infrastructure development plan based on least-cost

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Policy Direction: As a result, the government announced a procurement package in September 2020, which represents a major acceleration of the goals set out in South Africa’s latest Integrated Resource Plan. This was government"s way of trying to respond to the problem of persistent electricity shortages in the country by announcing a new phase of power-generation procurement totaling a projected 11,813 MW.

The bulk of the new capacity will be distributed as follows:

All projects will be undertaken by independent power producers (IPPs), with output being sold to Eskom. Ambitiously, the authorities aimed for the new capacity to be in place by 2022 but there seem to have been delays on putting some of the projects into financial close. This is mostly due to some companies that won bids based on prices that changed significantly as consequence of Covid-19 which affected the supply chain on manufacturing.

Government Initiative: Renewable energy is increasingly regarded as an attractive source of power in the country. To diversify its energy mix and attract more IPPs to the sector, South Africa has developed a renewable energy independent power producer program, namely the Renewable Energy Independent Power Producer Procurement Program (REIPPPP), which has proven very successful in bringing renewable energy projects to commercial operation. To date, REIPPPP has successfully procured 6.4 GW from 112 IPPs across seven bid windows.

After numerous rounds under REIPPPP, the program has seen a significant decline in costs by approximately 55 percent for wind (ZAR 1.51 to ZAR 0.62 per kWh) and 76 percent (ZAR 3.65 to ZAR 0.62 per kWh) for solar PV, which make the technologies cost-competitive with new-build coal. Furthermore, renewable power sources account for just under 3 percent of South Africa"s national electricity supply, from a baseline of zero in 2010.

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Web: https://kary.com.pl/contact-us/
Email: energystorage2000@gmail.com
WhatsApp: 8613816583346