

# The role of renewable energy in a post Covid-19 economic recovery

By [Boitumelo Kiepile](#)

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Boitumelo Kiepile, head of regulatory affairs, Enel.

For the past few months, the world has been feeling the impact of Covid-19 and, with many countries under lockdown, the economic ramifications have already been serious. In Africa, the [impact of the slowdown on economic and business activity](#) is estimated to result in a 5-6% decline in gross domestic product. Various economic sectors have been negatively impacted by these lockdowns and renewable energy is not immune to such effects.

The South African government has demonstrated its commitment to the development of renewable energy, as made evident by the announcement of the updated Integrated Resource Plan (IRP), which provides a robust plan for the development of new power generation capacity from renewable sources. Furthermore, the minister of mineral resources and energy issued directives on 15 May 2020, which saw the resumption of construction activities for renewable energy projects, both utility and small-scale embedded generators.

Currently, the construction works on the 27 utility-scale renewable energy projects in South Africa, which were affected by the lockdown, have been allowed to resume. These projects provide customers with sustainable, affordable and clean energy for the foreseeable future and ensure that economic activity restarts after the lifting of the economy-wide lockdown.

## Success of REIPPPP

The renewable sector in South Africa has demonstrated its importance as an economic contributor through the highly acclaimed Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). In less than 10 years since its introduction, the programme has seen sizable investments, spurred job creation, economic and social opportunities and support to enterprises. Therefore, through its various value chains, from manufacturing to construction and other related industries, the sector will be an important driver of a post Covid-19 economic recovery, as it is also demonstrating now that it can operate under the risk-adjusted opening of the economy by the government.

In South Africa, the renewables sector can play a particularly important role in the economic recovery, especially for an economy that has already been hit by credit rating downgrades. As evident from the REIPPPP and the rapid uptake of technologies such as roof-top solar and other small-scale embedded generation for both residential and commercial customers, the sector has been led by private sector participation.

The minister's directives also allowed regulatory bodies, such as the National Energy Regulator of South Africa, to resume processes that were stalled or an acceleration of those which were proceeding slowly.

Additional measures that could be considered by the government include the continued promotion of renewables by finalising programmes and policies already in place such as REIPPPP, the recently published Section 34 Ministerial Determinations and the draft Regulations amending the Electricity Generation on New Capacity.

The initiatives that can boost the recovery through renewables include developing and finalising a less administrative licensing framework for own-use and self-generation by the commercial and industrial sector and energy intensive users. With the same goal in mind, updating and finalising the wheeling regulatory rules gives access to the grid for third-party transportation of energy for power plants that cannot be built on-site. Furthermore, it encourages the local manufacturing of components.

## **Economic recovery**

We believe that a post Covid-19 economic recovery will require a secure energy supply, and the renewables sector, with its proven short time-to-market, can contribute both to the energy requirements and to the broader economic recovery through its manufacturing, construction and operations value chains both at national and local levels. Broader advantages can be achieved by placing the renewables sector at the center of an economic recovery. Therefore, promotion of the renewable sector is and will be the key to the restart of the economy.

Renewables do not require actual government funding, therefore allowing the government's budget to focus on dealing with the impacts of Covid-19 emergency directly. In addition, renewables deliver savings by using more affordable and reliable energy sources, especially for commercial and industrial markets, which includes small and medium enterprises, who are the drivers of economic recovery. Due to their decentralised nature, renewable projects allow for far more community inclusion than their fossil fuel counterparts, all while increasing the resilience of the energy system and providing a solution that integrates economic recovery with a greater reduction of emissions. For South Africa, an economic recovery that includes the renewables sector as a main driver reinforces the country's commitments made under the Paris Agreement.

To support the announced investments in the recovery, we need energy, and new renewable energy currently provides the most affordable form of power generation, making its promotion and development a key step in kick starting the economy.

## **ABOUT THE AUTHOR**

Boitumelo Kiepile is the head of regulatory affairs - Enel Green Power South Africa (EGPRS A)

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