

Integrated Resource Planning Training for Decision Makers

Day 7, Session 13 – Stakeholder Engagement in the IRP
process

16 March 2021

Agenda

- ▶ **Why do we need stakeholder engagement?**
- ▶ **Getting stakeholder engagement right**
- ▶ **South Africa case study**

Why do we need stakeholder engagement?

IRP is a powerful document which has material impacts on many stakeholders

▶ The IRP has significant implications for various stakeholders

- Electricity sector actors (utility, IPPs, ITCs, IDCs)
- Government agencies
- Consumers

▶ IRP also has impacts extending beyond the electricity sector

- Environmental impacts
- Socio-economic impacts
- Sectoral development
- Macroeconomic impacts

▶ Stakeholders have an interest in the development of the electricity sector

▶ Many new IRPs fail to recognise the importance of comprehensive stakeholder engagement

- **Case study: Stakeholder engagement in the South Africa IRP planning process highlights how stakeholder consultations can be encompassed in the process**

Stakeholder engagement is crucial to ensure the IRP is a success

- ▶ **A successful IRP needs to be accepted by various stakeholders, not just the actor responsible for commissioning or developing the IRP**
- ▶ **Two key risks faced in implementing IRPs:**
 - The document is not socialized and ends up at the bottom of a drawer
 - The document does not align with the needs and realities faced by different stakeholders and becomes unusable

- ▶ **Stakeholder engagement is crucial to commitment to the IRP**
 - Creates buy-in to the IRP process
 - Crucial in countries where integrated resource planning is still in infancy
 - Ensures that the IRP is realistic and meets expectations of stakeholders
 - Provides transparency in the planning process
 - Helps facilitate the implementation of the IRP
 - Can encourage and facilitate investments
 - Attract private finance

What stakeholders to engage?

- ▶ Exactly what stakeholders to engage will depend on the local context and scope of IRP.
- ▶ What stakeholders are engaged in the planning process in your country? Why are these chosen?

Electricity sector stakeholders	Public stakeholders	Consumers and other interest groups
<ul style="list-style-type: none">• Utilities• Independent power producers• Industry associations (e.g. coal or nuclear lobbies)• Transmission and distribution companies	<ul style="list-style-type: none">• Regulators• Regional regulators• Ministry of Energy• Ministry of Finance• Ministry of Industry/Business• Ministry of Environment• Ministry of Water	<ul style="list-style-type: none">• Domestic consumers• Unconnected households• Commercial and industrial consumers• Business groups (e.g. Chamber of Mines, Industry federation)• Environmental and social stakeholders• Trade unions

Getting stakeholder engagement right

How to engage stakeholders?

- ▶ Different options to incorporate stakeholder engagement

Consultative committee

- Members from different stakeholders form a committee
- Committee collaborates closely with the consultant throughout the IRP development process

Consultation windows

- Invite comments on drafts at various points, e.g.
 - when finalising the scenarios for the load forecast
 - after the baseline scenario results are published

Consultation forums and workshops

- Opportunity to share the IRP planning process with stakeholders
- Collaborative, interactive engagement
- Can help share knowledge about IRP

Stakeholder engagement is not a box-ticking exercise

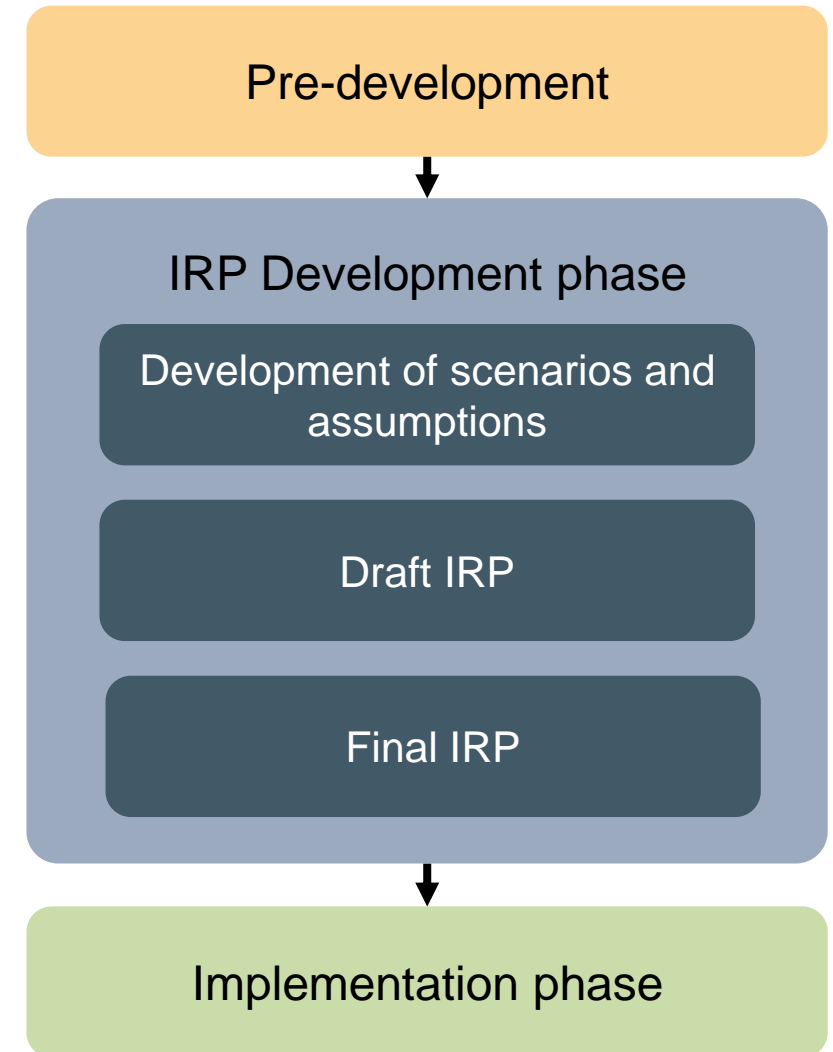
- ▶ Stakeholder engagement should not be done just for the sake of it
- ▶ Risk of undermining the credibility of the entire IRP if it is not clear how stakeholder engagement was incorporated into the IRP
- ▶ **IRP should show how stakeholder comments have been acted on**

6.2 APPENDIX B – SUMMARY OF INPUT FROM PUBLIC SUBMISSIONS

		SUMMARY KEY COMMENTS FOR DRAFT IRP 2018		
		COMMENTS	RESPONSE	NO. OF COMMENTS
A. POLICY & PROCESSES	1	The overall methodology of the draft IRP document was welcomed and deemed to be clear and concise. A proposal for future iterations of the IRP is to include independent experts (organisations and individuals) and international organisations.	<i>The process of future iterations of the IRP will be looked at following the announcement about electricity planning made by the President during the State of the Nation Address.</i>	54
	2	The publication of the IRP in English only and not in other official languages was raised as a concern as it limits participation by other members of the public. -	<i>This request is noted. It is proposed that a condensed final approved version of the IRP (possibly in graphics) be developed and published. This will obviously lag the final published IRP.</i>	
	3	Publication of documents electronically on the Department website and through government gazette was raised as a concern since not everyone has access to the internet. -	<i>Noted. A workable solution needs to be found and suggestions are welcome. In the past, the IRP consultation process was expanded to cover all provinces and to include all communities, but this proved to be ineffective for whatever reason</i>	
	4	It was stressed that the IRP must be revised more regularly, at least every 2-3 years, due to technology advancements and changes in other assumptions.	<i>The regulations for planning provide for a timeline regarding IRP updates</i>	

When to engage?

- ▶ Successful stakeholder engagement should not be a one-off exercise.
- ▶ **Stakeholder engagement should occur throughout the IRP planning process**
- ▶ Includes the pre- and post- development phases
 - Pre-development is crucial to ensure the IRP planning process meets the needs of stakeholders
 - Post-development engagement critical to ensuring successful implementation and collecting feedback for the next planning cycle
- ▶ Stakeholder engagement should not be rushed – a one day workshop is not enough.
 - Need to allocate sufficient time



Managing stakeholder engagement

- ▶ Although stakeholder engagement is important, it can be a tricky process:
- ▶ Vested and conflicting interests of stakeholders
 - Can be mitigated by being transparent about how stakeholder feedback has been incorporated
- ▶ Limited understanding of the IRP process by stakeholders
 - Facilitate workshops and forums which explain the IRP process
- ▶ Limited interest by stakeholders
 - Pursue active, not passive, stakeholder engagement.

Stakeholder engagement in power planning processes in SADC

Eswatini:

Electricity Industry stakeholders participated in the consultation process

Malawi and Zimbabwe:

Stakeholder workshops involving various in actors. In Malawi, particular focus on electricity sector stakeholders and ministries/other regulated entities

Mozambique:

EDM (Utility responsible for IRP) established a Joint Coordination Centre – consisting of representatives of public sector institutions to manage formulations of national power system development

Namibia:

Project Management Unit of ECB (Electricity Control Board), Nam Power and Regional Electricity Distributors, and MNE (Ministry)

Two stakeholder workshops
Draft reports circulated among key stakeholders

Case study: South Africa

Stakeholder engagement in South Africa

- ▶ Stakeholder engagement in common place throughout South African policymaking
 - Democracy underwritten by consensus politics
 - Established multilevel coordination mechanisms and vehicles
- ▶ Review of the 2019 IRP started in 2016
- ▶ Followed a well-established review process with formal stakeholder engagement
- ▶ Consultation period between December 2017 and March 2018
- ▶ 60 day consultation period following the release of draft IRP in 2018

Interested persons and organisations are invited to submit within 60 days of this publication, written comments on the draft Integrated Resource Plan 2018 to the Director-General of the Department of Energy for the attention of Mr Tshepo Madingoane:

By Post:

Private Bag X 96, Pretoria, 0001

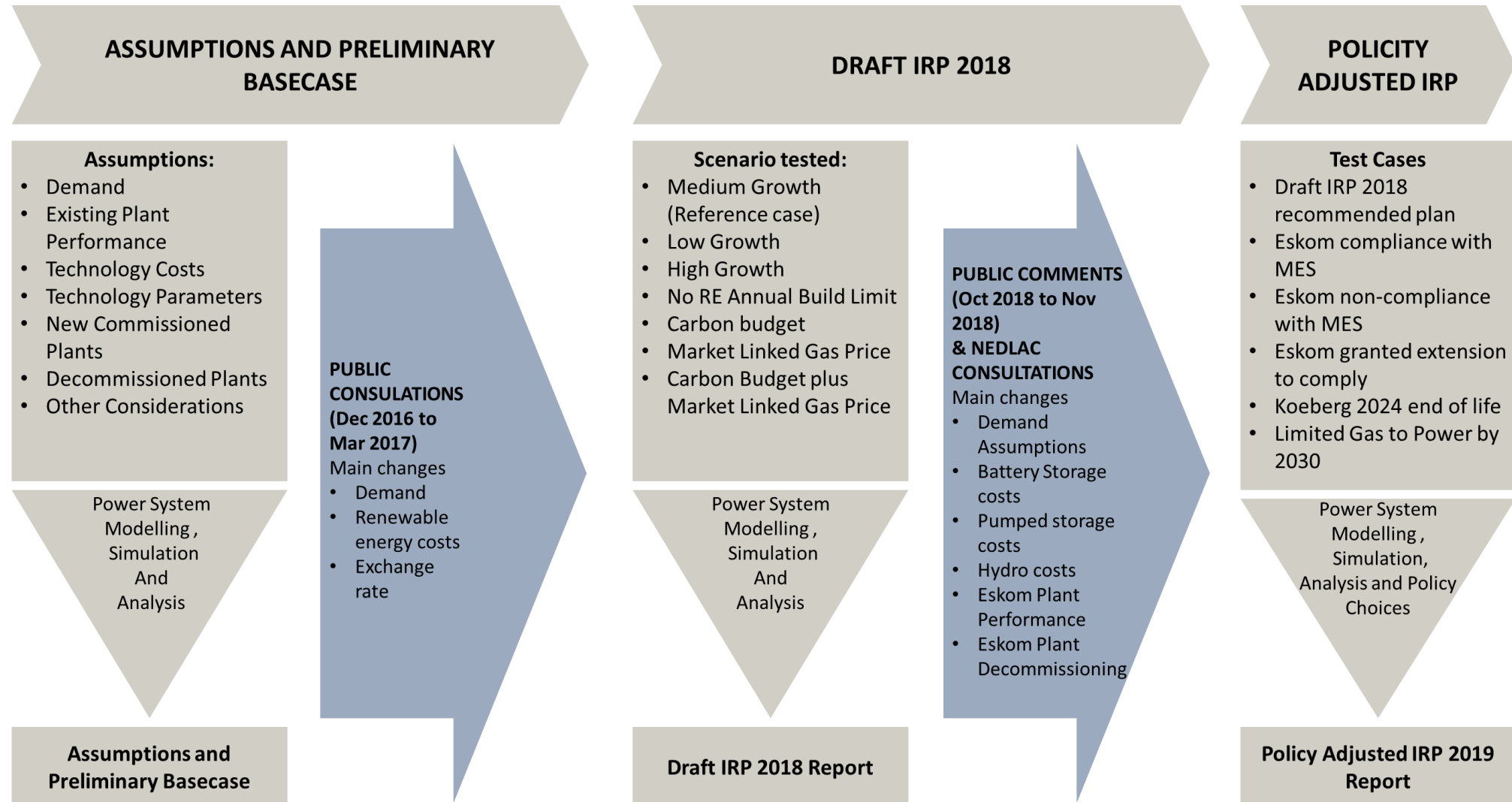
Or by hand:

Matimba House, 192 Corner Visagie and Paul Kruger Street, Pretoria

Or by email:

IRP.Queries@energy.gov.za

IRP update and review process



1. Consultation on inputs

- ▶ Consultation period between December 2017 and March 2018
- ▶ Focused on the input assumptions and base case

9 public workshops

- In 9 provinces
- 63 presentations
- 640 people

Bilateral discussions

- At request of organisation (e.g. Business Unity South Africa)

Written submissions

- 190 comments in 115 submissions
- 89 from companies, government departments and entities
- 26 from private individuals

Assumptions updated in response to some comments made

- Revised GDP growth and exchange rate
- Include details on relationship between GDP, electricity growth, and intensity
 - Revised technology costs

2. Consultation on draft

- ▶ Draft IRP report published for public comment period of 60 days
- ▶ Received various inputs
 - Brief opinion statements
 - Substantive inputs with support data
- ▶ 5,929 submissions – 242 substantive comments
- ▶ Eskom submitted revised system availability projections, plant shutdown schedule and compliance with emission
- ▶ Nedlac Consultation – Established tripartite (Government, Labour, Business) cooperation vehicle
- ▶ All comments considered and included in the Annex

2. Key issues raised in consultation on draft

- ▶ Assumptions regarding demand forecast
 - Impact of electricity intensity
 - Own generation installations
 - Suppressed demand
- ▶ Cost assumptions for technologies
- ▶ Capacity of gas to power
- ▶ Exclusion of nuclear capacity
- ▶ Inclusion of coal deviating from least-cost path and having a negative environment and health impact

Final IRP clearly shows response to comments

6.2 APPENDIX B – SUMMARY OF INPUT FROM PUBLIC SUBMISSIONS

		SUMMARY KEY COMMENTS FOR DRAFT IRP 2018		
		COMMENTS	RESPONSE	NO. OF COMMENTS
A. POLICY & PROCESSES	1	The overall methodology of the draft IRP document was welcomed and deemed to be clear and concise. A proposal for future iterations of the IRP is to include independent experts (organisations and individuals) and international organisations.	<i>The process of future iterations of the IRP will be looked at following the announcement about electricity planning made by the President during the State of the Nation Address.</i>	54
	2	The publication of the IRP in English only and not in other official languages was raised as a concern as it limits participation by other members of the public. -	<i>This request is noted. It is proposed that a condensed final approved version of the IRP (possibly in graphics) be developed and published. This will obviously lag the final published IRP.</i>	
	3	Publication of documents electronically on the Department website and through government gazette was raised as a concern since not everyone has access to the internet. -	<i>Noted. A workable solution needs to be found and suggestions are welcome. In the past, the IRP consultation process was expanded to cover all provinces and to include all communities, but this proved to be ineffective for whatever reason</i>	
	4	It was stressed that the IRP must be revised more regularly, at least every 2-3 years, due to technology advancements and changes in other assumptions.	<i>The regulations for planning provide for a timeline regarding IRP updates</i>	

Success factors

- ▶ Stakeholder engagement process is well-established – both in the sector and more broadly in South African democracy
 - Supports transparency
 - Stakeholders have predictability
- ▶ Different engagement channels
 - Written submissions complemented by workshops and meetings
- ▶ Stakeholder engagement cuts across sectors
 - Opportunity for stakeholders from a range of organisations and sectors to engage
- ▶ Submission outlines how public responses are dealt with
 - Provides credibility to the stakeholder engagement process

Limitations

- ▶ Highly political process
 - Characterised by positional lobbying and activism – results in ‘winners’ and ‘losers’
 - Able to please all lobbies some of the time and some lobbies all of the time, but not all lobbies all of the time
 - E.g. Anti-nuclear lobby will uncompromisingly criticise the IRP so long as any nuclear is included
- ▶ Did not include all data and analyses for stakeholders to review (eg. did not include peak load forecasts, reserve margins)
 - Prevents interested stakeholders from providing a more detailed review
- ▶ Stakeholder engagement limited to 2 consultation windows
- ▶ The IRP 2019 is a sectoral resource plan for Electricity Supply Industry only
 - No Integrated Energy Plan/Policy which feeds into the energy demand profile
 - Electricity substitution dealt with as DSM/EE
 - Limits the voice of stakeholders in other related sectors relative to those in the electricity sector

Conclusion

- ▶ Stakeholder engagement is essential to the IRP process!
- ▶ The type and extent of stakeholder engagement will depend on the scope of the IRP, time and resource availability.
- ▶ South Africa has one of the most comprehensive stakeholder engagement processes in SADC
 - Stakeholder engagement is an established component of the IRP process
 - Clear consultation window, augmented by workshops and bilateral engagements with key stakeholders
 - Transparency on how stakeholder submissions have been acted upon

Alex Schmid, alex.schmid@eca-uk.com

ECONOMIC
CONSULTING
ASSOCIATES

www.eca-uk.com

ECA