

Background to the South African Renewable Energy Masterplan (SAREM)

1. Purpose of this document

This background document provides a high level overview of the South African Renewable Energy Masterplan (SAREM) development, and outlines the key steps in the consultation process.

2. Background to SAREM

The **national masterplan process** falls under the reimagined Department of Trade, Industry and Competition (dtic) led industrial strategy for South Africa. It builds upon the approach taken by the automotive sector as well as the sector plan process developed between private- and public sectors, led by the Public Private Growth Initiative (PPGI) in conjunction with the Presidency. **SAREM** is one of 14 industry specific masterplans in progress since July 2019 when Minister Patel took over as Minister of dtic.

The masterplan development approach is a collaboration between industry, labour and government to develop an industrial plan for the sector. This includes setting out a vision for an industry in South Africa, identifying blockages and constraints, and proposing a set of key actions that need to be taken forward over the short and medium term. The masterplans essentially facilitate a process whereby industry commits to a certain amount of investment and creating a certain number of jobs against an industry masterplan. Government, for its part, undertakes to understand and remove impediments to these plans.

Since 2018, the Integrated Resource Plan (IRP) has been published. The IRP outlines the expected energy capacity needed in South Africa. SAREM represents an opportunity to identify jobs and investment in the renewable energy sector linked to the IRP, as well as to articulate how job creation and investment might be optimised and maximised if various impediments were removed, or new supportive policy was designed.

Key stakeholders who have been involved in articulating the need and opportunity for SAREM include various government departments and entities, civil society, labour, industry experts and academics who have offered their time, research, and insights to help lay the foundation for developing such a masterplan. These stakeholders have emphasised the scale of the opportunity that renewable energy represents in South Africa, as well as the urgency of the need, given load shedding. These stakeholders have highlighted the need for inclusivity, sector transformation and certainty in supporting new and emerging industries.

Certainty and policy clarity for emerging energy entrepreneurs that work toward the SAREM must be representative of the multiple interests that exist in the renewable energy landscape.

3. The SAREM development phases

3.1. Phase 1: Research and consultation

SAREM will be informed by a literature review, augmented with new/emerging research to quantify the renewable energy industry's contribution to jobs and investment in South Africa. This will be considered under three possible scenarios, set out in the methodological approach:

- **Scenario 1:** Quantification of the renewable energy market size and the corresponding jobs and investment opportunity of existing policy, if the implementation is well-considered. (A scenario with no policy changes, but some optimisation for implementation).
- **Scenario 2:** Quantification of the renewable energy market size and corresponding jobs and investment opportunities if anticipated (probable¹) policy shifts occur. (Policy adjustment is made to maximise the industrialisation potential of renewable energy).
- **Scenario 3:** Quantification of the renewable energy market size if there is significant restructuring, with corresponding jobs and investment opportunities. (Existing policy can be entirely replaced to maximise the renewable energy market).

Through a stakeholder engagement process, that establishes a common evidential base for the masterplan, SAREM will test and establish the ranges associated with these job and investment targets and highlight barriers/impediments (areas of contestation as well as areas that need policy intervention).

3.2. Phase 2: Writing the plan

An objective of the second phase of work is to come to a prioritised list of actions identifying the key job creation and investment opportunities in the various scenarios, and to write up a system of actions required to achieve these outcomes. The intended result of Phase 2 is a clear, prioritised and agreed upon system of opportunities that can unlock jobs and investment in the short term, as well as the identification of policy levers, opportunities and areas of work that need additional investigation in order to further unlock the potential of the renewable energy industry's contribution to jobs and investment in South Africa. It will also highlight which departments or stakeholders would be the natural contributors to these areas of further investigation and opportunity.

4. The SAREM consultation process

Oversight of the development of the plan is chaired by the relevant minister in an Executive Oversight Committee, which is to be convened by the dtic and DMRE. In the case of SAREM, this would see the Minister of Mineral Resources and Energy supported by other key ministers, representatives of sector companies and organised labour.

4.1. Objectives of the engagement process

The drafting of a Masterplan follows a framework promoted by the dtic. The dtic forms the secretariat and co-ordinator for the masterplans within government, and PPGI, alongside COSATU and FEDUSA for business and labour respectively, within the sectors. In this framework there is a sequence and a structure to consultation on the content of the plan in order to support the development of a plan that is relevant to the sector and incorporates industry expertise and perspectives of sector stakeholders.

¹ Announced by the President or similar

4.2. Working groups and structures

The structure includes:

- An **Executive Oversight Committee (EOC)**, chaired by the Minister of DMRE with a small number of industry and union representatives. Ideally this should consist of no more than 6 people in total. The EOC provides oversight on the implementation of the masterplan.
- An **Industry Working Group (IWG)** is the primary industry interface group. It accommodates a spectrum of stakeholders who represent various sector stakeholder groups. This group will be consulted at scheduled intervals in order to inform them of the process, research findings and plan elements, and to provide them with an opportunity to give feedback. This group will invite officials from relevant departments, state-owned enterprises, organisations, unions and associations to participate.
- An **Industry Reference Group(s) (IRG)**. These are experts that can be assembled on an as needed basis to provide reference and guidance on specific technical matters (e.g. macro-economic analysis or global supply chains).
- **Direct engagement (one-on-ones)** by the project team, as required by specific areas of focus or needs that arise requiring targeted input.

4.3. Engagement process

SAREM will implement the following cycles of engagement:

- **Inception:** setting the vision and sharing the methodological approach.
- **Research outcomes:** presenting the key research findings that define the pillars of the plan.
- **Principles of the plan:** review of the levers and actions identified toward unlocking the sector potential.
- **Validation of the plan:** review of the draft and adoption by representatives of social compact partners.

4.4. Contact details for the SAREM stakeholder engagement team

Email: sarem@green-cape.co.za

Sign up here to be kept informed: <https://www.green-cape.co.za/content/sarem-sign-up/>