

**Northern Cape Department of Economic Development and Tourism  
(DEDaT)**

**Renewable Energy Strategy for Small, Medium and Micro-Scale Enterprises**

JULY 2021

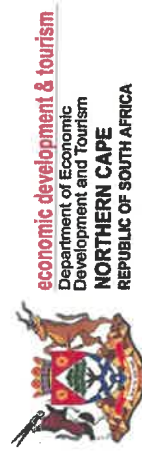
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## LIST OF ABBREVIATIONS

CANDI	Commercial and Industrial
CMVP	Certified Measurement and Verification Personnel
DEDaT	Department of Economic Development and Tourism
DMRE	Department of Mineral Resources and Energy
DRPW	Department of Roads and Public Works
DSBD	Department of Small Business Development
DTIC	Department of Trade, Industry and Competition
RES	Renewable Energy Services
EGDF	Economic Growth and Development Fund
ESC	Energy Supply Contracting
EPC	Engineering, Procurement and Construction
ESCO	Energy Services Company
EPCM	Engineering, Procurement and Construction Management
GW	Gigawatt
IRP	Integrated Resource Plan
MW	Megawatt
NERSA	National Energy Regulator of South Africa
PV	Photovoltaic
REIPPP	Renewable Energy Independent Power Producers Programme
SALGA	South African Local Government Association
SAPVIA	South African Photovoltaic Industry Association
SEDA	Small Enterprise Development Agency
SMME	Small, Medium and Micro-scale Enterprises
SONA	State of the Nation Address
SSEG	Small-Scale Embedded Generation
SWH	Solar Water Heater
PPA	Power Purchase Agreement
USD	United States Dollars

## 1. Introduction and background

Over the past decade South Africa has seen an increase in the uptake of solar energy as a result of the Renewable Energy Independent Power Producer Programme, which led to a sharp increase in the procurement of utility-scale renewable projects. The REIPPPP has had minimal impact in terms of the inclusion of small, medium and micro scale enterprises (SMMEs) into the main stream value chain of the renewable energy sector. This is because the characteristics of the SMMEs, in terms technical capabilities and resource requirements, do not match the requirement for participating in the REIPPPP which often involve utility scale projects.

Alongside the REIPP, there has recently been growth in the demand for small-scale renewable energy generations and efficiency systems by households and business enterprises encouraged by, among other things (i) rising energy prices and insecurity of supply due load shedding (ii) supportive energy policies by all spheres of government (iii) availability of innovative energy finance products offered by the conventional banks and develop finance institutions and (iv) falling prices of renewable energy technologies.

The growth in the demand for small-scale energy generation and efficiency systems present a much more realist opportunity, albeit with some challenges, for SMMEs to participate in the main stream renewable energy value chain. This strategy articulates how government should intervene to circumvent the challenges with the aim of enabling maximum participation of SMMEs in the small-scale segment of the renewable energy sector. What is outlined here is hence a **renewable energy strategy for small, medium and micro-scale enterprises in the Northern Cape Province**.

This strategy is drafted at a crucial time when there is an expressed call for strategic direction as well as targeted support for emerging and aspirant SMMEs in the renewable energy sector. The strategy is drafted against the background of the following realities (i) the resolution of the inaugural Provincial renewable energy conference that the inclusion of SMMEs into the renewable energy value chain be prioritised by the Department of Economic Development and Tourism (ii) there is currently no renewable energy strategy and support programme in the Department aimed at the inclusion of SMMEs into the renewable energy value chain. It is therefore expected that this strategy will contribute substantially towards closing of the above lacunae in both strategy and implementation.

The Department of Economic Development and Tourism (DEDaT) is well positioned to make significant contribution towards creating a pool of specialised renewable energy SMMEs (with a niche focus on small-energy systems for household and industrial consumers) for the following two reasons (i) the Department is directly involved with the SMMEs sector in general and has an

appreciation of the challenges experienced in that sector (ii) the Department has prioritised the renewable energy sector under its Trade and Sector Development programme.

## 2. Legislation, Policy and Regulatory Context

This strategy is supported and guided by a number of statutes, regulations and policies emanating from the different spheres of Government. The following is an outline of some of the major instruments forming the legal, policy and regulatory framework of the National renewable energy sector.

### *Amendment to Schedule 2 of the electricity Regulation Act of 2006*

Schedule 2 of the Electricity Regulation Act was officially amended in November 2017 to exempt power generation facilities of less than 1 megawatt (MW) in size from licencing requirements. If an installation meets the criteria as stipulated in the amended schedule, the installation can be registered according to the South African National Energy Regulator (NERSA) guidelines on embedded generation instead of requiring a license.

### *National Energy Regulator guidelines on embedded generation, 2017*

The draft NERSA guidelines on embedded generation prescribe a maximum of 1MW that can be approved by municipalities for grid connection without requiring a generation licence. NERSA has specified the process for registering small-scale generation systems and has developed the small-scale generation regulations that clarify, *inter-alia*, small-scale generation application.

### *Integrated Resource Plan, 2018*

The latest draft of the Integrated Resource Plan (IRP 2018) makes provision for the installation of 2600 MW of small-scale generation (between 1 and 10MW) by 2030 with an annual allocation of 500MW per year.

### *State of the Nation Address, 2020*

In the State of the Nation address (SONA 2020), the President announced measures that government will take to rapidly and significantly change the trajectory of energy generation in the country, including, *inter alia*, generating own-use power.

*Sol Plaatje Local Municipality Small-Scale Embedded Generation Photovoltaic Policy, 2017*

The Sol Plaatje Local Municipality small-scale generation Policy provides a framework for the approval and registration of Small-Scale Embedded Generation of electricity by households and business enterprises within the boundaries of the municipality.

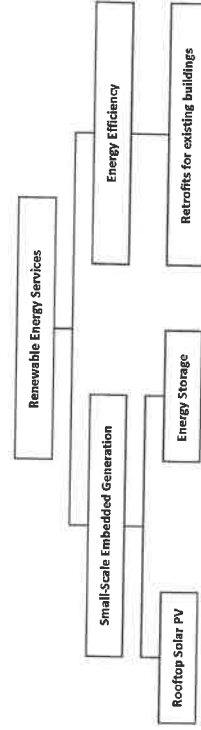
**3. Definitions**

**3.1. Renewable Energy Services (ES) Market**

The term 'energy services' is used to describe two key energy market segments in the South African energy space, namely (i) small-scale embedded generation (SSEG), which mainly includes, but not limited to, rooftop solar photovoltaic (PV) systems and energy storage, and (ii) energy efficiency. This segment of the market is called "energy services" because it mainly involves firms that offer installation, operation and maintenance services (of small-generation systems and small-scale energy efficiency systems) for households and business enterprises rather than the manufacturing and assembly of such equipment.

There are four major development in the National energy market that have supported the recent emergence and subsequent growth of the renewable energy services market, and these are (i) rapidly rising Eskom energy prices, often at above inflation rate and energy insecurity due to load shedding (ii) supportive energy policies, laws and regulations by all spheres of government (iii) falling cost of renewable energy technologies (iv) availability of sector-specific funding from commercial banks, development finance institutions and public sector institutions and (v) the market value of commercial buildings following small-scale generation installations may increase by as much as 30 per cent over the cost of installing the system and this tend to improve the business case of installations.

**Figure 1: Energy Service Market**



Globally, the renewable energy services market is expected to expand from USD52 billion in 2019 to a project USD 86.9 billion in 2024 which translates to a compound annual growth rate of close to 11 per cent. In South Africa, the value of the renewable energy/service market is projected to be more than R130 billion by 2035. This is a conservative estimate given that it is based on only three of the currently dominant renewable energy services market components (small-scale solar PV systems, energy storage, and energy efficiency) and does not take into account the other technologies such as small-scale wind energy, waste-to-energy, and solar thermal.

*Small-Scale Embedded Generation (SSEG)*

Small-scale embedded generation (SSEG) refers to power generation facilities located at residential, commercial or industrial sites where the electricity is also consumed. It includes two components (i) energy generation, mainly solar photovoltaic (PV) systems, but may also include other technologies such as wind and biogas and (ii) energy storage.

Three characteristics of SSEG distinguish it from other forms of small-scale generation and these are: (i) generation facilities are less than 1 MW (ii) located at residential, commercial or industrial sites, where electricity is also consumed and (iii) installed on the customer's side of the electricity meter, that is, embedded (because it is installed behind the meter). Hence SSEG is also referred to as "distributed generation" signifying that the generation is situated at the point of consumption of electricity rather than centralised at a power generation station as is traditionally the case in the electricity value chain.

Currently, the dominant technology for SSEG installations in South Africa is primarily based on rooftop solar photovoltaic (PV) systems. Preference for solar PV system relative to other technologies is driven by a number of factors, some of which are the following: (i) substantial decrease in the prices of PV components over the years (ii) it is less costly to implement solar PV systems relative to other technologies, e.g. wind, which are considered capital intensive and may require expensive service (iii) improved efficiency in the manufacturing technology of PV systems has translated to decreasing costs and (iv) the easy of scalability of solar PV that translate to further cost reductions.

The installations, operation and maintenance of rooftop solar PV has been identified as an important component of the national efforts towards energy security with positive labour market spinoffs in terms of new skills and employment creation. With an annual allocation of 50MWp installed capacity, the market could at most reach a total capacity of 7.5GW by 2035 with an estimated market value of R75 billion. The annual installation of 500MWp translate to

approximately 1250 jobs per annum and if this rate of annual installation is maintained for at least a decade, approximately 12 000 jobs could be created.

The demand for rooftop solar PVs, predominantly by the commercial and industrial (Candi) sector, is currently the main driver of growth in the renewable energy services market. Candi electricity consumers account for more than 70 per cent of the total verified rooftop solar PV systems installed in the country and the reasons for this are the following: (i) Candi are generally the highest energy users and incur higher electricity costs (ii) electricity use profiles in Candi align well with solar PV generation times (iii) Candi businesses often operate from large premises with large roof spaces, which are attractive from an installation point of view.

#### Energy storage systems

Energy storage systems are technologies in which electric energy is stored and, when needed, discharged for consumption. Energy storage has seen positive developments, for instance the costs of ion lithium batteries are decreasing (the cost dropped by some 24 per cent in 2017 alone) as a result of investments from the electric vehicle industry. In addition, there are other technologies in the pipeline including liquid metal batteries (said to use relatively cheap components and manufacturing processes) and compressed air storage.

There is insufficient data on energy storage market potential to properly measure the size of the market in South Africa. However, some conservative estimates indicate that the current market value could range between R4.2 – 2 billion. In the recent past (year 2019 and 2020) the national energy storage market saw a surge in demand from the commercial and agricultural sectors, driven by growth of the solar PV market. It is expected that the installed energy storage market will reach 6.5 GWh of installed energy capacity by 2035 with an approximate market value of R31 billion based on the assumption that by 2035, 30 per cent of the annually installed solar PV systems would have installed behind the meter energy storage, which is a highly likely scenario.

#### Energy Efficiency

Energy efficiency refers to the implementation of behaviour change or installation of technologies to reduce the energy intensity of production in Candi and of running a household in the residential sector. Some examples of energy efficiency systems include (i) smart metering and demand side management systems and (ii) retrofits of existing building with energy saving technologies. Recent estimates indicate that market value of the energy efficiency market could reach approximately R25 billion in 2035. Candi are the largest consumers of energy and hence harbours the biggest chunk of energy saving (energy efficiency) opportunities.

#### Solar thermal technology applications

The current applications for solar thermal technologies are predominantly in solar water heating for domestic hot water (69 per cent), staff ablutions (20), process heat (7) and cooling (4). There are, however, opportunities in the application of solar thermal technologies in industrial processes. The Food and beverage processing sector is a heat intensive sector with close to 80 per cent of energy is used for heat. This presents a massive opportunity for the solar thermal market given that food and beverages processing is on the biggest manufacturing sub-sectors in the country.

#### 3.2. Energy services value chain

Figure 2 shows a simplified version of a typical energy services value chain with the key value chain players and their roles outlined in Table 1. In practice however, the roles of these actors are not fixed and often shift as the value chain actors expand their area of operation and decided to focus on narrow, specialised components of the value chain. For example, the boundary between a project developer, Engineering, Procurement and Construction (EPC) company, and installer is often blurred, with players taking on different roles depending on the size, cost, ease of implementation, or other project-specific factors. The role of measurement and verification is often viewed as a specialised element of the value chain and tend to be outsourced to specialist consultants.

Figure 2: Energy Services Value Chain

Energy Audit	Technical Design	Finance	Installations	Operation & Maintenance	Measurement & Verification
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Table 1: Roles of key players in the energy services value chain

Key player	Role
Energy services companies (ESCOs)	<p>ESCOs are active across the whole value chain, aside from measuring and validation, as independent consultants also perform this function. There are two generic ESCO-type energy contract models:</p> <ul style="list-style-type: none"> <li>• Energy supply contracting (ESC), which delivers units of energy.</li> <li>• Energy performance contracting, which provides energy savings determined by comparison to an established and agreed-upon baseline.</li> </ul>
Consultants	<p>Consultants include energy auditors, planning engineers, certified measurement and verification personnel (CMVP), accountants, and lawyers</p>
Financiers	<p>Financiers provide funding and financing mechanisms to realise projects.</p> <ul style="list-style-type: none"> <li>• Project finance – commercial banks (commercial and asset funding), self-funded individuals (with cash reserves) and PPA financiers (such as private equity funds, debt facilities).</li> <li>• Funding for ESCOs (not detailed in the diagram) – commercial banks, private equity funds, corporate foundations, private and family foundations, and venture capitalists.</li> </ul>

Manufacturers and suppliers	Manufacturers and suppliers include technology suppliers or original equipment manufacturers (OEMs). They manufacture and supply equipment, and form part of typical energy efficiency or supply interventions.
Installers	Most energy service companies, EPCs and project developers make use of specialised installers for both energy efficiency and SSEG (technology specific).
Engineering, procurement and construction (EPC) company	EPCs design interventions, procure and install tailored turnkey energy efficiency and/or renewable energy solutions.
EPCM (Engineering, Procurement, Construction Management)	Under an EPCM contract, the owner maintains more control of the project. The contractor manages the construction project, but only under the direction of the owner. With an EPCM contract, the owner is responsible for hiring suppliers, construction workers and other contractors, and the EPCM contractor will manage these contractors.
Project developers	Project developers handle tasks that focus on moving the project along toward successful completion. In the ES value chain, they play more of a business development role as they focus on, for example, project design and procurement, but make use of specialised installers.

According to recent research the global market for energy services companies (ESCOs) is set to grow to USD14 billion by 2024. South Africa's current share of the global ESCo market is R2.6 billion based on capital expenditure investments in energy saving interventions implemented by South African businesses

#### 4. Problem Statement

The Northern Cape is one of the major investment destinations for renewable energy in the global migration toward renewable energy and the Province is hence well placed to deliver on the goals and targets set out in the Integrated Resource Plan (IRP, 2018) of National government. More than half of 92 renewable energy projects that have been implemented in the country to date under the auspices of the renewable energy independent power producers programme (REIPPP) are located in the Province. The REIPPP are often dominated by utility-scale projects undertaken big corporates and require massive capital investments and complex technical capability in construction, operation and maintenance of the infrastructure.

While the REIPPP do present opportunities for SMMEs participation it has been noted that such opportunities are predominantly in the non-core elements of the value chain e.g. provision of auxiliary services like cleaning, catering and security. This implies that the SMMEs apportion a relatively meagre share of the revenue generate and are also denied an opportunity develop technical capabilities that will enable their future participation in the main stream value chain.

The key factor limiting the participation of the SMMEs sector in the REIPPPP therefore is that the firms operating in the SSMEs sector lack the financial resource and technical capabilities to perform the core elements of the REIPPPP projects.

In the context of the background outlined above, the main problem that this strategy seek to address is the limited participation of small, medium and micro-scale enterprises in the renewable energy value chain. The ensuing section focuses on strategic interventions that the Northern Cape Department of Economic Development and Tourism (DEDaT) should put in place to facilitated the effective inclusion of SMMEs into the renewable energy sector.

#### 5. Proposed interventions

The inclusion of small, medium and micro-scale enterprises (SMMEs) into the core value chain of the renewable energy sector through REIPPPP has been negligible. However, the recent emergence of the renewable energy services market segment presents realistic opportunities for SMMEs. Recent research indicates that SMMEs have a much higher potential for participating in the SSEG value chain predominantly in installing, operating and maintaining rooftop solar PV systems. In addition, SMMEs could also provide consultancy services like conducting feasibility studies, energy audits, measurement and verification, and engineering design.

The strategy targets two types of renewable energy SMMEs at different stages of development (i) aspiring entrepreneurs with viable business concept (ii) entrepreneurs with trading businesses but facing growth and sustainability challenges. The sector strategic focus for these two groups of entrepreneurs will be installation, operation and maintenance of (i) small-scale energy generation systems, starting with rooftop solar PV systems (ii) energy efficiency systems e.g. solar water heating systems for residential, industrial, commercial and public buildings.

Installation, operation and maintenance of small-scale energy generation and efficiency systems (and rendering of associated services) in all public buildings in the Province is seen as a low-hanging opportunity with a high likelihood for immediate realisation. However, research indicate that there are challenges facing emerging and aspiring SMMEs in the renewable energy services sector in their attempts to tap onto this opportunity and these are: (i) lack of accreditation (ii) inability to create linkages with large established firms (iii) lack of specialised business mentorship (iv) access to finance (v) lack of business registration (vi) limited renewable energy services business experience and (viii) lack of knowledge of the available opportunities. The ensuing narrative focuses on the strategic interventions that DEDaT should put in place to circumvent the

challenges outlined above and thus ensure effective realisation of this market opportunity. The strategic intervention is made up of the following five mutually supportive elements:

- i. *Strategic Intervention 1:* Facilitate business linkages between start-up/emerging SMMEs and established energy services companies (Escos)
- ii. *Strategic Intervention 2:* Support specialised technical and managerial training of emerging and aspiring renewable energy services SMMEs.
- iii. *Strategic Intervention 3:* Create a renewable energy incentive fund and support package to stimulate entrepreneurship by SMMEs in energy services.
- iv. *Strategic Intervention 4:* Facilitate access to government building to create the initial market for start-up and emerging SMMEs.
- v. *Strategic Intervention 5:* Establish and formalise partnerships with industry associations.

#### 5.1. Facilitate business linkages (with technology partners)

The focus of the business linkages will be to create strategic partnerships with the established energy services companies (Escos). Promoting linkages with technology partners in the form of established Escos will promote technology and capabilities upgrading of the SMMEs through access to technological and managerial know-how of the advanced Escos.

#### 5.2. Support specialised technical and managerial training

Support specialised technical and managerial training to creating a pool of qualified domestic enterprises that are capable of partnering with the established Escos on sub-contractor basis to supply quality energy services. The availability of local competent energy services SMMEs is the critical necessary condition required to ensure the successful implantation of this strategy. Hence the significance of a comprehensive support and development programmes to (i) create the critical mass of competent domestic SMMEs and (ii) regularly upgrade their technological and managerial capabilities over time.

#### 5.3. Create an incentive fund and support package

It has been established that improving access to financial is a prerequisite to support the development and growth domestic SMMEs particularly in developing countries. However, access to finance is also found to be one of the major growth constraints for SMMEs development and growth in general. In this regard, the paramount strategic intervention that DEDaT will introduce is the creation of a support programme for energy services SMMEs. The core of this support programme would be a dedicated "renewable energy services SMME incentive fund" that will be

centrally managed by DEDaT. The fund will be supplemented by the existing funding for SMMEs in general that is available within DEDaT e.g. the Economic Growth and Development Fund (EGDF) for SMMEs.

#### 5.4. Facilitate the creation of the initial market

Facilitate access to government building to create the initial market for start-up and emerging SMMEs. DEDaT has been engaging with Department of Roads and Public Works (DRPW) as the custodian of all the public building in the Province. The aim of the engagement is to secure a commitment from DRPW to avail all the public buildings in the Province for rooftop solar PV installation as part of implementation of this strategy.

#### 5.5. Establish and formalise partnerships

Establish and formalise partnerships with industry associations in the solar energy services space, not least, the South African Renewable Energy Business Incubator (SAREBI) and South African Photovoltaic Industry Association (SAPVIA) to leveraging on their experience in offering training and development for emerging renewable energy SMMEs. For example, The PV Green Card Programme initiative led by SAPVIA and the capacity development workshop, incubation and post incubation programmes offered by SAREBI.

### 6. Intervention Model

This section outlines how DEDaT will intervene to implement the stated objective of supporting the creation and subsequent entry (and growth) of local small, medium and micro-enterprises into the renewable energy services value chain. Various models will be considered in the implementation of supportive interventions as outlined in this strategy, and some of these are discussed below.

#### 6.1. Promote incubators

It has been established that successful completion of a business incubation programme increases the likelihood that a start-up company will stay in business for the long term. Business incubators would be considered as a vehicle to support development of small, medium and micro-scale renewable energy entrepreneurs in terms of this strategy. There are cases of successful incubators in various industries that have been initiated and supported by government in the past. These success cases will provide valuable lessons for an incubator model as part of implementation of this strategy.

The business incubator will be utilised to foster entrepreneur development specific for the renewable energy services sector. The programme will (i) identify promising entrepreneurs (ii) provides them with target entrepreneurial and managerial skills trainings (iii) help them in developing and implementing their business plans (iv) assists them in creative strategic linkages with the established energy services companies and (v) puts them under a long-term support system to foster businesses growth.

#### 6.2. Support a cluster approach

A cluster approach will be supported whereby a cluster of aspiring and emerging small, medium and micro-sized enterprises will be established. The cluster will be the platform through which some of the interventions will be implemented. The idea would be to put in place a three to five-year action plan for the cluster with an aim to exit after such a period, assuming that a strong cluster self-governance system would have been established. The clusters would then be allowed to grow and evolve. In other developing countries clusters have evolved into fully-fledged mature industries driven by small, medium and micro-scale enterprises.

#### 6.3. Facilitate mentoring and coaching

The participation of small, medium and micro-scale enterprises in the energy services market as providers of installation, operation and maintenance services for rooftop solar PVs will be facilitated through a mentorship and coaching programme involving the SMME working on a sub-contractor basis under an established energy services company. Established Escos are predominantly classified as medium or large enterprises that have the capital to invest in purchasing the equipment (making the energy system) and have the technical and managerial capabilities in the installation, operation and maintenance of solar PV systems.

### 7. Implementation Plan

#### 8. Roles and Responsibilities

##### 8.1. Provincial Departments

The key provincial departments in the implementation of this strategy are the Department of Economic Development and Tourism (DEDaT) and the Department of Roads and Public Works (DRPW). The perceived roles and responsibilities of these two departments are outlined as follows.

##### *Department of Economic Development and Tourism*

a) Drafting of the strategic document that outlines a vision for renewable energy SMMEs for the Northern Cape Province: This is the role that DEDaT is currently pursuing through drafting this document.

b) Create a centrally co-ordinated provincial structure for renewable energy services SMMEs support: DEDaT should set up and co-ordinate a platform to enable the relevant national and provincial department (and their agencies), local government and any other interested stakeholder to effectively play their part in the implementation of the strategy.

c) Develop a model for supporting emerging SMEs in renewable energy services: The support should not be general but tailor made and specific for SMMEs in renewable energy services. DEDaT should determine the components of support, that may include (i) funding and incentives (ii) training and development (iii) fostering linkage and partnerships (iv) conduction feasibility assessments (v) developing business plans and models (vi) facilitation access to business development services (legal, accounting, marketing etc). The support should be delivered locally within the Province rather than through a national structure, however monitoring and evaluation will be required.

d) Research, information sharing and policy advocacy: The strategy outlined here puts the Department of Economic Development and Tourism at the cold face of dealing with the renewable energy services sector (its stakeholders and role players) on a daily basis. The Department will hence be well equipped to make policy recommendations to improve the business and policy environment and thereby attract even more SME participation in the sector. The envisaged critical positioning of DEDaT relative to the renewable energy services sector coupled with direct access to the policy and decision-making bodies of government at the highest level, puts the Department in a position to make regular policy recommendations.

##### *Department of Public Works*

DEDaT has been engaging with DRPW as the custodian of all the public building in the Province. The aim the engagement is to secure a commitment from DRPW to avail all the public buildings in the Province for rooftop solar PV installation as part of implementing this strategy.

#### *Other Provincial Departments*

DEDaT will work with the other provincial departments through the government cluster system to promote this strategy. Provincial government departments may have a role in contributing to the resourcing of the envisaged renewable energy services SMMEs fund. Other roles could include supporting the implementation of the strategy by providing services that the other provincial departments may have competence in.

#### **8.2. Other Stakeholders**

##### *National departments*

This would include the following: Department of Mineral Resources and Energy (DMRE), Department of Small Business Development (DSBD), and Department of Trade, Industry and Competition (DTIC).

##### *Sol Plaatjie Municipality*

Municipalities play a critical role, with little intervention from national government except for regulatory support provided by NERSA, in enabling the growth of the energy service market. Sol Plaatjie local municipality is one of the nine (9) municipalities in the Northern Cape Province that allow SSEGs onto their network (the others are: Kheis; Gamagara; Hantam; Kall Garieb; Karoo Hoogland; Nama Khoi; Thembelihle; and Ubuntu). The **Sol Plaatjie Local Municipality SSEG Photovoltaic Policy of 2017** provides a framework for the approval and registration of Small-Scale Embedded Generation of electricity. The policy forms part of the necessary support required for the successful implementation of this strategy.

##### *The South African Renewable Energy Business Incubator (SAREBI)*

The South African Renewable Energy Business Incubator (SAREBI) was established in 2012 by the Small Enterprise Development Agency Technology programme (SEDA) to incubate businesses in the renewable energy sector. SAREBI is a sector specific incubator with a specific focus on entrepreneurs in the Renewable, clean and energy efficiency sector.

##### *Industry Associations: The South African Photovoltaic Industry Association*

##### *Financial institutions*

Innovation in financial institution has seen the development of new funding products tailor made for the energy services projects. This new development in the banking sector has been

encourage by growth in the energy services market and the general improvement in the business cases for small scale energy generation and efficiency projects.

#### **9. Monitoring and Evaluation**

DEDaT has in place a system to monitor departmental performance through the Policy, Research and Innovation Programme (Programme 5). The monitoring and evaluation framework presented here as part of this strategy will be incorporated into the broader DEDaT monitoring and evaluation system. The framework has an overarching goal of enhanced participation of SMMEs in the renewable energy sector. To achieve this long-term goal, DEDaT will create a support programme for the renewable energy services SMMEs with three outputs all related to the three possible models that will be implemented as part of this strategy. These models are: cluster development, incubator creation and promoting strategic partnerships (mentorship and training).

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