



economic development  
& tourism

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Economic Development & Tourism  
NORTHERN CAPE PROVINCE  
REPUBLIC OF SOUTH AFRICA

# Rooftop Solar Project Memo, Northern Cape Province.

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## Acronyms

CAGR	Compound Annual Growth Rate
CCT	City of Cape Town
CIPC	Company and Intellectual Property Commission
DEDaT	Department of Economic Development and Tourism
EOI	Expression Of Interest
EXCO	Executive Council
HRD	Human Resource Development
IMC	Interministerial Committee
IO&M	Installation Operation and Maintenance
IRP	Integrated Resource Plan
JET-IP	Just Energy Transition Investment Plan
JTF	Just Transition Framework
KWh	Kilowatt Hour
KWp	Kilowatt Peak
NCPT	Northern Cape Provincial Treasury
NECC	National Energy Crisis Committee
NOCSOBI	Northern Cape Solar and Renewable Energy Business Incubator
NTS	National Tender Services
PCC	Presidential Climate Commission
PPA	Power Purchase Agreement
PV	Photovoltaic
REC	Renewable Energy Conference
REIPPPP	Renewable Energy Independent Power Producers Procurement Programme
SAPVIA	South African Photovoltaic Industry Association
SEDA	Small Enterprise Development Agency
SSEG	Small Scale Embedded Generation

# **Project Memo: Rooftop Solar Project for Small, Medium and Micro Enterprises, Northern Cape Province.**

## **1 Introduction**

South Africa became one of the first developing countries to reduce greenhouse emissions by developing the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP). The White Paper on National Climate Change Response indicates that investment in the renewable programme is one of the most promising climate change mitigation options in the electricity sector (WWF, 2017). The Integrated Resource Plan (IRP) (2023) is a living document that is expected to be revised regularly as informed by the change in circumstances (Government Gazette, 2023). There have been developments in South Africa since the declaration of the IRP (2019) document and these included the following: First, the establishment of the Presidential Climate Commission (PCC) by the President of the Republic of South Africa to advise the country around the climate change responses and development of a pathway to a low carbon resilient society and economy.

One of the key milestones of the PCC was the development of the Just Transition Framework (JTF). The Just Energy Transition Investment Plan (JET IP) was developed by the Interministerial Committee (IMC) for Just Energy Transition (JET) which set out the investment and the scale of need to achieve the Country's decarbonisation commitments. Second, the Energy Action Plan (EAP) to reduce load-shedding was announced by the President in July 2022. The plan implemented under the supervision National Energy Crisis Committee (NECC) announced investment in Rooftop Solar as one of the key activities to reduce load shedding in the Country. There is a significant potential for households and businesses to install rooftop solar and connect this power to the grid. To incentivise greater uptake of rooftop solar, Eskom will develop rules and a pricing structure – known as a feed-in tariff – for all commercial and residential installations on its network. This means that those who can and have

installed solar panels in their homes or businesses will be able to sell surplus power they don't need to Eskom (South African Government, 2022 & Government Gazette, 2023). Last, the exclusion of licensing requirements for the Small-Scale Embedded Generation (SSEG) is meant to attract the investment necessary to address load-shedding.

South Africa has attracted an investment (both equity and loan) to the value of R361 billion, a total of 83,225 jobs (Department of Mineral Resources and Energy, 2024). More than 50% of these targets have been achieved in the Northern Cape (Independent Power Producers Office, 2021). A total of 114 598 GWh of renewable energy procured under REIPPPP has been generated to the grid since the first project became operational in 2013 (Department of Mineral Resources and Energy, 2024). As enshrined in the constitution since 1996, South Africa has systematically been creating strategies for ecological and sustainable development and energy plans (Van der Walt, Van Den Berg, & Cameron, 2017). Since then, various government strategies and plans have supported the drive towards renewable energy.

Against this background, the project memo will look at the problem statement to motivate the need to implement the rooftop solar programme. The second part will share the global experience of the rooftop solar programme coupled with the legislative frameworks. Finally, this proposal will share the approach to ensure that the SMMEs participate in the renewable energy sector.

## **2 Problem statement**

As outlined in the DEDaT's renewable energy strategy: *with emphasis on rooftop solar*, the REIPPPP is a highly competitive programme that excludes local businesses from participating. The latter makes the participation of SMMEs very difficult because of the following shortcomings: First, the lack of financial muscle from the SMMEs to participate in the sector. Second, the critical skills issues to take up the business opportunity in the sector. Last is the lack of

institutional support to ensure that the SMMEs participate in the renewable energy sector.

The lack of SMME participation in the sector was also cited as one of the significant challenges experienced at the local level. SMMEs' participation in the renewable energy sector forms part of the Northern Cape Renewable Energy Conference Resolution adopted in 2018 and further endorsed by the Executive Council in the same year. The absence of SMMEs' participation in the sector does not sit well with the local people and all provincial structures. Against this background, the Northern Cape Solar and Renewable Energy Business Incubator (NOCSOBI) is preparing this proposal to ask for financial resources to assist SMMEs in participating in the renewable energy sector.

### **3 Aim of the project memo**

This project memo seeks to motivate funding requests from the donor to develop mechanisms on how SMMEs can be involved in the renewable energy sector using the rooftop solar programme.

### **4 Objectives of the project memo**

The objectives are:

- a) To identify the existing skills within the SMMEs in the renewable energy sector, incubate and identify business opportunities for them.
- b) To promote off-grid connected rooftop solar systems in all consumer segments, viz., residential, Government, commercial, and industrial buildings.
- c) To ensure that the SMMEs access funding to participate in the transversal term contract to be administered by the Northern Cape Provincial Treasury (NCPT).

## **5 Literature review: Lessons from abroad**

### **5.1 Brief background of the rooftop solar programme**

The global Energy Crisis and Sustainable Energy Imperatives have ensured rapid growth in the transition to renewable energy. Factors like a decrease in price and considerable return on investment have caused a rapid growth of solar PV systems (Mutumbi, Thondhlana, & Ruwanza, 2024). Mutumbi, Thondhlana, & Ruwanza (2024) state that geopolitical factors have impacted negatively on fossil fuel prices thus making dependence on fossil fuel sources expensive and insecure. For example, the Russian-Ukraine war resulted in a sharp increase in crude oil by 50% in 2022, translating into high energy prices. There is, therefore, a need for the distribution of cheaper and affordable electricity. The alternative source of energy that is cheaper and environmentally friendly is renewable energy. The environmental benefits of solar have always been centred around carbon emission reduction from reduced coal use. For example, previous studies have shown that solar PV in Germany has reduced carbon emissions by 40% compared to 1990 levels. The bulk of these carbon emissions are in households due to high energy usage, thus the need to invest in solar PV.

The rooftop solar programme is an ideal clean energy generation for households and commercial businesses. Residences can be sufficiently supplied with small systems of usually up to 20 kilowatts (kW), while larger public, commercial, and industrial buildings may have systems as large as 1 MW (Asian Development Bank, 2014). Although much smaller in capacity than power plant-type installations, the rooftop solar system has many benefits in helping us change how we produce energy and make our world a better place to live. The benefits are summarised in Table 1 below.

Table 5.1: Rooftop Solar Power Benefits

Construction	
Site Access	Photovoltaic (PV) systems are at the point of consumption and thus do not require additional investment for access during construction or operation and maintenance.
Modularity	They can be designed for easy expansion if power demand increases.
Operation and maintenance	
Primary energy supply	Solar energy is freely available, and the PV system does not entail environmental costs for conversion to electricity.
Maintenance	PV systems require little maintenance.
Peak generation	These systems offset the need for grid electricity generation to meet expensive peak demand during the day.
Mature technology	PV systems nowadays are based on proven technology that has operated for over 25 years.
Impact	
Investments	Rooftop PV system costs help offset part of the investment needed for new power generation, transmission, and distribution in the power grid.
Cost	Fuel savings from PV systems typically offset their relatively high initial cost.
Environment	PV systems create no pollution or waste products while operating, and environmental benefits far outweigh production impacts.

Source: Asian Development Bank(2014)

Rooftop solar is well-suited to cities, where high premiums on undeveloped land make it challenging to justify building large ground-mounted solar farms. Residential rooftops are more numerous than more extensive commercial options, but they are often used for other purposes, such as drying clothes and growing food and as additional social space. More extensive commercial, industrial and public buildings may have vacant rooftops and install solar PV systems without significant opportunity costs (Gillard, Sudmant, Gouldson, & Oates, 2018). Installing solar panels on so many distributed and diverse spaces, but evidence suggests that technical factors do not constrain deployment.

(Gillard, Sudmant, Gouldson, & Oates, 2018) state that Surveys of stakeholders reveal concerns over economic, social, and political issues, such as problems

with siting panels without obstruction, access to finance, and transaction costs associated with extended supply chains and complicated investment models. The persistence of subsidies for fossil fuels, lack of consumer awareness about emerging renewable energy technologies and the need for training and skills throughout the supply chain also hold down demand.

In 2010, the rooftop solar programme was launched in India's Gujarat State. The state government embarked on an ambitious mission to structure and tender a first-of-its-kind grid-connected solar power public-private partnership to minimize the use of scarce and economically valuable land. Although the concept exists in developed markets (in the U.S. and Germany in particular), small-scale grid-connected rooftop solar projects, such as the pilot in Gandhinagar, are path-finding solutions in India, addressing the barriers preventing the solar rooftop market from developing. The project was financially and technically structured to specifically address the risks and challenges that currently constrain the market in India (World Bank Group, 2014).

The Government of Gujarat launched a tender to select two private-sector developers to build, own, and operate solar PV installations on rooftops in Gandhinagar for an aggregated installed capacity of 2.5 MW each, or 5 MW in total. To mitigate the risk of rooftop availability, the Government committed to lease public building rooftops to meet at least 80 per cent of total capacity. The project development and management unit were designated to undertake a detailed technical, commercial, and regulatory assessment of the project, identify potential public rooftops, design transaction structures, and draft tender (World Bank Group, 2014).

## **5.2 Rooftop solar programme: South African perspective**

South African Industries, Governments, house owners and businesses have experienced an exponential increase in PV Installation. The combination of local government policy framework, inflation of electricity and decrease in technology costs have driven the installation of solar PV (Poorun & Radmore,

2023). Solar PV can assist South African businesses save more than 15% in electricity costs, with the system paying for itself within 3 – 12 years of installation, providing free energy for nearly 15 years thereafter.

Over the years, the municipalities in South Africa have depended on the revenue collected from the consumers' sales. Municipalities also use surplus revenue from electricity sales for financial shortfalls in other services. This situation adds to the existing complexity of electricity tariff setting, which is further complicated by introducing rooftop PV into the mix. Since the interests of rooftop PV owners and municipalities are misaligned, designing new electricity tariffs that are widely accepted to provide fair compensation for municipal electricity services has proven to be difficult (Kritzinger, Scholtz, & Korsten, 2020).

There is an application process for residents planning to install rooftop solar photovoltaic (PV) systems in South African municipalities. These processes typically include sign-off by a suitably qualified engineer, installation of an advanced metering system (both typically paid for by the electricity customer), and the migration to a small-scale embedded generator (SSEG) electricity tariff (Kritzinger, Scholtz, & Korsten, 2020). Kritzinger, Scholtz, & Korsten (2020) state that, while municipalities with SSEG tariffs that include payment for electricity fed back to the grid view these as fair, rooftop PV owners often expect to receive the same compensation for their excess electricity as what they pay for electricity consumed from the grid. However, in reality, this feed-in tariff is often much lower. This has the effect that it is financially more viable for prosumers<sup>1</sup> not to register their systems with the municipality and to let their meters "run backwards" (if they have mechanical disk meters), in effect setting their own (higher) net-metering tariff. This has led to many unregistered systems (as much as 75% of all households with rooftop PV installed), with resultant technical and financial implications for municipalities.

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<sup>1</sup> A prosumer is an entity or person who produces and consumes a product, in this case electricity.

## **5.2.2 Policy imperatives**

The municipality must authorize all grid-connected solar PV systems before installation. Connecting without approval is illegal and dangerous as it could compromise the safety of those in the building, the grid and those working on the grid. The Western Cape Province is leading the way in South Africa, with most municipalities allowing grid-connected systems and having the necessary regulations and tariffs (GreenCape, 2020). On that note, the regulatory environment directly impacts investment opportunities, market growth, and job creation (Poorun & Radmore, 2021). To lower demand on the national grid and reduce carbon emissions, the national Government has implemented several energy policies and incentives to encourage energy-efficiency interventions and alternative energy generation (Poorun & Radmore, 2021).

### **5.2.2.1 Gazetted Electricity Regulation Act 4 on New Generation Capacity(as amended)**

The Government has approved the capacity for the Municipalities to buy electricity directly from independent power producers. The municipalities in good financial standing will now be allowed to formulate an energy plan that does not rely solely on the government-run Eskom (Poorun & Radmore, 2021). Currently, there is no precedence for this. Like the one that enabled the various IPP programmes, a specific ministerial determination may still be needed to allow municipalities to purchase directly from IPPs. However, the City of Cape Town (CCT) has requested such a determination, and Ekurhuleni municipality released a Request for Proposal (RFP) for IPP generation in the second half of 2016, followed by Buffalo City in 2019. Not long ago, Merafong municipality, in October 2020, published an Expression of interest (EOI) for solar PV clusters.

### 5.2.2.2 Increasing off-take agreement options under third-party grid access: SSEG

The National regulator now permits the wheeling<sup>2</sup> of electricity and implementation by local municipalities. The policy will allow generators to wheel their electricity to a willing buyer anywhere in the municipality or country. This is currently being implemented by the City of Tshwane, Nelson Mandela Bay Metropolitan Municipality, the City of Cape Town, Stellenbosch, Drakenstein and Eskom (Poorun & Radmore, 2021).

### 5.2.2.3 National Small-scale Embedded generation rules, regulations, and tariffs

The policy's objective is to promote the safe and legal uptake of SSEG for its use. Most interestingly, table 2 represents the best level of information obtained by the South African Local Government Association (SALGA) on the uptake of SSEG processes in municipalities by October 2020. It gives a breakdown of municipalities that allow SSEG installations on their distribution network, those with a formal application process, and those with NERSA-approved SSEG tariffs. This allows them to credit customers for excess electricity exported onto their distribution networks. The table shows the Northern Cape Municipalities with various SSEG statuses.

Table 5.2: Northern Cape Municipalities with SSEG network

Province	Municipality	Allow SSEG onto the network?	Have an official SSEG	Have a NERSA-approved SSEG tariff?
Northern Cape	!Kheis Municipality	Yes	No	No
	Gamagara	Yes	Yes	Yes
	Hantam	Yes	No	No
	Kai !Garieb	Yes	No data	Yes
	Karoo Hoogland	Yes	Yes	No
	Nama Khoi	Yes	No	No

<sup>2</sup> Wheeling is the transportation of electrical energy from a generator to a separate electrical load, by making use of municipal or Eskom grid infrastructure and power purchase agreements (PPAs).

	Sol Plaatjie	Yes	No data	Yes
	Thembelihle	Yes	Yes	No
	Ubuntu	Yes	Yes	No

Source: (Poorun & Radmore, 2021)

### 5.2.3 Financial viability of rooftop system

The financial viability of solar PV is dependent on several different factors:

- ✚ Size of installation

Bigger projects produce cheaper electricity as fixed costs such as design and specifications are spread over more panels.

- ✚ Technology choice

Prices vary and some components must be imported.

- ✚ Location, roof type and roof direction

These have a great influence on the amount of sun that reaches the solar PV panels.

- ✚ Financing models selected

This is dependent on the client's risk profile and the length of the Power Purchasing Agreement.

- ✚ Client's current electricity tariff

Higher tariff increases solar PV Feasibility

Modelling shows that the economies of scale are significant, with larger systems having greater financial viability. GreenCape(2020) presents Table 3 which shows that small systems (< 100 kWp) cost ~R15k per kWp compared to large systems (> 500 kWp) that cost less than R10k per kWp. This is also reflected in the PPA tariffs with decreasing tariffs as system size increases.

Table 5.3: Price benchmark for Solar PV

Size of the system	System Capital Cost(peakWp)	Power Purchase Agreement tariff(per kWh)
>50 kWp and 100 kWp	R12 000 – R15 000	R0,90 – R1.20
>100 kWp and 500 kWp	R9 000 - R13 000	R0.80 – R1.00
>500 kWp	R8 000 – R12 000	R0.60 – R0.90

Source: GreenCape(2020)

#### **5.2.4 Rooftop Solar Market**

The South African Rooftop Solar market size is expected to reach 2,14 Gigawatt in 2024 and grow at a Compound Annual Growth Rate (CAGR) of 8.04% to reach 3.15 Gigawatt by 2029. The key players in South Africa's Rooftop Solar market are Genergy, Valsa Trading, JA Solar Holdings, Solareff and Bright Black. As of the end of January 2024, private households and companies had installed 5,412 MW of Rooftop Solar, and that is according to Eskom's calculations (Jacobs, 2024). This capacity exceeds that of Eskom's largest coal-fired stations, Medupe and Kusile. These stations have a normal capacity of 4800MW each. Jacobs(2024) further stated that the rapid uptake of rooftop solar from private companies and households has reduced the demand for Eskom's electricity.

### **6 Northern Cape Solar and Renewable Energy Business Incubator – Project Scope**

This section gives an overview of the rooftop solar project by highlighting the processes that were followed to recruit SMMEs and establish the Northern Cape Solar and Renewable Energy Business Incubator (NOCSOBI) to support SMMEs in the renewable energy sector.

#### **6.1. Project Background**

In his address to the nation, His Excellency President Cyril Ramaphosa mentioned the five key actions where the investment in rooftop solar PV installation by businesses and households was announced as one of the activities to resolve the energy challenge in South Africa. The president announced the following thoughts: First, diversification of energy generation to allow companies other than ESKOM to generate electricity. This measure enables electricity generators to sell electricity to one another. Second, the regulations must be changed to allow Municipalities to procure electricity independently. Under this action, several municipalities are pursuing the move.

Last, removing the licencing threshold completely assumes that all the generation processes must register with the regulator and comply with the technical requirements for the grid.

Four years before the president's speech, the Northern Cape Provincial Government had already identified "*investment in rooftop solar PV installation*" as one of the 18 conference resolutions. This resolution was adopted at the Renewable Energy Conference (REC) hosted by the Province in De Aar under the theme, "***Driving economic growth and transformation in the Northern Cape through renewable energy***". The following factors inspired the province to convene the conference: First, the Province occupies the central debate in the global movement towards renewable energy due to the resources it is endowed with to contribute to the bulk of production of green energy in the Country. Second, the Renewable Energy Independent Power Producer's Procurement Programme (REIPPPP) is dominated by companies with deep pockets and expertise – resulting in difficulty for SMMEs to participate in the programme. Last, most of the BBBEE partners are not from the province, where ownership is only through community development trusts.

To implement the rooftop solar programme, the Department has developed a renewable energy strategy with an emphasis on rooftop solar PV installation. The strategy aims to design mechanisms to involve SMMEs in the renewable energy sector. The strategy seeks to address the limited participation of small, medium and micro-scale enterprises in the renewable energy value chain. The strategy identified the following key issues: First, the inclusion of SMMEs into the core value chain of the RE sector through REIPPPP has been negligible. Second, recent research indicates that SMMEs have a much higher potential for participating in the small-scale embedded generation (SSEG) value chain, predominantly in Installation, operation, and maintenance (IO&M. Third, the intervention targets two types of renewable energy SMMEs at different stages of development: aspiring entrepreneurs with viable business concepts and those with trading businesses but facing growth and sustainability challenges.

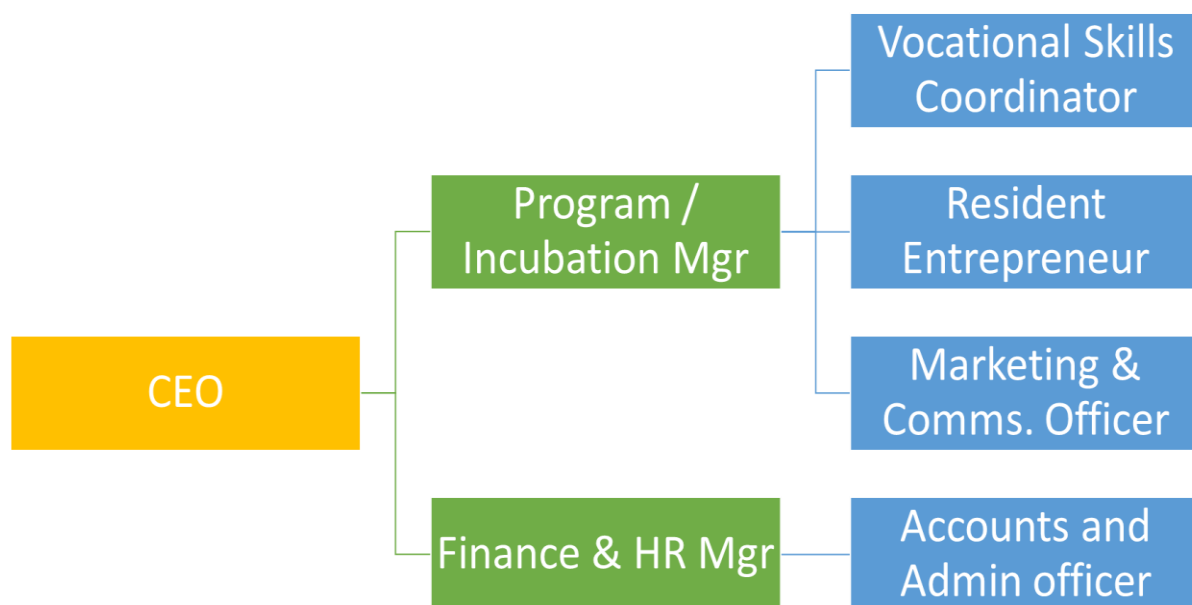
Last, the Installation and IO&M of rooftop solar PV systems in all public buildings is a low-hanging opportunity with a high likelihood of immediate realisation.

Against this background, the Department seeks to create a rooftop solar PV installation programme as an entry point for SMMEs. The objective is to assist the SMMEs in entering into power purchase agreements with the Departments and acquire loan funding from banks to procure the PV systems. The participating SMMEs will be subjected to an incubation support centre (herein referred to as NOCSOBI) to acquire business development and technical skills.

## 6.2 Progress in achieving Project deliverables

The Department of Economic Development and Tourism has entered into an implementation agreement with NOCSOBI to implement the programme on behalf of the SMMEs.

### 6.2.1 NOCSOBI Organogram



The following deliverables have been implemented:

#### **6.2.1.1. PV Green Card Programme**

The PV Green Card is an industry-led quality mechanism and provides full documentation of the installed system and declaration by the installer. PV Green Card offers the following benefits (Solar Power Europe; SAPVIA; GIZ SAGEN, 2021): First, the programme is about the services of the accredited PV installer to ensure the quality and safety of the installed system. Second, the programme provides complete information about the PV components and installation practices. Third, the programme provides better insurance and finance by reducing the risk through compliant installation. Last, the programme helps the consumers to protect themselves against the fly-by-night companies by allowing the industry-accredited PV installers for the installation. The Department through NOCSOBI has identified this programme to develop the SMMEs in the Province to take up the PV installation business opportunity.

#### **6.2.1.2. PV Green Card Training**

The recruitment process started in February 2022 through an expression of interest advertised in media such as local newspapers and local radio stations calling on all SMMEs in renewable energy to register their company details on the database. 176 applications were received from all the districts with only 76 SMMEs shortlisted for the PV Green Card programme. Out of the 76 SMMEs, 50 passed the PV Green Card assessment. Of the 50 SMMEs, 18 are from Frances Baard, 8 from John Taolo Gaetsewe, 13 from Namakwa, 9 from Pixley Ka Seme and two from ZFM. See also Table 6.1.

Table 6.1: PV Green Card Holders per District

District	Number of SMMEs	Women	Youth
Frances Baard	18	5	6
JTG	8	1	5
Namakwa	13	2	9
Pixley Ka Seme	9	3	6
ZFM	2	0	5
<b>Total</b>	<b>50</b>	<b>11</b>	<b>28</b>

### 6.2.1.3 NOCSOBI – Incubation Programme


NOCSOBI has been registered as the Northern Cape Solar and Renewable Energy Business Incubator NPC. The Board of Directors has been appointed to govern the affairs of NOCSOBI and the Centre Manager to manage the affairs of the Incubator. NOCSOBI seeks to create a rooftop solar PV installation programme as an entry point for SMMEs in the renewable energy sector. The objective is to empower SMMEs with skills and the experience to participate in the renewable energy sector.

The incubation centre is in Kimberley and it will be administered in a hybrid form, both physically and virtually to reach the entire Province. The objectives of the incubation are: Firstly, to help SMMEs to identify business opportunities to grow.

Lastly, to ensure that the SMMEs are up to date with development in the RE space and adhere to good administrative processes when running their businesses

### 6.2.1.4. NCOSOBI service offerings

The SMMEs will have access to the following services:

-  **Business development support** – the objective is to ensure that the SMMEs acquire sound financial management practices, sound HRD practices, marketing, labour relations, good customer relations, and

have SARS compliance status as well as other aspects to sustain their businesses.

✚ **Technical support** – they will have access to Structural and Electrical Engineers. The mentor will ensure that they have access to the technical expertise (structural and electrical) when they execute their projects.

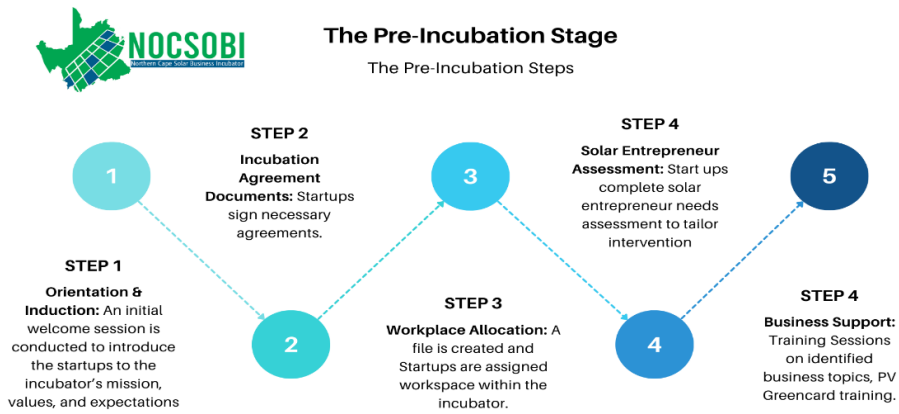
#### **6.2.1.5. Incubation stages**

The incubation stages are designed in a manner to identify the aspiring SMMEs in renewable energy and design suitable incubation intervention measures for them. Before the implementation of the incubation programme, the incubator embarks on the pre-incubation phase and the following activities are performed: First, all the incubates are assessed based on the following: their business readiness – that investigates the compliance status of the SMME's business (eg CSD registration status, SARS compliance, financial position). The last stage is the one where these SMMEs are evaluated based on the sizes of their businesses. According to the evaluation assessment facilitated by NOCSOBI – SMMEs with an annual turnover of R1500 are classified as large those between R500k and R15000 are medium and the ones below an annual turnover of R500k are classified as small. This information will assist NOCSOBI to design a suitable intervention programme for individual companies.

The first phase of incubation is **Orientation and Induction** – in this phase, NOCSOBI introduces its missions, values, and expectations. The Second Phase is **Incubation agreement documents** – in this phase the incubates are given the incubation agreement forms, service level agreement (between NOCSOBI and Incubate) and a two-way agreement (between NOCSOBI, Incubate and the DEDaT). The third phase is **Workplace Allocation** – in this phase, a file is created and startups are assigned workspace within the incubator. The fourth phase is the **Solar Entrepreneur Assessment** – in this phase, the start-ups are allowed to complete a solar entrepreneur needs assessment and this will assist the incubator to design the type of intervention needed. The last phase is the **Business Support** – the training sessions on identified business topics.

See also Figures 6.1, 6.2 and 6.3 below. Additionally, Table 6.2 shares a detailed incubation intervention plan.

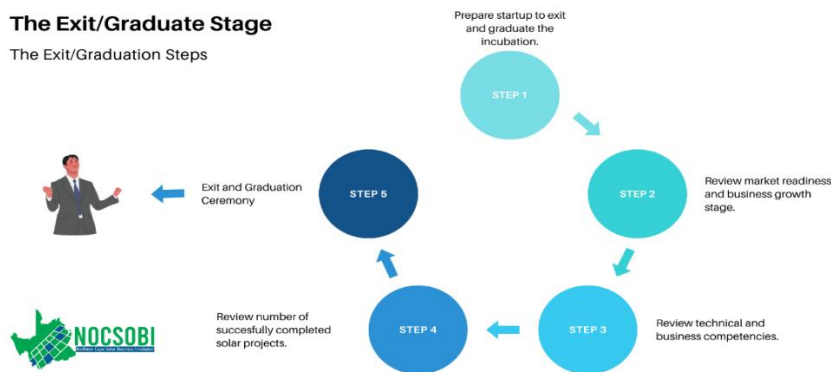
**Figure 6.1: Pre-Incubation Stages**



**Figure 6.2: Incubation stages**



**6.3: The Exit/Graduation stage**



### 6.3. Admission of SMMEs to NOCSOBI

The key admission requirement for the incubates at the incubation centre is the SMMEs with PV Green Card certificates, companies registered with the Companies and Intellectual Property Commission (CIPC). In a quest to admit the SMMEs to the incubation centre, NOCSOBI hosted an induction session. The Induction sessions were held in the second quarter of the current financial year in the following Districts: JTG, Namakwa, Frances Baard and ZFM. The primary objectives of the feedback sessions were to: First, to assess the status of the incubates. Second, the onboarding of new incubates for the 2024 NOCSOBI incubation program. Third, to identify the key challenges faced by the incubates in their respective districts. Fourth, to gather insights and recommendations from the incubates on how to improve the support provided by NOCSOBI. Last, to foster collaboration and knowledge sharing among the incubates from different districts.

The challenges that were identified through the interaction with the incubates were: First, the limited access to resources and infrastructure is hindering progress. Second, the technical expertise in advanced solar technologies is limited. Last, lack of funding. To address these challenges, there is a need to increase efforts to connect incubates with potential investors and funding opportunities. Last, to organize technical capacity-building initiatives focusing on advanced solar technology and best practices training. The sessions were attended by 51 SMMEs and so far, 27 SMMEs submitted their incubation application forms. Table 6.2 below, shows the number of submissions received from the districts.

**Table 6.3: Incubation application forms received**

District	Session attendance	Applications received
Frances Baard	17	12
John Taolo Gaetsewe	07	2
ZFM District	10	2
Namakwa District	14	11
<b>Total</b>	<b>48</b>	<b>28</b>

## **7. Transversal Term Contract**

In a quest to create investment opportunities for SMMEs, the Department of Economic Development and Tourism is working together with NCPT to put together the transversal term contract. "Transversal Term Contract" means a centrally facilitated contract arranged by the Provincial Treasury for goods or services that are required by one or more than one institution. Treasury Regulations 16A6.5 provides that: "The accounting officer or accounting authority may opt to participate in transversal term contracts facilitated by the relevant treasury.

Should the accounting officer or accounting authority opt to participate in a transversal contract facilitated by the relevant treasury, the accounting officer or accounting authority may not solicit bids for the same or similar product or service during the tenure of the term contract. Treasury Regulations (TR 16A6.5) hence empower the Provincial Treasury to facilitate transversal term contracts on behalf of the provincial departments.

The NCPT will issue an advert before the end of the current financial year to request SMMEs to participate in the transversal term contract. The objective is to appoint a panel of service providers to supply, install and commission rooftop solar photovoltaic and battery storage systems at the Northern Cape Provincial Government facilities for a period of three years.

## **8. Government support**

The project was presented at various intergovernmental platforms to try and seek support for this project. The project was presented on the following platforms:

### **8.1. The Executive Support**

The project was presented at the Executive Council in October 2022. The project was presented with the following recommendations: to compel all the Departments to participate in a transversal agreement to be administered by the Northern Cape Provincial Treasury. The Department also requested recommended EXCO's intervention to persuade all the Departments to use the local SMMEs in the rooftop solar PV Installation programme. The Executive Council (EXCO) passed Resolution No. 060/2022 (10) of 26 October 2022 mandating the Northern Cape Provincial Treasury

(NCPT) to administer the transversal contract for the rooftop solar panel project in accordance with TR 16A6.5.

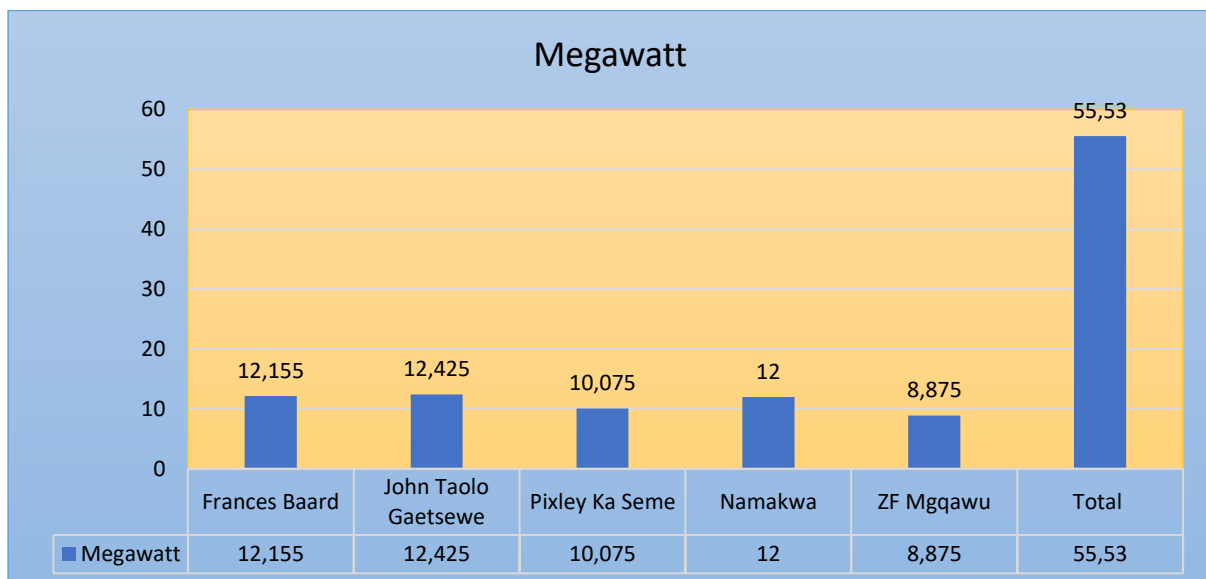
## 8.2. Intergovernmental Support

The Department of Economic Development presented the project at the HOD forum in February 2024. Accounting Officers including two state-owned entities signed letters of participation in the Transversal Term Contract for Rooftop Solar Panel project. The Department attended another HOD forum that took place on the 30<sup>th</sup> of September to share progress reports. To ensure that the officials of the Departments understand the project, the Department of Economic Development and Tourism in collaboration with NCPT has hosted a workshop in February 2024.

## 9. Financial implications

To determine the cost of rooftop solar installation NOCSOBI has analysed the peak demands of all the government buildings in the province. The total size in megawatt for the clean energy generation is estimated at 55,53MW. Of the 55,53MW, each District Municipality will require a total clean energy generation as per figure 9.1 below:

Figure 9.1: System Size Per District



The budget required for all these buildings is estimated at R1,4 billion. A detailed budget is attached as Annexure A.

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