

Rethinking Economic Policy for South Africa in the Age of Covid-19:  
Innovative policy responses for the post-lockdown Phase

# Revision of policies and regulations in relation to the opportunity for an eMobility Ecosystem deployment

*ACKNOWLEDGEMENTS AND DISCLAIMER:*

*This work is based on the research supported by the National Institute for the Humanities and Social Science. Any opinions, findings and conclusions or recommendations expressed in this report generated by the NIHSS- supported grant is that of the author(s), and do not reflect the views and opinions of the National Institute for Humanities and Social Sciences.*

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By

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## **EXECUTIVE SUMMARY**

While organisations around the world are trying to calculate a COVID-19 crisis aftermath, the World Economic Forum sees opportunities in “The Great Reset” and the UN is advocating the Sustainable Development Goals (SDG).<sup>4</sup> Global leaders have the obligation to seek collaborations to combat the consequences of this devastating pandemic. South Africa launched the Sustainable Infrastructure Development Symposium (SIDSSA 2020)<sup>5</sup> and is looking into green infrastructure bonds to accelerate growth. Energy sector transitions (with increasing renewable energy mix) and transport sector transitions (with migration to eMobility) are infrastructure developments that have globally gained momentum before COVID-19.

With more emphasis on investment plans to drive “post” COVID-19 economic transformation, the opportunities in these sector transformations have encouraged international governments to launch green stimulus funds for their industries and markets.<sup>6</sup> COVID-19 pandemic is a crisis that’s affecting all of us, and the immediate response from all policymakers to focus on protecting public health, helping those individuals whose livelihoods are in jeopardy, and whilst stabilising the economy is the appropriate measure. However, its vital that the much needed recovery is sustainable and the glaring approach is to promote a green recovery which will enable our world to be more resilient to such crisis.<sup>7</sup>

In order to guide the process of South Africa’s national energy transitions to be a “Just Energy Transitions”, it is up to South African government and local industry stakeholders to play their respective roles.<sup>8</sup> IRP 2019 is a central and progressive policy that recognises unequivocally that the cheapest approach to produce reliable new electricity in South Africa is through adding an energy mix of solar PV, wind, nuclear and gas etc. to our declining fleet of coal fire plants. The policy reveals the

significant number coal fire plants that shall be replaced with cleaner energy sources until 2030.<sup>9</sup>

The transition to electricity as a fuel (EaaF), however, requires integration and collaboration of the transport and energy sectors. New supply chains in a developing South African electric transportation industry alongside green energy developments promise to create a diverse spectrum of job opportunities and boost economic competitiveness.

In these processes, it is imperative to attract private investment (foreign and local) and empower local industrialists<sup>10</sup> alongside the development of new infrastructure in the energy and transport sectors as well as it is important to create matching<sup>11</sup> job opportunities. To ensure that advantages outweigh potential disadvantages of using electricity as a transportation fuel, this necessitates for policies and regulations to be reviewed in order for them to encourage innovations to combat the effects of the COVID-19 crisis and the continuous decline of our economy.<sup>12</sup>

Investments into modern and sustainable infrastructure like an eMobility Ecosystem entailing charge points (ELECTRIC VEHICLE CHARGERS) as well as digital connectivity (CHARGING NETWORK SERVICES & APPLICATIONS), green energy generation (RENEWABLE ENERGY) and energy security methods (ENERGY STORAGE SYSTEMS) are essential. For the South African government to pro-actively guide these opportunities with strategies for “post” COVID-19 economic stimulus, the benefits of such investments must be guided by policies and regulations that ensure broad-based economic developments.<sup>13</sup>

The IRP 2019 as central resource policy needs to be reviewed and shall further inform other related policies and regulations that have influence on encouraging innovations of the energy and transport transitions. The aforementioned must be cognisant of the important role that electric powered transport and its ecosystem can have by shifting the transport sector’s energy demand towards electricity.

Innovative policies and regulations shall enable South Africa to build modern sustainable infrastructure and increase local manufacturing opportunities by attracting holistic “post” COVID-19 investments. The fundamental aspect is to facilitate urgently needed economic stimulus to have positive impact on broad-based economic recovery, as an eMobility Ecosystem can provide stabilising mechanisms for the “disintegrating” national utility (ESKOM), strengthen municipalities, provide sustainable employment, implement more affordable, secure transport for all and make South Africa more competitive for the export of these green technologies.

In accordance with the Constitution of the Republic of South Africa, 1996 section 24,<sup>14</sup> it is imperative we uphold our obligations to the signed Paris Agreement<sup>15</sup> and combine efforts towards invigorating the economy for a positive recovery from the COVID-19 crisis. The call from the Presidency<sup>16</sup> that is encouraging private sector investment to support the South African government in getting our country back on track to positive economic transformation and recovery indicates the willingness of the government to provide policies and regulations that create a conducive environment to private investors.

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<sup>4</sup> World Economic forum *The Great Reset*, available at, <https://www.weforum.org/great-reset/>, and United Nations news, SDG, 'Stay the course together to emerge stronger from COVID-19 crisis' UN chief's message to major sustainability forum, available at, <https://news.un.org/en/story/2020/07/1067622>, .

<sup>5</sup> Sustainable Infrastructure Development (SIDSSA), available at, <https://sidssa.org.za/>.

<sup>6</sup> E.g. <https://www.dw.com/en/germanys-angela-merkel-unveils-stimulus-package-to-kickstart-economy/a-53677420> ;

<https://www.businessgreen.com/news/4019709/france-germany-ramp-multi-billion-euro-green-stimulus-plans>

<sup>7</sup> Caroline Kuzemko C Bradshaw M, Bridge G, Goldthau A, Jewel, J, Overland L, ScholtenThijs D, Van de Graaf, Westphal K, *Covid-19 and the politics of sustainable energy transitions* , Volume 68, October 2020, 101685: <https://www.sciencedirect.com/science/article/pii/S2214629620302607#!> .

<sup>8</sup> Glynn, P.J.; Błachowicz, A.; Nicholls, M.: (2020), *Incorporating just transition strategies in developing country Nationally Determined Contributions, Climate Strategies*.

<sup>9</sup> IRP 2019 at 15-16.

<sup>10</sup> Local: in relation to citizen empowerment and development of domestic industry (also referenced to BIS– black industrial scheme).

<sup>11</sup> Matching: Developing new energy and transport industry sectors that can (more than) compensate for the job losses in the coal industry. <sup>12</sup> Electric Power Research Institute (EPRI) is an independent, non-profit organisation that conducts research and development related to the generation, delivery and use of electricity to help address challenges in electricity, including reliability, efficiency, affordability, health, safety and the environment.

<sup>13</sup> The transition to electricity as a fuel has great impact including: Electricity generation locally vs. import of fossil fuels, Use of renewable vs. pollution-heavy energy generation, Increase of electricity demand vs. high fossil fuel consumption, Cleaner environment vs. harmful pollution, Smart and sustainable cities vs. service delivery issues, etc.

<sup>14</sup> Everyone has the right— (a) to an environment that is not harmful to their health or well-being; and (b) to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that— (i) prevent pollution and ecological degradation; (ii) promote conservation; and (iii) secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

<sup>15</sup> Amusan, Lere, and Oluwole Olutola. "Addressing Climate Change in Southern Africa: Any Role for South Africa in the Post-Paris Agreement?" *India Quarterly* 72, no. 4 (2016): 395–409. Accessed July 9, 2020. doi:10.2307/48505520.

<sup>16</sup> President Cyril Ramaphosa: Opening the Presidential Job Summit, Gallagher Convention Centre, Johannesburg (and other occasions)