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4 1 Policy discussion for sustainable integrated electricity expansion in  
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7 2 South Africa  
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27 10 **Abstract**  
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29 11 Emerging reports have shown that despite Eskom's continued investment in increasing electricity supply  
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31 12 capacity to grid connected and off-grid households, there has been a steady decline in electricity consumption  
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33 13 (kWh/month/individual) and household income (ZAR/month). This paper presents an integrated electricity  
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35 14 expansion model (IEEM) for South Africa that seeks to incorporate demand side management (DSM) in  
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37 15 providing a roadmap for improving and increasing energy (electricity) access that is sustainable, viable,  
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39 16 ethically compliant and cost effective. In modelling IEEM, a modified genetic algorithm (MGA) would be  
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41 17 utilized in simulating the dispatch of DSM loads (residential houses only) across the country. This paper  
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43 18 advances traditional grid expansion planning by presenting smart policy discussions on the usefulness of  
44  
45 19 IEEM in reducing associated network losses, enhancing utilization of local energy sources and minimizing  
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47 20 expansion and plant operations costs. This paper also discusses the impact of the IEEM on the quality of  
48  
49 21 life (QoL) of households and quality of service (QoS) of the utility. Electricity consumption data have been  
50  
51 22 adopted from the existing literature and appropriately modified.  
52

53 23 **Keywords - integrated electricity expansion model, energy poverty, sustainability, smart**  
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55 24 **policy, demand side management**  
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57 25 **Highlights**  
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- 59 26 ✓ Presents an integrated electricity expansion model (IEEM) for South Africa.  
60  
61 ✓ Outlines the potential of IEEM to integrate DSM to minimize grid expansion.  
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63 ✓ Presents techno-economic policy discussions on potential network loss reduction.  
64  
65 ✓ Extends further policy discussions on poverty mitigation and REPs utilisation.

## 27 Nomenclature

28	DLC	Direct Load Control	34	QoL	Quality of Life
29	DP1, DP2, DP3	Dynamic pricing tariff options	35	QoS	Quality of Service
30	FBAE	Free Basic Alternative Energy	36	REPs	Renewable Energy Projects
31	FBE	Free basic Electricity	37	SHS	Solar Home System(s)
32	k,z	Indices of buses	38	T	24 hours duration or 96 time slots
33	MGA	Modified Genetic Algorithm	39	t	time slot of 15 minutes interval
			40	TOU	Time of Use pricing tariff option

## 41 1 Introduction

42 According to the Transmission Development Plan (TDP) (Eskom 2015b), Eskom is expected to step up the 43  
44 construction of additional electricity supply capacity from 2017. The accelerated efforts by Eskom are sequel to 44 the  
45 energy crisis that has plagued South Africa since 2008; originally leading to massive blackouts, load shedding 45 and  
46 huge economic losses (Kohler 2014; Shezi 2015). While about 3,516 MW is expected to be lost from the 46 grid due to  
47 deteriorating and decommissioning of ageing power plants between 2021-2024, about 19,000 MW 47 is expected to be  
48 added to the grid capacity through new builds and capacity expansion between 2017-2024 48 (Eskom 2015b). Table 1  
49 (Eskom 2015b) presents the planned decommissioning between 2021-2024 while Tables 49 2 (Eskom 2015b) and 3  
50 (Eskom 2015b) present the planned supply capacity increment between 2017-2024. 50 Within, Table 2 shows the  
51 Medupi and Kusile coal-fired and Ingula pumped storage power stations as key 51 developments to meet peak demand.  
52 The power plants in Table 2 all feed into the national grid.

52 Further, additional costs are expected to arise given the need to increase the transmission network capacity  
53 and the requirement to build additional transmission and distribution stations in order to wheel power to  
54 homes and industry sites. It is expected that the bulk of the costs for expansion will be borne by the electricity  
55 consumers in form of increased electricity bills while further support will come from loans from the government 56  
57 and commercial creditors (BusinessReport 2018). The population growth predictions shown in Table 4 (Eskom 57  
58 2015b) present a growing trend in electricity demand forecasts. An assumed consequence of the increasing 58  
59 population, increasing energy needs and increasing industrialization is the need for Eskom to continue to boost 59  
60 generation capacity to always match projected demand. Yet this idea is at variance with a global trend, where 60  
61 demand side management (DSM) initiatives are being implemented in order to reduce the need for new builds 61 and  
62 efficiently utilize existing technologies to meet current demand. This is due, largely, to the huge costs 62 involved in  
63 building power stations and the long timespan between construction the synchronization of power 63 plant  
64 outputs (Ofgem 2015).

64 Figure 1 presents the conventional electricity expansion plan currently being exploited by Eskom. During  
65 the process of executing electricity expansion, Eskom models electricity demand increases considering diverse

66 factors (Gross Domestic Product (GDP), inflation, previous electricity demand growth, government policies  
67 etc.) to come up with various growth patterns considering multiple variants (shown in Table 4).

## 68 **1.1 Prevailing problems associated with South Africa's electricity expansion plan**

69 The demerits of the conventional electricity expansion plan of South Africa are as follows:

- 70 • There is the possibility of a supply glut (surplus) due to over-compensation of supply capacity. Such an  
71 instance was witnessed in the 1990's and led to the mothballing of the Komati, Camden and Grootvlei  
72 power stations (Monyei and Adewumi 2017).
- 73 • There is the possibility of a supply deficit owing to either demand exceeding projections or policy inconsis-  
74 tencies that mitigate against the development of new builds to shore up supply capacity. Such an instance  
75 was witnessed in 2008, when supply could not meet peak demand leading to massive load shedding and  
76 blackouts (Kohler 2014; Shezi 2015).
- 77 • Low utilization of renewable energy resources. Despite considerable increase in renewable energy projects  
78 (REPs), the lack of control over end user load dispatch (flexible DSM loads) by Eskom prevents them  
79 from fully utilizing the potentials of REPs due to their stochasticity. System operation and planning is  
80 thus done using base load stations (coal and nuclear) whose capacities and performances can be evaluated  
81 exactly.
- 82 • The loss of loads and blackouts remain a possibility. In instances of peak demand, the inability of Eskom to  
83 quickly dispatch end user loads without financial penalties means the possibility of load shedding becomes  
84 high.
- 85 • Electricity billing could be excessive. According to Eskom (2017b), between 2008 and 2013, electricity  
86 price cumulatively rose by about 114% which was at variance with declining electricity prices prior to  
87 2008/09. The sharp increase in electricity price (which was to enable Eskom raise future revenue to cover  
88 for new builds) was met with increasing public resistance (Eskom 2017b). Eskom has thus consistently  
89 argued for further increases in electricity prices to enable it to bridge its revenue shortfall (R35 billion in  
90 2014/15).

## 91 **1.2 Major contributions of this research**

92 The aim of this paper is to study and show the impact of an electricity expansion model (that integrates all as-  
93 pects of the electricity grid) on peak demand reduction, expansion costs reduction, capacity utilization maximiza-  
94 tion, maximization of earnings (for the supply side), minimization of electricity costs (consumption/utilization  
95 side) and network loss reduction. This is consequent on the fact that in addressing the issues associated with  
96 the conventional system of electricity expansion planning in South Africa, there is the need for an electricity  
97 expansion plan that is capable of:

- 98 ● Isolating consumers from extreme price fluctuation due to the utility’s billing system that attempts to  
99 recoup investments on new builds.
- 100 ● Utilizing REPs effectively. Rather than expending huge sums building large-scale storage facilities for wind  
101 and solar projects, end user loads could be dispatched during times of wind/solar availability. While we  
102 acknowledge the role of battery energy storage in stabilizing the electric grid and enabling the integration  
103 of REPs (Hu et al. 2017), we however draw caution from DiOrio et al. (2015) who offer that *it is necessary*  
104 *to evaluate the utility rate structure, and determine whether the addition of battery storage can be leveraged*  
105 *to reduce costs enough to justify the upfront capital expenditure and replacement costs.* This is important  
106 in ensuring that consumers do not become unnecessarily over-burdened with huge electricity bills.
- 107 ● Efficiently utilizing installed supply capacity. With adequate knowledge of demand schedules and opera-  
108 tional control of a fraction of end users loads, the utility is able to optimally dispatch generation sources  
109 and allocate end user loads such that dispatched supply capacity is efficiently utilized. This is necessary  
110 to prevent energy wastage, reduce emissions and operations losses.
- 111 ● Minimizing network losses<sup>1</sup>. With advanced knowledge of demand growth profiles across the provinces, it  
112 becomes possible to evaluate the associated costs (economic, losses) and benefits of situating a generation  
113 source closer to a demand hub<sup>2</sup> or extending the transmission network from the generation hub<sup>3</sup> to the  
114 demand hub. While it might be economical to locate power plants close to primary fuel sources, there is  
115 the possibility of incurring high economic costs and the network losses through evacuating power from the  
116 generation site to load centres. Balancing the location of generation sources to minimize economic costs  
117 and network losses becomes important.
- 118 ● Minimizing expansion. The ability to predict demand growth and evaluate operational DSM (by which  
119 we mean flexible loads whose operation hours can be influenced externally) capacity provides the utility  
120 company with an avenue to explore varied energy supply mix options, including REPs. This may minimize  
121 the utility’s expansion of supply capacity, inherently improving efficiency and reducing expansion costs.

122 Figure 2 presents the proposed integrated electricity expansion model (IEEM). In differing from Figure 1,  
123 Figure 2 operationalizes DSM. By this, we mean that it makes DSM load hours of operation flexible. In Figure  
124 1, DSM initiatives being adopted by Eskom consist of energy efficiency demand side management (EEDSM).  
125 In 2008, Eskom began a campaign to exchange incandescent bulbs in homes for more energy efficient compact  
126 fluorescent lamps (CFLs) with about 65 million of such energy efficient CFLs installed in South African homes  
127 to date. The result has been considerable energy savings and reduced electricity bills, job creation and a culture  
128 of greater energy efficiency among South Africans. It is estimated that about 11.8 TWh of DSM programs are

129 <sup>1</sup>According to Eskom (2015a), total technical energy losses for the 2014/15 financial year was estimated at 8.79%. While  
130 transmission losses (estimated at 2.53%) are mainly associated with power evacuation and increase with distance, distribution  
131 losses (estimated at 6.78%) are influenced by factors such as network design, network topology, load distribution and network  
132 operations.

133 <sup>2</sup>We define a demand hub to be a cluster of provinces with cumulative demand exceeding 15% of the total demand for South  
134 Africa.

135 <sup>3</sup>By generation hub we mean a cluster of power plants with generation capacity exceeding 30% of total generation capacity of  
136 South Africa. An example of such is the Mpumalanga Power Pool (MPP).

129 currently in place in South Africa with expected cumulative savings of 466 MW by 2017/2018 from the additional  
130 Residential Mass Rollout lighting LED program which commenced 2015/2016 (Eskom 2017a). However, despite  
131 the projected savings expected from such measures, their impact is passive due to the fact that the utility has  
132 no influence over the utilization time of EEDSM initiatives like CFLs distribution in South Africa. Figure 2  
133 advances Figure 1 by incorporating price based DSM with specific loads either being controlled directly by the  
134 utility (direct load control, DLC) or by the home owners (within a flexible window).

## 135 **2 The integrated electricity expansion model (IEEM) and related** 136 **works**

137 As shown in Figure 2, in predicting demand growth, the growth of flexible customers<sup>4</sup> is also predicted across  
138 the provinces. This is necessary as it helps in determining the minimum expansion needed (rather than the  
139 conventional expansion model shown in Figure 1 that aims for maximum expansion units).

140 A review of related literature for South Africa shows that only Monyei and Adewumi (2017) have been able  
141 to quantitatively illustrate growing energy poverty in South Africa as well as providing initial evidences of the  
142 benefits of operationalizing DSM for an isolated case. Other related works on the electricity sector in South  
143 Africa have centred around associated statistics and policy, for example Blommestein and Daim (2013) who  
144 carried out the evaluation of consumers decision making processes around energy efficient devices using a  
145 hierarchical decision model (HDM) to determine if there was a sync between consumers technology focus and  
146 current efficiency initiatives; Amusa et al. (2009) who applied bounds testing approach to co integration with  
147 an autoregressive distributed lag framework to examine South Africa's electricity demand during the period  
148 1960-2007 and Inglesi (2010) who forecast (using the Eagle-Granger methodology for co-integration and error  
149 correction models) the electricity demand of South Africa up to 2030. Similarly, DSM studies have been carried  
150 out by Clark (2000), who investigate the factors inhibiting municipalities from investing in DSM initiatives;  
151 Lombard et al. (1999) where a program for thermal efficiency in the South African residential sector was  
152 proposed and Rankin and Rousseau (2008) where the authors described how an improved inline water heating  
153 concept was capable of achieving peak load reduction without availability compromise within the specified  
154 operating time. Furthermore, other researchers have extended studies to pricing and its effect on electricity  
155 demand. For example, the effect of pricing policy on aggregate electricity demand and the magnitude of demand  
156 change/response to a variation in pricing policy between 1960-2007 for South Africa was studied in Amusa et  
157 al. (2009), while Inglesi-Lotz (2011) applied the Kalman filter in estimating the price elasticity of electricity in  
158 South Africa between 1980-2005.

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<sup>4</sup>We define flexible customers for this paper to be households with grid access and who have agreed to participate in DSM initiatives by either leaving the dispatch of selected loads to the utility within a flexible window or strict flexible window. By flexible window, we mean 24-hours window and by strictly flexible window, we mean a 2-hour window. Selected loads for this paper are cloth washers, cloth dryers and dishwashers. The incentive for participation is a reduction in electricity bills for the participating loads.

## 159 **2.1 Motivation for IEEM**

1 160 The 1990's mothballing of power production plants (see Monyei and Adewumi 2017) as well as the subsequent  
2  
3 161 supply deficit in 2008 that precipitated the blackouts and load shedding that characterized the electricity  
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5 162 network of South Africa between 2008-2015, necessitates a more proactive model that is sustainable and flexible.  
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7 163 Furthermore, growing/expanding grid access has not directly translated to increasing electricity consumption  
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9 164 (kWh/capita). Monyei and Adewumi (2017) illustrate this by investigating declining electricity per capita, as  
10  
11 165 do STATSSA (2017), who illustrated an increase in South African poverty rates (estimated to be about 55.5%).  
12  
13 166 It can thus be inferred that increasing poverty will directly result in decreasing disposable income and increasing  
14  
15 167 energy poverty (since households would spend more of their disposable income purchasing lesser electricity units  
16  
17 168 due to increasing electricity tariffs). In addition, Monyei and Adewumi (2017) offer that the estimated addition  
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19 169 to the grid capacity between 2017-2024 is over 500% in energy terms. This thus implies that Eskom stands at a  
20  
21 170 higher risk of incurring further revenue shortfall due to increasing operational losses (owing to underutilization  
22  
23 171 of installed capacity, increasing operations and maintenance costs and reduced revenue owing to decreased  
24  
25 172 electricity units purchases). IEEM is thus important in obviating the need for maximum demand sizing in grid  
26  
27 173 expansion by introducing flexible customers and efficiently utilizing REPs. Further, this paper advances the  
28  
29 174 discuss in Monyei and Adewumi (2017) beyond an isolated case by computing DSM potentials and evaluating  
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31 175 its impact (in terms of cost and expansion) for South Africa and making policy recommendations.

## 31 **3 The IEEM description and application**

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33  
34 177 In attempting to model DSM for South Africa and provide policy recommendations as regards electricity ex-  
35  
36 178 pansion, network losses, REPs utilization and electricity tariffs, we first describe South Africa's main electricity  
37  
38 179 company and the electricity network model employed in this paper.

### 41 **3.1 A brief description on Eskom**

42  
43 181 The major electricity provider in South Africa is Eskom, which generates over 95% of the total electricity  
44  
45 182 consumed in South Africa and about 45% of electricity produced in Africa. In addition to electricity generation,  
46  
47 183 Eskom owns the majority of the transmission network in South Africa with an average yearly production of  
48  
49 184 about 200 000 GWh. Eskom generates and sells electricity to municipalities (42.7%), industries (22.3%), mines  
50  
51 185 (14.4%), commercial and agricultural based companies (7%), rail companies (1.4%) and exports about 5.6% of  
52  
53 186 its electricity. Their major production sources for electricity include coal (83%), nuclear (5%) and imports (4%).  
54  
55 187 Imports are from the Southern African Power Pool (SAPP) which is an inter-connected regional transmission  
56  
57 188 network of the Southern African Development Community (SADC) (Monyei and Adewumi 2017).  
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## 3.2 Description of model electricity network for South Africa

Figure 3 presents a network model for the South Africa grid. It consists of ten buses (BUS 1 - BUS 10), nine load points (LP1 - LP9), five major power generation points (PP1 - PP5) and fifteen transmission lines (Line 1 - Line 15). For the model shown in Figure 3, all the transmission lines are assumed to be 400-kV transmission lines<sup>5</sup>. For the purpose of this paper, the generation sources considered are coal and nuclear, which form the base load stations for South Africa. Table 5 presents the relationship between Buses 1 - 9 and the respective province electricity statistics.

## 3.3 Problem description

The aim of this paper is to study and show the impact of IEEM on peak demand reduction, expansion costs reduction, capacity utilization maximization, maximization of earnings (for the supply side), minimization of electricity costs (consumption/utilization side) and network loss reduction. The mathematical description of the preceding problems are as follows:

### 3.3.1 Peak demand minimization

Given  $P^t$  (MW),  $BL^t$  (MW) and  $DSM^t$  (MW),

$$BL^t + DSM^t = P^t \quad (1)$$

The objective function  $P_{IEEM}^t$  is defined as

$$P_{IEEM}^t = \min(P^t) \quad (2)$$

Where  $P^t$  (MW) is the total power demand,  $BL^t$  (MW) is the total base load demand and  $DSM^t$  (MW) is the DSM demand for South Africa for slot  $t$ . A slot is defined as a 15-minutes interval.

### 3.3.2 Expansion costs minimization

Given  $C^{exp}$  (ZAR/MW) to be the cost of adding an additional MW to the national grid, then the objective function  $C_{IEEM}^{exp}$  is defined as

$$C_{IEEM}^{exp} = \min(C^{exp}) \quad (3)$$

### 3.3.3 Capacity utilization maximization

Given  $Util^t$  (%) to be the average utilization of power plants across South Africa, the objective function  $Util_{IEEM}^t$  is defined as

$$Util_{IEEM}^t = \max(Util^t) \quad (4)$$

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<sup>5</sup>Major transmission network of South Africa consists of 765-kV, 533-kV, 400-kV, 275-kV, 220-kV and 132-KV lines.

### 206 3.3.4 Revenue maximization - supply side

1 Given  $Supp^T$  (ZAR/day) to be the total daily revenue earned by the supplier from electricity sold, the objective  
2 function  $Supp_{IEEM}^T$  is defined as  
3

$$4 \quad Supp_{IEEM}^T = max(Supp^T) \quad (5)$$

5  
6  
7 207 where  $Supp^T = \sum_{t=1}^{t=96}(Supp^t)$   
8  
9

### 10 208 3.3.5 Electricity cost minimization - consumer side

11  
12 Given  $H^{exp}$  (ZAR/day) to be the daily electricity cost for a house participating in DSM, the objective function  
13  $H_{IEEM}^{exp}$  is defined as  
14

$$15 \quad H_{IEEM}^{exp} = min(H^{exp}) \quad (6)$$

### 16 17 18 19 209 3.3.6 Network loss minimization - transmission only

20  
21 Given  $Loss^T$  (MW) to be the daily transmission losses for the electricity network, the objective function  
22  $Loss_{IEEM}^T$  is defined as  
23

$$24 \quad Loss_{IEEM}^T = min(Loss) \quad (7)$$

25  
26  
27 210 where  $Loss^T = \sum_{t=1}^{t=96}(Loss^t)$   
28  
29

### 30 211 3.3.7 Operations cost minimization

31  
32 Given  $OP^T$  (ZAR/day) to be the daily operations cost in generating and distributing electricity by the utility,  
33 the objective function  $OP_{IEEM}^T$  is defined as  
34  
35

$$36 \quad OP_{IEEM}^T = min(OP^T) \quad (8)$$

37  
38  
39  
40  
41 Subject to

$$42 \quad OP^T = F^T + E^T + Mt^T \quad (9)$$

43  
44  
45 212 where  $F^T$  (ZAR/day) is the daily fuel cost (coal cost, water cost etc.) for running power generation plants,  
46  
47 213  $E^T$  (ZAR/day) is the daily emissions cost based on power sent out and  $Mt^T$  (ZAR/day) is the daily cost of  
48  
49 214 maintenance for the power generation plants.  
50  
51

## 52 215 3.4 Solving the network model

53  
54 The Gauss-Seidel model has been chosen for attempting to solve the resulting load flow problem from Figure  
55  
56 3. Its choice is basically due to familiarity and ease of programming and speed since Newton-Raphson takes  
57  
58 longer because of the need to recalculate the Jacobian (Gilbert et al. 1998). Applying Kirchoff's current law  
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65



given the bus admittance matrix yields equation 10.

$$I = Y_{bus}V \quad (10)$$

The  $k^{th}$  nodal current of N nodes (BUSES) is obtained to be  $I_k = \sum_{z=1}^N (Y_{kz}V_z)$  which can be resolved to give (11).

$$I_k = Y_{kk}V_k + \sum_{z=1}^N (Y_{kz}V_z) \quad (11)$$

Re-arranging (11) to obtain  $V_k$  is shown in (12).

$$V_k = \frac{I_k}{Y_{kk}} - \frac{1}{Y_{kk}} \sum_{z=1}^N (Y_{kz}V_z) \quad (12)$$

if  $S_k = P_k - jQ_k$  then (13) is obtained.

$$V_k^{t'+1} = \frac{1}{Y_{kk}} \left[ \frac{P_k - jQ_k}{(V_k^{t'})^*} - \sum_{z=1}^N (Y_{kz}V_z^{t'}) \right] \quad (13)$$

Where  $I_k$  is current,  $V_k/V_z$  is voltage and  $Y_{kk}/Y_{kz}$  is bus admittance matrix. The modelling of the Gauss-Seidel operation is constrained to ensure that convergence is only possible within allowed bus voltage limits. Similarly,  $S_k$ ,  $P_k$  and  $Q_k$  are the apparent, real and reactive power (all in per unit) at bus k.

### 3.5 Assumptions for network

The network model shown in Figure 3 is assumed, within realistic approximations, to present valid values for the South African electricity network. The following have been assumed in simplifying the electricity network for South Africa:

- Only base load generation stations (coal and nuclear) have been used in the simulation.
- All base load generation stations within a province have been merged to form a pool (PP1-PP5).
- The load within a province have been merged to also form a pool (LP1-LP9) .
- Random lengths have been assigned to the transmission lines to enable the computation of line losses due to variation in situating generation plants. For this paper, the length of the transmission line is immaterial since we are solely interested in the variation (percentage increase/decrease) of network transmission losses due to variations in the location of power generation plants.
- The transmission lines are all assumed to have infinite ampacity limits.
- Power imports have been included in PP1 (from Botswana) and PP3 (from Mozambique).

## 4 Scenario modelling

Three scenarios (Scenarios 1, 2 and 3) are modelled and discussed with respect to Section 3.3.1 to Section 3.3.7. For each Scenario being modelled, three cases are considered. The adoption of varying locations for power station placement is to explore the effect of power plant location on parameters such as network loss, utilization, reactive power compensation, voltage profile etc. The scenario modelling thus assists in determining the optimal location for locating power plants that will achieve an optimal system configuration at the minimum cost. Furthermore, the variation in the DSM profiles is to evaluate the extent to which flexibility in DLC affects peak demand, supply capacity utilization and other associated costs.

- Case 1: Here, households participating in DSM determine when participating DSM loads are to be dispatched within a time-frame<sup>6</sup>. For this case, the time-frame is 05:00-08:00 and 17:00-22:00. It is also assumed that the dispatch of DSM loads (DSM-potential for each province is shown in Table 5) under this case follows the natural and unconstrained usage pattern of participating households.
- Case 2: Under this case, the participating DSM loads (DSM-potential shown in Table 7) are dispatched by the utility across the day. The time-frame is from 00:00 - 00:00 (next day). The incentive for participation is the reduction of electricity bills for the participating households. This case also offers the utility the most flexibility in optimizing the dispatch of generation plants to reduce its operation costs and improve capacity utilization. The DSM loads are under direct load control (DLC) by the utility.
- Case 3: Under this case, the utility dispatches participating households DSM loads within the time-frame 05:00-08:00 and 17:00-22:00 with the possibility of exceeding 08:00. DSM loads (DSM-potential shown in Table 5) are under DLC in this case. In differing from Case 1, Case 3 incorporates DLC for the dispatch of the DSM loads. Similarly, Case 3 differs from Case 2 by adopting a more constrained time-frame (similar to Case 1). Case 3 also offers households reduction in electricity bills and reduced operation costs for the utility.

Figure 4 depicts the dispatch time profile for participating DSM loads. It is seen from Figure 4 that the time-frame is denoted by  $w_i$  where  $w_i$  is 2-hours for Cases 1 and 3<sup>7</sup> and 24-hours for Case 2. Also,  $t_{i,j}^{start}$  is the earliest start time for DSM load  $j$  in house  $i$  and is 05:00 for Cases 1 and 3 and 00:00 for Case 2.  $t'_{i,j}$  is the latest time a participating DSM load can be dispatched based on its hours of operation ( $t_{i,j}^{duration}$ ),  $t_{i,j}^{dispatch}$  is the time of actual dispatch of the DSM load  $j$ ,  $t_{i,j}^{stop}$  is the latest stop time for a dispatched DSM load  $j$  while  $t_{i,j}^{final}$  is the actual stop time for a dispatched DSM load  $j$ . Table 6 presents the description of the participating DSM loads including their duration of dispatch and power rating while Figure 5 presents the daily base load profile for all provinces. The justification for the choice of the participating DSM loads is explicitly discussed in Monyei and Adewumi (2017). In modelling the different Cases (1, 2 and 3), the incorporated MGA (Monyei and Adewumi 2017) aims at minimizing the peak demand (MW) for the DSM loads (irrespective of the base loads). Figure 6 presents the cumulative DSM profile for all Cases and provinces and is utilized for all Scenarios.

<sup>6</sup>A time-frame for this paper is the period within which DSM loads are to be dispatched i.e. from  $t_{i,j}^{start}$  to  $t_{i,j}^{stop}$ .

<sup>7</sup>This would not always hold for Case 3 due to the possibility of  $t_{i,j}^{stop}$  exceeding the 2-hours limit for some households.

## 266 4.1 Scenario 1

1 267 In Scenario 1, we model the electricity network shown in Figure 3 with DSM and base load considerations as  
2  
3 268 shown in Figures 6 and 5 respectively and the normal placement of base load power generation plants as shown  
4  
5 269 in Table 7. This scenario provides a baseline for comparison purposes with all other scenarios. Table 8 provides  
6  
7 270 further explanation to Table 7. BUS 2 is assumed to be the slack bus for this case while other generating plants  
8  
9 271 are dispatched at 70% capacity utilization.

## 11 272 4.2 Scenario 2

13  
14 273 In Scenario 2, we model the same electricity network as used in Scenario 1 (i.e. Figure 3) utilizing same DSM  
15  
16 274 and base load profiles (shown in Figures 6 and 5 respectively) but with power plant distribution as shown in  
17  
18 275 Table 7 (as modified). The placement of the additional power plants for this scenario is by inspection (randomly)  
19  
20 276 and does not follow any scientific method. Similar to Scenario 1, BUS 2 is taken to be slack bus while other  
21  
22 277 generation power stations are dispatched at 70% capacity utilization.

## 24 278 4.3 Scenario 3

26 279 Scenario 3 is similar to Scenario 2 but with an additional power plant as described in Table 7. The additional  
27  
28 280 plant added to the indicated bus is assumed to be a base load power generation plant (typically coal or nuclear).  
29  
30 281 However, the plant could also be a combination of other sources - natural gas, REPs etc. BUS 2 is taken to be  
31  
32 282 the slack bus with other generation power plants dispatched at 70% capacity utilization.

## 34 283 4.4 Price modelling

36  
37 284 Four varying pricing models are utilized in order to show the robustness of IEEM and aid policy discussions.  
38  
39 285 The time of use (TOU) and 3 dynamic pricing schemes (DP1, DP2 and DP3) as shown in Figure 7, are adopted  
40  
41 286 in evaluating electricity cost for the DSM loads only in all Cases. Irrespective of the scenario modelling (1, 2 or  
42  
43 287 3) adopted, the cost of the DSM loads for all cases remains the same for the scenarios. The Eskom TOU pricing  
44  
45 288 scheme adopted is for a household whose monthly electricity consumption is an average of  $600kWh$ . The cost  
46  
47 289 for off-peak periods is about  $ZAR1.25/kWh$  and is exclusive of the peak period prices. For the purpose of this  
48  
49 290 research, 20% has been added to the spot price during off-peak periods to generate the peak period (6am-8am  
50  
51 291 and 6pm-9pm) TOU price. Weekdays and weekend peak periods have been assumed to be similar. Similarly,  
52  
53 292 for the dynamic pricing schemes adopted, the computation of the dynamic price  $DP^t$  (where DP could be DP1,  
54  
55 293 DP2 or DP3) follows the time of use (TOU) pricing being used by Eskom. Given  $FP^t$  as the TOU pricing  
56  
57 294 electricity spot price, then  $\frac{1}{96} \sum_{t=1}^{t=96} (DP^t) = \overline{FP^t}$  (Monyei and Adewumi 2017).

## 5 Results and discussion

Table 9 presents the associated statistics for the DSM loads only. It is observed from Table 9 that irrespective of the scenario, Case 2 has the lowest build size of 173.48 MW while Case 1 has the highest build size of 495.01 MW. The selection of the maximum build size is based on the highest power demand (based on DSM load allocation by MGA) across the day. Also presented in Table 9 is the cost of electricity (DSM loads only) across the cases. Using TOU cost as the baseline cost, it is seen that Cases 1 and 3 offer competitive prices in terms of cost reduction for the participating households (utilizing DP1 and DP2). For example, in Case 1, DP1 offers a 25.41% cumulative reduction in combined DSM load electricity cost while DP2 offers a 13.41% cumulative electricity cost reduction for all participating households. Similarly, for Case 3, DP1 offers 18% cumulative reduction in electricity cost with DP2 offering cumulative electricity cost reduction of 8.67%. The cumulative reduction in electricity costs (for Case 1 using DP1) translates to 3.26 kWh daily savings per household (based on 1.25 ZAR/kWh). This could either be used in extending electricity usage or other activities that could improve the quality of life (QoL) of households.

Based on Eskom (2017b) and Eskom (2015b), the average cost of building supply capacity for 2016/17 is estimated at ZAR 9.39 million/MW. The implication of this is that excluding operations and other associated costs, the build cost for Case 3 (363.84 MW) can be recovered (from DSM loads only) in about 194 days using DP1 and about 174 days using DP2. While Case 2 offers a very competitive value in terms of expansion cost reduction, its offer of competitive pricing for participating households is almost negligible. Table 10 presents the daily cumulative losses across the network (Figure 3) for all cases and scenarios. Across all cases, it is observed that losses reduced by 2.5% between Scenario 1 and Scenario 2 for Cases 1 and 3 (2.65% for Case 2) and 0.35% between Scenario 2 and Scenario 3 for all cases.

It is observed that the placement of arbitrary generation plants in BUS 8 (Scenario 2) and BUSES 3 and 8 (Scenario 3) results in a reduction in transmission losses (shown in Table 10). The implication of this is that less pressure (in terms of extra demand) is put on the Mpumalanga Power Pool (MPP). This frees up capacity at MPP for maintenance and also reduces capacity expansion at MPP due to utilization of the local generation power stations (or local REPs).

Figure 8 presents the effect of the additional power plants (Scenarios 2 and 3) on the ampacity of the transmission lines. It is observed from Figure 8 that there is a significant drop in current flowing through lines 1, 8, 10, 13, 14 and 15 with significant increase in line current observed in lines 2, 3, 4, 5, 6 and 12. Current through lines 9 and 11 remained averagely unaffected across the scenarios and cases. The utility of this result is in determining transmission lines that need to be upgraded or supported to enable evacuation of power from one bus to another.

The variation in BUS voltage across the scenarios is shown in Figure 9. It is observed from Figure 9 that bus voltage profile is averagely unaffected for most buses with significant drop in bus voltage observed for BUSES 3, 7 and 9. Also, while no bus voltage exceeds the upper bus limit of 1.113 per unit, BUSES 2, 3, 6, 7 and 8 fall below the lower limit 1.007 per unit for all scenarios and cases (base voltage is 1.06 per unit).

331 The utilization of capacity build for participating DSM loads is further shown in Table 9 to be 33.34% for  
332 Case 1, 95.14% for Case 2 and 45.36% for Case 3 (irrespective of scenario). The high utilization observed for  
333 Case 2 as a result of DLC compromises on electricity bill reduction for participating households. Under Case 2,  
334 DP1, DP2 and DP3 tariffs translate to about ZAR 10.62 (8.50 kWh/month), ZAR 8.75 (7.00 kWh/month) and  
335 ZAR 12.74 (10.19 kWh/month) monthly electricity bill reduction/energy savings for participating households.  
336 In offering higher utilization of capacity build and guaranteeing maximum revenue accrual to the utility (based  
337 on the similarity in earnings irrespective of the tariff method adopted), Case 2 compromises on significant  
338 electricity bill reduction for participating households. Cases 1 and 3, which both compromise on utilization of  
339 capacity build and maximum returns for the utility (for DP1 and DP2), guarantee participating households  
340 significant monthly electricity bill reduction of 16.3% and 8.6% (for Case 1) and 11.3% and 5.4% for (Case 3).  
341 IEEM thus provides an interactive platform that enables Eskom investigate the impact of DSM and varying  
342 load control options (Cases 1, 2 and 3) on its capacity expansion and revenue accrual.

## 343 **6 Policy discussions**

344 In discussing further the results obtained, policy discussions on IEEM would focus on its network loss reduction  
345 capabilities, expansion cost minimization potentials, electricity cost reduction potentials, poverty mitigation,  
346 technical and economic evaluation potentials for electricity network expansion. Here, we discuss each in turn.

### 347 **6.1 Policy discussion on network loss reduction**

348 According to Eskom (2017b), transmission loss is about 7.5% of total power produced which results from the  
349 long distance between the major power pool (BUS 2) and load points LP3, LP4, LP8 and LP9. Results obtained  
350 show that the majority of losses occur on lines 1, 3, 11 and 15. This is as a result of the unavailability of local  
351 base power stations or alternative power sources at BUSES 3, 4, 8 and 9. However, the introduction of fictitious  
352 power stations at BUSES 3 and 8 lead to significant current drop in lines 1, 14 and 15. Since losses are directly  
353 related to current flow, this means that reducing the current flowing through a transmission line would lead to a  
354 corresponding decrease in the losses through the respective line. IEEM this offers Eskom a model to assess the  
355 cost of citing power stations at local points of consumption (construction, fuel, maintenance, water etc.) and  
356 savings/benefits (loss reduction, enhanced grid security and utilization of local REPs). Furthermore, a reduction  
357 in network losses translates to longer operational life of the transmission line, reduced costs for transmission  
358 network expansion and network security.

### 359 **6.2 Policy discussion on expansion costs reduction**

360 The transmission development plan (TDP) (Eskom 2015b) outlines the intent to expand supply capacity by  
361 over 500% in energy demands in response to anticipated demand growth between 2017-2024 (Monyei and  
362 Adewumi 2017). With a moderate estimated cost of ZAR 9.39 million/MW, Eskom would need to hike electricity  
363 prices excessively to recoup their investments. IEEM provides an alternative. By incorporating DSM at 10%

364 participation of electrified households in South Africa, IEEM reduces capacity expansion from 495.01 MW to  
365 173.48 MW (Case 1 to Case 2) and 495.01 MW to 363.84 MW (Case 1 to Case 3). This translates to savings  
366 of over ZAR 3 billion for Case 1 to Case 2 and over ZAR 1.2 billion for Case 1 to Case 3. This thus implies  
367 that more savings could be achieved with the incorporation of further households and loads (heating, cooling,  
368 lighting, industrial etc.).

### 369 **6.3 Policy discussion on electricity cost reduction**

370 IEEM offers Eskom the opportunity of incentivizing households through the adoption of pricing tariffs that  
371 reduce the electricity bill of participating households DSM loads. For example in Table 9, under Case 1, DP1  
372 offers about ZAR 122/month/household savings which is about a 16% reduction in a typical household's monthly  
373 electricity bill (households consuming 600 kWh/month and under). In energy costs, this translates to about 98  
374 kWh/month/household (at ZAR 1.25/kWh).

### 375 **6.4 Policy discussion on poverty mitigation**

376 According to STATSSA (2017) and Monyei et al. (2018b), over 50% of South Africa's households are poor. It  
377 can be inferred that the declining electricity consumption in households (Monyei and Adewumi 2017) despite  
378 increasing investments in electricity capacity expansion has been exacerbated by the increasing cost of electricity.  
379 Households are thus forced to purchase less electricity units due to higher tariffs leading to energy poverty.  
380 IEEM provides policy makers an avenue to improve households QoL and precipitate economic growth through  
381 the adoption of flexible pricing tariffs (DP1, DP2 and DP3) and operational DSM. From Table 9, under Case 1,  
382 households are able to reduce monthly electricity bill by up to 16% which translates to energy savings of about  
383 98 kWh/month/household. The savings can be used to either extend operation time of electrical appliances  
384 that can contribute to households QoL (lighting, entertainment, heating, cooking) or engage in other activities  
385 that are also capable of improving households QoL.

### 386 **6.5 Policy discussion on capacity utilization**

387 The impact of varying load control strategies - constrained user defined (Case 1), DLC (Case 2) and constrained  
388 DLC (Case 3) has been presented in Table 9. IEEM enables Eskom investigate the potential impact varying  
389 control strategies in terms of load dispatch could have on plant utilization, revenue accrual and electricity bill  
390 reduction. As observed from Table 9, DLC (Case 2) offers Eskom more operational control of the electricity  
391 network (generation, transmission and end-use dispatch time). Also, despite Cases 1 and 3 offering reduced  
392 capacity utilization compared to Case 2, Eskom is able to dispatch base loads during the periods of low utilization  
393 by reducing generation capacity for base loads during the periods of low utilization.

## 394 6.6 Policy discussion on rural electrification expansion

1 395 The Free Basic Electrification (FBE) (GNESD 2017) and Free Basic Alternative Energy (FBAE) (DME 2007)  
2  
3 396 policies aim at providing energy to poor and vulnerable households. While Solar Home Systems (SHS) are  
4  
5 397 distributed to poor off-grid rural homes (or 50 kWh/month free to grid connected poor homes) under the  
6  
7 398 FBE, the FBAE provides other poor off-grid homes without SHS limited quantities of alternative energy fuels  
8  
9 399 at no cost to meet their basic energy needs (Monyei et al. 2018a). With the incorporation of DSM, IEEM  
10  
11 400 provides Eskom with enormous savings which can be invested in strengthening off-grid SHS and microgrids.  
12  
13 401 Considering the problem of weather variations which is capable of disrupting SHS output for off-grid poor  
14  
15 402 homes, with additional resources recouped from reduced expenditure on capacity expansion, Eskom can finance  
16  
17 403 hybrid generation schemes at the community level to improve electricity supply to the rural off-grid homes thus  
18  
19 404 reducing rural peripheralisation<sup>8</sup>(Monyei et al. 2018a).

## 20 405 6.7 Policy discussion on operations cost minimization

22 406 Notwithstanding fuel, maintenance and operations costs, emissions cost also contributes to the overall expen-  
23  
24 407 diture of Eskom. According to News24 (2013), a proposed carbon tax of ZAR120/tCO<sub>2</sub> energy equivalent  
25  
26 408 by National Energy Regulator of South Africa (NERSA) was expected to add about R11 billion to Eskom's  
27  
28 409 expenses from 2015. With over 80% of Eskom's generating capacity sourced from coal power plants, this implies  
29  
30 410 that the additional costs would be transferred to consumers through tariff hikes (Gosling 2011). Through the  
31  
32 411 incorporation of DSM into the IEEM proposed and modelled in this paper, Eskom is provided with flexible  
33  
34 412 loads which can be dispatched by REPs during hours of their (REPs) availability. Considering the net zero  
35  
36 413 carbon charges on electricity production from REPs, Eskom not only reduces emissions and its associated costs  
37  
38 414 but also fuel costs.

## 39 415 6.8 Policy discussion on Quality of Service

42 416 Through IEEM, Figure 9 provides Eskom with technical statistics associated with voltage regulation. This is  
43  
44 417 important in helping Eskom determine the additional costs associated with improving power quality (reactive  
45  
46 418 power compensation, voltage regulation, frequency regulation). Furthermore, the peaking power plants like the  
47  
48 419 hydro electric power (HEP) stations and combined cycle gas turbines (CCGT) can be effectively dispatched to  
49  
50 420 maintain network operating frequency. The maintenance of operational frequency and balanced voltage improve  
51  
52 421 Eskom's Quality of Service (QoS) since end users do not have to employ local improvement schemes to improve  
53  
54 422 the quality of power supplied.

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54 <sup>8</sup>By rural peripheralisation, we extend its meaning beyond Sovacool et al. (2017) to mean discrimination in the quality of  
55 electricity households can access based on their proximity to the grid.  
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## 423 6.9 Policy discussion on network security

1 424 According to eePublishers (2014), South Africa’s electricity grid is expected to be N-1 compliant by 2022. This  
2  
3 425 means that the loss of any major transmission line or generating station is capable of precipitating grid collapse.  
4  
5 426 Furthermore, in the event of a major network fault, the unavailability of flexible customers/loads implies that  
6  
7 427 deliberately disconnecting consumers leads to economic losses and impacts negatively on their QoL. IEEM,  
8  
9 428 through the incorporation of DSM, provides Eskom with leeway (operational freedom) in balancing the grid  
10  
11 429 without economic repercussions. Furthermore, IEEM provides Eskom with an advanced simulation tool that  
12  
13 430 can be used in simulating extremities on the grid to evaluate the extent of grid security and response during  
14  
15 431 faults.

## 16 432 6.10 Policy discussion on pricing

17  
18 433 Eskom’s pricing is mostly influenced by its projected capital expenditure on maintenance, new builds, overhead,  
19  
20 434 operations, insurance and other associated running costs. According to Eskom (2017b), there was a revenue  
21  
22 435 shortfall of about R35 billion for 2014/15 due to low tariff. However, while Eskom aims at maximizing revenue  
23  
24 436 accrual through higher tariffs, the resulting increase in tariff is capable of precipitating poverty. Households are  
25  
26 437 thus forced to spend a higher percentage of their income on reduced electricity units, leading to energy poverty.  
27  
28 438 This, in turn, can lead to reduced electricity consumption (as established in Monyei and Adewumi 2017) and  
29  
30 439 lower utilization of supply capacity, inherently leading to higher operations cost and increased operational losses.  
31  
32 440 According to Zhang (2012), investment in energy efficiency (especially for households and industries) can be  
33  
34 441 improved upon by mandatory targets and electricity prices. Appropriate pricing regimes are thus needed that  
35  
36 442 are capable of billing households based on their income level and rate/level of participation in DSM activities  
37  
38 443 and also encouraging energy efficiency investments. IEEM thus offers a platform for the exploration of the effect  
39  
40 444 of various pricing schemes on revenue accrual (for the utility) and peak demand reduction.

## 41 42 445 7 Conclusion

43  
44 446 This paper has presented IEEM and studied its impact on both Eskom and consumers. This paper has shown  
45  
46 447 that IEEM advances traditional generation expansion planning (GEP) beyond conventional demand growth  
47  
48 448 expansion and generation capacity estimation. IEEM through the incorporation of DSM, provides Eskom with  
49  
50 449 varied options in terms of expansion planning (expansion capacity, possible revenue accrual and associated  
51  
52 450 network losses) which helps in better informing decisions on the type of generation capacity to build and  
53  
54 451 location. Considering the dispersed REPs across South Africa, IEEM has provided a platform that enables  
55  
56 452 Eskom utilize their capacity in dispatching flexible loads. Furthermore, IEEM has also shown its capability in  
57  
58 453 mitigating poverty through electricity bill reduction for participating households. With up to 16% reduction in  
59  
60 454 electricity bill for a typical household, more units could either be purchased by households to extend usage of  
61  
62 455 electrical appliances or for other activities that are capable of improving their QoL.



456 In mitigating rural peripheralisation, IEEM provides enormous savings for Eskom through reduction in  
457 expansion costs (due to the incorporation of DSM) which can be used in financing and strengthening the FBE  
1 2 3 4 5 6 7 8 9 10 11 12  
458 and FBAE. Considering the huge disparity in the quality of energy access between grid connected poor home  
459 and off-grid poor homes, extra revenue saved from minimized capacity expansion can be used in improving off-  
460 grid electrification projects. Such improvement in electricity access for rural and off-grid communities is capable  
461 of stimulating economic growth. This is in line with Azimoh et al. (2017), who offer that while electrification  
462 cannot solve the entirety of the developmental problems plaguing rural households, households cannot access  
463 development assistance opportunities without having access to electricity.

464 Considering previous cases of power plants mothballing (due to excess supply capacity) and subsequent load  
465 shedding due to demand exceeding supply capacity, IEEM helps in preventing this by ensuring that despite  
466 reduced reserve margins, the availability of flexible customers/loads provides it (the utility) with allowance to  
467 always balance the grid and optimally utilize available supply capacity to dispatch demand. With increased  
468 operational control over electricity generation, transmission and utilization time, Eskom is able to ensure grid  
469 security and stability. This becomes necessary as the participation of REPs in the grid increases. Due to the  
470 stochasticity in the availability of REPs, the presence of flexible loads aids Eskom in maximizing REPs output  
471 whenever available without negatively impacting on the QoL of households.

472 With deliberate action plans being undertaken by countries to reduce carbon emissions, IEEM provides  
473 Eskom with a platform for evaluating resulting expansion options based on pre-determined emissions cap. Based  
474 on estimated number of households participating in DSM operations and capped emissions, IEEM provides  
475 Eskom with possible expansion options which help in formulating decisions/policy on billing strategy to be  
476 adopted. This is important to Eskom, especially when applying for tariff increase approval from NERSA. IEEM  
477 thus offers an interactive platform for expansion planning beyond traditional generation expansion models by  
478 aiding NERSA in appropriately billing Eskom for emissions without adversely affecting consumers (who often  
479 bear such penalties).

480 IEEM can also be useful to the regulator (NERSA) as it enables them to view the impact of its policies  
481 (carbon tax, tariff increase approval) on Eskom (revenue accrual, operations cost) and consumers (electricity  
482 cost, QoL, poverty). This thus helps NERSA in formulating streamlined regulatory frameworks (SRFs)<sup>9</sup> that  
483 are capable of stimulating economic growth and mitigating poverty.

## 484 8 Policy implementation and its challenges

485 A key benefit of the proposed IEEM is its interoperability. IEEM is capable of syncing effortlessly with existing  
486 structures since its needed inputs (participating DSM households, emissions cap, network model, generation  
487 plants, tariffs etc.) are 'plug-ins'. However, the absence of an advanced metering infrastructure (AMI) for South  
488 Africa and the low penetration of smart meters mean that Eskom would not be able to directly communicate

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<sup>9</sup>By streamlined regulatory frameworks (SRF) we mean policy bounded regulations that are optimized to ensure that its enforcement on Eskom does not lead to adverse effects on electricity end users. For example, SRFs could include limits for electricity tariff and carbon tax increase within a range of years based on prevailing GDP growth projections and other economic implications. SRFs could also include the possibility of carbon tax relief based on prevailing economic trends.

489 (in real/near-real time) with participating DSM loads. Furthermore, the municipalities make profit from sale of  
490 electricity to households [who make up over 40% of municipalities customers (Eskom 2017b)]. The problem of  
491 price harmonization becomes a problem since sale of electricity is a major source of income to the municipalities.  
492 Lastly, security concerns do exist in households to smart meters owing to fears of intrusion and subtle monitoring  
493 of consumption pattern which the utility could use in developing billing strategies that would penalize them  
494 higher than the TOU pricing scheme (Sovacool et al. 2017).

## 9 IEEM limitation and future research

496 While IEEM has explored the impact of residential DSM on capacity expansion, there is the need to incorporate  
497 industrial and commercial consumers to evaluate the effect of flexible industrial loads (heating, ventilation and  
498 cooling, HVAC) and flexible industrial processes on capacity expansion, network losses, revenue accrual and  
499 electricity costs reduction. Furthermore, IEEM has not considered the role of social institutional processes in  
500 facilitating a smart and just electricity expansion. Future work would seek to integrate socio-technical transition  
501 processes in improving IEEM.

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Table 1: 2021-2024 Planned Power Plant Decommissioning (Eskom 2015b)

	Camden		Hendrina		Arnot	
Year	Unit	MW	Unit	MW	Unit	MW
2021	6	-160	4	-190		
2022	7	-170	3	-190		
	8	-180	5	-180		
2023	5	-180	2	-190	3	-380
	4	-185			2	-380
	3	-185	1	-190	1	-376
2024	2	-190				
	1	-190				

Table 2: 2017-2020 Planned Power Plant Capacity Increment (Eskom 2015b)

Year	Medupi		Kusile		Ingula		New coal			O & C CGT		
	Unit	MW	Unit	MW	Unit	MW	Unit	Name	MW	Unit	Name	MW
2017	3	738	2	738	4	333						
	4	738										
2018	5	738	3	738								
			3	738								
2019	6	738	5	738			1	Coal IPP1	200	3	Dedisa	237
							2	Coal IPP1	200			
2020			6	738			1	Coal IPP3	200	4	Dedisa	237
							2	Coal IPP3	200			

IPP - Independent Power Producer

Table 3: 2021-2024 Planned Power Plant Capacity Increment (Eskom 2015b)

Year	Nuclear			Newcoal			O & C CGT			Hydro import		
	Unit	Name	MW	Unit	Name	MW	Unit	Name	MW	Unit	Name	MW
2021							5	Dedisa	237			
				1	Coal IPP2	250	6	Dedisa	269	1	Maputo	570
2022				2	Coal IPP2	250	7	Dedisa	269	2	Maputo	570
				1	Coal IPP4	250	8	Dedisa	269			
				2	Coal IPP4	250		Dedisa				
	1	Thyspunt	1600	3	Coal IPP2	250				3	Maputo	570
2023				3	Coal IPP4	250				4	Maputo	570
				4	Coal IPP4	250						
2024	2	Thyspunt	1600	4	Coal IPP2	250				5	Maputo	283

IPP - Independent Power Producer

Table 4: Electricity demand forecast by Eskom (Eskom 2015b)

Scenario	Year								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
2010 IRP High Demand (MW)	51090	53276	55573	57649	59885	61932	63955	65870	68458
2010 IRP Low Demand (MW)	44710	45815	46952	47848	48828	49596	50299	50872	51903
2015 TDP Demand (MW) - Constrained	38885	40036	40904	41921	43990	46629	49427	52193	53600
2015 TDP Demand (MW) - Unconstrained	47720	48271	49328	50398	51528	52501	53403	54296	55310

Table 5: BUS-Province description

BUS	Province	X 1000			GWh	
		HWEC*	DSM-Households	DREC	DSM-Potential	
BUS 1	Limpopo	1424	142.2	13.63		0.41
BUS 2	Mpumalanga	1063	106.3	34.33		0.31
BUS 3	KwaZulu-Natal	2244	224.4	41.68		0.65
BUS 4	Eastern Cape	1422	142.2	8.86		0.41
BUS 5	Gauteng	3901	390.1	57.58		1.12
BUS 6	Free State	806	80.6	10.32		0.23
BUS 7	Western Cape	1600	160	22.7		0.46
BUS 8	Northern Cape	296	29.6	5.16		0.09
BUS 9	North West	1021	102.1	29.18		0.29

\* - modified from Monyei and Adewumi (2017)

BUS 10 acts as a conduit for conducting power from BUS 6 to BUSES 4, 7 and 8.

HWEC - Number of households per province with electrical connection (i.e. connected to the electricity grid).

DSM-Households are households per province participating in the DSM.

DREC - daily residential electricity consumption per province in GWh.

DSM-Potential is the daily provincial computed DSM potential (in GWh) based on DSM-Households.

Table 6: DSM load description

Loads	Power (W)	Slots	Energy (Wh)
Dish washer	1200	5	1500
Cloth washer	500	3	375
Cloth dryer	1000	4	1000
Total	2700	12	2875

Table 7: Scenarios 1, 2 and 3 power plant distribution.

Bus	Province	Generation plant number
BUS 1	Limpopo	24,9
BUS 2	Mpumalanga	1,2,3,4,6,8,10,11,12,13,14,26
BUS 3	KwaZulu-Natal	27**
BUS 4	Eastern Cape	NBPP
BUS 5	Gauteng	NBPP
BUS 6	Free State	7
BUS 7	Western Cape	5*
BUS 8	Northern Cape	28***
BUS 9	North West	NBPP

NBPP - No base load power plant

\* - Nuclear power plant

\*\* - Considered only in Scenario 3

\*\*\* - Considered only in Scenarios 2 and 3

Every other numbered power plant is coal fired

Table 8: Considered power plant description.

Generation plant number	Name	Type	Capacity (MW)
1	Arnot	Coal	2352
2	Duvha	Coal	3600
3	Hendrina	Coal	2000
4	Kendal	Coal	4116
5	Koeberg	Nuclear	1940
6	Kriel	Coal	3000
7	Lethabo	Coal	3708
8	Majuba	Coal	4110
9	Matimba	Coal	3990
10	Matla	Coal	3600
11	Tutuka	Coal	3654
12	<i>Camden*</i>	Coal	1510
13	<i>Grootvlei*</i>	Coal	1200
14	<i>Komati*</i>	Coal	940
24	<i>Medupi**</i>	Coal	4788
26	<i>Kusile**</i>	Coal	4800
27	<i>SB1**</i>	Coal	1429
28	<i>SB2**</i>	Coal	1429

\* - return to service power plants

\*\* - new builds

SB1/SB2 - simulated builds 1 and 2 are the fictitious power plants randomly used during Scenarios 2 and 3 simulation.

Table 9: Daily DSM load associated statistics for all cases.

	Maximum build (MW)	Capacity utilization (%)	DSM cost (x10000000)			
			TOU cost (ZAR)	DP1 cost (ZAR)	DP2 cost (ZAR)	DP3 cost (ZAR)
Case 1	495.01	33.34	2.2093	1.648	1.9131	2.3183
Case 2	173.48	95.14	2.0669	2.0181	2.0267	2.0084
Case 3	363.84	45.36	2.1616	1.7726	1.9742	2.2515

Table 10: Daily cumulative losses (MW) for all scenarios and cases.

	Scenario 1	Scenario 2	Scenario 3
Case 1	86512	84321	84029
Case 2	86438	84150	83858
Case 3	86498	84305	84014



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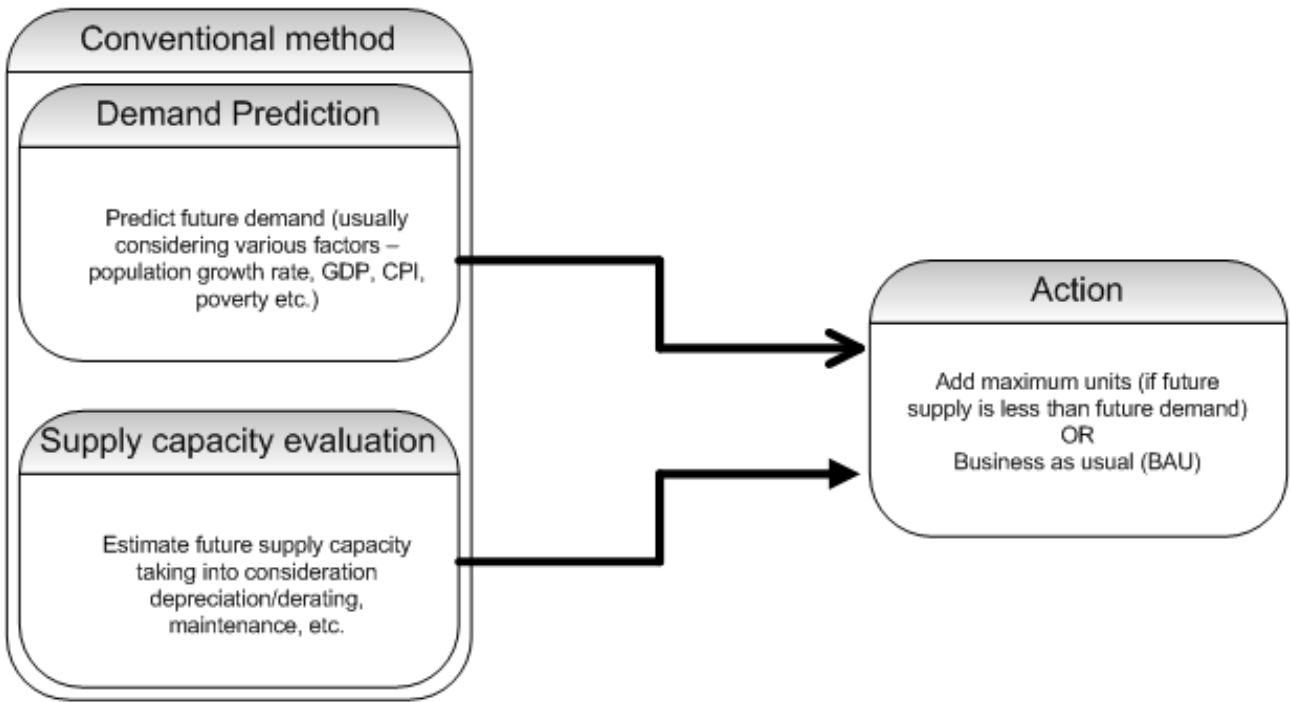


Figure 1: Eskom's conventional electricity expansion model (authors own compilation).

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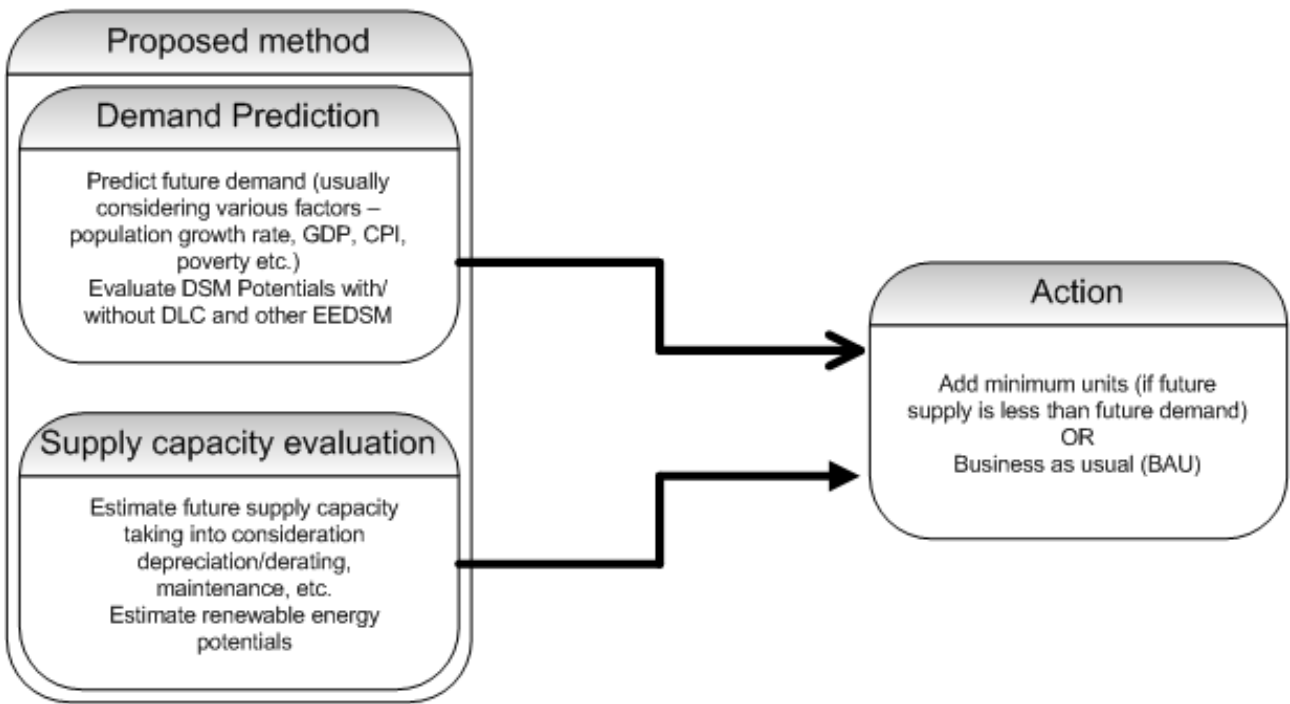


Figure 2: Integrated electricity expansion model (IEEM) (authors own compilation).

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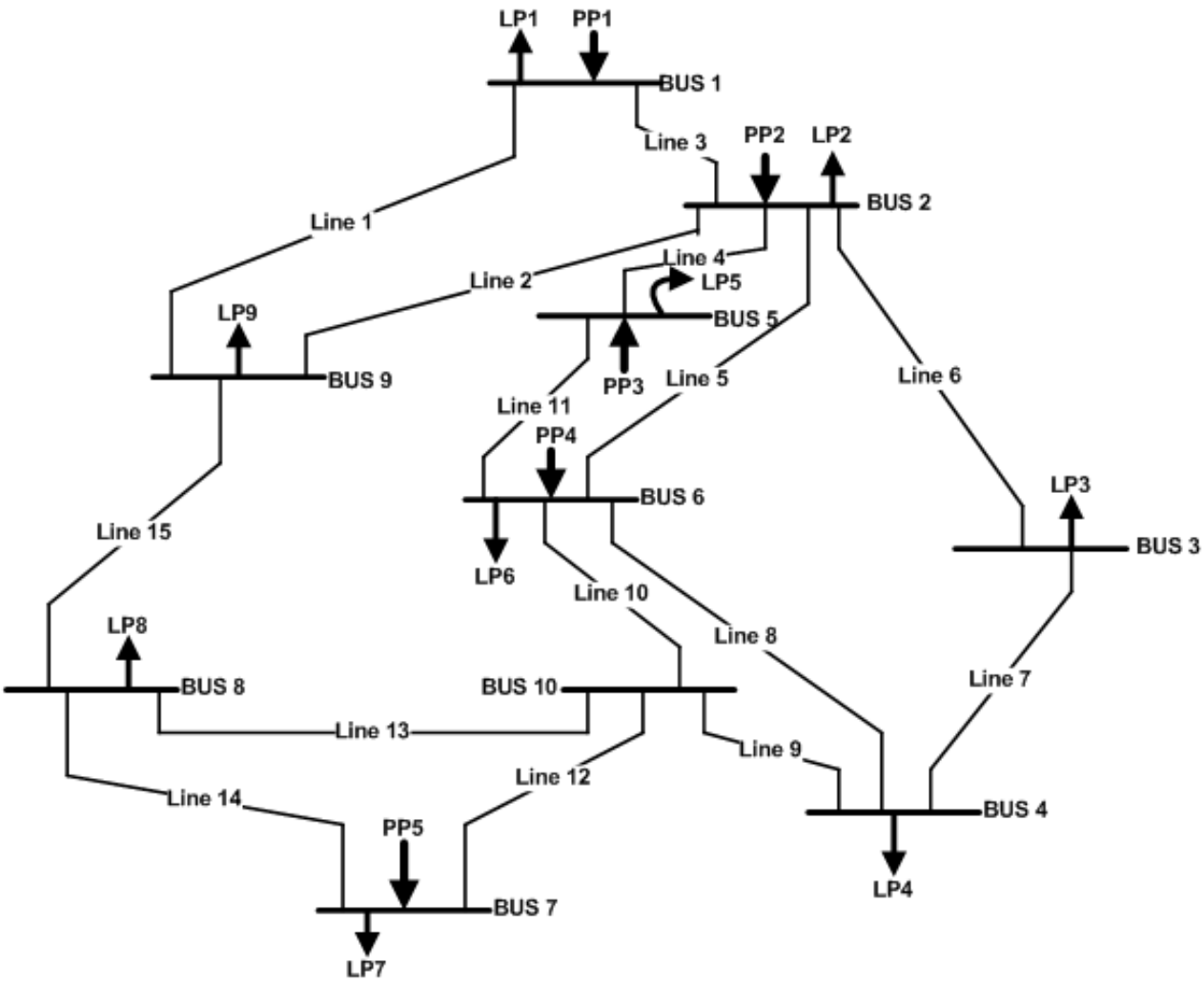


Figure 3: Model electricity network for South Africa (authors own compilation).

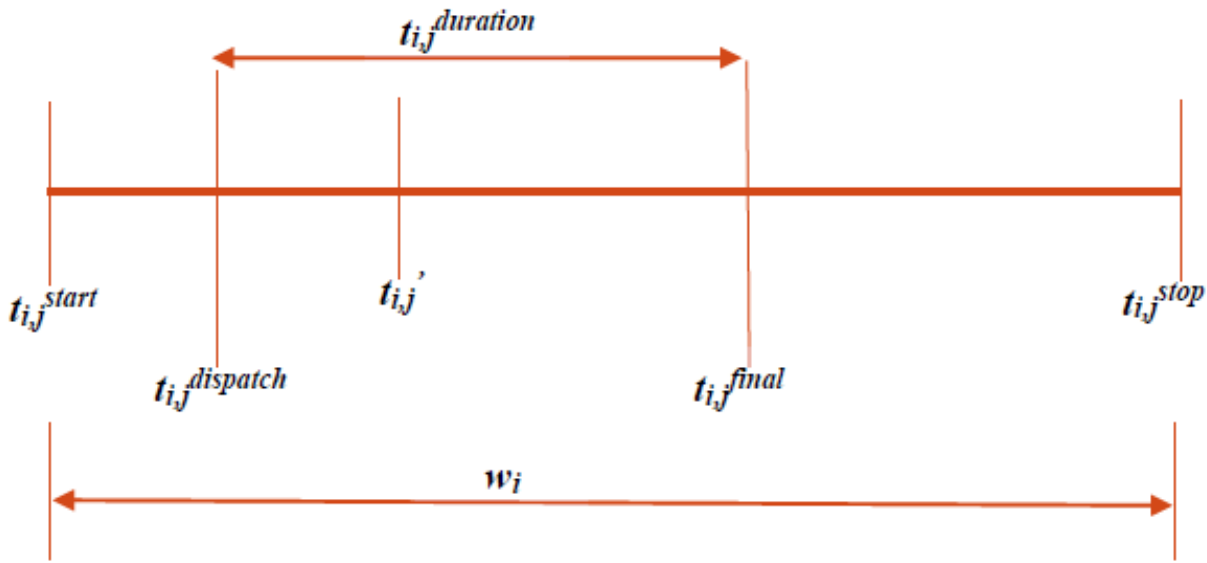
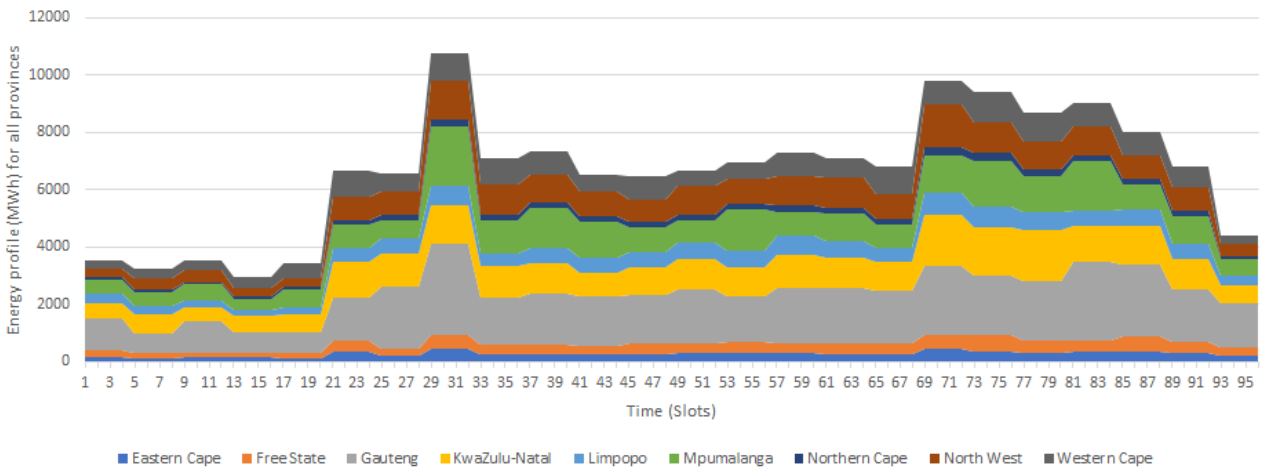
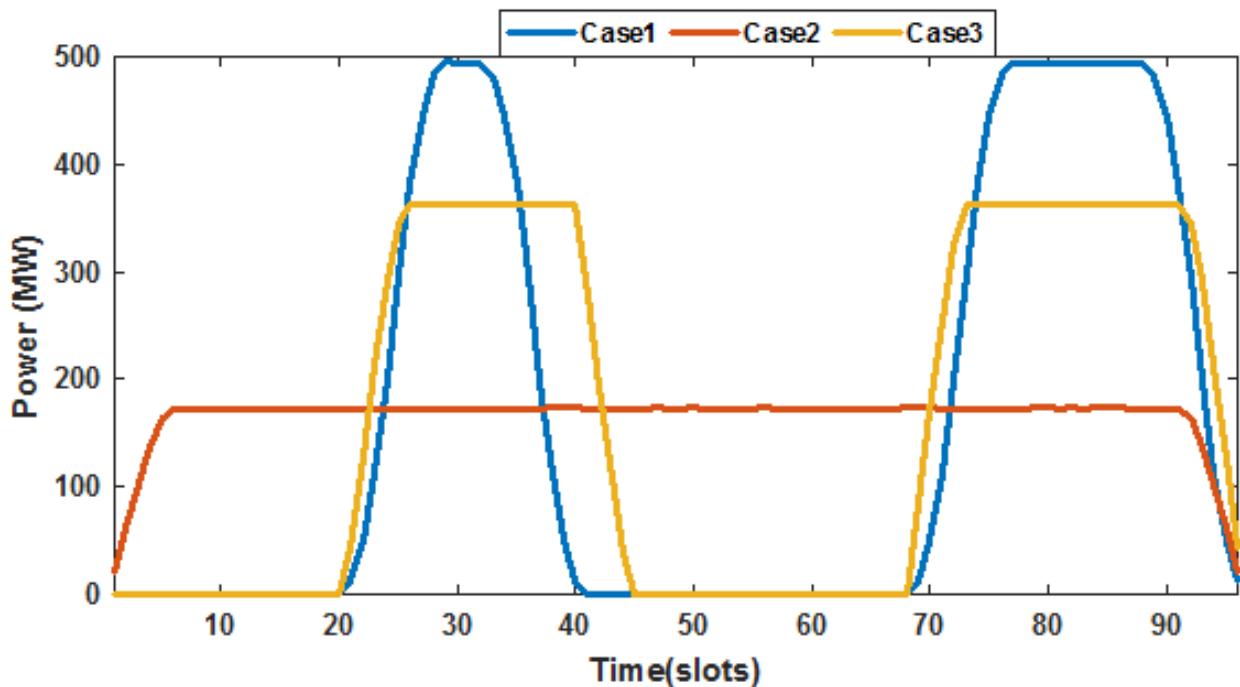


Figure 4: Dispatch time profile for DSM loads (authors own compilation).



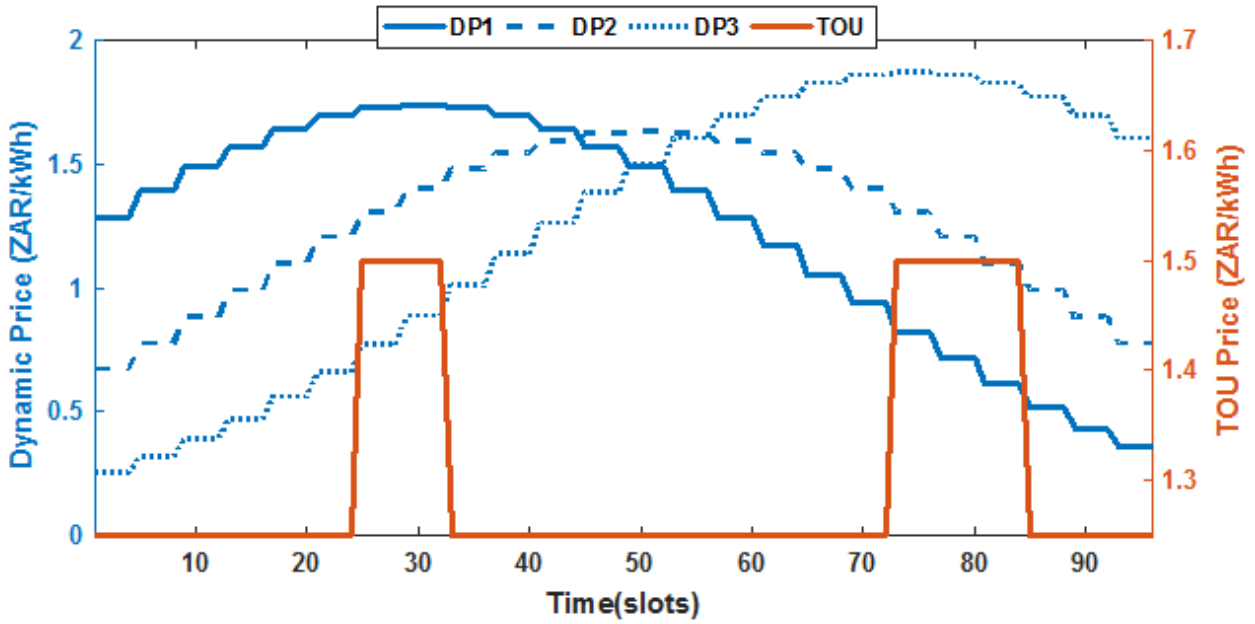
A slot is a 15 minutes interval. The start time is taken to be 00:00 (midnight/slot 1).

Figure 5: Base load dispatch profile for all provinces (authors own compilation).



A slot is a 15 minutes interval. The start time is taken to be 00:00 (midnight/slot 1).

Figure 6: Cumulative DSM load profile for all Cases (authors own compilation).



A slot is a 15 minutes interval. The start time is taken to be 00:00 (midnight/slot 1).

Figure 7: Pricing schemes adopted.

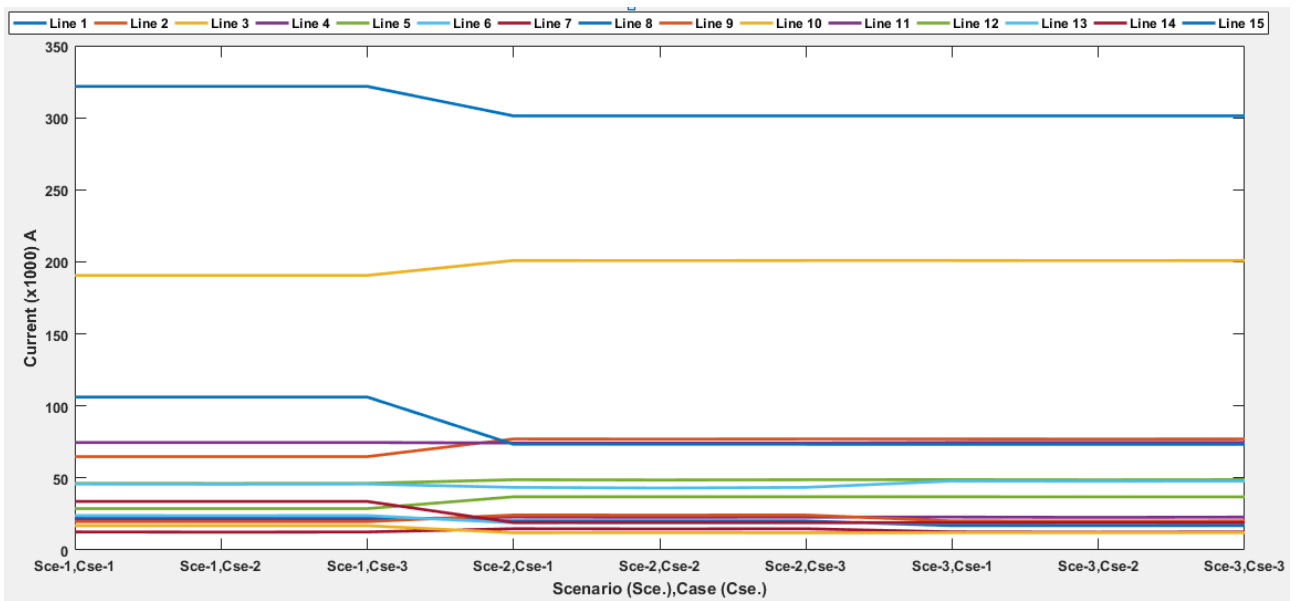


Figure 8: Daily current evacuated per line (in kA).

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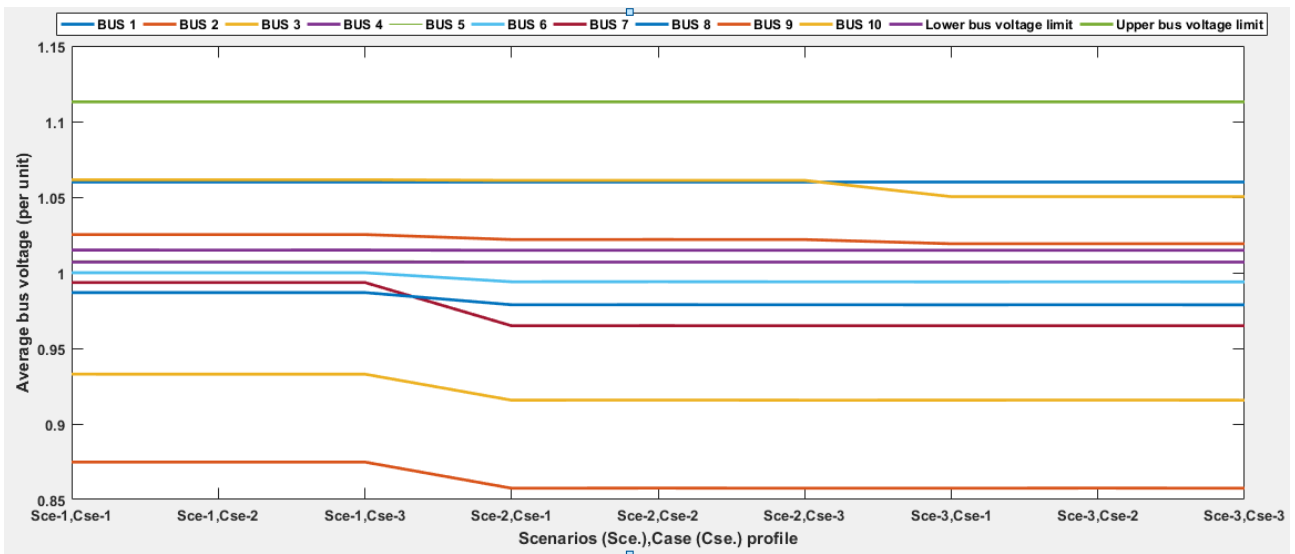


Figure 9: Daily average bus voltage (in per unit) profile.

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