Submission to the Presidendial Climate Commission on the Just Energy Transition Investment Plan (JET-IP)

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1. Introduction

The Congress of South African Trade Unions (COSATU) has taken a decision to reject the South African government's proposed Just Energy Transition Investment Plan (JETIP) in its current form. In our view, the plan fails to consider the concerns of affected workers and communities. COSATU has been instrumental in introducing the concept of a Just Transition, which aims to address historical inequalities and identify new pathways to transform the South African economy. The investment plan has been hastily developed, with critical participation from labor being explicitly excluded from the formulation process.

The principles of social dialogue have been ignored on the substance of the investment plan, resulting in a pathway that heavily favors private capital and multinational corporations while neglecting the needs of the workers and communities that are most vulnerable in the energy transition and the broader climate crisis.

This submission provides a brief justification for COSATU's position, which provides criticism of the flawed and untransparent development process, and the paradigm of the investment plan and takes specific issue with the proposed allocation of resources. The plan, as it stands, is more concerned with financialization than it is with the necessary social policy, science, and innovation required to address the Climate crisis in the coming decade genuinely.

2. Brief Overview of COSATU Concerns on the JET-IP

South Africa has established carbon emissions reduction targets through its nationally determined contribution quantum (350-420 megatons of carbon equivalent by 2030) developed through the 2015 Paris Agreement at COP21. Six years later, in Glasgow at the COP26 conference, the United Kingdom, United States, France, and Germany collectively committed to financing a $8 billion package under a Just Energy Transition Partnership (JETP) to accelerate South Africa's transition in the electricity sector.

In the year that followed the 2021 JETP announcement, the South African government established a negotiating team that **excluded participation from labour and civil society**. At COP27 in November 2022, the South African government presented a Just Energy Transition Investment Plan (JET IP) building on the JETP agreement, which outlines priority areas for investment from 2023-2037. The JET IP's stated aims include catalyzing the energy transition while creating new jobs, improving energy access for poor households, and promoting local manufacturing and beneficiation.

The electricity sector in South Africa accounts for over 80% of the national carbon emissions, the planned transition relies heavily on solar, wind and battery storage technologies coupled with the new entry of gas. The plan also identifies opportunities to realign vehicle manufacturing to transition to electric vehicle manufacturing and investment to develop a Green Hydrogen fuel industry.

The plan requires R1 480 billion in investments for new infrastructure, technology, and skills development. By sector, the requested investment is spread as follows: Electricity (70%), New Energy Vehicles (8.5%), and Green Hydrogen (21.5%). From the $8.5 billion JETP finance package, the capital is split approximately between Infrastructure (89.4%), Planning and Implementation Capacity (10%), Skills Development (0.15%), Economic Diversification and Innovation (0.25%), and Social Investment and Inclusion (0.2%). The financing offered consists of loans, guarantees, and grants aimed at catalyzing further capital from the private sector.

In the international area, the European Union has resolved to establish a Carbon Border Adjustment Mechanism (CBAM), which is a carbon tariff on imported carbon-intensive products. South African exporters into the EU will be particularly affected by the CBAM. Companies will be required to report their emissions and purchase CBAM certificates, increasing their costs and reducing their profitability. Decarbonising South Africa's electricity system can play a key role in mitigating the risk of being locked out of the EU as a trade partner for South African goods.

2.1. National Context

Over the past decade, the economy has essentially stagnated, and significant job losses have occurred in major industries due to deindustrialization. As a result, the country has one of the highest unemployment rates globally, with over 8.9 million young people aged between 15 and 34 not engaged in any Employment, Education, or Training. Furthermore, more than 42% of workers are unemployed on the expanded definition of unemployment. The lack of economic transformation, particularly the failure to redistribute wealth, has resulted in South Africa being among the most unequal of societies globally.

The top 10% of income earners receive an average income of R780,000 per annum, which is more than 60 times the income of the bottom 50% of the population. The top 10% of earners account for two-thirds of the total income, with the top 1% taking home over 20% of the total income. These statistics do not accurately reflect the extent of income inequality in the country, as more than 30.4 million people live on less than R1,335 per month.

South Africa is grappling with an energy crisis, and Eskom as an organization is in critical condition. Load Shedding has become an entrenched feature of public life, with over 1 000 hours shed in consecutive years. Black working-class areas are further subjected to punitive load reduction schedules during periods of low electricity supply availability entrenching energy poverty. With the combined impact of rising inflation and the rising price of electricity, the costs of completing basic daily tasks of survival have escalated and become more cumbersome.

The consequences of load shedding and energy poverty have severe implications for women. Any plan which does not specifically acknowledge and respond to this reality will not reduce this critical aspect of access to electricity. Women typically provide more labour and longer hours in managing the household, which includes activities that require different forms of energy, particularly for cooking, lighting, heating of water, and other tasks. Energy poverty increases the workload of many women, draining their time and their ability to participate in public life.

The lack of access to energy is also affecting women's health. Women who rely on paraffin or candles for lighting and cooking are exposed to harmful fumes, which can cause respiratory problems and other health issues. This is particularly problematic for women with young children, who are more vulnerable to the harmful effects of these fumes. Women forced to walk outside the home to collect water or use the toilet in the dark are at an increased risk of being exposed to gender-based violence. The lack of electricity is also making it more difficult for women to report incidents of gender-based violence or to access services and support.

The Eskom crisis is a result of a set of neoliberal policies that have underfunded and corporatized this vital state-owned enterprise. State capture, corruption, and mismanagement have compounded the crisis at Eskom, but they are not solely responsible for the electricity supply crisis we are currently experiencing.

In ESKOM's existing fleet, public sector capacity has been severely damaged by high levels of financial mismanagement and excessive profiteering of private coal contracts. The corresponding increases in costs contributed to Eskom's declining profitability. Electricity tariffs have risen (up to 168% in real terms from 2008 to 2016) and are now facing stagnating demand from residential and industrial users.

ESKOM is under pressure to recover odious debt from extensive cost overruns and corruption in the construction and development of Medupi and Kusile power stations, alongside meeting the highly profitable rates offered to Independent Power Producers. Escalating use and costs for diesel have become an increasing feature to cover the shortfall of generation capacity stemming from Eskom's poor technical availability performance due to chronic mismanagement and inadequate maintenance. Despite this national government has year-after-year failed to allocate funds and prioritise maintenance and refurbishment of its existing fleet.

2.2. Challenging privatization

The restructuring or privatization of the public sector, including state enterprises and basic services such as water, electricity, housing, and telecommunications, has formed a central part of neoliberal policy. Through the proliferation of public-private partnerships, state incentive schemes and enabling policies have enabled the participation of private sector entities in the provision of basic services.

From as early as the late 1980s, the experience of decades of privatization has shown healthy profits for the private sector tied to cuts in government spending, especially in infrastructure, public sector wages and jobs, and social services. Against the backdrop of these austerity measures, the working class is forced to pay more for services such as transport, healthcare, water, and electricity, among others entrenching poverty, inequality, and unemployment.

In alignment with the neoliberal paradigm, municipal financing mechanisms are forced to collect their primary revenue streams from electricity, water, and waste management rates. Historically, under-resourced municipalities battled to cover bulk payments to Eskom and failed to collect sufficient revenue to finance the necessary infrastructure upgrades to enable basic service delivery.

Corruption at the municipal level has also become entrenched, causing further strain on the limited available resources. These factors drive municipalities to drive residential tariffs for electricity up deepening energy poverty continuously.

2.3. A Just Transition is a historical labour demand

COSATU asserts that the development of the plan should have been **done with** organized labour bilaterally in line with the principles of social dialogue. Instead, the plan was developed by government and other private stakeholders and brought to organised labour in a mature published form.

A just transition is crucial in bringing about a fundamental transformation that ensures sustainable livelihoods, decent work, and a safe environment for the working class. The urgency of the international Climate change debate is amplified by the deepening economic, social, and ecological crises confronting most South Africans. If global warming rises above 1.5 degrees Celsius, extreme weather events will unleash devastating destruction across the world. The historic droughts in the Eastern Cape as well as the floods in KwaZulu Natal, are only the beginning of what is to come.

Private capital aided by the South African government is attempting to co-opt the idea of a just transition to expedite the liberalization of key sectors in the economy. It is critical for the labour movement to defend and promote the concept of a Just Transition as a key part of a broader working-class program of transformation of the economy towards the realization of an equitable society.

The South African labour movement has been at the forefront of developing the "Just Transition" concept for over a decade. As part of the framing of the response to the JET IP we recall the following:

Drawing from COSATU's pioneering 2011 climate policy document:

"A 'just transition' means changes that do not disadvantage the working class worldwide, that do not disadvantage developing countries, and where the industrialized countries pay for the damage their development has done to the earth's atmosphere. A just transition provides the opportunity for deeper transformation that includes the redistribution of power and resources towards a more just and equitable social order."

In addition, the recent update from the 2022 COSATU Blueprint document:

"An unjust transition to a low-carbon system holds significant risks for workers, economies, and regions. Job and livelihood losses due to businesses closing and power stations being decommissioned are the

biggest risks. Such job losses could weaken the traditionally strong sections of the labour movement and change the political balance in the country.”

3. Comment on the JET IP Development Process

COSATU attempted to track the process of the JETIP from the beginning and by the announcements declared between COP26 & COP27. Organized labour was excluded from the drafting formulation and substantive consultations that led to the published JETIP draft.Figure 1 below summarises several key events leading to the development and release of the JET IP.

Figure 1 A timeline of events leading up to the release of the South African JET IP

Labour's participation was specifically excluded from the negations process in February 2022, when the Presidential Climate Finance Task Team was established, up to October 2022, when the 5-year agreement was confirmed by cabinet. Over this period, the NUM raised concerns about the lack of consultation and transparency across the process to the close of Komati Power station.

Various COSATU affiliates observed that the process to develop the JET IP was rushed and the modes of engagement were often virtual and inappropriate on the few occasions they were pursued. An attempted stakeholder engagement with organized labour on 13 February 2023 on the JET IP was conducted by the PCC. The legitimacy of the consultation process of the JET IP was called into question by union officials:

Sidney Kgara from the National Education, Health and Allied Workers Union (Nehawu)[1]:

"Consultation is about meaningful influence, so it must be done to not look like a tick-box exercise. Before COP27, there was a rush over the JET-IP, and no meaningful consultation was done. There was no opportunity to make an input [on the plan] before it went to COP27. Consultation cannot now be done after the cabinet adopts [the plan]".

NEHAWU has cautioned against the potential for the PCC engagement processes to be used to rubber stamp the untransparent agreements. A call was issued for the labour movement to demand the JET IP engagement be shifted to NEDLAC for a comprehensive line-by-line negotiation with social partners.

[1] Unions unhappy about 'consultation' process for energy transition plan (businesslive.co.za)

4. Infrastructure and the JET IP

The paradigm used to address the infrastructure financing requirements for the JET IP has become commonly used internationally for public-private partnerships and relies heavily on state "de-risking" policies. In this approach public infrastructure is commodified into asset classes and state policy reforms are introduced to attract private investment, which are protected by a net of safety guarantees and incentives. "Blended finance" is referred to throughout the JETP, with the hope that using public and development finance will help mobilise private sector capital at the levels quoted in the investment plan.

COSATU affiliates are concerned that the state de-risking approach will entrench trends where the public sector plays the role where all the risk of development is absorbed, but the profits of new projects (particularly in energy through Independent Power Procurers) are privately extracted. IPPs in South Africa are overwhelmingly dominated by ownership of Global North Utilities and financial instruments – some of which are located in the very countries participating in the JETP.

IPPs which are underwritten by sovereign guarantees (all past and future REI4P projects) increase the exposure of the national treasury. As assets they are also highly leveraged by illustration, the debt-to-equity ratio of the REI4P is comparable to ESKOM's total generation fleet despite accounting for less than 10% of supplied energy. IPPs are typically protected by length lock-in clauses in power purchase agreement contracts (often 20 years) which contain heavy penalties for default.

COSATU is of the view that the privatisation pathway, which is affirmed by the JET IP will be expensive, and by consequence deepen energy poverty. The net effect of the reforms will worsen ESKOM's fiscal condition and hamper its ability to play a key role in the energy transition and in the delivery of basic services.

Despite the initial sentiments at the announcement of the JETP at COP26 the amount of grant funding which has been offered is unacceptable. Overall COSATU affiliates are concerned with the apparent nature of the funding in the $8.5 billion JETP. Workers are concerned that the planned funding will entrench neo-colonial power dynamics between Africa and the Global North.

COSATU is of the view that we have not fully tapped into domestic funding sources and that this should be prioritised before any new commercial loans are considered for the transition. This could include encouraging infrastructural investment from pension funds as one example. New regulations could allow retirement funds to invest up to 45% of assets in South African infrastructure. Commercial loans obtained in foreign currencies should be explicitly avoided where possible for climate financing.

The private sector investors, financial institutions, and multilateral development banks are primarily focussed on their financial returns. They invest with the aim to maximise profit and/or increase shareholder returns. Historically there have been instances where major PPP agreements have collapsed in developed countries which have advanced regulatory and public administration oversight frameworks. The risks of failure associated with relying on private investors to provide infrastructure, development, and essential services, can have severe negative consequences for the public. To maintain the viability of infrastructure projects and service delivery continuity, governments may be forced to either re-contract services or nationalize projects. It is important to understand what clauses and legal conditions have been put in place which impact South Africa's options under these conditions.

Additionally, an increased reliance on external private investors (which are likely to be from foreign direct investment) may create spillover effects on investments in South Africa. The sheer scale of the plan, and its reliance on PPPs raise further concerns that the public may be forced to bare the costs of future investment disputes with international arbitration tribunals exposing the country to heavy penalty costs, among other potential consequences.

The JET IP is part of a broader plan to marketize the country's energy system. This will mean that the provision of electricity will be dictated by market principles rather than on the needs of society. Further commodification of basic services will limit access to the availability of products to most people and benefit a privileged minority.

According to the JET-IP, "cost reflective tariffs" are necessary to ensure the financial sustainability of the sector and provide affordable electricity to South African households and industry. However, electricity is currently considered unaffordable for the majority of South Africans, and recent tariff increases have resulted in social unrest. Despite this, the current tariff rates are still deemed to be below cost reflective levels. It is unclear how cost-reflective tariffs will lead to affordable electricity in a marketisation scenario. Moreover, the JET-IP fails to adequately address the potential impact of energy marketisation on energy affordability or municipal finances in the South African context.

Important international trends over the last two years have exposed the risks that marketised energy sectors pose for working class users. Highly liberalised electricity sectors, particularly those with deregulated prices, are highly susceptible to external shocks and lack mechanisms to prevent energy suppliers from price gounging during a energy supply crisis. The USA, Germany, Australia, and the United Kingdom have all recent scenarios where residential energy bills have increased dramatically, as much as 500%.

In Europe many private energy companies built their business models on a short-term "just-in-time" delivery model opting not to procure fuel sources on long term contracts aiming to benefit from short term fluctuations in the spot price of electricity in the regional wholesale electricity market. For-profit energy companies transferred the costs of energy due to supply shortages onto consumers causing significant harm to low income users resulting in strikes and calls from the European labour movement to reverse decades of liberalisation policy in favor of a public pathway for the Just Transition. The narrative of the JET IP ignores recent debates and does not even gesture to the need for a cost benefit analysis to compare the investment scenarios for a public sector led, owned and operated energy transition.

The following questions have been explicitly hidden from public scrutiny and are essential for developing a genuine just transition partnership:

- What conditionalities have been placed on the offered finance? All fiscal, trade, social policy, governance reform or performance clauses that South Africa are as part of the loan agreements should be made available to the public for scrutiny
- What forms of security guarantees and collateral have been offered in exchange for the finance?
- What are the legal consequences if the terms of the loan agreements are breached?
- How will cross currency fluctuations be contended with? Are any concessionary clauses in place to benefit South Africa where loans are denominated by a foreign currency?
- Have any terms of debt forgiveness been included in the agreement?
- What specific risk sharing concessions have been taken on by the lenders and investors?
- Are there provisions for technical assistance included in the negotiations?
- What specific anti-corruption mechanisms are being considered to prevent misappropriation of transition funds?

It is clear that accountability is going to become even more challenging in a proposed financing landscape where multilateral and bilateral DFIs, commercial lenders, and other private financiers are involved in a fragmented way undermining the rights of affected workers and communities. The JETP as it stands if implemented will result in massive transfer of assets from public to private hands. It is important that the financial criteria for prioritisation of investment decisions under the JET-IP carry equal weight with the social and economic considerations for just transition outcomes.

The plan speaks frequently about developing an "enabling environment" but offers no analysis on how to curb existing trends where local content requirements are undermined in the renewable value chain. IPPs who have already demonstrated an antagonistic attitude to locally manufactured components favouring imports which are seen as cheaper and lower risk. Once again South Africa is due to absorb the risks of development but what will it gain in return?

There is insufficient mention of local support for production of new value chains such as solar panels and batteries. The JET IP is missing the opportunity to foster industrialisation or the localisation of the production of the renewable infrastructure and technologies.

Without cheap financing for new green industry COSATU is of the view that the focus on cost competitiveness will undermine local manufacturing. The South African government must advance a coherent industrial policy which incentivises and protects local industry going forward using domestic finance and increasing public and worker ownership – from generation to manufacturing. COSATU remains an active participant in the South African Renewable Energy Masterplan drafting process and has continuously raised many of these concerns on the current status of the unambitious green industrial policy which holds little regard for the creation of decent work opportunities and is fundamentally undermined by a reliance on IPPs.

It is essential to dedicate substantial funding to industrialization efforts that shift the South African economy towards specifically developing higher value-added and labor-intensive industries. As it stands IPPs are heavily reliant on imported skills and technology and are openly resistant to proposals increases localisation.

The government's cost containment measures have undoubtedly had a significant impact on the economy and society. The reduction of the public service wage bill and the failure to fill vacant positions have resulted in a reduction in the quality of public services and put an increased workload on the remaining staff. The lack of wage increases has also had a negative impact on the morale of public service workers, resulting in high levels of dissatisfaction and demotivation.

The cutting of government department baselines has had severe implications for the country's infrastructure and development. Many critical projects have had to be put on hold or cancelled altogether, affecting the delivery of public services and the overall progress of the country. Additionally, government departments have been forced to work with limited budgets, which has led to inefficiencies and compromises in service delivery.

The proposed loans to fund the JET IP come at a time when the government is already grappling with high levels of debt. Accepting such loans will only exacerbate the situation and lead to further austerity measures that will negatively impact the country's economy and society. The potential shifts in macroeconomic policies, both monetary and fiscal, could have a severe impact on the economy and may not be in the best interest of the country in the long term. Therefore, it is crucial that the government considers alternative means of funding the JET IP that do not come with such significant conditions. The government must prioritize sustainable economic development and ensure that any funding it accepts does not compromise the country's future. Additionally, the government must explore alternative measures to reduce debt and implement policies that promote economic growth and reduce inequality. Only then can the country move towards a more prosperous future.

In February 2023, finance minister, Enoch Godongwana, in his budget speech, announced significant new measures to addressing ESKOM’s debt. In total the government has committed to absorb R254 billion (consisting of a R184 billion debt settlement) and a direct takeover of R70 billion in existing loan obligations. The measure is focused on easing ESKOM’s balance sheet to allow it to make investments in necessary distribution and transmission infrastructure for the energy transition. As a matter of concern, the funding support from the national treasury came with additional conditionalities. Among the list included a provision which bars ESKOM from participating in new generation activities:

“Eskom’s capital expenditure is restricted to transmission and distribution. The only capital expenditure that may be undertaken for generation relates to minimum emissions standards, flue-gas desulfurization and required maintenance. No other greenfield generation projects will be allowed during the debt-relief period.”

In COSATU’s 2022 congress, it was resolved that ESKOM be the primary vehicle for new renewable energy, and other low carbon generation projects however it appears that for the critical period where the JETIP will be advanced, the SOE will be explicitly prohibited from participating in direct ownership and operation. The federation will continue challenge the forcing through of privatisation across the electricity sector and fight to build and realise a public pathway for the Just Transition.

4.1. An Energy Mix Approach

We must understand the Eskom crisis within a broader context, which involves the erosion of the energy minerals complex, which for decades shaped South Africa's accumulation path. The Minerals Energy Complex was established with high carbon intensity energy resources and developed in fundamentally uneven and unequal lines, making South Africa the biggest greenhouse gas emitter in Africa and the 13th largest.

As part of South Africa's energy planning process, realised through the regularly updated Integrated Resource Plan, all available energy resources weighed against technical, social, economic and environmental factors to produce a plan which charts the energy mix for country over a defined period. The energy mix, which must comply with South Africa's decarbonisation commitments, currently includes coal, nuclear, gas, hydro, biomass, wind, solar and battery storage systems.

We recall **COSATU's 13th National Congress resolution** on the Energy Mix which includes the following:

- *The Energy mix policy is important for energy security and the main sources of energy need to play a role specifically gas, nuclear, coal and renewables.*

- *Coal is the predominant fuel source for electricity provides over 90% of the country's energy needs and therefore without the energy derived from coal, many industries would be severely crippled, and a lot of people will lose their job.*

- *There must be a review of the energy policy to ensure that renewable are owned and controlled by the state;*
- *In reducing the share of coal in the energy mix there must be a Just transition which includes taking into account employment in the coal sector and re-skilling of workers.*

The current Just Energy Transition investment plan prioritises creating an enabling ecosystem for wind, solar and battery systems. A revision of the JET IP should clearly identify a pathway for the energy transition which demonstrates how the government intends to raise investment for the balance of the generation technologies (and complimentary infrastructure) required to maintain system adequacy of electricity system and facilitate economic growth.

Historically, the unplanned decommissioning of mines and power plants will have devastating impacts on local communities including job losses, and loss of services. COSATU opposes any premature decommissioining of ESKOM's coal fleet. In order to ensure the principles of a just transition are upheld any prospects of decommissioning must be tied to commitments to a net of social protection policies and decent work opportunities. These mechanisms would require increased social welfare schemes, targeted employment benefits, and reskilling opportunities in the emerging renewable energy sector and investment in manufacturing capacity in impacted areas.

Reskilling and redeployment of workers directly employed in the coal value chain facing loss due to decommissioning must be implemented in line with the agreed Social and Labour Plans (SLPs) and monitored strictly by government. Opportunities in the public post-school education and training sector must be resourced and aligned and tied to jobs in transition activities and emerging industries.

Prior to any further closures of ESKOM's coal fleet we must have clear commitments to meaningful consultation, detailed resourcing plans for reskilling and social protection plans and job guarantees for directly affected workers – including all contract staff.

In 2022, the European energy crisis spurred by gas shortages as a result of the Russia-Ukrain war increased the global demand for coal. In May 2022, on an official state visit German Chancellor Olaf Scholz visited South Africa and announced that the country would help increase coal supplies to Germany ahead of the European winter. South Africa coal suppliers saw tremendous profits, coal company Thungela that August declared exports to Europe had temporarily risen upwards of 720%. The same year South Africa met its planned closure date for Komati without a comprehensive social protection plan or job guarantee scheme and was offered loans to reburbish the plant. The year of 2022 was also a record year of loadshedding.

4.2. Social Protection

COSATU affiliates are concerned about the inadequacy of social protection measures included in the JET IP. Social protection is a clear pillar of a "just" transition" and yet the JET IP does not appear to even sufficiently address the job losses that will result from the transition away from coal.

The studies only quantify the job loss effects up to 2030, and it is evident that further jobs will be lost beyond that point, leaving entire communities without income. Therefore, it is crucial that a full assessment of the anticipated job losses with the transition is conducted. This assessment should consider the scale of job losses that are likely to occur and the potential impact on the affected communities.

To ensure that the affected workers and communities are adequately supported, there must be assurances that all jobs lost from the coal sector are compensated for life and that the communities in the areas are given priority for the new industrial plants established as part of the JET IP. This will require a significant investment by the JET IP.

It is vital that the government prioritizes the needs of the affected workers and communities in the transition away from coal. Without adequate compensation and support, these communities may face significant economic and social challenges, which could further exacerbate existing inequalities. By investing in these communities and ensuring that they are given priority in the new industrial plants, the government can help to mitigate the negative impacts of the transition and ensure that the benefits of the JET IP are shared more equitably.

The following demands emerged as key potential social protection measures for inclusion in the JET IP:

- The levels of benefits provided for workers facing a loss of employment should be equivalent to a living wage.
- If workers face the risk of jobs being replaced, we should insist on them being guaranteed incomes equal to or better than the wages they receive before they transition away from their jobs. The levels of benefits may need to be in line with a living wage.
- The transition needs concrete plans and commitments, and it needs to offer job and income guarantees for workers.
- No worker will trade the certainty of their current job for the vague possibility of getting a job in some new industry or training program in the future. There needs to be mechanisms that deliver clarity to every impacted worker:

  "*if we do this project and it replaces your jobs, we will offer you X guaranteed job or Y guaranteed income as a settlement*".

Universal energy access remains unfulfilled in South Africa. There are still populations across vast geographical areas that have very limited access to electricity due to structural inequalities. It remains unclear how the coming initiatives will fairly support them.

Where energy poverty is discussed in the JET-IP it is framed as a grid access issue. The plan fails to appreciate that it is also an affordability question for working-class users who have access but cannot afford the price of electricity. For rural and remote users, the plan speaks of microgrids, however, the question of affordability of ongoing use is not raised in any systematic way.

The plan does not guarantee investment commitment to expand Free Basic Electricity subsidies for poor households. Instead, the reforms the JET IP process affirms include the principle of "cost-reflective tariffs," which will effectively increase the price of electricity and reduce cross-subsidies between users. This means that in the future, the poor may not have their substantive right to access to energy protection once the energy supply is predominantly from the private sector.

Under the present structure of the economy, women are highly likely to be required to take up necessary, unpaid care work. Black women face the highest rates of unemployment in South Africa compared to any other group, with a (narrow) unemployment rate of 38.3%, while the national unemployment rate is 36.2%. This has historically led to financial dependence on men or social grants. The already thin social protection section of the JET IP inadequately engages with the gendered implications of the transition, current load-shedding crisis, and broader energy access issues. Any process to re-develop the JET-IP must be underscored by a gender analysis that appreciates women are disproportionally more vulnerable to the effects of Climate Change and charts a pathway to ensure the necessary resources are raised and allocated.

Despite their prevalence across key transition areas in South Africa, the JET IP does not engage with the specific challenges faced by informal workers and the informal economy. A revision of the JET IP process must include direct consultative engagement with communities to assess specific vulnerabilities associated with the transition and develop pathways to new skills development opportunities, and formal employment opportunities, among other initiatives. Social protection measures will be necessary, particularly in the aftermath of the planned decommissioning of power stations. Already in the case of the Komati power station, there appears to be no plan or even publicly stated intentions to resource and support the many informal workers and informal businesses who depended on the economic activity of the coal plant.

4.3. Social Ownership

The funding allocation for social ownership in the JET IP is vastly inadequate for a meaningful Just Transition. The building of new energy generation capacity should lead to a change in ownership structures in the country with preferential opportunities for the working class.

New energy generation capacity should be socialized so that the benefits and incomes accrue to working-class communities rather than to wealthy institutional investors. Social ownership could be achieved through several models:

- Centralized utility plants (At a national level through ESKOM; Or under Municipal ownership & operation)
- Decentralized community energy owned by community or worker trusts with support from state subsidies.

The ongoing REI4P model of community ownership in renewables provides an example of the dangers of delaying benefits. Under these projects community trusts do not receive payments for as much as 15 years due to the duration of their share buyback period. In the interim, communities next to large renewable plants suffer. Communities must receive ownership benefits from the start of future projects. More grant funding and low-cost debt will need to be provisioned in order for this to be realized.

4.4. Transport Sector

The transport sector plays a crucial role in the social and economic fabric of South Africa. As part of the legacy of Apartheid social planning, the majority of the working class remain racially segregated and consigned to the peripheries of cities. Poorly integrated transport networks and the lack of an integrated public transport system have resulted in some of the poorest South Africans spending as much as 20-40% of their monthly income on transport while spending hours per day commuting to work.

Passengers in South Africa utilize road transport (private vehicles, minibus taxis, and commuter buses) and rail. Chronic underfunding, corruption, and poor maintenance of rail infrastructure have led to a steady increase in more people relying on road transport. As listed in the JET IP itself, the overwhelming source of carbon emissions in the transportation sector (96%) is derived from vehicles using internal combustion engines (fueled by petrol and diesel). As part of South Africa's strategy, developing an extensive, affordable, and reliable public transportation system should be seen as a priority to meet the nation's climate commitments and improve equitable access to basic services.

To combat the problems of spatial apartheid and social isolation, particularly across South African townships, a significant expansion of public transportation is imperative. This will not only facilitate commuting, but it will also play a pivotal role in mitigating the marginalization of working-class women who are subjected to shockingly high levels of gender-based violence.

Increasing efficiency and the electrification of buses and minibus taxes used for public transportation can play a role in decarbonizing the road transportation sector. In conjunction, the turnaround of railways for public transport can play a role in reversing the turn to vehicles for many commuters. In the JET IP's selection of priorities, public railways fail to feature at all.

In the JET IP focus is placed on road transport through New Energy Vehicles (NEVs) with R111.8 billion out of a total R128.1 billion going to industrial development, innovation development, and NEV development support. The JET IP calls for subsidies to increase the potential uptake of electric vehicles from low income entry-level vehicle buyers. This measure further demonstrates the plans misguided approach as only 40% of workers in South Africa own private vehicles. Only R6.1 billion is allocated in the plan to be raised to help electrify transport showing the plan heavily skews it's planned benefits to auto-manufacturers and private vehicle owners (domestically and abroad). This allocation is insufficient and the plan as a whole fails to appreciate the scale and significance of developing a functioning public transport system which respond to the severity of our history of inequity.

4.5. Skills Development & Training

Skills development is a critical element of the Just Energy transition. The plan recognizes that the Just Energy Transition Investment Plan will require significant investments in new skills development and proposes that the government and private sector should provide adequate funding for training programs in renewable energy technologies and related industries. The JET IP further recommends that the government work with universities and other educational institutions to develop new courses and programs to equip workers with the skills needed for the transition.

Despite this inclusion in the JETIP COSATU notes with deep concern that less than 0.2% (2.7 billion out of 1480 billion ZAR) is used for skills development. The plan appears to be infrastructure centric and light on elements associated with "justice."

The energy transition will inevitably lead to job losses. However, the plan does not deal sufficiently with how reskilling and upskilling with workers will take place at the necessary scale in a coordinated fashion. This is particularly concerning for sectors that are affected in the short term. A stronger commitment from the IPGs to fund skills development is a necessity going forward.

COSATU further recommends that in alignment with the timelines provided in the IRP 2019, funding be allocated for tertiary education institutions to investigate the new carbon capture and sequestration technologies with the aim of reducing emissions for the lifespan of the existing coal fleet. This initiative could be jointly coordinated with the support of the Department of Mineral and Energy Resources and the Department of Environment Forestry & Fisheries.

5. Proposed Amendments to the JET IP

COSATU proposes several amendments to form part of a revised JET IP. Table 1 below provides a summary:

Table 1 A table of proposed interventions by COSATU for the JET IP

Proposal:	Description:
A full life cycle cost benefit analysis must be done comparing the IPP pathway to a public pathway.	A key pillar of the JET IP infrasctrure allocation is based on the premise that the state will prioritise developing an enabling environment to allow private renewable energy developers access to the national grid. The state is expected to develop transmission infrasture while the state utility (ESKOM) is barred from participating in new low carbon generation. To support a new Just Energy Transition Investment Plan a full cost benefit analysis must be done illustrating the costs of IPP heavy compared to pubically built an operated plants.
Improve transparency and strength of regulations on future and existing PPP contracts	De-risked IPP contracts currently benefiting from sovereign guarantees are protected under non-disclosure agreements. Given the broad ranging concerns listed in this document on conditionalities, exposure of state to risk among other issues – these contracts should be made fully public.
Re-establish and finance a ESKOM build programme for the Just Energy Transtion	Current limitations should be lifted and ESKOM should be empowered to acquire finance to develop and operate a new build programme including the extensive renewable energy and other low carbon generation capacity allocations with the IRP. A revised JET IP should explicitly acknowledge ESKOM's role in new generation projects.
Debt Cancellation & Climate Reparations	Cancellation of odious debts owed to the World Bank (particularly for Kusile and Medupi) should be tabled for cancellation as part of a Just Transition agreement. Reduction in debt will allow the government to steer more productive investment in the energy transition and associated value changes and increase the fiscal space for the required expansive social protection measures.
Establish an allocative green credit scheme	To realise the anticipated employment benefits of the Just Transition South Africa must ensure green industrial policy as well as monetary and fiscal policy are aligned to ensure finance is directed to productive industries. Implement a allocative credit scheme for the domestic green economy by offering low cost capital provided by the South African Reserve bank. This will lower the costs of high local content requirements scenarios for public procurement programmes
Capacitate and enforce localisation policies	Aggressive local content requirements should be implemented as part of an overhaul of South Africa's green industrial policy. High local content requirements should reflect South Africa's localisation ambitions in the energy and transport sectors of the

	economy. Resources must be raised to dramatically increase institutional capabilities of state departments charged with the monitoring and enforcement of compliance with all local content policies.
Direct funding to establish just transition labour centre across sectors	Just transition Center's for South African unions build capacity for unions and are responsible for reviewing research into the impacts of climate change on the economy; providing relevant technical expertise to the labour movement; and running capacity building programmes, but more importantly guide unions through the planning and mitigation of both climate and transition risks.

6. Concluding Remarks

COSATU recognizes that the JET IP presents both opportunities and profound challenges for workers, and asserts that a revised JET IP must ensure that the transition is just and benefits workers. The measures taken to ensure electricity security for the country in the heat of the ongoing crisis should not further compromise the status of electricity as a public good. If allowed to advance these plans will harm South Africa's fiscal conditions through deep depdence on IPP's and sovereign guarentees; worsen energy poverty by high electricity costs with locked in private rent seeking interests; and fail to materialise high levels of industrialisation in renewable energy value chains. COSATU demands the following:

- All signed agreements made under the $8.5 billion JETP process from negotiations between the IPG and the Presidential Climate Finance Task Team must be published publicly in full.
- We demand the JET-IP be taken directly to NEDLAC for a line-by-line negotiation with all stakeholders. With all the details relating to existing and proposed financial documents are shared

- National government should immediately adjust the pace of the transition to ensure it is conducted in a well-planned fashion.

- A well resourced and consultatively crafted social protection plan must be developed immediately for workers and communities directly impacted by the energy transition.

- A revised investment plan which includes direct measures to address immediate interventions to address loadshedding, with support specifically aimed at prioritising and supporting working class users and explicitly taking into account the gendered impact of energy poverty

- A revised investment plan must include a comprehensive assessment of a plan to expand public transport systems as well as to raise the necessary investment target for decarbonization of public transport well beyond the R6.1 billion listed.

- In the aftermath of the closure of Komati coal fired power station, the credibility of the transition is question. Workers demand concrete plans and job guarantees for all impacted workers.

- There is insufficient acknowledgement that the energy transition has significant regional implications. From an energy infrastructure standpoint, it must be clarified whether transmission upgrades to improve regional integration across SADC has been included in the plan.

- Nuclear Energy is currently prescribed in the IRP2019 and forms among South Africa's low carbon generation options. It must be clarification whether nuclear power plants can qualify for funding under the JET IP.

- We demand a system which ensures the continuation of public sector energy generation. Where private sector energy occurs, we need to ensure careful regulation & worker ownership.

- A tax on coal exports should be introduced with profits ring-fenced for the Just Energy Transition.