



# Just Municipal Embedded Generation

---

May 2025



**Attendance:**

Type the URL into your browser OR scan the QR code with your phone

[tinyurl.com/JMEG-1](https://tinyurl.com/JMEG-1)



1

**Project Overview - activities and timelines**

2

**Participating municipalities**

3

**What could success look like?**

4

**Next steps and key contacts**

5

**Discussion**

# Agenda

# About ICLEI

---

ICLEI – Local Governments for Sustainability is a **global network** working with more than 2500 local & regional governments **committed to sustainable urban development**.

We **influence sustainability policy** and **drive local action for low emission, nature-based, equitable, resilient & circular development**.

Our Members & team of experts work together through peer exchange, partnerships & capacity building to create systemic change for urban sustainability.



Working with  
**2500+**  
local & regional  
governments



Active in  
**125+**  
countries



**300+**  
Experts in 22  
offices globally

01

# Project Overview

---

# Municipal Embedded Generation in South Africa

---

## Overview

- Generation of electricity that is connected to a local distribution network.
- Usually smaller-scale, renewable units.
- Decentralised generation located close to the point of consumption

## Benefits

- Reduces reliance on Eskom and potentially increases affordability
- Diversification of energy sources, enhancing grid stability
- Creates potential revenue streams for the municipality
- Supports sustainability and national energy transition goals.

## Challenges

- High initial costs as well as financial constraints (borrowing capacity and perceived risks)
- Unclear municipal mandates in embedded generation frameworks
- Limited technical expertise.
- Regulatory and grid integration complexities.

# Project Description

---

## Aim

Provide selected municipalities with early stage project preparation support to develop municipal embedded generation projects that meet DBSA project preparation unit requirements.

## Context

JMEG is a second phase of support, with 2 core objectives:  
(i) to deepen the support provided to 3 municipalities (previously supported through AFMEG) and provide specific and detailed assistance to enable them to progress further in the due diligence stage  
(ii) to provide pre-feasibility support to 3 additional South African municipalities, harnessing the lessons learnt under AFMEG.

## Timeline

Feb 2025 - Dec 2026

# JMEG project development activities

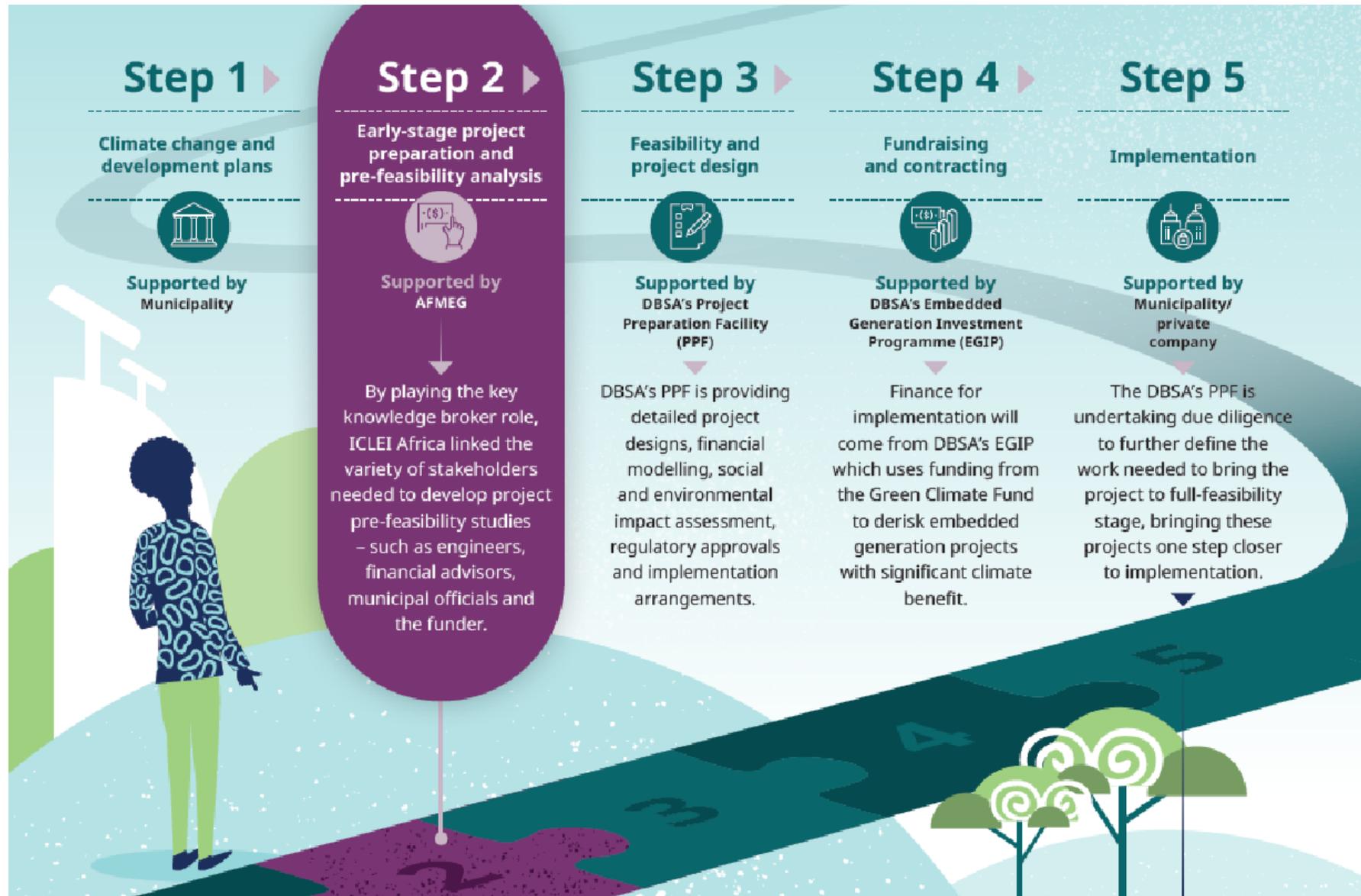
---

- Support to municipalities with application to DBSA's project preparation unit for your embedded generation project by developing the following:
  - Project identification and data collection
  - Technical pre-feasibility analysis
  - Financial model and financial report
  - Socio-economic impact analysis
  - DBSA PPU application
- Capacity building and workshops to develop the project, integrate GEDSI and climate considerations, navigate the policy and regulatory landscape and any other areas of support outlined by the capacity needs assessment that will be conducted at the beginning of the project

# JMEG project development activities

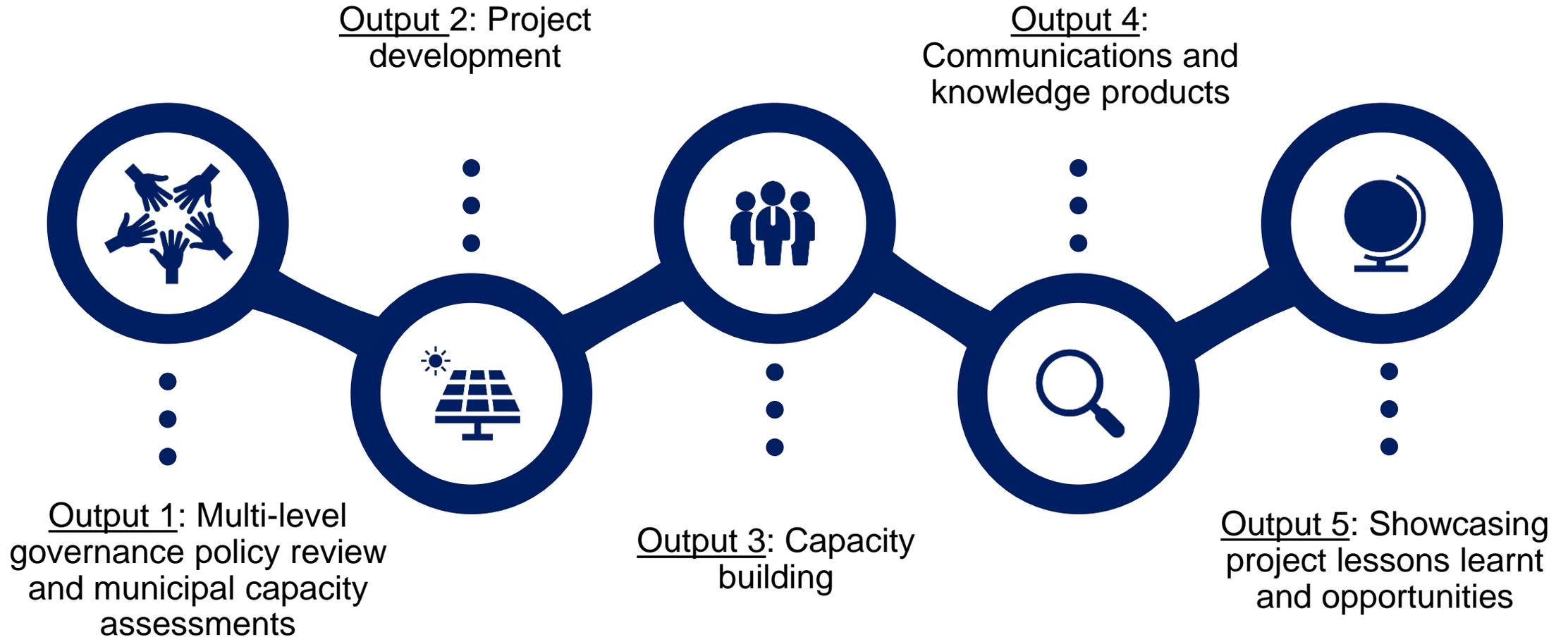
---

Category	Requirement
Regulatory requirement	i. Whether the current use of the land and whether it is not earmarked for other developments in line with MFMA
	ii. Environmental screening to identify whether there are no fatal flaws
	iii. Permits requirement
Transaction structure	i. Assessment of how the project will be implemented i.e. PPP vs Limited Recourse vs On Balance sheet
	ii. How will the project be operated
	iii. Recommendation of the preferred structure and regulatory implications to be considered during BFS
Institutional arrangement	i. Capacity assessment requirement in line with the transaction structures
Commercial assessment	i. Revenue strategy emanating from the sale of energy
	ii. Municipal customer base assessment
	iii. Revenue collection challenges that may impact the project

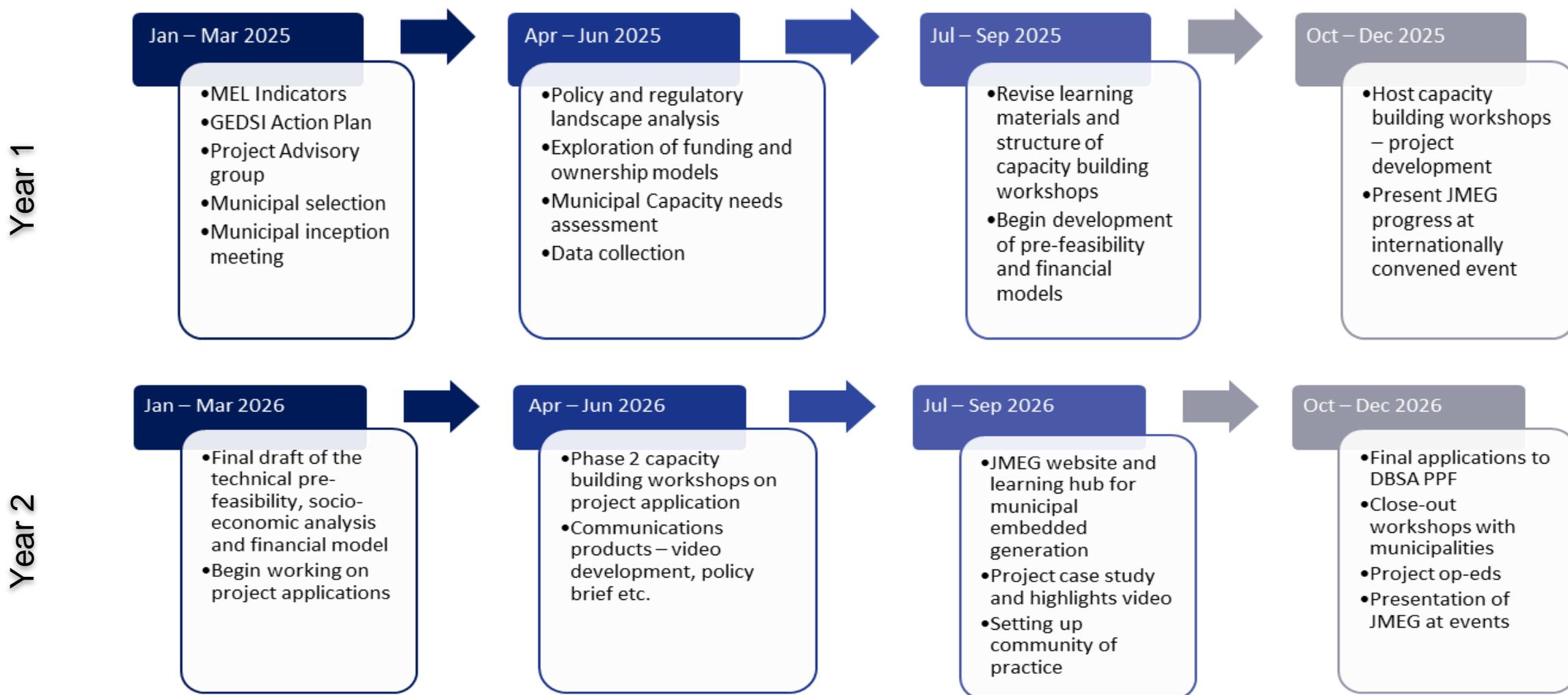


# Project outputs

---

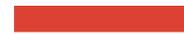


# Project Timeline and key activities



02

Municipalities



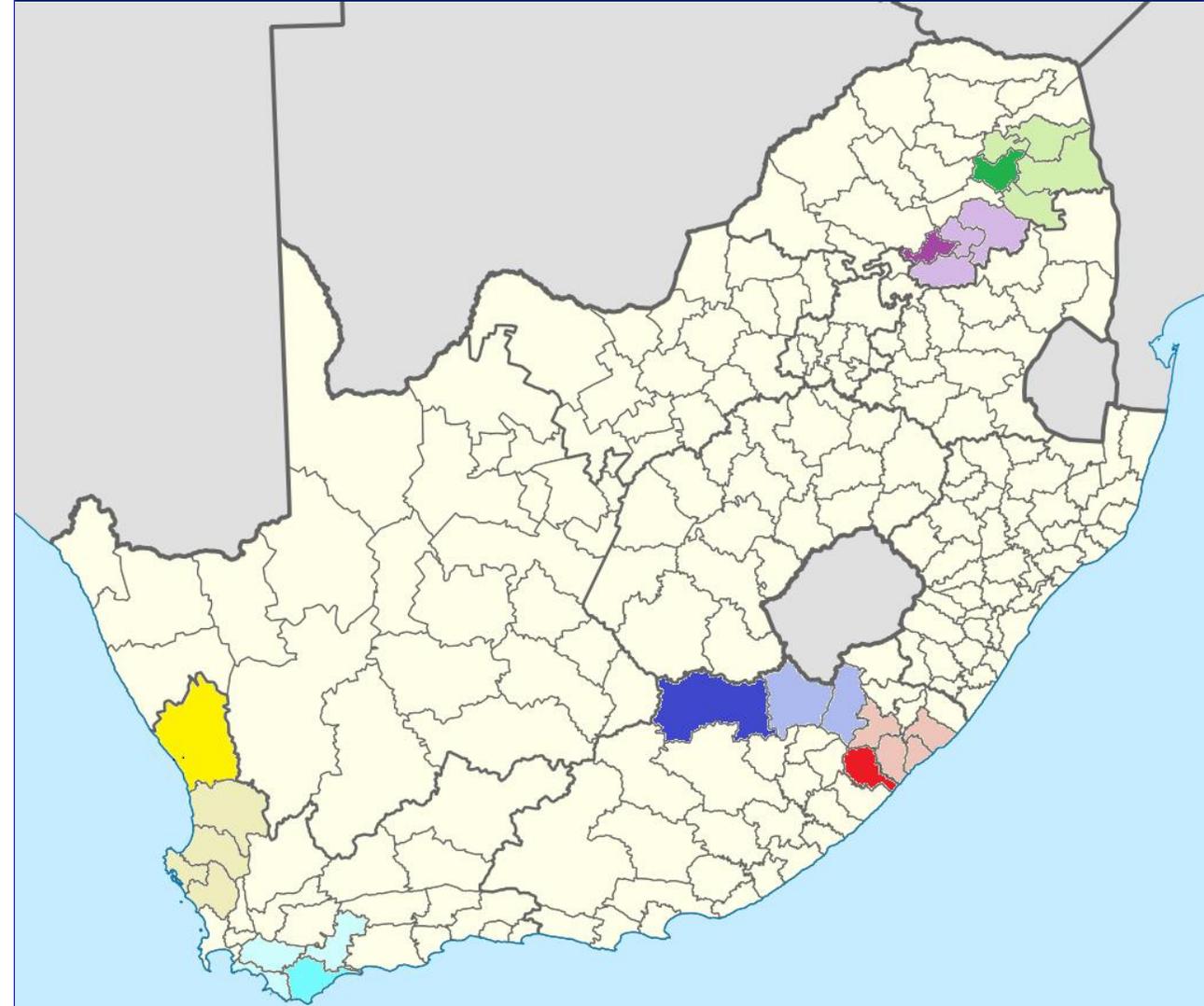
# Municipal Selection Criteria

---

- Leverage existing work/projects with established relationships
- Political and Technical buy-in
- Financial status: Audit score & Outstanding Eskom debt
- Policy alignment
- Land availability
- Geographical distribution

# Overview of Municipalities

Local Municipality	District/ Province
<b>Matzikama</b>	West Coast/ WC
<b>King Sabata Dalindyebo</b>	OR Tambo/ EC
<b>Walter Sisulu</b>	Joe Gqabi/ EC
<b>Greater Tzaneen</b>	Mopani/ LP
<b>Ephraim Mogale</b>	Sekhukhune/ LP
<b>Cape Agulhas</b>	Overberg/ WC



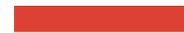
# Municipal Officials

---

<b>Official/ Team</b>
Municipal Manager
Director - Planning and Economic Development and divisions
Director Electrical Engineering and divisions
Chief Financial Officer (+ reporting, expenditure and revenue divisions)
Director Civil Engineering Services (+ technical planning, design and PMU division)
Director Corporate services (+ council support and public participation divisions)
Chief Operating Officer (+ gender and disability division)

03

What could  
success look like?



# What does success look like (1)

---

## **Tangible progress for six embedded generation projects & capacitation of municipalities to advance additional projects**

- Three new municipalities submit applications to DBSA's PPU, meeting requirements and advancing in the review process.
- Three municipalities finalise their due diligence process with DBSA to enter the EGIP pipeline.
- A municipal embedded generation financing guide is shared and used to support funding applications and investment decisions.
- Municipalities build their capabilities in project development, and GEDSI
- Relations between municipalities and potential funders and project investors is strengthened

## What does success look like (2)

---

### **Building capabilities to equip municipalities to evolve their roles in a rapidly changing power sector**

- Building capabilities by working together, and trying something new
- Improved understandings of municipalities of where to start , how far they need to go, different stages and different options for project development
- Municipal embedded generation projects offer alternative models for capacity expansion that promote local just transitions (with GEDSI objectives at their core)
- Strengthened relations between municipalities funders and investors, with municipalities able to identify which funders are appropriate for which stage of project development, and which model
- Municipalities become active participants in shaping the implementation and evolution of South Africa's just energy transition
- An established set of capabilities and tools that enable the project municipalities to take forward this work, and for other municipalities to learn from and utilise

## What does success look like (3)

---

### Improved policy and regulatory environment and understanding

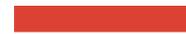
- Government entities and stakeholders gain a clearer understanding of their roles and available policy levers to scale municipal embedded generation.
- A comprehensive policy and regulatory analysis informs decision-making, with stakeholders actively using findings to refine policies and frameworks.

### Knowledge is exchanged and awareness increased

- An active community of practice fosters knowledge exchange among municipalities and stakeholders, and facilitates collaboration and coordination
- Lessons and resources are shared with a broad group of municipalities to scale impact beyond the JMEG municipalities
- JMEG contributes to the broader UK PACT South Africa ecosystem and its impact
- Media coverage enhances visibility of municipal-led just transition efforts.

# 04

Next steps and  
Key Contacts



# What is required from your municipality and immediate next steps

---

## Municipal requirements

- Demonstrate political and institutional commitment to the project
- Delegate 2 focal points for regular communication and support of project activities
- Report on project activities to relevant municipal structures
- Participate in project meetings (virtual/ in-person), workshops and events with project partners
- Undertake data collection and information gathering as required

## Immediate Next Steps

- Sign letter of agreement between ICLEI and Municipality
- Nominate 2 focal points
- Identify GEDSI focal point
- Contact point for identifying all regulatory requirements
- Call with DBSA

# Communication with counterparts

---

## Engagements for project delivery and frequency of progress updates

- Monthly check-in between ICLEI Africa and Palladium
- Bi-monthly check-in between DBSA and ICLEI Africa
- Bi-annual in-person full partner meeting
- ICLEI Africa submits quarterly reports to Palladium

## Preferred form of communication

- Virtual engagements on microsoft teams
- In-person meetings at DBSA offices
- In-person workshops at Municipal offices

# Key Contacts

---

- **ICLEI**

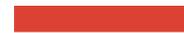
- Dr Michael Boulle - [michael.boulle@iclei.org](mailto:michael.boulle@iclei.org)
- Rabia Parker - [rabia.parker@iclei.org](mailto:rabia.parker@iclei.org)

- **DBSA**

- Muhammed Sayed - [MuhammedS2@dbsa.org](mailto:MuhammedS2@dbsa.org)
- Rhulani Khosa - [RhulaniK@dbsa.org](mailto:RhulaniK@dbsa.org)
- Fa Mulumba - [FaM@dbsa.org](mailto:FaM@dbsa.org)

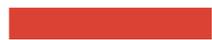
05

Discussion





THANK  
YOU



Stay in touch:



[www.ukpact.co.uk](http://www.ukpact.co.uk)



[southafrica@ukpact.co.uk](mailto:southafrica@ukpact.co.uk)

[communications@ukpact.co.uk](mailto:communications@ukpact.co.uk)