Possible Support for SMMEs in the Energy Sector

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Presentation Outline

• Introduction and background
• Problem statement
• Methodology
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The industry status

• Globally, there’s an energy transition taking place, with a shift from old sources of generating electricity to cleaner ones.
• This is motivated by various reasons that includes the greenhouse gas emissions, the natural resources that are depleting, aging infrastructure etc.
• Such changes presents opportunities for various parties, as seen with the implementation of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).
• Such opportunities to be accessed by SMMEs
Role played by SMMEs

SMMEs contribution to the South African economy

• With about 36% contribution to the GDP (Business Report, 2017)
• With the total of 47% of the workforce employed by SMMEs (BUSA, 2019)
• Contribution to corporate tax is 6% from SMMEs (BUSA, 2019)

Therefore, SMMEs do have a meaningful role to play.
Motivation for supporting SMMEs

• Due to their flexibility, innovativeness, SMMEs are seen as having a potential to contribute positively to the development of the economy.

• Therefore, with the sector that is diversifying and growing, such as the energy sector, support for SMMEs in the energy value chain, is critical.
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Problem statement

- Survey results from a study conducted by CSIR Energy Centre to determine the level of participation by the SMMEs, indicated that there’s a need for intervention.
- In the formal energy procuring programme (REIPPPP), feedback from the key role players indicated that there’s a lack of participation by SMMEs, due to various issues (incl. the lack of skills).
- Therefore, to increase the level of participation by SMMEs, an intervention is needed, by providing the necessary support.
- CSIR Energy Centre is investigating possibility of setting up an industry support programme for SMMEs, focusing on the energy sector.
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To ensure a holistic approach: benchmarking, internal assessment, sourcing input from industry and the target market.
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Barriers of entry for SMMEs

- The participation of SMMEs in the energy value chain is hindered by a number of challenges.
- These are some of the ones highlighted by industry.
Benchmarking: Support for SMMEs

• The economies of some countries (especially of developed countries like the UK, US), to a large extent, are built by activities of the SMMEs. They are seen as the driving force of the economy

• Such countries provide support to these SMMEs to encourage growth and sustainability, due to the realities that the challenges experienced by the SMMEs, cause their ideas to be short-lived

• Various interventions are provided
SMMEs operating in clean energy sector in the United States (US) gets the necessary support, through incubation programmes.

Research findings show that the developed countries such as the USA, UK, takes keen interest in supporting the development of the innovators with business concepts.
Benchmarking: Case study- NREL

Learnings from National Renewable Energy Laboratories (NREL)

• They collaborate with industry to facilitate the incubation and development of the entrepreneurs, and make use of their infrastructure as a de-risking measure and field test.

• The incubation programme gets support from the US DOE and funds from industry. Example: Wells Fargo Innovation Incubator, to the value of $30mil.

• NREL uses their technical expertise and infrastructure to support the entrepreneurs. They use industry to ‘test in the field’.
Benchmarking: Case study - NREL

NREL Approach

- R&D
- Prototype/Proof of Concept
- Pilot/Demonstration
- Commercialization
- Maturity/Price Competition
The aim is to develop the Intellectual Property (IP) that is found within CSIR and other research institutions.
This will help reduce technology risks and accelerate technology to market.
Input from the industry

- To ensure alignment of the programme with the needs that exist for SMMEs, they are given an opportunity to give input, based on the concepts they need assistance with.
- A survey is already out, manual distribution commenced and a web-based is being finalized. Social media distribution and direct communication.
- Feedback will be consolidated and considered when finalizing the service offering of the programme.
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Call for stakeholders

Collaboration

- The success of the SMMEs in the programme will be based on the support from the energy eco-system.

- We call for industry support: implementation funding, enterprise development, market access, IP access
Request for assistance

- It is clear that the world is transitioning in energy sources, so is South Africa, and this presents opportunities that SMMEs can leverage on.
- However, the SMMEs are struggling to access these opportunities due to numerous challenges, therefore support is required.
- CSIR calls for entities that are willing to collaborate and assist with the resources required, for the establishment of the programme.
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Some quotes from NREL:

• “Leadership in energy innovation depends on the ability of entrepreneurs to develop and successfully bring innovative technology solutions to market.” The Joint Institute for Strategic Energy Analysis (JISEA) on behalf of US DOE

• “The U.S. Department of Energy (DOE) invests millions of dollars every year in the U.S. national laboratories, yet without industry engagement and a business mind-set at the labs, that investment has limited economic return.” Energy I-Corps US DOE
Way forward

• We request your participation on the survey that will be communicated with the stakeholders. Kindly share your contact details in order for us to share the link.

• We request the entities that are keen to support the programme, to also make contact for further discussion.
Ng’yathokoza,

Thank you!!

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