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How The City of Cape Town Is Building An Economy Of Hope – From The Bottom Up

Alderman James Vos – Mayoral Committee Member for Economic Growth, City of Cape Town

Lance Greyling – Director for Enterprise and Investment, City of Cape Town

Kadri Nassiep – Executive Director of Energy, City of Cape Town

Thursday, 15 June 2023



A Word From Today's Chairman

Mike Wardle
CEO & Head of Indices
Z/Yen Group





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Today's Agenda



- 09:00 – 09:05 Chairman's Introduction
- 09:05 – 09:25 Presentations – Alderman James Vos, Lance Greyling, & Kadri Nassiep
- 09:25 – 09:45 Question & Answer



Today's Speakers

Alderman James Vos

Mayoral Committee Member
for Economic Growth, City of
Cape Town



Lance Greyling

Director for Enterprise and
Investment, City of Cape
Town



Kadri Nassiep

Executive Director of Energy,
City of Cape Town





BUILDING AN ECONOMY OF HOPE FROM THE BOTTOM UP

Alderman James Vos
Mayoral Committee Member for Economic Growth



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INVEST CAPE TOWN

ENTERPRISE AND INVESTMENT DEPARTMENT

ECONOMIC GROWTH OUTLOOK

Improving Cape Town's business climate and boosting its global profile as an attractive investment destination with positive economic growth.





CREATING THE RIGHT ENVIRONMENT FOR BUSINESSES TO FLOURISH

CAPE TOWN'S ECONOMIC BLUEPRINT FOR THE NEXT 5 YEARS, AND BEYOND.

The City's **Inclusive Economic Growth Strategy (IEGS)** is a short, medium and long-term plan for addressing the economic challenges facing Cape Town within the greater South African context, and for identifying comparative advantages that can be leveraged.

These challenges are addressed through **improved collaboration** between the City government, private sector, and other spheres of government who identify and implement sustainable solutions.

PRINCIPLES UNDERPINNING THE INCLUSIVE ECONOMIC GROWTH STRATEGY

1

INCLUSIVITY

To be more inclusive, Cape Town's economy is committed to support and enable all participants.

2

COMPETITIVENESS

To be globally competitive, Cape Town's economy must demonstrate agility and adaptability in order to better respond to local and global trends of supply and demand.

3

ACCESSIBILITY

To be more accessible, Cape Town's economy must reduce barriers to entry based on location.

4

RESILIENCE

To be more resilient, Cape Town's economy must be able to withstand and adapt to shocks and stresses

5

SUSTAINABILITY

To be more sustainable, Cape Town's economy must grow in a way that works to achieve commitments to global environmental challenges.

6

COLLABORATION

To be more collaborative, Cape Town's economy must involve a coordinated effort from all partners.



OUR VISION FOR ECONOMIC GROWTH

By **coordinated action** between **all sectors of society** and **spheres of government**, a **business-friendly environment** will be forged that will **enable firms** to grow and create jobs, whilst adapting to **market changes**, and will **empower individuals** to be economically active and socially mobile.

The City will ensure it plays its role in creating **more shared and greater prosperity**.



MAKING CAPE TOWN THE EASIEST PLACE TO DO BUSINESS IN AFRICA

- Introduction of **Ease of Doing Business (EoDB) Index**, a thorough self-assessment of our business-focused conduct.
- Will include **indicators linked to turnaround times** such as construction permits, business licencing, building plans, land release, electricity connections.
- We will also launch an **online dashboard** to allow businesses, investors and others to view and track our progress.
- Other **platforms and initiatives that speak to our EoDB** mind-set. For example, Air Access, the Cape Trade Portal, Productivity Efficiency Programme, and Investment Facilitation Branch.

GETTING DOWN TO BUSINESS

- Investment facilitation.
- Information on sector-specific business opportunities.
- Expert knowledge, support and development opportunities to small and medium sized businesses.
- Enterprise & Supplier Development (market access, match-making).
- Overcoming regulatory processes that create red tape (licenses, permit approvals).
- Navigating City Services landscape (connecting businesses with the right official).
- Business Operation & Expansion (running & growing a business).
- Facilitate incoming visits from international delegations.
- Supports development processes for strategically important investments in the manufacturing and business services sectors.
- Provide specialist facilitation services in the Atlantis Industrial Area, with a particular focus on implementation of the Atlantis GreenTech Special Economic Zone.
- Manages the City's investment incentives programme.
- Linking investors to our sector specific industry partners.
- Provincial and National Government department liaison.
- Facilitating skills programmes in partnership with SME's and large firms for in-demand occupations and growth sectors.

SMMEs & JOBS

The Business Hub

- **7 020** business service requests resolved (cumulative)
- **98%** service requests resolved to within 2 working days
- **20** Mobile Hub Activations
- Online training - **973** entrepreneurs/businesses

Jobs Connect

- Recruit and assessed **66 000** people
- Work readiness training to **8 000+** people
- **5 241** placements

**THE
BUSINESS
HUB.**

**J O B S
C O N N E C T**



ON A MISSION TO ACHIEVE BREAKOUT ECONOMIC GROWTH

Creating a tourism related job in every household

- Landing more flights, city-to-city connections, place marketing linked with conversion, destination management.

Increasing productivity for tradeable sectors

- Access to markets, increasing exports, expand supply and demand, driving efficiencies.

Support for small businesses and entrepreneurs

- Smart procurement, supplier development, training.

Job readiness and workforce development

- Connecting job seekers with employment opportunities, developing talent for high growth industries.

Property transactions to unlock economic value

- Disposals and leases of immovable property portfolio for commercial and housing opportunities.

Driving reform for external influences

- Expand airport, improve harbour, implement remote worker visa.



THANK YOU

Alderman James Vos

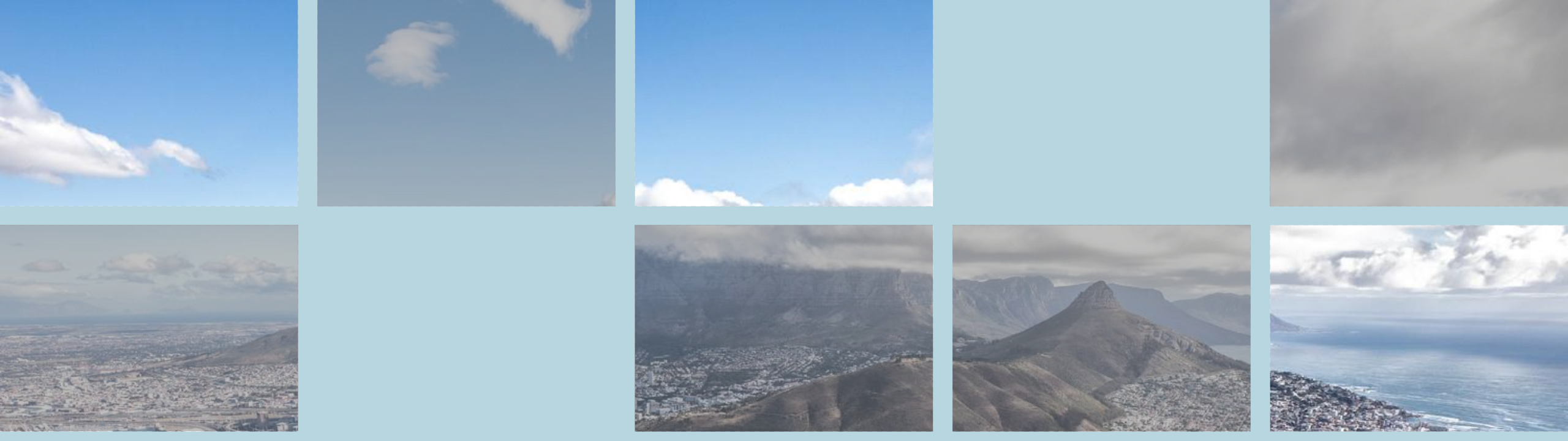
Mayoral Committee Member for Economic Growth



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KEY EXCERPTS FROM ENERGY STRATEGY

Kadri Nassiep
Executive Director: Energy Directorate
City of Cape Town

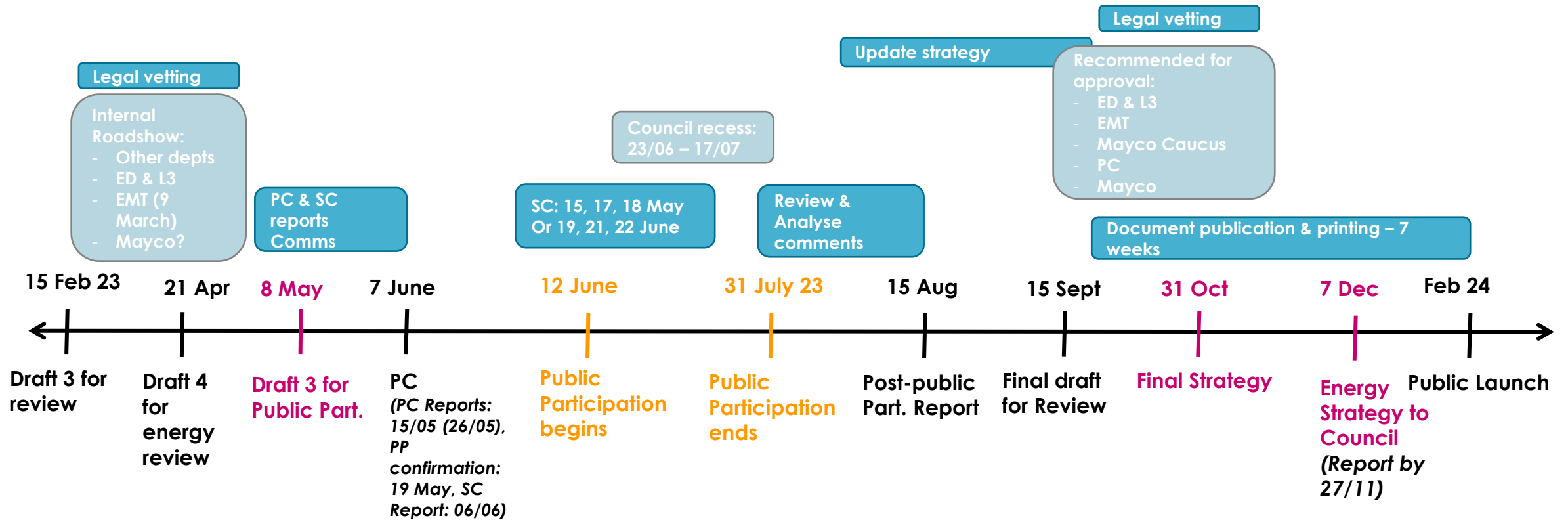


TEST DIRECTION, LEVEL OF AMBITION AND APPROACH FOR THE FOLLOWING:

- Energy Strategy Outline and 5 Year Goals
- Load-shedding Mitigation Strategy
- Energy Supply Modelling
- Utility Reform



INDICATIVE ENERGY STRATEGY TIMELINE



UPDATED SUMMARY DIAGRAM

Vision

Energy Security for a prosperous Cap Town. Together, we can build a resilient energy system where all residents and businesses have access to reliable, affordable, and carbon neutral energy.

Principles

- **Reliability:** Energy is available when it is needed.
- **Affordability:** Ability to pay without compromising other needs.
- **Carbon Neutrality:** Limiting greenhouse gas emissions.
- **Resilience:** The capability to adapt and transform to change.

Commitments

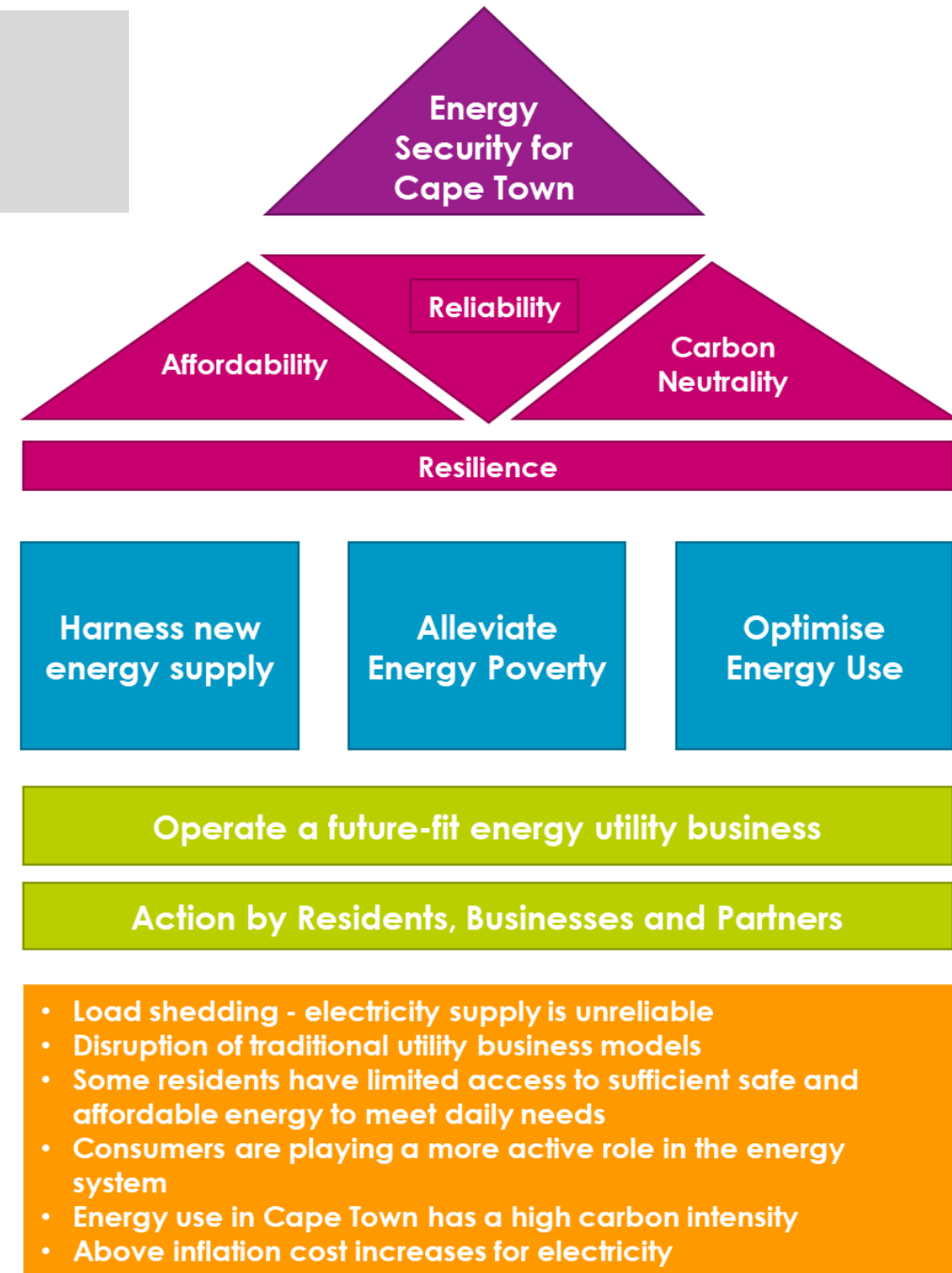
The City's commitments to deliver, enable and partner with stakeholders to build a resilient energy system to support social and economic development.

Enablers

The ability to succeed in these commitments will depend on the actions by many people and corresponding changes made in how the energy utility operates.

Shifts & Stresses

The energy sector is changing at a rapid pace and scale with a number of key shifts and stresses affecting every aspect of Cape Town's energy system.



	No.	Programmes	Short Term: Load-shedding Mitigation	Medium Term: Utility Reform	Long Term: Carbon Neutral Energy
Commitment 1. Harness new energy supply	1.1	City-initiated Energy Generation	X	X	X
	1.2	Utility-scale Energy Storage	X	X	X
	1.3	Private-led Energy Generation	X	X	X
	1.4	Energy Wheeling and Trading	X	X	X
Commitment 2. Alleviate Energy Poverty	2.1	Energy Subsidy Reform		X	X
	2.2	Informal Settlement Electrification		X	X
	2.3	Informal Settlement Public Lighting		X	X
	2.4	Energy Service Innovations for Backyard Dwellings		X	X
Commitment 3. Optimise energy use	3.1	Energy efficient City Services	X		X
	3.2	Improved Building Energy Performance	X		X
	3.3	Enhanced demand response	X	X	X
	3.4	Support Uptake of Electric Vehicle			X
Enabler A. Operate a future-fit utility	A.1	Institutional and workforce reform		X	
	A.2	Tariff and financial reform		X	X
	A.3	Infrastructure & technology reform	X	X	X
	A.4	City-level Energy Planning	X	X	X
Enabler B: Action by Residents, Businesses and Partners	B.1	Energy Awareness & Engagement	X	X	X
	B.2	Energy Data Access	X	X	X
	B.3	Energy Services Industry Support			X

5 YEAR GOALS FOR EACH OF THE COMMITMENTS AND ENABLERS

COMMITMENTS

1

Harness new energy supply

2

Alleviate energy poverty

3

Optimise Energy Use

ENABLERS

A

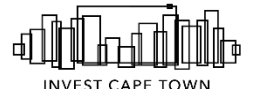
Operate a future fit utility business

B

Action by residents, businesses and partners



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LOAD-SHEDDING MITIGATION STRATEGY WITH TIMELINES

Scale of impact	Intervention	Stages of load shedding mitigated	Availability
City Supply Area Mitigation	Use of stored power from Steenbras Hydro Pumped Storage Scheme - 4 x 40 MW turbines, with 50% capacity (80 MW) reserved for load shedding mitigation.	1 stage of load shedding mitigated with up to 2 stages for short periods of time	Currently available within the constraints of ongoing planned maintenance and a major refurbishment project.
	Up to 500 MW of dispatchable energy purchased from Independent Power Producers (IPPs)	Up to 4 stages of load shedding mitigated	First power from IPPs expected in 2026, to allow time for the power plants to be built and commissioned, with a minimum contract period of 10 years.
	Interruptible power/ Demand Response (minimum of 60 MW): <ul style="list-style-type: none"> • Large Power Users (LPU) Curtailment • Residential Demand Response Aggregation (Power Heroes) 	Up to 1 stage of load shedding mitigated	LPU curtailment is currently active but will be enhanced to increase the amount of interruptible power available. Residential Demand Response Aggregation to be fully active in 2025, after a 2-year ramp-up period.
Critical City Load Mitigation	<ul style="list-style-type: none"> • Implement a battery energy storage pilot at critical loads, • Invest in generators at pump stations, WTP, WWTW, key office sites • Develop Stage 8 / black out recovery plans for all departments to ensure business continuity • Expand and invest in energy efficiency, renewable energy, and storage at critical loads 		
Household and Business Mitigation	<ul style="list-style-type: none"> • SSEG Registration Streamlining through an online registration system • Loadshedding Communication Campaign: Supporting good decision making for the installation of back-up power systems, such as batteries and UPS • Wheeling pilot launched then rolled out • Enable commercial net generation • Enable residential net generation 		

The background image shows a busy city street with blurred cars in motion, suggesting a fast-paced urban environment. In the distance, several large cranes are visible against a hazy sky, and a modern building with a glass facade and a sign that says 'Intern' is partially visible on the right. A semi-transparent blue rectangular box is centered over the image, containing the text 'ENERGY SUPPLY SIDE MODELLING' in a bold, black, sans-serif font.

ENERGY SUPPLY SIDE MODELLING

CAPE TOWN ELECTRICITY SUPPLY SCENARIOS

Loadshedding assumption:
 Stage 4 to 2032,
 Stage 2 to 2037

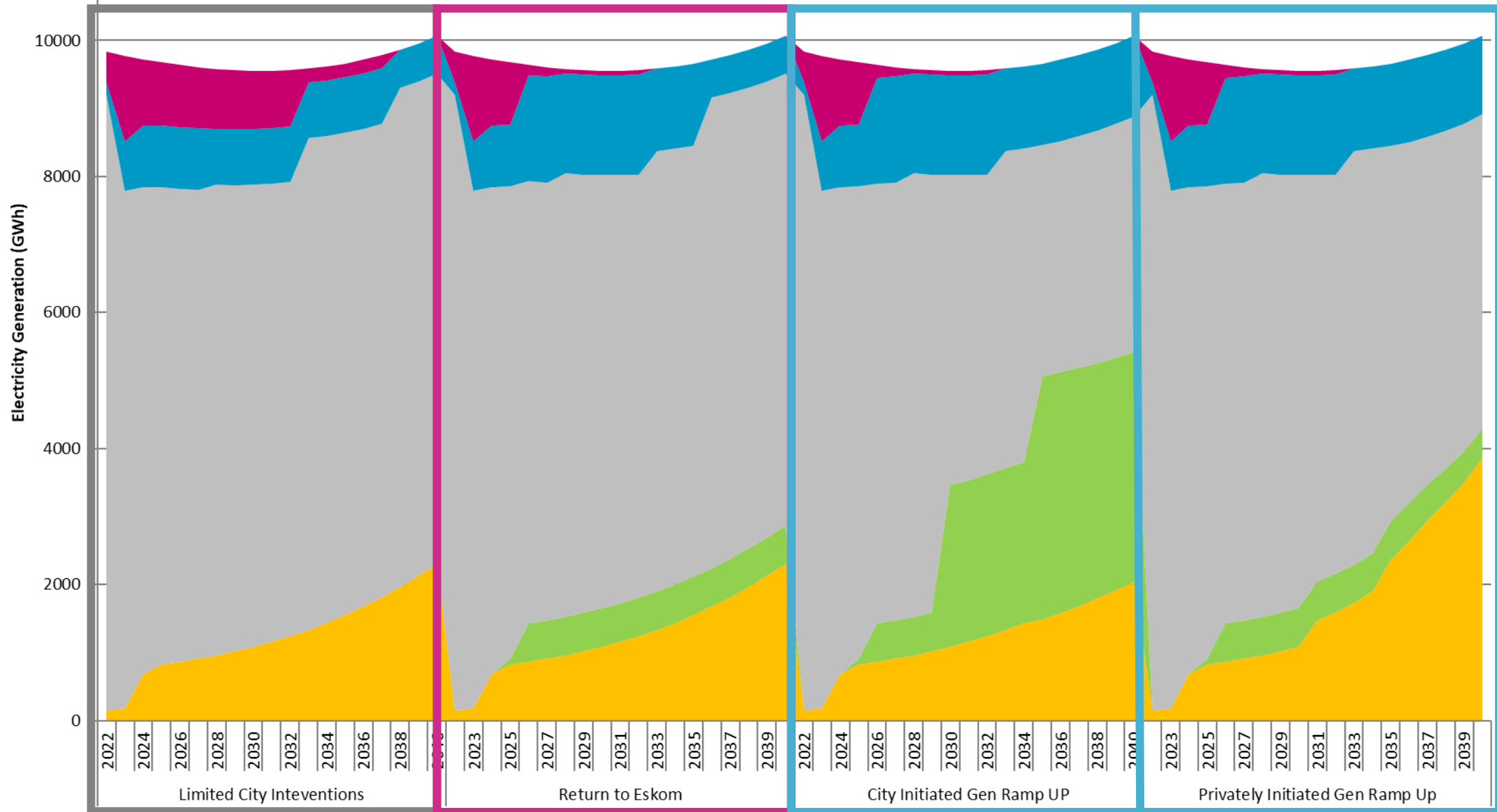
Maintain Scenario 1

Protect Scenario 2

Scenario 3A

Liberate

Scenario 3B



Types of elec. supply

- Unservd_Energy
- Loadshedding Mitigation
- Eskom
- City Initiated Gen
- Privately Initiated Gen

Drill-down

- Unservd Energy**
 - Electricity demand not met (load-shedding)
- Loadshedding Mitigation**
 - Interruptible Supply (Demand response)
 - Steenbras pump storage
 - Dispatchable IPPs
- City-initiated Generation**
 - IPPs non-dispatchable
 - City-owned generation plants
- Privately initiated Gen**
 - Small Scale Energy Gen
 - Wheeling

Limited City Interventions

Return to Eskom

City Initiated Gen Ramp UP

Privately Initiated Gen Ramp Up

DAILY GRAPHS IN 2030 FOR EACH SCENARIO - SUMMER

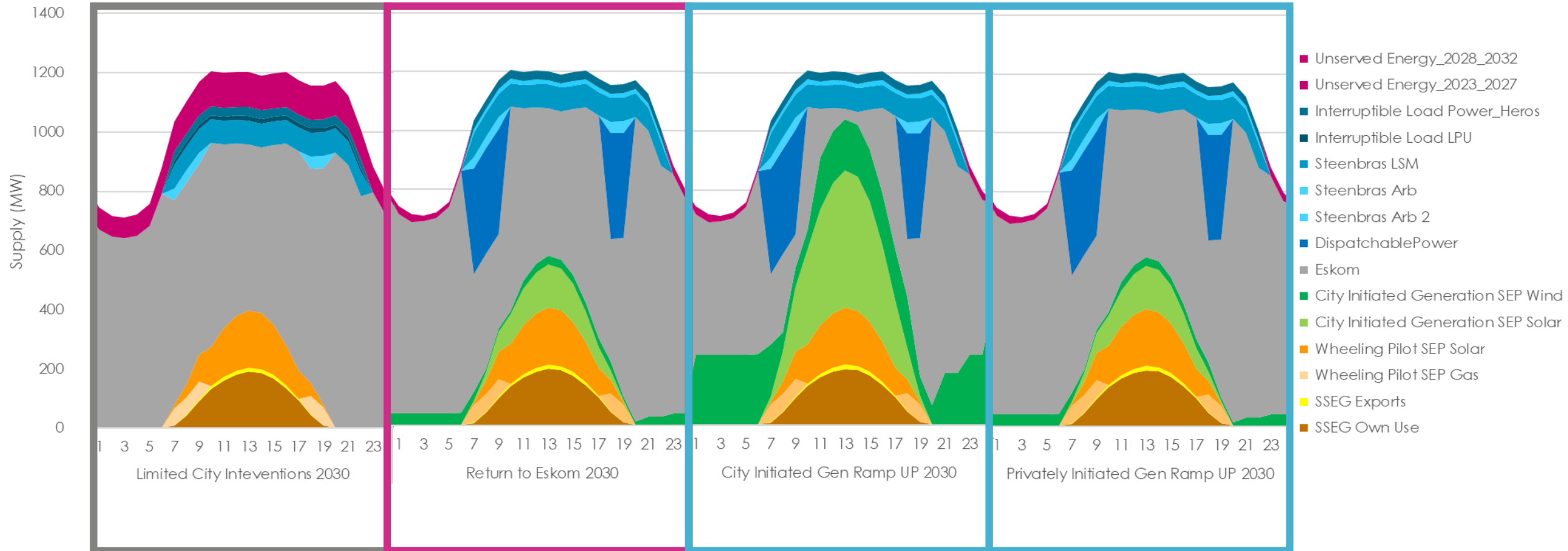
Bolster
Scenario 1

Diversify
Scenario 2

Scenario 3A

Liberate

Scenario 3B



KEY MODELLING TAKEAWAYS

- Cape Town will, in part, continue to source electricity from ESKOM in the long term – but never again return to the current state of 99% reliance on ESKOM.
- The role of the City as a bulk reseller of electricity is reducing as there is an increasing range of supply options available to customers.
- There are a diversity of decision-makers who now influence the electricity supply in City supply areas.
- These models show the implications of decisions already made/currently being implemented on the electricity supply profile of City supplied areas.
- There is a critical decision-making point around 2030, where the City will need to think through the optimal supply programme for the next 20 years and the feasibility of further reducing reliance on ESKOM.
- Caution: consideration of the energy mix on a daily basis is critical – need to balance the time of supply of different generation sources with the demand profile of different electricity customers – This can result in a significant cost to City in grid upgrades and/or storage



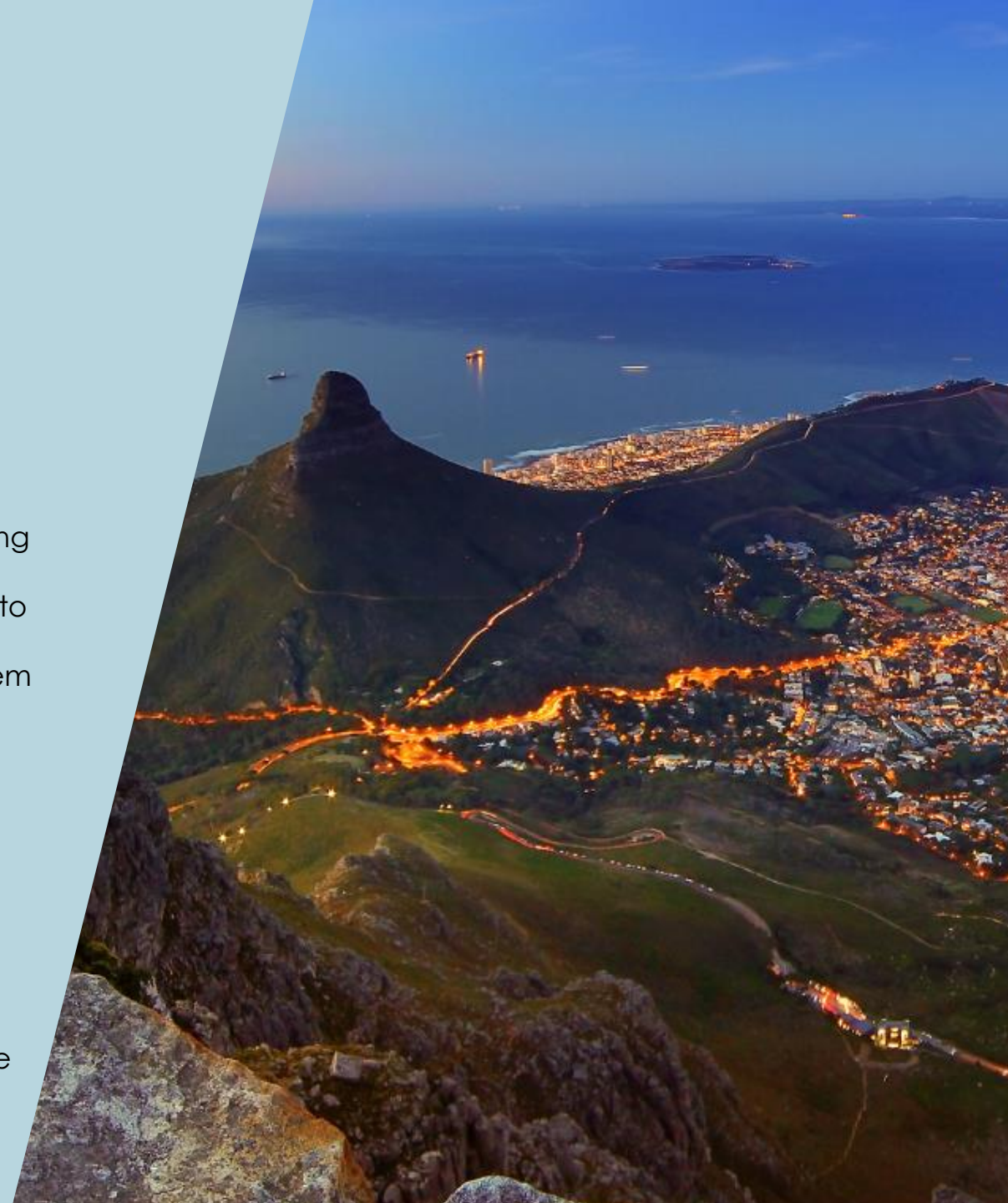
KEY DECISIONS ACROSS THE SCENARIOS

No regret decisions:

- Investments in energy efficiency across City infrastructure, buildings and functions
- Invest in on site generation at critical loads and facilities
- Support customer demand-side management interventions to achieve a more even spread of electricity demand throughout the day
- Enhanced demand response as a very cost-effective means of responding to load shedding constraints and balancing the network
- Investments in operational efficiencies that reduce the cost of electricity to the customer
- Investment in digital transformation to enable enhanced distribution system operations to accommodate distributed energy resources and energy trading

Big decisions:

- The scale of City resources directly invested in energy supply (own gen/PPs) & role of City-owned generation in an increasingly liberalised supply market
- Current City role: Bulk reseller and emergency supply
- The scale and duration of City procurement of dispatchable energy via IPPs
- The pace and scale of network infrastructure upgrades to accommodate distributed energy resources (including investments in energy storage)
- Tariff and financial model reform to secure revenue sources for cost recovery and source of subsidies



An aerial night view of a city, likely San Francisco, with a semi-transparent blue box overlaid in the center. The box contains the text 'UTILITY REFORM – TRANSITIONS PER BUSINESS UNIT'. The background shows a dense urban landscape with many lit-up buildings, a harbor with cranes and ships, and mountains in the distance under a twilight sky.

**UTILITY REFORM –
TRANSITIONS PER
BUSINESS UNIT**

UTILITY BUSINESS MODEL - GENERATION

- **Business Model:** utilising city-owned generation assets to operate within a growing competitive energy market
- **Short term:** The City will look to optimise the existing and already planned fleet of generation and storage assets to provide cost effective energy for municipal service delivery and ancillary services.
- **Medium to long term:**
 - Beyond this threshold, the generation business will explore opportunities to leverage city resources, such as available roof space, land, skilled staff, and the City's balance sheet to provide cost effective energy supply to residents and businesses.
 - All decisions relating to the City's generation business must be cognisant of operating within an increasingly cost competitive environment where there is significant private sector participation, along with a push to see the generation business operating in a financially self-sustainable manner.

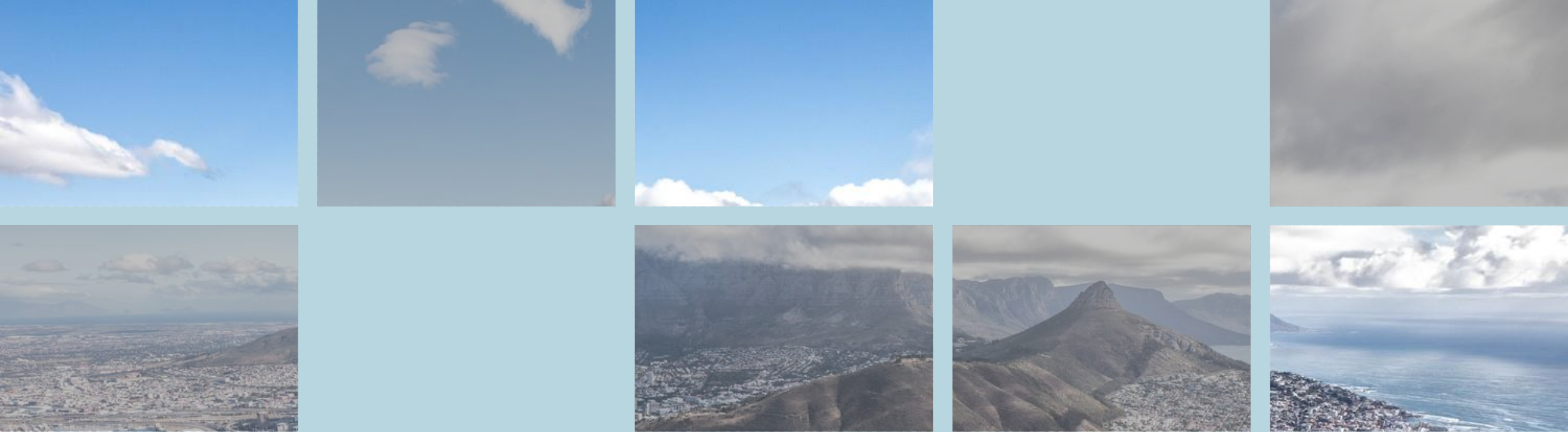
UTILITY BUSINESS MODEL – WIRES

- **Business Model:** Regulated operation and maintenance of the City's distribution network as a monopoly in City Supply Areas.
- **Short Term:**
 - The City will continue to be the sole provider of network services and manage and maintain the electrical grid as a platform for the transportation and storage of electricity from multiple sources to customers, in City Supply Areas.
 - The distribution business will include an enhanced Distribution System Operator function to operate the grid and effectively balance energy demand and supply from increasingly diverse and variable generation sources.
- **Medium to long term:** The City intends to remain a network service provider in the long term. This is to ensure equitable grid access to a safe and well-maintained electrical distribution network.



UTILITY BUSINESS MODEL – RETAIL

- **Business Model:** Regulated monopoly supplier of electricity and grid services to customers in City Supply Areas delivered via the wires business.
- **Short to medium term:**
 - The City's electricity utility will remain responsible for sourcing bulk electricity from the City generation department as well as other sources to meet the demand for grid electricity by Cape Town customers.
 - Establishment and ongoing management of the sale of grid services for wheeling arrangements
- **Medium to long term:**
 - The City will continue to be the supplier to the vast majority of customers in City Supply Areas. As competitive markets develop in the Generation space, this will open opportunities to source more cost effective electricity.
 - The City recognises that customers will have greater choice to range of suppliers operating within the City Supply Area.



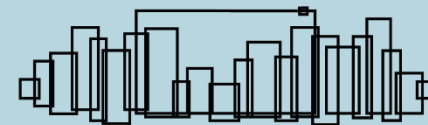
THANK YOU

Kadri Nassiep

Executive Director: Energy Directorate
City of Cape Town



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CAPE TOWN OPEN FOR BUSINESS

Lance Greyling

Director: Department of Enterprise & Investment
City of Cape Town



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OVERVIEW

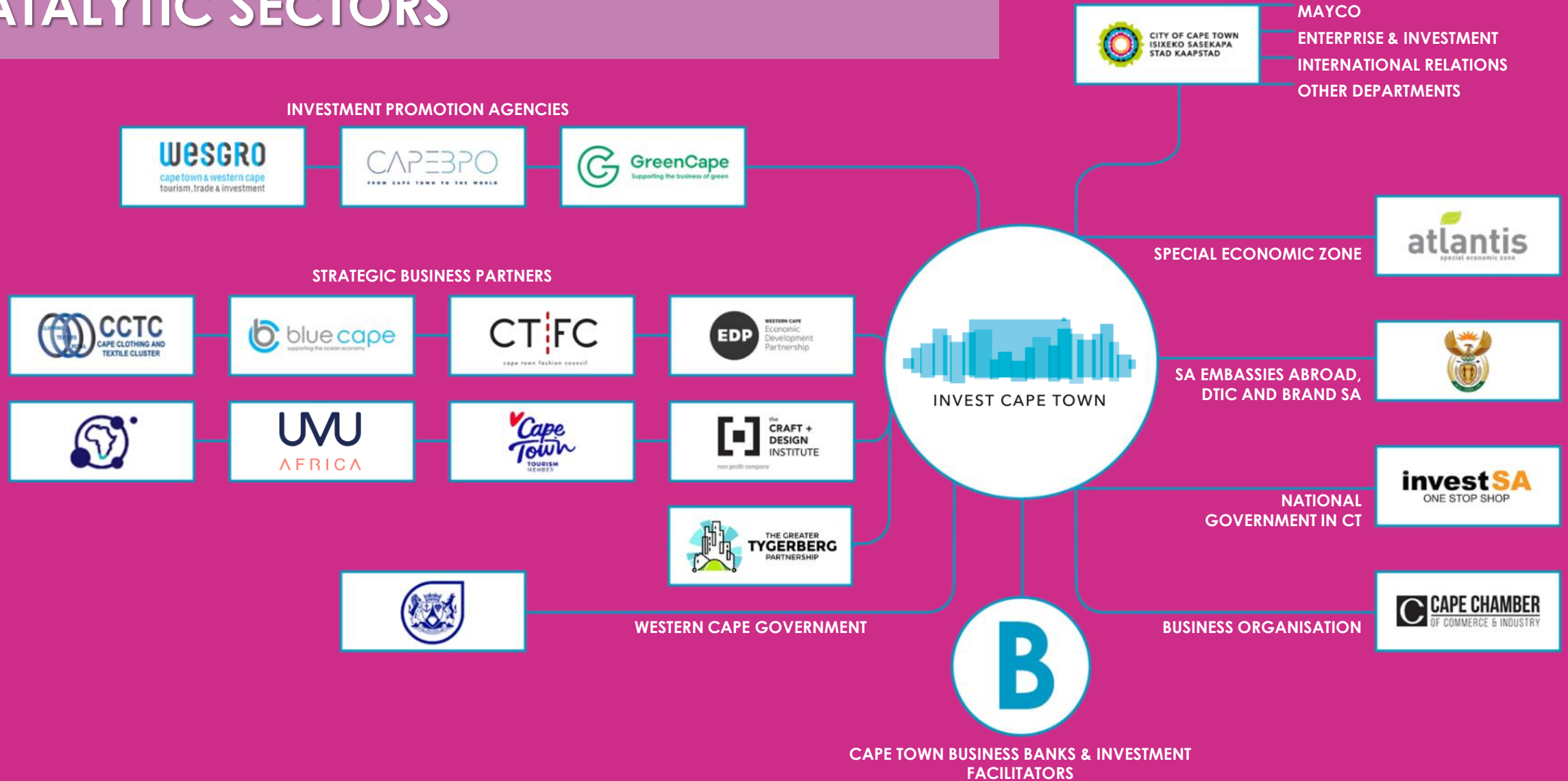
Cape Town is SA's second largest municipal economy and home to:

- Over **4.8 million** people
- Africa's **#1 airport**
- Four **internationally-acclaimed universities**
- A young and **dynamic workforce**
- The **most startups** on the continent
- Africa's **leading tech hub**
- **Stable** government



CAPE TOWN'S HIGH GROWTH SECTORS

HOW WE SUPPORT CAPE TOWN'S CATALYTIC SECTORS





SERVICES SECTOR

- Cape Town is a **top location in Africa for global business services**, with many private investment and asset management companies, law firms, and insurance brokers based here.
- A fast-growing business process outsourcing (BPO) destination. By 2022, to date, CapeBPO facilitated **R743m worth of investments, 2 124 jobs, trained 1 394 learners.**
- Major **international film productions** are drawn to Cape Town by the wide range of locations, exemplary services and studios, and professional and expert cast and crew.



MANUFACTURING

- We place a strong focus on **developing our manufacturing sector** to stimulate the economy and **create new jobs**.
- Activities range from heavy industry (the **oil and gas sector**, and the **ship and boat building** and repairs industry), to **clothing**, and **food and beverages**.
- Through partnerships with our Strategic Business Partners, in these sectors **125 000 new jobs** were created in Cape Town between October and December 2022.

GREEN ECONOMY

- Cape Town is ripe with **green investment opportunities**.
- South Africa's **evolving energy landscape** is creating opportunities for investors, financiers, project developers, component manufacturers and suppliers wanting to **invest in the energy services market**.
- Home to the **Atlantis Special Economic Zone**, an epicentre of greentech activity in the region.



TECH & INNOVATION

- Africa's leading **tech capital**.
- A **world-class** digital ecosystem.
- Home to Africa's **top tech incubators**, UVU Africa and Silicon Cape.
 - CapaCiTi, UVU Africa's digital skills accelerator, created over **5 000 job opportunities** in the last four years through ICT and digital skills development
- One of the **best performing cities for technology startups** on the continent.



PERFORMANCE SNAPSHOT 2023

1

TOURISM

Bumper tourism season in December 2022. Two-way passenger recovery at **96%** vs. 2019.

2

AIR ACCESS

4 new routes and **3** new airlines in 2022. **R430m** in direct tourism spend (Nov 22 – Mar 23). In total 21 airlines, 27 destinations and 199 flights per week.

3

INVESTMENTS

R3bn in new investments facilitated. Tech and green economy pipelines continue to show strong growth.

4

CRUISE CAPE TOWN

75 ships confirmed for the period Nov 22 – May 23. Approximately **500 000 passengers** forecast to embark/disembark during this season.

5

CONVENTIONS

29 conference bids secured for FY22/23 – FY 24/25. More than **20 000** delegates and an economic impact of **R393m**.

6

EXPORTS

R2.5bn export declarations reached. **Made in the Cape** reached **10m** unique users via UK campaign.

OUR IMPACT

Since 2016, the City's Enterprise & Investment Department has engaged over **602 companies** and organisations that has supported investment projects valued at over **ZAR33bn**, and the creation of **1 500+ direct jobs**.



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THANK YOU

Lance Greyling

Director: Department of Enterprise & Investment
City of Cape Town



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Comments, Questions & Answers



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Yokohama Line Subway



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Forthcoming Events

- Mon, 19 June (09:00-09:45) In Conversation With Afua Kyei And Tangy Morgan From The Bank Of England On Why Diversity And Representation Are Essential For Firms
- Tue, 20 June (11:00-11:45) Transform, Don't Optimise: How Can A History Based Theory Of Change Power Radical Reinvention Of Investment Philosophy & Practice?
- Thu, 22 June (10:00-11:15) Mauritius Offers An Attractive And Stable Environment For Captive Insurance Companies

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