Call for Stakeholder Comments – ITAC's Review of the Tariff Structure for the Renewable Energy Value Chain Applications 2025

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1. Background

On 17 April 2025, the International Trade Administration Commission (ITAC) published its Review of the Tariff Structure for input materials, components, and final goods used in the Renewable Energy Value Chain. ITAC has invited stakeholders to submit written comments on the review of Customs Tariff Applications affecting the sector.

The Energy Council intends to provide a consolidated submission to ITAC on these Customs Tariff Applications. To facilitate member contributions, we have developed a tariff application structure review matrix, enabling coordination of stakeholder inputs before finalizing our submission.

The **commenting guide** is designed to assist members in responding to key stakeholder questions raised by ITAC regarding the published tariff application. While structured guidance is provided, stakeholders are encouraged to provide additional commentary on any other relevant aspects of the review. Members may submit their comments either through the Energy Council's coordinated response or independently to ITAC. We appreciate your engagement in this process and value your insights in shaping our submission.

Thank you for your time and contributions to this important review.

2. Introduction

The International Trade Administration Commission (ITAC) has received an application regarding the Customs Tariff. Note that the requested duty rate by the applicant may be adjusted lower or higher based on the Commission's findings.

The ITAC initiated a review of the tariff structure for input materials, components, and final goods in the renewable energy value chain. The reasons for the review include:

- Global decarbonisation commitments open opportunities for South Africa to grow a strong supply base for renewable energy components, battery storage units, and green consumer goods.
- South Africa's domestic demand, raw material resources, technological capacity, and manufacturing experience position it as a potential key player in regional and international supply chains.
- A balanced tariff structure can boost local product demand and supply-competitiveness, create export opportunities, and enhance the competitiveness of the local renewable value chain.

3. Tariff Application Response Guide.

3.1. Possibility of increasing ordinary customs duties Council members are requested to comment on the possibility of increasing ordinary customs duties on some of the tariff lines listed in **Table 1** found in page 32 of the attached government gazette to their respective WTO bound rates, to the extent that there is capability or potential to manufacture them locally in order to improve the overall tariff structure and the effective rate of protection;	
Questions Reference	**Comments**
Tariff Application Reference Number: Table 1 on pgs. 32-36	Industry context South Africa currently accounts for approximately 1.98% of global imports of photovoltaic modules, representing a spend of USD 919 million (approx. R18.3 billion). With a projected growth to 9.1GW of installed capacity by 2027, we are looking at more than 300% increase in deployment over the next few years. In light of this, any proposal to increase ordinary customs duties particularly up to WTO bound rates requires careful consideration of local manufacturing capacity and readiness. To meet this anticipated demand, local industry would need to scale up significantly both in volume and reliability of supply. Current indications show that while there are some developments in local assembly and partial manufacturing, the capability to supply the full demand at the required pace and quality remains limited. The utility scale Renewable Energy industry has seen a rebound of installation activity since 2020, after approximately 4 years of low or no activity. The market signals, such as the IRP and the climate regulations are encouraging. However, the deployment of the planned capacity has been, and will be facing substantial hurdles, such as: transmission grid constraints, imperfect regulation on access to the grid, curtailment rules, wheeling and tariff structure. Because of the above, several public procurement windows have yielded a fraction of the tendered allocation, such as REIPPPP BW5, BW6 and BW7. It is also factual that the timelines initially foreseen in these programs have suffered severe delays across all generation technologies as well as Battery Energy Storage Systems (BESS). The residential and small commercial embedded generation has also shown an unpredictable rollout, mostly driven by the severity of loadshedding. Applying a 10% duty on photovoltaic modules alone would potentially introduce an additional cost burden of R5.49 billion to the South African energy market. This is before considering the impact of proposed duties on inverters, mounting structures, and batteries—all of which are integral to complete solar systems.Such added

	costs would inevitably be passed down to project developers, commercial and industrial users, and ultimately the South African consumer—compromising affordability, delaying energy security interventions, and potentially undermining investment in the sector. As many studies have indicated, SAREM, SAWEA's, Energy Council's, SAPVIA's, amongst others, the renewable energy industry requires predictability, a clear and conducive policy framework and its timeous implementation, as well as the grid infrastructure necessary to connect and wheel the planned capacity. It is unfortunately a reality that the PV, Wind and BESS industry has not yet achieved a level of predictability that provides a clear outlook of MW to be installed over the years. The same IRP 2025 has a large gap of MW from PV and wind in the years 2028 and 2029. Consequently, manufacturers and producers of components lack the predictability and consistency of demand needed to invest in production ramp-up. This has been laid bare in several solar and wind projects as of recent. It is therefore recommended that any consideration of increased duties be deferred until a detailed local capability and capacity audit is completed, and accompanied by structured incentives and protections for both manufacturers and the renewable energy market at large. We respectfully ask that this Commission engages with the industry's stakeholders and associations to review the work done and the recommendations thereof. A blanket approach to apply import duties as suggested in the application is not aligned with those recommendations and will be problematic for a number of reasons: 1) Local manufacturing capability or potential have been studied by the industry stakeholders and the recommendations support the localization of some targeted parts of the supply chain, not all of it. 2) The detrimental impact on projects that have been awarded or banked with assumptions on key input costs. The application doesn't speak to interim provisions. The risk is that many large scale projects will be adversely affected and possibly will be written off. In turn, this will lead to even less predictability of the sector, less confidence for the investors and, in turn, a lower incentive for local manufacturing to invest in ramping up production. 3) It is estimated that implementing the suggested duties will outright increase the EPC prices by up to 20% across the three technologies. This increase cannot be absorbed by the IPP, which in turn will need to increase

	the tariff to the final customer. This is not allowed under the public procurement rules, so the REIPP and BESIPP projects will likely be written off with great damage to the industry. 4) The projects that are wheeling electricity to private customers, such as large mining companies, are commercially viable only if the price of the electricity sold by the IPP or trader/aggregator is lower than the rebate (WEPS) that the final customer receives from the distributor. The pass-through of the increase in prices mentioned above will erode or nullify such rebate, making it less viable or impossible for a private customer to switch to renewable energy supply. In turn, the very large exporters of commodities will not be able to achieve their decarbonization goals and will face severe export carbon taxes, such as CBAM, leading to loss of competitiveness. 5) The above is in direct contrast with the objectives of the climate legislation, it will jeopardise the much needed increase of the MW of renewables to replace the coal-fired fleet that will be decommissioned, and in turn will result in less orders for the same local manufacturers that these duties intend to protect. 6) Any projects currently under adjudication or structuring run the risk of either not reaching construction or introducing tariff increases which is not in the best interest of the end-user. To substantiate this submission to ITAC, using data received from our members, regarding the proposed tariffs on renewable energy components, the following local and continental data and reports provide critical insights: **1. South African Renewable Energy Grid Survey (SAREGS) 2024 -** Crown Publications, ESI Africa The 2024 SAREGS, conducted by Eskom in collaboration with SAWEA and SAPVIA, reveals a significant pipeline of 133 GW in renewable energy projects across various development stages. This marks a substantial increase from 66 GW in 2023, indicating robust industry momentum. **2. Renewable Energy Grid Survey Highlights -** ESI Africa, Engineering News The survey identifies that approximately 66 GW of solar and wind projects are at various stages of development in South Africa. This includes 18 GW at an advanced stage, 21 GW under development, and 27 GW at an early stage. **1. Regulatory and Tariff Review for Distributed Generation in Southern Africa -** IFC A report by the International Finance Corporation (IFC) examines the regulatory and tariff frameworks for small-scale distributed generation in six Southern African countries, including South Africa. The study highlights the challenges and opportunities in promoting private investment in clean energy generation, transmission, and distribution, emphasising the need for conducive policy environments.

	2. Electricity Supply and Demand Scenarios for the Southern African Power Pool - researchspace.csir.co.za This study presents long-term electricity supply and demand scenarios for the twelve countries in the Southern African Power Pool. It underscores the importance of regional cooperation and infrastructure development to meet future energy demands, which are projected to increase significantly by 2070. 3. **New Energy Fund for Transmission Links Across Southern Africa -** Reuters The Southern African Power Pool (SAPP) and Climate Fund Managers launched a $1.3 billion fund aimed at building high-voltage transmission lines across Southern Africa. This initiative seeks to address the lack of connectivity between countries, which hampers energy integration and trade, and is crucial for the successful deployment of renewable energy projects. In conclusion, we kindly ask that the Commission engages at large with the industry stakeholders to review the assumptions, the work and studies done, and the implications on other strategic policy objectives for the country, during the due process which follows this submission process.

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3.2. Rebate Provisions Council members are requested to comment on the possibility of creating rebate provisions for some of the products on this list to the extent they are input materials to downstream manufacturing activities, and they are not manufactured locally:	
Questions Reference	**Comments**
Tariff Application Reference Number: pg. 30 Table 1 on pgs. 32-36	It is recommended that the Energy Council and ITAC prioritise the establishment of a clear and responsive rebate framework, aligned with regular reviews of local manufacturing capabilities. This will provide the certainty and agility the sector needs to plan projects with confidence, while contributing meaningfully to South Africa's industrialisation goals over the medium to long term. It's important that one does not unintentionally restrict project delivery or raise costs unnecessarily through blanket tariffs on these critical components. Rebate provisions, where local alternatives do not yet exist, will ensure that the market remains competitive and dynamic, while still allowing space for local manufacturing to scale up in a supported and sustainable way. Rebates are considered a critical tool. While the proposal to create rebate provisions for input materials used in downstream manufacturing activities is a positive step, its overall impact on IPPs with an integrated business model remains limited. This is because these rebates target a narrow segment of the value chain, rather than addressing the broader spectrum of activities that define integrated renewable energy projects. To achieve South Africa's renewable energy production targets, IPP's offering an integrated business model is essential. They enable vertical integration that drives down costs through economies of scale, optimises project timelines, and improves risk management across all project stages. A narrow focus on downstream rebates does not incentivize these larger, high-impact areas that are critical to scaling up renewable energy infrastructure. **1. GreenCape's 2022 (**GreenCape**) and 2023 (**GreenCape**) Large-Scale Renewable Energy Market Intelligence Report -** GreenCape These reports highlight that while downstream manufacturing rebates are a positive step, they address only a narrow segment of the renewable energy value chain. Integrated Independent Power Producers, which operate across the entire project lifecycle - from development to operation - require a more holistic incentive structure. The report emphasises that policy and regulatory drivers, along with market barriers such as limited grid capacity, significantly impact the scalability and cost-effectiveness of renewable energy projects

	3. World Bank's Overview of South Africa's Renewable Energy IPP Procurement Program - NDC Partnership The World Bank's analysis of South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) reveals that the program has successfully attracted private investment and reduced renewable energy prices through competitive tenders. However, the report also notes that to sustain and scale this success, there is a need for policies that support the entire value chain, including upstream activities.

3.3. Rebate item 460.16/8541.43/01.06

Council members are requested to comment on the potential discontinuation of rebate item **460.16/8541.43/01.06** that makes provision for the duty-free importation of solar PV panels, provided that installed domestic capacity reaches at least 50% of domestic demand, in order to incentivise further investments in the domestic assembly and manufacturing industry:

Questions Reference	Comments
Tariff Application Reference Number: pg. 30 Table 1 on pgs. 32-36	While the long-term intention to promote local manufacturing and assembly is both valid and supported, the current state of local industry does not yet justify the removal of this rebate. Installed capacity on its own does not reflect actual commercial readiness, cost competitiveness, quality assurance, or availability across diverse PV technologies. These are critical metrics in determining whether the South African market can confidently substitute imports with local alternatives. As it stands, local assembly plants many rely heavily on imported subcomponents such as cells, glass, and encapsulants—none of which are produced locally at scale. Domestic facilities also tend to focus on a limited product range, which does not yet meet the varied technical specifications required for utility-scale, C&I, and residential projects. Removing the rebate prematurely would therefore distort the market, limit competition, increase project costs, and potentially delay installations undermining national targets for energy security, decarbonisation, and localisation itself. It could also deter international investment into the sector, particularly from IPPs and developers who rely on bankable tier-1 components for their project financing. While the goal of incentivising further investment in domestic PV manufacturing is supported in principle, the discontinuation of this rebate at this stage would be premature and risks unintended negative impacts on the growth and stability of South Africa's renewable energy sector. Our members would like to seek clarity on how this 50% will be measured and monitored. Please refer to similar studies made by the industry on the local market production sector and the difficulty of it to officially commit to clear date targets on when this tipping point will be reached. It needs to be stressed that there should be an objective to achieve a certain level of price competitiveness compared to the international market to ensure that the final electricity prices are still competitive and aligned with other policy goals.

	However, as local manufacturing is still scaling and may not yet satisfy the volume, technological diversity and price competitiveness required for large-scale projects, removing this rebate will result in inflating project costs and delaying critical installations. Discontinuing the rebate will only increase the price of electricity and push some projects to be scrapped. 1. GreenCape's 2023 and 2024 Large-Scale Renewable Energy Market Intelligence Report 2. SAPVIA's 2024 Solar PV Manufacturing Report This report, building on a previous study released by SAPVIA in 2022, focuses on an updated analysis of South Africa's solar PV manufacturing value chain. It aims to inform public policies and private investments for strengthening local manufacturing and assembly. The research highlights the challenges in achieving significant local content thresholds and emphasis es the need for supportive policies to bolster domestic manufacturing capabilities. (energypartnership.org.za) 3. Africa Renewable Energy Manufacturing – SEforALL This report discusses the economic benefits of African renewables manufacturing, noting that renewable energy could be crucial to Africa's economic development by stimulating economic growth and job creation. It emphasises the need for supportive policies and investments to build manufacturing capacity across the continent. (Sustainable Energy for All | SEforALL).

3.4. Additional products in the renewable energy value chain

Council members are requested to comment on the proposals on the identification of additional products in the renewable energy value chain to be subjected to local content requirements. This is to be done in collaboration with the Department pf Trade, Industry and Competition under the framework of the new Public Procurement Act 28 of 2024, once the regulations for the policy have been developed.:

Questions Reference	Comments
Tariff Application Reference Number: pg. 30 Table 1 on pgs. 32-36	The proposal to expand local content requirements across additional products within the renewable energy value chain is noted, though the request, as it stands and how it integrates into the Public Procurement Act 28 of 2024 needs more clarity. The principle of increasing localisation is broadly supported—provided it is approached pragmatically and in alignment with the actual state of South Africa's renewable energy supply chain. Any designation of products for local content requirements must be based on a transparent and data-driven process that assesses the country's existing manufacturing capability, product quality standards, scalability, and the competitiveness of local outputs in comparison to global supply options. Failing to do so may unintentionally disrupt procurement processes, delay projects, and increase costs without delivering meaningful industrial benefits. While the intent of the proposal is understood and broadly aligned with the goal of economic transformation, the approach must be evidence-based, practical, and developed in close partnership with the industry. Without this, there is a risk that well-meaning policy interventions could create uncertainty and unintended barriers to growth within a sector that is currently central to South Africa's energy and economic recovery agenda.

3.5. Import Control Regulations

Council members are requested to comment on the potential relaxation of Import Control Regulations for any critical minerals, or any other product, used as input material in downstream manufacturing activities in the renewable energy industry, particularly in battery storage technologies, to the extent that this would incentivise domestic manufacturing and investment:

Questions Reference	Comments
Tariff Application Reference Number: pg. 30 Table 1 on pgs. 32-36	The relaxation of Import Control Regulations for specific critical inputs could serve as a powerful enabler of domestic manufacturing and investment particularly in the high-potential battery storage sector if implemented alongside structured localisation, skills development, and technology integration efforts. Relaxing import controls on these materials would help de-risk and de-bottleneck supply chains for existing and future local manufacturers. More importantly, it would act as a strong incentive for international OEMs and technology partners to invest in local assembly or co-production facilities, knowing that they can rely on a predictable and globally competitive supply of critical inputs. Furthermore, this relaxation should be accompanied by incentives and public-private initiatives aimed at expanding local skills, R&D capacity, and technology adoption in the battery and energy storage space. The global battery economy is evolving rapidly, and South Africa has the raw resources to compete—but only if supported by smart trade and industrial policy that enables the full value chain. The battery energy storage sector (BESS) has been developing at a fast pace in recent years, both at stationary utility-scale and residential or small-industrial applications. It can enable more renewable energy penetration in the mix and provide grid stability. It is therefore a strategic sector to consider and an opportunity for localisation in South Africa, where a few local battery companies are emerging. Similarly, with the PV and wind technologies, parts of the components require highly specialised, very large-scale manufacturing, to be cost effective, thus matching the security and reliability standards required. As per the other points above, there is an opportunity to benefit from the widespread rollout of BESS in South Africa and in the continent. It is important to calibrate the roadmap and ambition for localisation with the industry stakeholders to ensure sustainability, industrialisation and competitiveness.

	1. South Africa Battery Energy Storage Market Report – https://www.reportlinker.com/dlp/cc0ed46408924a43d30f07f60e5f5c3e?utm_source=chatgpt.com This report highlights the growth of BESS in SA, driven by the need for renewable energy integration and stabilisation. BESS will play a crucial role in the transition. 2. Localisation Potential in Renewable Energy Value Chains – Battery Storage - https://www.greenbuildingafrica.co.za/wp-content/uploads/2024/01/Battery-Storage-_Localisation-Potential.pdf?utm_source=chatgpt.com Commissioned by the Localisation Support Fund (LSF), this study analyses South Africa's local manufacturing capacity for battery storage components. It identifies opportunities and challenges in localising the BESS value chain, emphasising the need for strategic planning and stakeholder collaboration to ensure sustainable industrialisation 3. Utility-Scale Batteries in South Africa: Improving Grid Stability and Renewables Integration - https://www.iea.org/reports/south-africa-case-study/utility-scale-batteries-in-south-africa-improving-grid-stability-and-renewables-integration-with-dedicated-tenders?utm_source=chatgpt.com The International Energy Agency (IEA) discusses the role of utility-scale batteries in enhancing grid stability and facilitating renewable energy integration in South Africa. It highlights dedicated tenders and international funding aimed at supporting BESS deployment, including a $500 million investment from the World Bank and the African Development Bank. 4. World Bank – Battery Storage Market and Value Chain Assessment (South Africa) https://documents1.worldbank.org/curated/en/379611628306289610/pdf/Battery-Storage-Market-and-Value-Chain-Assessment-in-South-Africa-Synthesis-Report.pdf This in-depth study provides a forecast of market growth, identifies key gaps in domestic manufacturing, and calls for a phased approach to localisation. It supports the idea that: High-impact localisation requires careful coordination. Discontinuing incentives too early could suppress deployment and drive-up electricity costs. 5. SAPVIA – 2024 Localisation Study (with BESS Insights) - https://www.sapvia.co.za/wp-content/uploads/2024/05/SAPVIA-Manufacturing-Report-2024.pdf

	SAPVIA's recent work, in collaboration with development partners, identifies the specific local manufacturing and assembly opportunities for BESS in South Africa. It cautions against prematurely imposing local content rules before critical supply chain segments mature. 6. GreenCape - Energy Services Market Intelligence Report 2023 - https://greencape.co.za/wp-content/uploads/2023/04/ENERGY_SERVICES_MIR_2023_DIGITAL_SINGLES.pdf & 2024 https://greencape.co.za/wp-content/uploads/2024/04/Energy-services-MIR-2024-digital.pdf These reports outline the growing role of BESS in South Africa, both in grid support and behind-the-meter applications. They highlight: • BESS's role in reducing peak demand and stabilizing the grid. • The emerging opportunity for local manufacturing, particularly in assembly and integration. • The high capital intensity and technical sophistication required to localise components such as battery cells, which may not be viable in the short term.

3.6. Export Control Regulations

Council members are requested to comment on the potential introduction of export control regulations for any critical minerals, or any other product, used as input material in downstream manufacturing activities in the renewable energy industry, particularly in battery storage technologies, to the extent that this would ensure security of supply and incentivise domestic manufacturing and investment.:

Questions Reference	Comments
Tariff Application Reference Number: pg. 30 Table 1 on pgs. 32-36	This request raises important strategic questions about resource sovereignty, industrial competitiveness, and long-term economic positioning. As international demand for these minerals accelerates, it is entirely rational for the country to consider how best to retain value onshore, ensure security of supply for local manufacturers, and leverage these resources to stimulate domestic industrial development. The introduction of export controls must be approached with precision and foresight, as blunt or overly broad restrictions may undermine investor confidence, limit foreign exchange earnings, and discourage the very downstream investment we seek to attract. Export control mechanisms must therefore be targeted, transparent, and conditional, with a clear linkage to actual downstream manufacturing activity, capacity-building, and local industrial commitments. Finally, while there is merit in exploring export control measures as a tool to secure supply for local manufacturing and stimulate investment, their implementation must be targeted, phased, and aligned with realistic industrial capabilities. In the short term, introducing export controls of critical minerals, will not induce a swift establishment of a local industrialisation on RE and BESS equipment nor its protection. Market dynamics will push current OEMs to source critical minerals from other markets and hence potentially impact OEM prices from an import perspective into South Africa. In the medium-term export controls being incrementally applied, will assist local industrialisation at a pace that is reasonable, competitive and able to meet the local demand. In the long term, once the local sector is fully industrialised maximising local critical minerals during manufacturing, this critical mass will induce healthy competition from a price and quality perspective. Ultimately,

	the objective would be to service both the local demand, and international too, exporting components that have beneficiated local mineral resources. In short, immediate export control will not match the desire to establish competitive and healthy local industry utilising critical minerals.

4. Any Other Comments

4.2. Other Comments
Council members are requested to provide any other relevant inputs to the attention of the Commission.
Scatec appreciates the intention behind the proposed tariff measures and the broader objective of strengthening South Africa's renewable energy industrial base. We remain fully committed to the country's energy transition and to contributing positively to its localisation, industrialisation, and climate objectives. However, we respectfully urge that any such measures - especially the introduction of Customs Tariffs - be implemented in close consultation with industry stakeholders. Past experience, such as the early PV manufacturing efforts ahead of REIPPPP Bid Window 4, has shown that misalignment between industrial policy and procurement cycles can have unintended consequences. These included premature facility closures by global OEMs due to a stall in market activity, which in turn undermined local skills development and industrial momentum. To ensure policy success, it is vital that new measures are introduced with appropriate transitional mechanisms and timing. Projects currently in development—both in public procurement and the private sector - are often priced and contracted based on existing cost assumptions. Sudden changes to input costs, without accommodation in procurement or tariff frameworks, could put these projects at risk, affecting delivery timelines, investor confidence, energy security, and job creation across the value chain. We therefore encourage ITAC and the DTIC to continue engaging openly with the renewable energy industry and its associations. Through this collaboration, we believe a phased and sustainable roadmap can be developed - one that protects current investments, supports future industrial growth, and aligns with South Africa's broader development and climate goals.