

LOAD SHEDDING'S EMERGING OPERATIONAL AND ECONOMIC RISKS

An Operational Diagnostic from Lessons from South Africa



Innova Power

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INTRODUCTION

Electricity is no longer a background utility, it is a foundational operational input that shapes productivity, competitiveness, and long-term economic resilience across every sector of the U.S. economy.

As the nation confronts rapid electrification, aging infrastructure, and rising demand, the frequency and severity of electrical disruptions are projected to increase dramatically. The U.S. Department of Energy warns that the current “status quo is unsustainable,” noting that without significant intervention, maintaining grid reliability, affordability, and business innovation will become “impossible” amid an “increas[ed] risk of power outages...” At the same time, the U.S. Energy Information Administration (EIA) projects substantial growth in electricity consumption across industrial, residential, and transportation sectors, including a 10 gigawatt increase by 2030.

Yet while U.S. enterprises are familiar with short-duration outages caused by storms or equipment failures, they are largely unprepared for **sustained, scheduled, and rotational load shedding** – a form of grid instability that has reshaped economic and operational landscapes in other regions.

This white paper, based on my personal lived experiences in Johannesburg, uses South Africa’s multiyear crisis as a case study to illustrate the operational complexity and direct and indirect economic consequences of a prolonged reliability shortfall on U.S. commercial and industrial enterprises. Lastly, the operational diagnostic serves to identify strategic risk factors and explore how distributed solar-plus-storage systems—such as Innova Power’s solar preserves—can provide durable, site-specific resilience in an era of rising uncertainty.

Davon T.T. Woodard, PhD

CEO

Innova Power

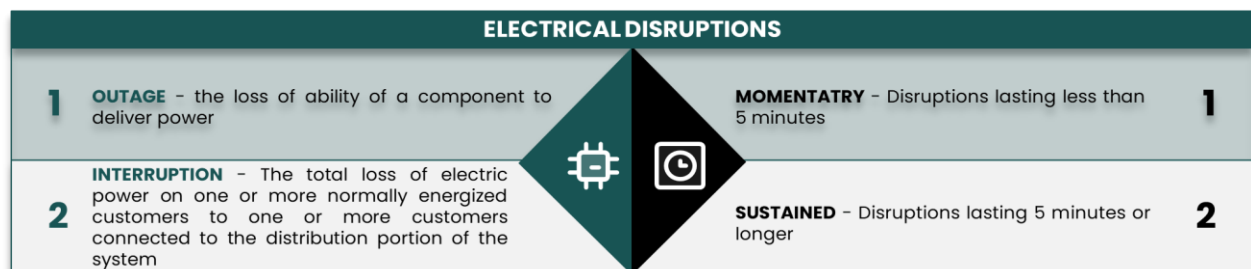
1. ELECTRICAL DISRUPTIONS – OVERVIEW

INTERRUPTIONS, OUTAGES AND LOAD SHEDDING

1.1 ELECTRIC DISRUPTIONS: INTERRUPTIONS AND OUTAGES

Disruptions to the nation’s electric grid have far-reaching consequences for U.S. economic performance, social stability, and long-term competitiveness. These electrical disruptions—defined by insurance underwriters as the *“total or partial interruption, interference, suspension, blackout, or failure of electricity supply from the national, regional, or provider grid”*¹ directly affect commercial and industrial operations. For these sectors, even short-duration events reduce worker productivity, interrupt supply chains, increase operational risk, and complicate planning, forecasting, and capital allocation.

The scale and frequency of grid disruptions are projected to rise dramatically. By 2030, the United States is expected to experience a **100-fold increase** in both momentary and sustained interruptions. Within reliability standards, an **interruption** refers to *the total loss of electric power to one or more customers connected to the distribution system*, while an **outage** refers to *the loss of a component’s ability to deliver power*. Both can be classified by duration: momentary, less than five minutes, or sustained, those lasting more than five minutes¹ in worst-case scenarios, weeks or months.²



Common drivers of electric grid disruptions include a breath of systemic, structural or environmental factors, including extreme weather conditions (hurricanes, tornadoes, ice storms, etc.) and unplanned outages (New York City outage 2003).

¹ https://www.topsure.co/policy_wording.pdf

² <https://site.ieee.org/boston-pes/files/2019/03/IEEE-1366-Reliability-Indices-2-2019.pdf>

Common Drivers of Electrical Grid Failures

- **Aging grid infrastructure** unable to handle peak demand
- **Fuel shortages** or price spikes in fossil-based generation
- **Extreme weather events** stressing transmission and distribution systems
- **Unplanned outages** at major generation plants
- **Rapid electrification** outpacing grid upgrades
- **Regulatory or market constraints** limiting generation flexibility

1.2 U.S. ELECTRICITY DEMAND OUTLOOK AND EMERGING RELIABILITY RISKS

The 2025 U.S. Department of Energy *Resource Adequacy Report* states that **“status quo is unsustainable.”**³ The DoE concluded that absent[sufficient] intervention, on our current trajectory, the reliability of the national grid, including electric affordability and business innovation will be “impossible” to maintain against an “increas[ed] risk of power outages...”⁴

The U.S. Energy Information Agency (EIA) AEO25 projects that between 2022 and 2050, “economic growth, population growth, and increase travel offsetting continued energy efficiency improvements”^{3,4} (Figure 1) will translate into increases in electricity consumption of between 5 and 32% in the industrial sector and 14% to 22% in residential electricity purchases. The EIA report highlights that **“100 [Gigawatts] GW of new peak**

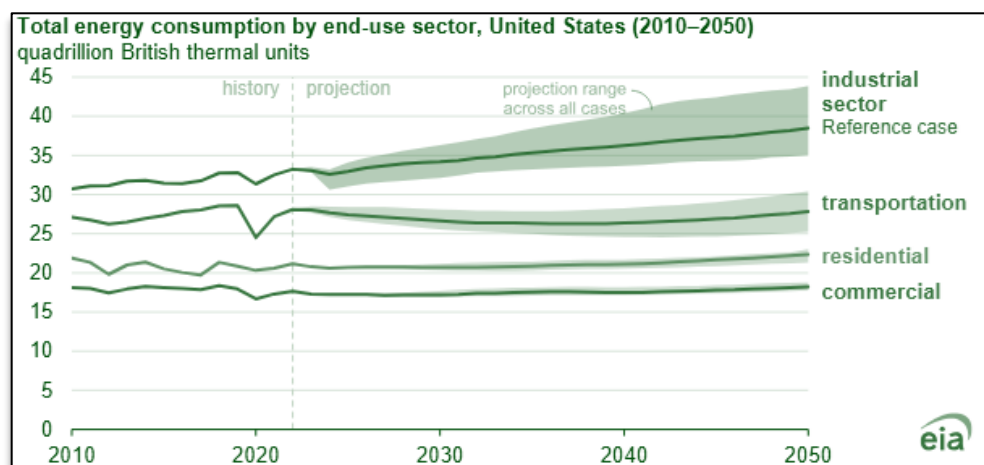


Figure 1: Total Energy Consumption, by End-use Sector, United States (2010-2050), EIA

³ Today in Energy, 2023

⁴ Annual Energy Outlook 2025 – U.S. Energy Information Administration (EIA)

hour [electricity] supply is needed by 2030. Of this, 50 GW of this is directly attributable to data centers.”⁵ Additionally, within the transportation sector, electricity purchases for electric vehicles (EV), will increase between 900% to 2000% – from 0.1 quads in 2022, to between .6 or 1.3 quads in 2050.^{2,3}

The EIA findings are reflected in financial sector analysis and forecasts. John W. Rogers, Jr., Founder and Chairman of Ariel Capital Investments, stated regarding investing in the utility sector, that “some regions [already] have significant increases in energy demand. They include Northern Virginia, Atlanta, Texas, [and] New York State. Today data centers account for 3% of the total power consumption. By the end of the decade [2029], they will probably account for 8% to 10% – potentially a tripling.”⁶

1.3 LOAD SHEDDING – SCALED, SUSTAINED AND SCHEDULED

Load shedding occurs when electricity demand exceeds the available or planned supply. **To prevent a system-wide failure, utilities deliberately disconnect portions of the grid, “shedding load,” to stabilize the network and avoid a total grid collapse.** This practice is a controlled emergency measure designed to preserve grid integrity under acute stress. In the United States, load shedding is not unfamiliar; it is periodically deployed during extreme peak-demand events or in response to localized

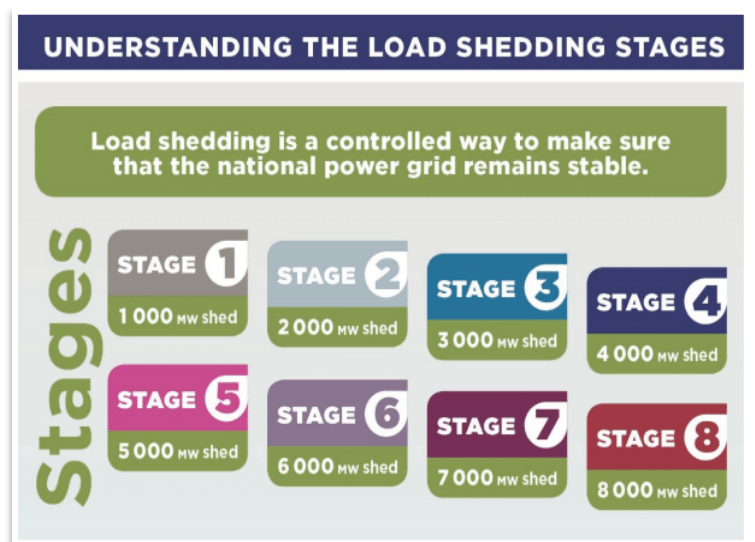


Figure 2: Load Shedding Stages and MW Shed

⁵ U.S. Department of Energy Resource Adequacy Report, 2025

⁶ Barron's Financial. (2025). *2025 100 Most Sustainable Companies*. Barron's 100 Most Sustainable U.S. Companies 2025. <https://www.barrons.com/lists-rankings/top-sustainable-companies>

disruptions such as storms, fuel shortages, or equipment failures. However, the U.S. has not experienced load shedding as a persistent operating environment—certainly not at the scale, duration, or national reach observed in other regions. **The distinction between occasional emergency curtailment and routine, multi-stage rotational outages is fundamental, with profound implications for economic continuity, infrastructure resilience, and public confidence.**

In systems where load shedding becomes a routine operating practice, utilities implement scheduled shutdowns of substations or distribution zones to keep electricity demand below critical system thresholds. These rotational outages are organized into defined severity “stages.” In South Africa, Stage 1 through Stage 8 represent progressively larger supply deficits, with each stage corresponding to longer and more frequent outage intervals (*Figure 2*).

Although utilities may publish the anticipated probability or stage of load shedding schedule in advance (*Figure 3*)⁷ real-time fluctuations in both demand and generation often require rapid adjustments with limited notice. As a result, even “scheduled” outages introduce significant operational uncertainty for businesses, municipalities, and critical services that depend on predictable energy availability.

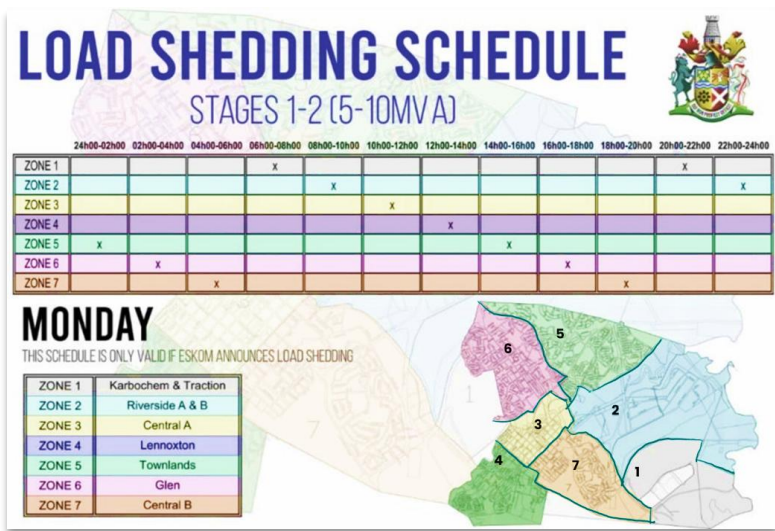
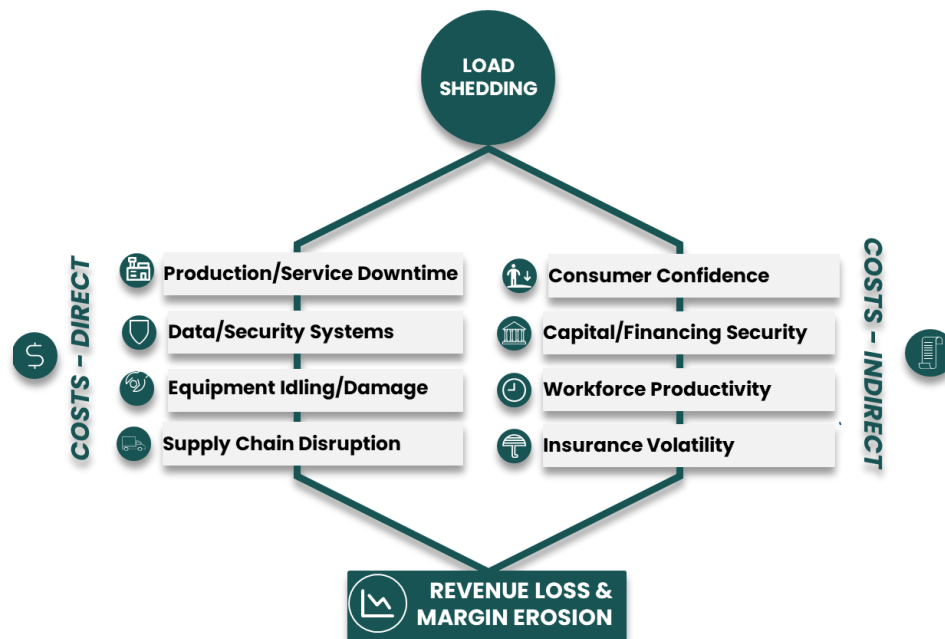


Figure 3: Stages 1 and 2 Load Shedding Schedule, Newcastle, S.A.

⁷ <https://newcastillian.com/2021/05/17/loadshedding-here-is-the-updated-schedule/>

2. THE IMPACTS OF LOAD SHEDDING ON BUSINESSES

Load shedding is not just an inconvenience. It is a direct operational and financial threat.



Load shedding imposes severe and cascading economic consequences on industrial anchors, commercial enterprises, networked operations, and in-the-field service operations. Even brief outages halt production lines, spoil materials, delay restarts, and cause missed quotas, each costing organizations thousands to millions of dollars per hour.

Sudden power loss and voltage instability can damage motors, compressors, automation systems, refrigeration units, and data-center hardware, adding significant repair and replacement costs. These disruptions ripple across production and supply chains, triggering missed delivery windows, idle labor, contract penalties, inventory imbalances, and elevated logistics expenses. **Ultimately, as production stops and starts and fixed costs continue, revenue declines and margins erode.**

These immediate impacts of load shedding, coupled with data and cybersecurity vulnerabilities, generate **long-term strategic risks**: diminished customer confidence,

rising insurance premiums, reduced workforce productivity, increased regulatory exposure for industries with strict compliance requirements, and delayed or withdrawn capital investment. **Compounded over time, these direct and indirect effects undermine competitiveness and constraining economic growth.**

Regardless of driver/cause, a single large-scale industrial facility, for example, one hour of electrical disruption can exceed \$500,000, or more, in direct financial loss. At the national scale, **commercial and industrial enterprises account for 98% of the economic loss despite only comprising 13% of electric customers.**

In 2015, Berkeley Labs estimates sustained electrical grid disruptions totaling \$44 billion (\$31 billion commercial and \$12 billion industrial) in economic losses.⁸

Cumulative damages nearly double to \$80 billion when momentary electrical disruptions are

included, meaning that commercial and industrial enterprises incurred \$56 billion and \$21 billion in economic losses, respectively.⁹

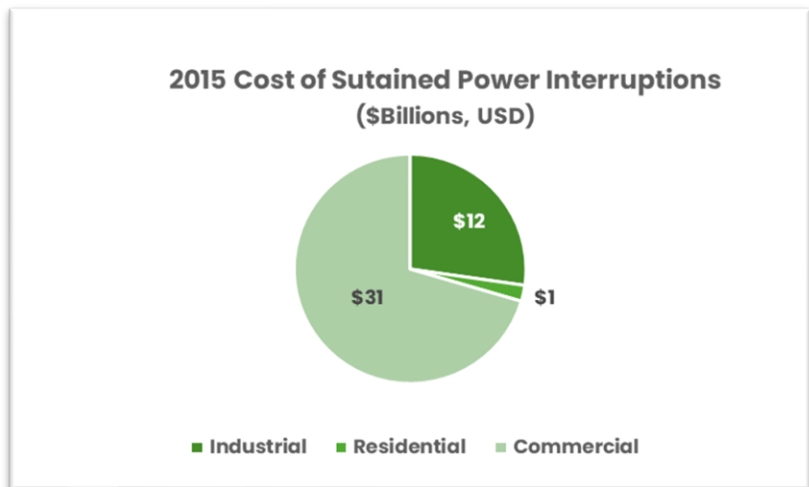


Figure 4: Recreated Image from Lawrence Berkeley National Laboratory Data

Given the distribution of commercial and industrial enterprises across the United States, the geographic burden of these losses would fall disproportionately on several U.S. Census divisions. The South Atlantic, Mid-Atlantic, East North Central, West North Central, Pacific, and West South Central divisions collectively account for **72% of all commercial entities** and **75% of all industrial entities**, nationwide.⁸ As a result, any widespread or prolonged energy disruptions would concentrate their economic impact in these regions, affecting the majority of the nation's commercial and industrial activity.

⁸ <https://emp.lbl.gov/news/berkeley-lab-estimates-sustained>

⁹ https://eta-publications.lbl.gov/sites/default/files/copi_26sept2018.pdf

3. CASE STUDY: SOUTH AFRICA

CASE STUDY: LOAD SHEDDING IN SOUTH AFRICA A Multi-Year Crisis in Grid Reliability, Economic Stability, and National Productivity Overview

South Africa offers one of the most consequential modern examples of how sustained grid instability can reshape a nation's political, social, and economic landscape. Between 2020 and 2025, the country experienced **787 days of load shedding**, removing **35.9 million MWh** from the national grid. The crisis peaked in **2023**, when South Africans endured **335 days of outages** and **16.6 million MWh** of shed load—resulting in an estimated **R2.9 trillion (USD \$182.37 billion)** in lost GDP in that year alone (Figure 5).¹⁰

This case study examines the historical drivers, structural failures, and economic consequences of South Africa's load-shedding crisis, offering critical lessons for nations and enterprises seeking to strengthen energy resilience.

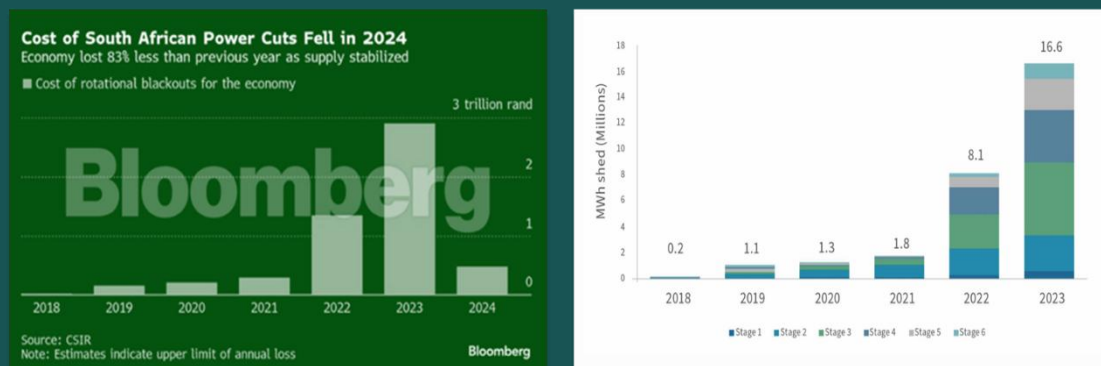


Figure 5: (A) Total Load Shedding Economic Loss, South Africa, Annual (2018-2024);
(B) Total MW Shed, by Stage, South Africa, Annual (2018-2023)

¹⁰ <https://www.moneyweb.co.za/news/south-africa/south-africas-load-shedding-losses-plummet-83-as-supply-stabilises/>

HISTORICAL CONTEXT: WARNINGS IGNORED

South Africa's load-shedding crisis did not emerge from a single catastrophic failure. Instead, it reflects a **two-decade accumulation of systemic risks** that were repeatedly identified but insufficiently addressed.

In **2000**, the South African Department of Minerals and Energy released a white paper projecting that, without major intervention, **national electricity demand would exceed supply by 2007**. The warning proved accurate. By the late 2010s and early 2020s, the country faced a convergence of structural challenges:

- **Lack of generation diversification**, with overreliance on aging coal assets
- **Decommissioning of fossil-fuel plants** without adequate replacement capacity
- **Delays and cancellations** of new generation projects
- **Chronic operational inefficiencies** within Eskom, the national utility
- **Fuel supply constraints** and logistical breakdowns
- **Maintenance backlogs** and declining plant performance

These failures created a fragile grid unable to meet national demand, setting the stage for the most severe load-shedding period in South Africa's history. While the situation improved in 2024–2025, the cumulative economic damage was already profound.

The 2025 outages were driven by a combination of:

- **Aging infrastructure** and unexpected facility shutdowns (e.g., a **3,500 MW shortfall** in January alone)
- **Fuel supply shortages**
- **Historical mismanagement** and governance failures
- **Delays in renewable and alternative-energy deployment**
- **Supply-chain bottlenecks**
- **Skilled labor shortages**

ESCALATION OF THE CRISIS (2022–2025)¹¹

The frequency and severity of load shedding accelerated sharply in the early 2020s:

- **2022:** 205 days of load shedding; **8.1 million MWh** shed
- **2023:** 335 days of load shedding; **16.6 million MWh** shed (record high)
- **2024:** 83 days of load shedding; **R381 billion** in economic losses
- **2025:** 12 days of load shedding in the first eight months;

ECONOMIC IMPACT

The economic consequences of load shedding have been staggering:

R5 trillion in cumulative losses since 2018

R2.9 trillion lost in 2023 alone—nearly **half of national GDP**

R381–400 billion in losses in 2024 (approximately **9.5% of GDP**)

Load shedding has disrupted:

- Manufacturing and industrial output
- Retail and commercial operations
- Healthcare delivery
- Digital infrastructure
- Small business continuity
- Foreign investment confidence

The cascading effects have reshaped national productivity, employment, and long-term economic competitiveness.

TO CONTEXTUALIZE THE SCALE:

If the United States experienced a proportional 2023 shock, the equivalent economic loss would exceed \$2.7 trillion (USD).

COMMERCIAL AND INDUSTRIAL SECTORS LOSSES WOULD TOTAL \$1.89 TRILLION.

¹¹ <https://www.fticonsulting.com/insights/articles/out-darkness-lasting-economic-costs-load-shedding>

LESSONS FOR GLOBAL ENERGY RESILIENCE

South Africa's experience demonstrates that grid instability is rarely the result of a single failure. Instead, it emerges from **interconnected vulnerabilities** across infrastructure, governance, fuel supply, workforce capacity, and long-term planning.

Key takeaways for policymakers and enterprises include:

- **Diversification of energy sources is essential** to prevent systemic risk.
- **Deferred maintenance and aging infrastructure** create compounding vulnerabilities.
- **Centralized grids without distributed assets** are more susceptible to cascading failures.
- **Workforce shortages** can be as damaging as fuel shortages.
- **Economic losses escalate exponentially** once outages become sustained and predictable.

For organizations evaluating microgrids, distributed energy resources, or resilience investments, South Africa provides a clear illustration of the cost of inaction.

Supporting Research

- Dewa MT, Van Der Merwe AF & Matope S. *Production scheduling heuristics for frequent load-shedding scenarios: a knowledge engineering approach*. South African Journal of Industrial Engineering (2020).

4. OPERATIONAL DIAGNOSTIC FOR SCHEDULED AND SUSTAINED LOAD SHEDDING

This operational diagnostic provides framework for identifying where operational vulnerabilities emerge and how recurring outages reshape enterprise planning, continuity strategies, and long-term decision-making.

Using the *Stage 3, 30-day Load-Shedding Schedule* from Brakpan/Kwa-Thema, South Africa (Figure 6),¹² which maps outage periods (3-hour blocks) by substation and service area, how does rotational interruptions intersect with enterprise production, service, and workforce footprints? By aligning the schedule with enterprise-specific operational scenarios such as manufacturing cycles, service delivery windows, logistics dependencies, and employee location patterns (Figure 7).

Use the diagnostic questions below to evaluate how sustained and stage-based load shedding affects shape operational continuity, resource allocation, and strategic decision-making.

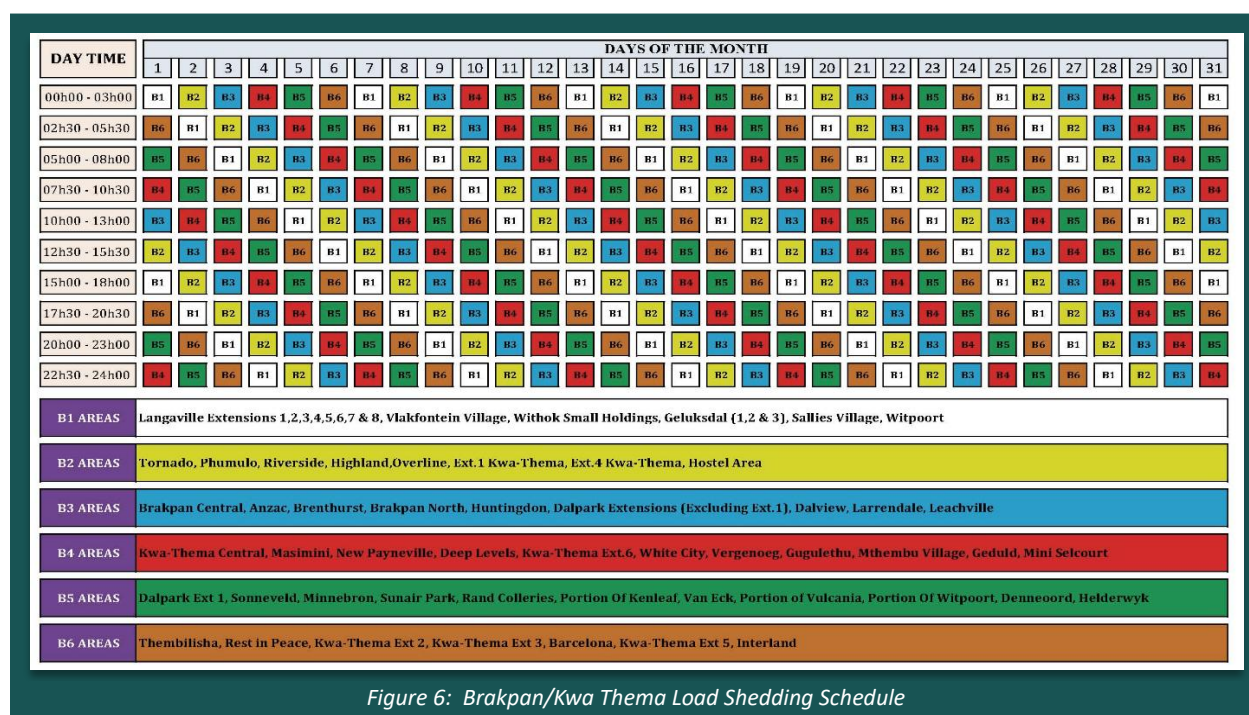
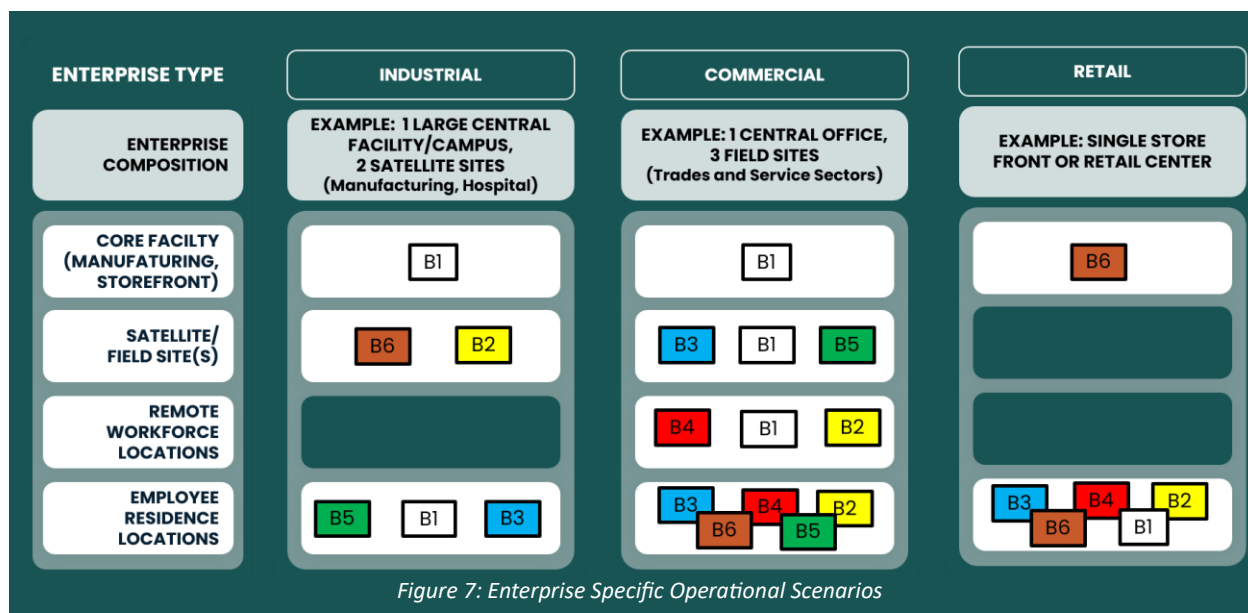


Figure 6: Brakpan/Kwa Thema Load Shedding Schedule

¹² <https://ersmuthre.blogspot.com/2021/05/load-shedding-schedule-durban-today.html>



1. Operational Criticality

Identify the systems, processes, and production activities that cannot tolerate interruption without causing material harm – key metrics include not only real-time operations, but also the ramp-up and ramp-down requirements associated with restarting equipment, recalibrating automation systems, stabilizing production lines, and/or re-establishing service delivery. *Even short outages may trigger extended recovery periods, making operational sequencing and timing essential considerations.*

1. Which systems, production lines, or service functions must remain continuously powered?
2. What are the ramp-up and ramp-down requirements for each?
3. How long does recovery take after a 5-, 60-, or 180- minute outage?

2. Financial Exposure

Quantify the direct and indirect financial consequences of downtime. Key metrics include the cost of lost production per hour, including the cost of labor that cannot be deployed during outages, the financial impact of equipment idling or failure. *These costs accumulate rapidly and often exceed initial estimates, especially for high-throughput or continuous-process industries.*

1. What is the cost of downtime per hour for production, service delivery, or customer operations?
2. What is the cost of idle labor during outages? Will ramping up/down equipment require overtime?
3. What are the costs associated with equipment idling, damage, or accelerated wear?

3. Infrastructure Vulnerability

Assess the sensitivity of critical equipment and digital systems to voltage fluctuations, sudden stoppages, and repeated power cycling. Motors, compressors, PLCs, refrigeration units, and data infrastructure may degrade faster under unstable power conditions, increasing maintenance requirements and elevating the risk of catastrophic failure.

1. Which assets are vulnerable to voltage fluctuations or abrupt shutdowns?
2. What is the historical failure rate under unstable power conditions?

4. Geographic Risk

Evaluate how outages in specific locations affect product or service delivery, scheduling, and logistics. If upstream suppliers or downstream distributors are subject to similar load-shedding patterns, disruptions can propagate across the value chain. Additionally, organizations must consider how to coordinate onsite and remote workers when connectivity, transportation, or facility access is compromised.

1. How do outages affect product delivery schedules? In-field service planning and delivery?
2. If suppliers or distributors face similar outages, how does that affect upstream or downstream operations?
3. How are remote and on-site workers coordinated during outages?

5. Strategic Alignment

Determine whether recurring energy instability threatens the organization's growth trajectory, regulatory compliance obligations, or competitive position. For sectors with strict uptime requirements (such as healthcare, pharmaceuticals, food processing, and data-intensive industries) load shedding may introduce unacceptable operational and reputational risks. These strategic considerations often drive decisions around resilience investments, diversification, or relocation.

1. Does energy instability threaten regulatory compliance or uptime requirements?
2. Does it affect customer confidence or contract performance?
3. Does it delay expansion, modernization, or capital investment?

6. Innova Power: Scalable Microgrid Built for Resilience, Reliability, and Value

Innova Power's modular microgrid architecture delivers flexible, scalable configurations—including onsite solar, near-site clustered preserves, battery storage, and long-duration resilience solutions. Each system is engineered to grow with your operations, stabilize costs, and strengthen long-term community impact.

1. Would an islandable solar preserve provide the long-term resilience and margin protection your operations require?
2. Do you need **backup storage** to maintain critical functions during grid loss?
3. Would **predictable long-term energy pricing** improve financial planning and budget stability?
4. Could a **solar microgrid with battery storage** reduce equipment stress and extend asset life?
5. Would a solar solution that **advances ecological restoration, builds local workforce capacity**, and **strengthens community economic development** align with your organization's enterprise social responsibility and long-term impact goals?

5. CONCLUSION: LOAD SHEDDING IS A BUSINESS RISK—NOT JUST AN ENERGY ISSUE

Load shedding is not simply an energy challenge, it is a structural business risk that affects profitability, operational continuity, workforce stability, customer trust, and long-term competitiveness.

As demonstrated by South Africa's experience—where 335 days of outages in 2023 resulted in R2.9 trillion in lost GDP —the economic consequences of sustained grid instability escalate rapidly once outages become routine. In the United States, where commercial and industrial enterprises account for 98% of economic losses from electrical disruptions despite representing only 13% of customers, the stakes are similarly high.

Enterprises can no longer rely on traditional grid-dependent strategies or treat outages as occasional anomalies. Rising demand, aging infrastructure, and accelerating electrification signal a future in which reliability challenges become more frequent and more consequential. In this environment, resilience is not optional – it is a strategic necessity.

Innova Power's distributed solar-plus-storage model, delivered with zero CAPEX, predictable long-term pricing, and full operational management, provides a pathway for organizations to stabilize operations, reduce exposure to grid volatility, and protect mission-critical functions. As load shedding becomes a growing threat, resilient energy systems become the foundation for sustained performance, economic continuity, and competitive advantage.

6. INNOVA POWER

ABOUT US

At Innova Power, our purpose is to transform the geography and scale of solar energy production through turning underutilized land into sources of clean, inclusive power. We bridge the gap between renewable energy, innovation and community investment – leading solar solutions which power environmental restoration, economic opportunity, and long-term social impact.

OUR MISSION

Innova Power, a social enterprise, is revolutionizing the geography and scale of solar energy by transforming underutilized urban and rural spaces into solar preserves bridging clean energy, workforce investment, economic development and ecological sustainability.

OUR VISION

Innova Power is realizing an energy resilient future, globally, in which underused urban and rural spaces are transformed into solar preserves powering communities, economies and ecosystems.

OUR COLLECTIVE VALUES

Innova Power is a part of the Al₂O₃ Group, a collective of social enterprises dedicated to ensuring that "every person has a home both physical and communal that reflects, respects, and responds to their lived experiences."





THE RIGHT PATH TO SOLAR

**RIGHT COST, RIGHT PLACE,
RIGHT POWER, RIGHT TIME,
RIGHT PARTNER**

Microgrid Solutions:

ANCHOR ENTERPRISES



REGIONAL & CAMPUS



CORE & COMMUNITY



NETWORKED SOLUTIONS



Why Innova Power?

ENERGY RESILIENCE



Islanded and Localized Power Assets and
Skilled Operations Specialists

RESPONSIVITY AND RELIABILITY



Modular Microgrid and Storage
Capacity for Phased Growth

FINANCIAL AND ENERGY STABILITY



CAPEX and Ownership Structures Tailored for
Long-Term Competitive Advantages

LOCAL ECONOMIC AND SOCIAL INVESTMENT



Transform a Cost Center into Community
Solar and Ecological Investments