



Keynote Address by the Minister of Energy of the Republic of South Africa, Ms. Dipuo Peters at the African Utility Week Power Indaba

15 March 2011
Cape Town International Convention Centre

Programme Director,

Your Excellencies, Ministers of Energy present here,

Your Excellencies, Ambassadors and Members of the Diplomatic Corps,

Captains of the Energy Industry and Members of the Business Community,

Government Officials,

Distinguished Guests and Delegates,

Ladies and gentlemen,

I am honoured to again be invited to participate in this important gathering.

Thank you to Spintelligent and its partners for once again convening a world class event. We have consistently and will continue to raise the need for the energy sector to deepen engagement and debate on the collective challenges that confront all of us in this space.

I am glad to be informed that once again you have managed to convene under one roof an array of important players in the energy sector. Your discussions and the outcomes and conclusions of this gathering are earnestly awaited.

Programme Director,

South Africans and the world alike would recall that, last year this time, the biggest buzz in South Africa was about the preparations for the hosting the 2010 FIFA World Cup. That has been successfully implemented, and we see the legacy of that event in the infrastructure that we have created and in the opportunities that that it has created for, amongst others, our youth in the sporting arena.

We have seen the number of hospitality establishments created and improved to bolster the tourism industry of the future. We have also seen concerted efforts of the municipalities in upgrading their public transportation systems.

As the custodian of energy security in this country, the emphasis of the Department of Energy at the time was primarily on the ensuring energy security of supply, especially coming out of the 2007-2008 electricity challenges. I am sure that this house will agree with me that we managed to ensure that the lights stay on and the roads remain wet, and we showcased to the entire world what we can achieve.

Indeed, South Africa proved to itself and to the world that, working together, we did more.

This year South Africa is again under the global microscope as we prepare to host the 17th United Nation's Conference of the Parties (COP 17) in the City of Ethekwini in November. As the energy sector, we need to collectively intensify our joint efforts and plan robustly to prove ourselves as we interact with the world on energy matters in the context of combating the effects of climate change.

I strongly believe that we can deliver in this regard, and again showcase our ability as a country and continent to rise above the challenges confronting us and provide leadership to the entire globe.

Programme Director,

In terms of the recently adopted New Growth Path, the energy sector is part of the Green Economy and indeed it can contribute immensely to the objectives thereof.

In view of the whole energy value chain, there should be both direct and indirect jobs created through chain, whether in:

- construction of the plants,
- establishment of manufacturing centres for various components based on the energy source,
- plants operations, and
- maintenance,

As the government, we are clear that we need to see the social benefits emanating from our continued infrastructure development and investment.

In this regard, we want to see skills development, job creation, and improvement in the health and welfare of our communities, economic development, enhanced bilateral and multilateral relations among neighbours, and other benefits that come with regional integration and stability.

Ladies and Gentlemen,

South Africa has seen the need for a structured multi-lateral and multi-sectoral approach in the way we approach investment in infrastructure in general, in particular energy infrastructure.

This approach is based on the outcomes rather than the outputs that we as government have been mandated to deliver by our electorate.

This approach means that in addition to the mandates of various line function departments, our Government has developed an Outcomes Approach which identifies a number of key inter-sectoral Outcomes that the country should rally behind.

The Outcomes approach is embedded in and is a direct result of the electoral mandate of 2009. It is a contextualization of the priority areas identified in the Ruling Party's election manifesto, namely:

- decent work and sustainable livelihoods,
- education,
- health,
- rural development,
- the fight against crime and corruption.

Our priority areas are elaborated in the Medium Term Strategic Framework which is an expression of government's Programme of Action where ten strategic priority areas were clearly outlined.

This integrated approach ensures that for example, the Department of Energy does not work to develop the Integrated Energy Plan and the Integrated Resource Plan that do not talk to the socio-economic imperatives.

The approach also ensures that the Department also takes into account the necessary enabling resources in the domain of other departments such as:

- development of skilled labour,
- sustainable job creation,

- research and development,
- technology collaboration,
- the necessary international relations work in respect of regional infrastructure development, regional trade, regional partnerships, and,
- the necessary legal and regulatory regimes.

In our efforts to ensure maximum integration and coordination, we must also give due consideration to regional primary energy sourcing, power pooling, pooling of funding resources and the impacts of global market.

I am confident that during the course of this Indaba, we will further be enriched by the experiences of other countries and that you will identify some of the key and necessary considerations we must apply in our efforts to ensure a sustainable development future for generations to come.

On the South African side, you will recall that we had promised to get Cabinet Approval for the operationalisation of the Integrated Energy Strategy, draft the Integrated Energy Plan and Operationalise the Integrated Resource Plan for electricity.

Besides the planning contemplated above, there are other initiatives that need to be streamlined, such as alignment of policies, of legislation and where necessary, development and amendment of necessary regulations to ensure that the sector policies are able to support national imperatives.

In the same vein, there remain a need for the alignment of government policy, the mandates and initiatives of state owned entities and the role that can be played by innovative Public Private Partnerships.

We are further guided by the imperatives of the Industrial Policy Action Plan (IPAP) which seeks to promote the local industrial development in priority areas with local job creation potential.

I will urge interested companies in the energy sector, especially in green industries to familiarise themselves with this programme, with specific emphasis of what can be achieved in the renewable energy sector.

Programme Director,

Following the extensive public consultation process, the revised IRP is being finalized by government. The imminent promulgation of the IRP will herald certainty in some of the initiatives that have stalled since the introduction of processes such as the REFIT.

We are emboldened by the readiness of the industry to roll out renewable energy projects based on the earlier introduction of the Renewable Energy Feed-In-Tariffs (REFIT) by the National Energy Regulator of South Africa (NERSA). This was evidenced by the successful call for Expressions of Interest round conducted by the Department late last year.

As you are aware, the sequence of enablers was not yet what it was supposed to be in terms of the transactional arrangements. We are currently working with a team of transactional advisors to package procurement documentation that will guide the process of procuring the first 1,025MW.

We are expecting that project developers will be requested to respond to our Request for Qualifications (RFQ) and Request for Proposals (RFP) calls in due course.

As we have also previously indicated, this year will see the introduction of the legislation that will give effect to the establishment of the Independent Systems and Market Operator or ISMO. This will of course be preceded by the transitional arrangement which will allow IPP participation while the full implementation of the legislation is being contemplated.

In respect of small and rural energy services, we will work through the Working for Energy programme to ensure the access of rural communities to electricity and energy markets in urban areas through distributed generation systems and other clean technologies.

South Africa fully supports the call by the United Nations to declare 2012 the Year of Energy Access, and will continue to ensure that we provide access to the poorest and most vulnerable in society.

Ladies and Gentlemen,

Work is progressing well on the feasibility study for the establishment of the Solar Park in the Upington area, following the very successful International Investors' Conference we hosted during October last year.

It remains our conviction that initiatives like the proposed Solar Park will facilitate and cultivate the development and growth of a localized manufacturing industry, and strategically position our country as a central hub in the growth of the global solar industry.

We are further encouraged by the ongoing and constructive engagement by many role players, notably our national utility, Eskom in this process.

Following the remapping of the South African wind atlas, we acknowledge sufficient progress has been made in this area to kick-start the local wind generation programme. It is probably one of the most mature sectors in the range of renewable energy technologies contemplated.

We acknowledge the heightened state of readiness of the industry. It is encouraging to talk about the ten wind measuring stations from which various

project developers are able to download data for free from the accompanying website.

I believe that this has made future planning of projects easier, as well as ensuring the proper location of other emerging projects.

Programme Director,

There is substantial work being done on energy efficiency from all in the sector, that is, government, the private sector - business and industry, residential, civil society and the public at large which is still continuing and shows a concerted effort to do more and achieve our set target.

This allows us to work towards addressing issues around climate change fairly well as a country. I trust that you are aware that the National Energy Efficiency Strategy is currently being reviewed. This process is overseen by an inclusive Project Steering Committee, and I am sure that the inclusive consultative process which characterized the development of the IRP will again find expression here. I am also confident that you engage with this process with the same energy and vigour.

The IRP will also inform all of us on the initiatives in the energy efficiency and demand side management sectors. The Industrial Energy Efficiency programme will continue under the current regulatory programme and the Proposed Tax Incentive Programme under the National Treasury.

Our National Solar Water Heating Programme will continue to be implemented with proposed improvements as the programme continue, and we are confident that this programme will make a significant impact on the electricity landscape of our country.

As you are aware, Cabinet directed the cessation of the EDI Holdings Company with the transfer of EDI restructuring functions to the Department of Energy. The envisaged investment and the refurbishment of the electricity distribution industry will still ensue, albeit under a different operating and oversight model. We will make announcements and outline developments in this regard soon.

Ladies and Gentlemen,

The Department of Energy is part of and plays a central role in the Inter Governmental Structures on Climate Change, and all our renewable energy and energy efficiency and Clean Development Mechanism initiatives are part of our contribution towards climate change mitigation.

In this regard, you will recall that we are part of international bodies such as the Carbon Sequestration Leadership Forum and initiatives on Carbon Capture and Storage.

The Department of Energy is overseeing the side events preparations for the energy sector as the lead department. We have since started interacting with all the key stakeholders on these preparations to ensure that all that is presented at COP 17 on energy reflect the collective efforts and the country's plans on energy.

We will all agree that the landscape for driving investment into Africa's Power Sector, as your theme aptly says, has broadened and diversified such that the approach that industry and governments take is very different from that of yesteryears, hence the move for plans such as the IRP and the IEP, supported by the requisite legislative frameworks and enabling environment.

Our approach to ensuring security of energy supply and a sustainable energy future for generations to come calls for bigger and bolder commitments, better

planning, better collaboration amongst stakeholders, better funding arrangements, execution, monitoring and evaluation.

My expectation is that through your engagements here over the next few days, you will contribute to securing our energy future.

Programme Director, Ladies and gentlemen.

My gratitude once more for the opportunity to participate here today, and I wish you well in your deliberations.

I thank you.