

National Assembly question: Question 472

Mr D C Ross (DA) to ask the Minister of Energy:

- (1) With reference to the Integrated Resource Plan (IRP2), what (a) measures will she put in place to incentivise independent energy production and (b) what is the long-term viability for the Renewable Energy Feed-in Tariff (REFIT);
- (2) Whether, considering the high costs of solar and wind power, she intends to continue subsidising investments in these technologies; if not, why not; if so, why;
- (3) Whether she intends applying a decentralised approach to solar power generation; if not, why not; if so, what are the relevant details? NW514E

REPLY

- (1)(a) The IRP 2 is still under development, it has not yet been finalised. As such, the final contribution of renewables up to 2030 has not yet been concluded. It is however, expected that the high costs of renewables will reduce in time such that these technologies will not need incentives for the entire IRP2 period.
 - (b) The REFIT budget at the moment is for the 2013 target, where Eskom has been allocated about R 7 Billion to procure power from IPPs between 2010 – 2012. Beyond this period, the next phase of the REFIT will have to be reviewed in line with rising electricity prices and developments in the renewable energy space. It is anticipated that the large scale deployment of renewable energy technologies in South Africa and globally will lead to a reduction in the overall costs of these technologies to a point where incentives will be negligible or even unnecessary. It is expected that around 2016 onwards we will see the first tranche of cost-competitive solar power for instance.
- (2) Yes. Wind and Solar Power are among the technologies that qualify for REFIT subsidies, and are also the main technologies that hold the greatest potential in the country compared to small scale hydro and landfill gas for instance. Solar power generation is particularly attractive given the high solar irradiation levels in most parts of the country and the

potential for the costs to reduce to grid parity levels. In the meantime, we will continue to subsidise the renewable energy technologies to encourage market development.

- (3) Yes. The Department is considering establishing solar power generators in different regions in South Africa subject to availability of the necessary infrastructure – land, water, access to transmission lines etc. A feasibility study is currently being conducted to establish a pilot Solar Park in the Northern Cape. In addition, we will also build small PV plants in a decentralised manner.