



**MINISTRY OF ENERGY  
REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY QUESTION 1343**

**Mr J F Smalle (DA) to ask the Minister of Energy:**

- (1) Whether her department has (a) consulted or (b) employed specialists in the liquid fuels industry with regard to the demands in the (i) supply, (ii) storage, (iii) production, (iv) distribution, (v) security and (vi) infrastructure upgrades and development; if not, how is her department dealing with these issues; if so; in each case, (aa) who was consulted/appointed, (bb) what are their (aaa) credentials, (bbb) expected deliverables, (ccc) positions and (ddd) salaries or fees;
- (2) Whether the department has contracted the services of specialist consultancy firms within the liquid fuels industry; if not, why not; if so,
- (3) Whether an open tender process was followed; if not, how were they (a) sourced and (b) contracted; if so, (i) (aa) when and (bb) where was the invitation to tender published, (ii) (aa) who were the shortlisted companies and (bb) what was the monetary bidding value in each case and (iii) what is the current monetary value of each contract? NW1493E

**REPLY**

**A. From a conventional liquid fuels perspective:**

- (1) The Department has neither consulted nor employed specialists in the liquid fuels industry with regard to the demands in the areas mentioned above; however, it contracted the services of a consulting company within the liquid fuels industry to develop a 20 Year Liquid Fuels Infrastructure Roadmap which will cover all areas of concern mentioned above; i.e. from (i) to (vi);

**Institute for Petroleum Strategy and Research (IPSR)**

(aaa) *Credentials*: IPSR is an autonomous non-government research institute, which has been in existence since 1995. The project team members have extensive and detailed knowledge of the oil industry, in particular international experience in refining and supply of liquid fuels. The team comprises of refiners, economists, logistics and supply experts, modelling experts, data experts and chartered Accountant. Furthermore, they are familiar with all relevant legislation and policies and have written extensively on the subject of security of supply in South Africa.

(bbb) *Expected deliverable*: A 20-year liquid fuels infrastructure roadmap / plan (including the refinery audit report).

(ccc) The companies were awarded the contract and determined the salaries within their internal frameworks that are not known to the Department.

(ddd) The company, Institute for Petroleum Strategy and Research (IPSR), was awarded a tender at R4, 559,256.00.

### **Dynamic Energy Consulting**

(aaa) *Credentials*: The project leader, Mr. Dayal Raksha, worked as a senior refinery economist, project leader manufacturing, optimization specialist in logistics and design engineer at Engen Refinery. He also participated in the Department of Energy's Energy Security Masterplan (ESMP) and contributed to other policy discussion for a.

(bbb) *Expected deliverable*: A model to determine the bio-ethanol blending value

(ccc) The companies were awarded the contract and determined the salaries within their internal frameworks that are not known to the Department.

(ddd) The company, Dynamic Energy Consulting, was awarded a tender at R2,500,000.00.

### **INFINERGY (Mr. Brain Tait)**

(aaa) *Credentials*: The project leader worked as a business development Manager involved in chemicals, fuel and renewable energy (including bio-fuels and biomass) projects at SASOL for 14 years. He also has experience in low carbon energy initiatives and trading.

(bbb) *Expected deliverable*: The break-even price for bio-ethanol and bio-diesel manufacturing

(ccc) The companies were awarded the contract and determined the salaries within their internal frameworks that are not known to the Department.

(ddd) The company, Infinergy, was awarded a tender at R540,000.00.

(2) As mentioned in (1) above, the Department contracted the services of a consulting company, called the Institute for Petroleum Strategy and Research (IPSR), to develop a 20 Year Liquid Fuels Infrastructure Roadmap; and

(3) (i) An open tender process was followed and the tender was published in the State Tender Bulletin on 15 October 2010.

(ii) The shortlisted entities are as shown below:

- SJS Energy;
- Pricewaterhouse Coopers;
- Electronic Trading Projects;
- Saha International, KPMG;
- PFC Energy;
- Institute for Petroleum Strategy and Research; and
- The range was between R4,9m and R36,6m.

(iii) The current monetary value of the awarded contract is R4,5m.

**B. From a conventional liquid fuels perspective:**

(1) The Department has neither consulted nor employed specialists in the liquid fuels industry with regard to the demands in the areas mentioned above in respect of bio-fuels. However, it has contracted the services of consulting companies to deal with bio-fuels specific projects that are relevant to the highlighted areas of concern.

(2) INFINERGY and Dynamic Energy Consulting companies were contracted to conclude investigations into the break-even (manufacturing) prices of bio-diesel and bio-ethanol and to determine the blending value of bio-ethanol when blended with petrol, respectively;

(3) (i) An open tender process was followed and the tender was published in the State Tender Bulletin in November 2010.

(ii) The shortlisted entities are as shown below:

- R and T Mukwevho Accounts;
- Electric Trading Projects;

- Infinergy;
- Hym Management; and
- One Source Holding.
- The range was between R 540,000 and R3.9m.

(iii) The current monetary value of the awarded contract is R540, 000.00.

**For the determination of the bio-ethanol blending value:**

The shortlisted entities are as shown below:

- Dynamic Energy Consulting;
- Lurgi (Pty) Ltd; and
- Electronic Trading Projects.

(iii) The current monetary value of the awarded contract is R2, 500,000.00 and it was awarded to Dynamic Energy Consulting.