



MINISTRY OF ENERGY
REPUBLIC OF SOUTH AFRICA

National Assembly ORAL Question: 30

★30 Mr S J Njikelana (ANC) to ask the Minister of Energy:

In view of the fact that energy is central to the economic development and growth of the economy, (a) what progress has been made in strengthening a multisource supply of energy, including oil and gas exploration, in meeting the diversification of energy requirements for economic growth, energy security and to contain the cost of fuel and (b) what State intervention was deemed necessary to ensure production of sufficient quantities of energy to support industrialisation and rural economic development

REPLY:

a) The Integrated Resource Plan, the Integrated Energy Plan and the Gas Utilisation Master Plan are amongst the measures which were developed to improve South Africa's multi-source security of energy supply.

Multi-source energy technologies applicable to hydrocarbons (i.e. coal, oil and natural gas) and those applicable to alternative energy or renewables (namely, wind, solar, biomass, geothermal and hydro) for power generation have been introduced.

A progressive increase in local content and job creation numbers have been witnessed.

Bid Window 3 of the Renewable Energy Independent Power Producers will contribute to approximately R4.4 billion to socio-economic development, aggregating to cumulative investment of R9 billion.

The Integrated Resource Plan 2010 (IRP 2010) proposes the increase of South Africa's generation capacity by 40 000 Megawatts (MW).

Renewable Energy is expected to contribute 17800 MW;

Nuclear Power 9600MW and Hydropower 2600 MW

This means that 75% of new generation capacity will be derived from energy sources other than coal.

There have been three successful Renewable Energy Independent Power Producers (REIPP) windows/rounds, which have attracted over R120 billion in foreign direct investment (FDI) to South Africa.

Furthermore, the Department introduced the Integrated Energy Plan (IEP) which proposes options for meeting South Africa's current and future needs.

It optimises the use of various energy sources, including increased use of Liquefied Petroleum Gas for domestic heating and cooking in order to reduce demand for electricity.

The Gas Utilisation Master Plan, on the other hand, scope the development of gas pipeline infrastructure for South Africa's needs and to connect South Africa with African countries endowed with vast natural gas resources

Oil and Gas exploration: falls under the mandate of the Petroleum Agency of South Africa which operates under the remit of the Department of Mineral Resources.

Interest in the oil and gas potential of South Africa continues to grow.

In regard to the Diversification of Liquid Fuels, the Department has accelerated work to develop a biofuels pricing framework based on sugar, sorghum and the other alternative renewable resources.

In addition to the foregoing, South Africa's energy sources will further be strengthened by the hydropower potential in countries like the Democratic Republic of Congo, Zambia and Mozambique. The basis for South Africa to tap into these sources has been laid.

With regard to the Containment of the cost of fuel: the objective reality is that until such time that South Africa has access to its own oil and gas reserves it will remain a price taker.

The Department however continues to look at options to contain fuel price increases.

b) In order to ensure the sufficient production of energy to support industrialisation and rural economic development, government has intervened as follows:

- it has provided fiscal incentives for Solar Water Heating (SWH). This has resulted in a shift in the water heating load from the electricity grid to a renewable resource;
- introduced a preferential subsidy for locally produced Solar Water Heating panels and products used in the Renewable Energy Independent Power Producers programme;
- it is the central buyer for all renewable energy in pursuance of the Green Economy development objectives;
- and the Department has introduced regulations for the mandatory blending of biofuel into hydrocarbon liquid fuel by 2015. This will assist facilitate the development of the biofuels liquid industry in South Africa

in particular and the Southern African Development Community (SADC) in general;

- in regard to Rural Economic Development: the renewable energy programme and the other off grid technologies have been deployed to increase energy access to more households in remote rural areas.

Ends