



**MINISTRY OF ENERGY**  
**REPUBLIC OF SOUTH AFRICA**

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**Memorandum from the Parliamentary Office**

**261. Mr M I Rayi (Eastern Cape: ANC) to ask the Minister of Energy:**

What roles will the (a) Khanyisa and (b) Thabametsi Independent Power Producers play in (i) ensuring a secure power supply and (ii) improving economic development (details furnished)? CO525E

**Reply**

- a) (i) The current Integrated Resource Plan (2010) outlines the required generation capacity and the different technologies capable of generating the power in line with policy objectives. The two Independent Power Producer projects are part of the capacity determined by the Minister in terms of the IRP. According to the Determination, 2500MW of coal fired power plant is required to assist with meeting the projected demand. These two IPPs will have a combined capacity of 863.3 MW and are expected to be in operation by 2021. Failure to achieve the scheduled Commercial Operation will result in financial penalties being levied on the IPP. This is intended to ensure security of supply.
- a) (ii) In respect of economic development objectives, the preferred bidders have committed to thresholds in respect of Local Content, SA Entity Participation and BBBEE shareholding. In addition minimum commitments were set in respect of Social Enterprise and Skill Development all of which will be monitored over the life of the Power Purchase Agreements with penalties applied for non-fulfilment. In addition each of the preferred bidders has also committed to job creation during the construction period and the operating term of the power purchase agreements.