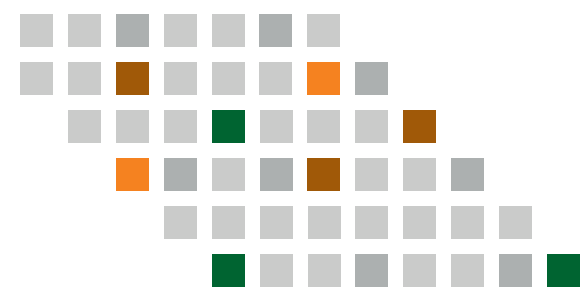


Annual Performance Plan

2015/16



energy
Department:
Energy
REPUBLIC OF SOUTH AFRICA





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Part A

INTRODUCTION

1 FOREWORD BY THE MINISTER

Our determined path to freedom and democracy, with South Africa casting aside centuries of discrimination and oppression to form a new society is on track. Our country is, however, still confronted with the triple challenges of inequality, unemployment and poverty as highlighted in the National Development Plan (NDP) and the Presidency Twenty-Year Review. As we enter the second phase of our transition from apartheid to a national democratic society, we have to embark on radical socio-economic transformation to push back the triple challenges.

The central objective and mission of Government's developmental agenda, outlined in the Medium-Term Strategic Framework (MTSF) 2009-14, is to set the country on a higher and sustainable trajectory of economic growth. The Department of Energy (DoE) was mandated with ensuring the security of supply of energy resources and pursuing an energy mix that includes clean and renewable resources to meet the needs of the country's fast-growing economy without compromising our commitment to sustainable development. During this MTSF period we will continue to strive toward supporting our national objectives of improving the economy and jobs, economic infrastructure, rural development, human settlements, local government, and protection and enhancement of our environment.

Economic growth and development, including the creation of decent work and investment in quality

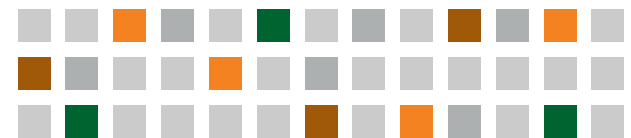
education and skills development, are at the centre of Government's programme. Infrastructure development is one of the programmes identified to boost our economy and reduce unemployment.



Addressing our energy constraints is an apex priority.

The energy sector has been shown to be an economic game changer globally and, for South Africa, energy is the catalyst to revolutionise our economy and drive economic transformation. However, the current global energy situation is faced with many uncertainties. These include the complex environmental and climate change issues, in which energy is a major player. There are also the persistent global economic challenges still faced by some of our major trade partners as well as continuing turmoil in the Middle East and Ukraine. All of these impact on our energy security and therefore our economy.

These uncertainties, and how the DoE will respond to them, however remind us that, as a nation, South Africa needs to engage in a national dialogue about our energy future. How do we meet the imperative of ensuring a sustained and secure supply of energy, especially cleaner energy? In taking on this debate,



we will continue to build and strengthen relations within the Southern African Development Community (SADC) and the African continent.

The DoE operates in this dynamic global environment, as it takes on the substantial domestic challenges. We have a determination to deliver on the goals and objectives that we have included in our Strategic Plans, as our contribution toward the priorities and outcomes of Government. We must recognise that existing infrastructure constraints, some of which are the result of inadequate infrastructure development planning, make this task a difficult one. Declining budgets, rating downgrades, and the shortage of skills in the energy sector all contribute to rising electricity costs and volatile oil prices, which contribute to the critical energy situation. These factors, many of which are out of our hands, place severe strains on the energy supply chain and we must work together to collectively address these challenges.

On 17 June 2014, on the occasion of the first State of the Nation Address (SoNA) of our fifth democratic administration, President Jacob Zuma affirmed the imperative to address our country's energy challenges. In that address, Government made it clear that addressing our energy constraints is an apex priority and that energy supply in various forms is a primary catalyst in our efforts to transform our economy, and our society, in an accelerated and radical manner.

I must repeat what the President said. He recognised the problem, in saying:

"We need to respond decisively to the country's energy constraints in order to create a conducive environment for growth."

The direction is clear, over the medium term, we must tackle the energy constraints and we must do so in a way which properly balances the many alternatives that

we have. This is not just a challenge for Government; it is a challenge for the private sector; it is a problem for the public, and we must solve it collectively. This Medium-Term Strategic Plan (MTSP) is aligned with the 2014-19 MTSF and sets out in detail how it will respond decisively to the injunctions of the NDP, as outlined by the President in his SoNA. It also sets clear targets and systems on processes to monitor and evaluate the implementation.



Solar and wind power will feed into the electricity grid to increase our generation capacity and promote environmental sustainability.

This plan has therefore taken into consideration the new priority of the 2014-19 MTSF as it forms the first five-year building block toward achieving the 2030 vision in the NDP. In this regard, the DoE will continue to contribute to the following outcomes:

- Outcome 4: Decent employment through inclusive economic growth;
- Outcome 6: An efficient, competitive and responsive economic infrastructure network;
- Outcome 7: Vibrant, equitable, sustainable rural communities contributing toward food security for all;
- Outcome 8: Sustainable human settlements and improved quality of household life;

- Outcome 9: Responsive, accountable, effective and efficient developmental local government system; and
- Outcome 10: Protect and enhance our environmental assets and natural resources.

We acknowledge the NDP as a national roadmap and have incorporated its goals into our five-year plan. South Africa aims to have an energy sector that promotes economic growth and development, social equity through expanded access to energy services and environmental sustainability through efforts to reduce pollution and mitigate the effects of climate change. In our Strategic Plan, we outline how, collectively, we will realise a sustainable South African energy system, supported by effective policies, institutions, governance systems, regulations and competitive markets.

We will continue with work to strengthen the policy and planning capacity within the DoE as well as increase dedicated capacity for effective organisation-wide monitoring and evaluation. We will further enhance the work of the Energy Programmes and Projects branch, including the repositioning and strengthening of our provincial offices to better support provincial and local governments. In this regard, we have already established an Electricity Distribution Response Team in collaboration with other departments and entities to address identified hot spots and the specific local and district municipalities that have been highlighted for intervention in the SoNA.

The DoE further aims that both traditional and green energy will be expanded to ensure a platform for growth and social inclusion. This will include the use of nuclear power for base-load energy generation, which will be used in a safe and environmentally sustainable manner. Additional energy will be generated through the completion of large power stations and solar and wind power will feed into the electricity grid to increase

our generation capacity and promote environmental sustainability. The DoE will intensify work to ensure that further hydroelectric energy will be secured domestically and regionally for our national grid. Over this medium-term period, over 1 million homes will be equipped with solar water heaters (SWHs), ensuring cheaper hot water and lower energy use for more than 7 million South Africans and an additional 1.5 million households will be connected to energy sources, either through the grid or through non-grid means.

We are committed to the countrywide rollout of our Economic and Social Infrastructure Programme, especially in the energy sector. We see this as a major instrument to catalyse and spur positive economic growth and job creation as well as to make a positive difference in the lives of citizens, whether they live in a town or in a rural village and get electricity from alternative, off-grid sources. The pace of oil and gas exploration – including shale gas exploration – by the state and other players in the industry will be intensified.

The introduction of new power stations across a range of technologies is outlined in the Integrated Resource Plan (IRP), which proposes the development of new generation capacity in a way that optimises costs, promotes job creation and mitigates adverse climate change. The implementation of the plan is well underway. This is evidenced by the Independent Power Producer (IPP) Bidding Programme, which has approved the provision of in excess of 6 900 MW of capacity from renewable IPPs and attracting international investment to the value of about R 120 billion. We are confident that this will boost employment growth and we know we can further improve on this. We have no intention of abandoning the coal option, but we are determined to find cleaner technologies that will reduce the adverse environmental impact associated with greenhouse gas (GHG) emissions.

Funding allocations available for the Electrification Programme have been constant and we are confident in delivering at least 280 000 new grid and non-grid connections in this budget cycle. For the first time, the non-grid programme will also be implemented in the urban areas of the country. This is especially important where it is not safe to supply these households with high-voltage grid electricity.

To improve the non-grid delivery, more service providers will be appointed to assist with this programme. We are also in the process, with the assistance of the European Union (EU), to develop a more sustainable delivery model with respect to non-grid programmes.

Despite recent discoveries in Mozambique, Tanzania and even locally on our West Coast, the lack of gas infrastructure, including pipelines and storage facilities, has made it difficult for gas to feature as a major energy carrier in our current mix. However, the Gas Utilisation Master Plan (GUMP) seeks to anticipate the infrastructure necessary to open up the gas market for the residential, commercial and industrial sectors. The gas infrastructure development effort is accordingly premised on regional integration with Mozambique in the east, the importation of liquefied natural gas (LNG) and the networking of various load centres for transporting and storing shale gas from the Karoo.

These developments herald a new era in the exploitation of this resource for our country and the private sector is well advised to prepare for their contribution in this regard. The IRP targets 2 500 MW of new gas-fired power generation capacity, plus the feedstock needs for the Mossel Bay Petroleum Oil and Gas Corporation of South Africa (SOC) Limited (PetroSA) gas-to-liquid plant.

The prospect for gas to replace imported crude oil in the transport sector is very high on the Government agenda

because it bodes well for our macro-economic outlook, particularly in our balance of payments. In the future, gas is likely to be the most common energy carrier for public transport, freight and domestic heating, and cooking. The development of shale gas cannot be dismissed or ignored. On the contrary, we should be learning from others on how to best exploit this resource in the least intrusive and environmentally prudent way and work with the Department of Environmental Affairs to implement this programme to the highest environmental standards and regulations.

In terms of the approved IRP, nuclear energy will play a key role to support the base-load generation capacity in the energy future of our country, given the need for the country to decarbonise. The IRP allocates 9 600 MW to be generated from nuclear energy by 2030. Work on the Nuclear Programme has been initiated and the Energy Security Sub-Committee of Cabinet has been appointed, led by His Excellency, President Jacob Zuma.



Thousands of jobs are expected to be created through the biofuels value chain.

The Nuclear Expansion Programme presents the possibility of catapulting South Africa into the top echelons of the knowledge economy. Our country's track record in running a nuclear programme speaks for itself. Apart from Koeberg for power generation, our current programme includes Pelidaba, currently one of the world's biggest producers of medical radioisotopes from low-enriched uranium. We want to build on the

expertise and skills base that already exists in the country. These include the localisation, financing, funding, skills development, fuel cycle and uranium beneficiation strategies to support the Nuclear New Build Programme.

We will intensify our work on the Small Projects Renewable Energy Independent Power Producer Programme (REIPPP) which seeks to procure energy from small-scale IPPs, with projects that are between 1 MW and 5 MW in size. The DoE seeks to buy 200 MW in total from small, medium and micro enterprises (SMMEs), generating energy from solar, wind, biomass and landfill gas projects. One of the biggest challenges regarding the small-scale projects is that of providing equity. The DoE has taken the initiative to develop standard documents for these projects to reduce transaction costs and proposed a dedicated fund to assist small IPPs with transaction costs.

We determined 2015 as the date by which crude oil refining companies will have to blend biofuels into petrol and diesel on a mandatory basis. This has provided certainty to the funders of the potential biofuels manufacturers that their product will indeed enter the market through the oil companies. In the immediate term, our focus will be on finalising the subsidy framework for the manufacturers and the pricing approach for the blended product.

Thousands of jobs are expected to be created through the biofuels value chain, starting with the farming of selected energy crops and the development of the infrastructure for producing, storing and transporting the product to refineries and oil depots. It is also important that small and upcoming farmers enter the production value chain of biofuels. We would also look at opportunities of sourcing these projects from the SADC region to meet our demand.

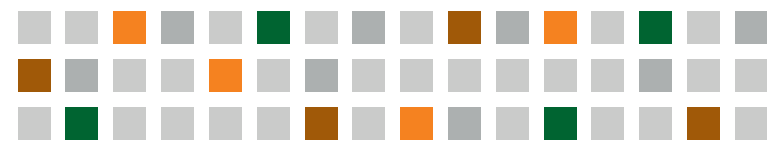
The DoE will continue to implement the successful National Infrastructure Plan (NIP), under the supervision of the Presidential Infrastructure Coordinating Commission (PICC), throughout the country. Our challenge as a developing state is to find a healthy balance between the three pillars of sustainable development, namely economic growth, social development and environmental sustainability.

In this financial year, we intend to submit to Cabinet the following pieces of legislation: the Electricity Regulation Amendment Bill, the National Energy Regulator Amendment Bill, the Gas Amendment Bill and the Independent Systems and Market Operator (ISMO) Bill.

The next five years is about moving South Africa forward toward an energy secure future! I invite all South Africans to be part of this. We have excelled in some areas, but as outlined by the NDP, we need to review our policies and regulations to ensure that we meet the 2030 energy objectives of energy access for all, the security of supply, a diversified energy mix and an energy sector that supports economic growth and prosperity of our country.



Hon. Tina Joemat-Pettersson (MP)
Minister of Energy
Executive Authority



2 MESSAGE FROM THE DEPUTY MINISTER

2.1 Introduction

The DoE developed this APP to map out the way forward for our country as we begin the march into the next 20 years of democracy and freedom. As we enter the second phase of our transition from apartheid to a national democratic society, we have to embark on radical socio-economic transformation to push back the triple challenges of unemployment, inequality and poverty. The growth and development of the economy takes centre stage in this second phase of our transition. It remains our strong belief that the most effective weapon in the campaign against poverty is the creation of decent jobs and that creating these jobs requires faster economic growth and development.

We are mindful of the fact that the ANC Government has correctly identified energy as an apex priority for the attainment of economic growth in the fight against the triple challenges. It is with the overwhelming mandate of the SoNA 2014 (where President Jacob Zuma's 2014 National Address has placed energy at the centre of economic development for the country) that the APP outlines how the DoE plans to address the scourge of jobless growth in a very challenging global economic environment. The DoE will do this as part of a larger collective of Government across its three spheres. The DoE is cognisant of the fact that it cannot do this alone and will work together with its people and organised formations of business and civil society.

The NDP has outlined the need for an energy sector that promotes economic growth and development, promotes social equity through expanded access to energy services and promotes environmental sustainability through concerted efforts to reduce pollution and to mitigate the effects of global climate

change. The ANC manifesto identified the access to reliable energy supply in all its forms as a priority for this administration. However, if we are to achieve the energy vision as contained in the NDP, skills development in the energy sector is of critical importance. Given the planned energy infrastructure investments, the country will require a substantial investment in technical skills such as engineers, technicians, artisans and project or programme managers.

2.2 Energy Policy and Planning

The right combination of policies and technologies is strategically important to ensure that the links between economic growth, the increasing energy demand and the associated energy-related carbon dioxide emissions are managed as we increase our energy generation capacity. It is thus important that our energy policies address issues of energy access, sustainability, affordability and appropriate quality of service to the end user.

The infrastructure for liquid fuels has served this country for a number of decades. In addition to the 20-Year Energy Security Master Plan – Liquid Fuels, we will conduct a vulnerability assessment of existing fuel import, manufacturing and distribution infrastructure. This will be done to test the resilience of the plan and its ability to respond to various events. The liquid fuels sector has witnessed some changes in the past decade and we believe that it offers the greatest opportunity for radical economic transformation. In this regard, the DoE will work very closely with the Department of Trade and Industry (DTI) to identify an approach that can accelerate transformation in this sector.

We are acutely aware of the urgency to expedite the finalisation of the Integrated Energy Plan (IEP), which is the updated IRP. These policy development processes are urgent and necessary for the industry. We ask that you bear with us as we strive to ensure



that these policies serve both the purpose of providing policy certainty as well as ensuring energy security, support development of local industries, job creation and skills transfer.

2.3 Renewable Energy Independent Power Producer Programme, Integrated National Electrification Programme and Shale Gas

The DoE was elected on a mandate that prioritises energy security and, therefore, our responsibility as the executive is to ensure that the policy trajectory is in line with an optimum and efficient energy mix. The implementation of the REIPPP has been applauded in a number of quarters; however, there seems to be reluctance to embrace the totality of this energy mix that our people have called for. Coal will continue to be a major source of energy, both for liquid fuels and for electricity, thanks to the fact that we are a country that is blessed with abundant coal reserves. It is imperative that we provide leadership in the cleaning of our coal for energy production. This is a resource that we cannot afford not to exploit.

As part of the energy mix, we remain resolute in our belief that the potential for shale gas in the Karoo basin needs to be exploited. This resource has the potential to create a new industry and associated skills. The need to ensure that this resource is exploited with great care to the environment cannot be overemphasised. The use of imported gas will continue and efforts to explore for more gas offshore will also be accelerated. We are aware of a major international oil company with a drilling platform which is about to move into place in the southern Cape which will begin what we believe will be an exciting phase for South Africa.

We will leverage the benefits of the massive investment in the energy sector by ensuring that our departmental programmes display a greater degree of

responsiveness to the needs of our people, such as the empowerment of women and the youth, whether it is through the Integrated National Electrification Programme (INEP), the implementation of the National Solar Water Heater Programme (NSWHP), the IPP Programme or the transformation of the liquid fuels sector. We will continue to strengthen interventions and programmes aimed at capacity building among vulnerable sectors to enable their meaningful participation in the energy sector in support of the country's transformation agenda.



We remain resolute in our belief that the potential for shale gas in the Karoo basin needs to be exploited.

As part of the Decade for Women, as declared by the African Union, we will expand our involvement in the SADC region through various programmes which include a planned workshop on Clean Energy, Education and Empowerment which was held in August 2014. The objective of this workshop is to increase the participation and awareness of opportunities in the clean energy sectors of our continent. The energy programmes require a capable department that is able to respond with the necessary agility. To this end, we will review the structures of the DoE and ensure that they have the requisite skills and abilities to meet the urgent demands imposed by the need for the security of energy. These are also extended to the state-owned entities (SOEs) as they are important components for the implementation of our policies and plans.

2.4 State-Owned Entities

The DoE and the SOEs for which it is responsible have a mandate, collectively, to ensure that the security of energy is not only about the provision of electricity, liquid fuels and gas, but that it is also about their sustainable utilisation, affordability and accessibility by our people, businesses and industries. It is with this very clear understanding and appreciation of its urgency that we develop energy plans for the short, medium and long term that are supported by effective policies, strong institutions and human resources (HR), effective governance as well as a regulatory framework that addresses the critical needs for skilling and skills transfer, youth unemployment and localisation of energy inputs so as to grow our local industries.

2.5 The Central Energy Fund Group

SEOs form a critical component in the implementation of the DoE's policies. It is with this in mind that we have begun a process of ensuring that we work very closely with our SOEs so as to ensure that we provide policy guidance and support, where required. Strong, focused and well-governed entities are required for meeting the challenges of the energy security for South Africa. The DoE is currently engaged in discussions with and provides support to the Central Energy Fund (CEF) Group which will finalise the ongoing restructuring process in 2015/16. In the SoNA 2014, President Jacob Zuma identified the CEF Group as one of the institutions that will require restructuring in order to align with the need to respond to the challenges and opportunities in the energy sector.

2.6 The South African National Energy Research and Development Institute

We must reiterate the democratic Government's commitment to give concerted attention to energy

efficiency (EE). There is a role for each and every one of us. We all need to know how much energy we consume in our households, in our small enterprises and indeed by each of the major industrial users in order to know if we are in a better position to identify where we can make reductions. The energy consumption I am referring to includes electricity, liquid fuels and natural and petroleum gases. Inefficient appliances need to be discarded and when purchasing vehicles, fuel efficiency must be a key consideration. The DoE and the National Energy Efficiency Agency within the South African National Energy Development Institute (SANEDI), working with, among others, the National Business Initiative, will ensure that EE programmes touch every facet of our lives. These programmes will include the implementation of the Smart Grids and the EE Tax Incentive Schemes.

2.7 The South African Nuclear Energy Corporation SOC Limited

As already alluded to by the Minister of Energy, nuclear energy plays an important role in the energy security of our country. Going forward, the South African Nuclear Energy Corporation SOC Limited (NECSA) will play a pivotal role in the localisation of our Nuclear New Build Programme which is in line with our energy policy and in particular the IRP 2010-2030. I would like to pause here, so as to emphasise a point we often forget or conveniently overlook: We have been utilising nuclear power to produce energy for decades and, in fact, our host city, Cape Town, is basically powered by nuclear energy. We have the required expertise and know-how to ensure the continued safe utilisation of nuclear energy for power generation.

2.8 The National Nuclear Regulator

With regard to the Nuclear New Build Programme, the DoE is cognisant of the fact that providing regulatory oversight over the programme will require a

strengthened and better capacitated regulatory body. Together with the National Nuclear Regulator (NNR), the DoE will ensure that capacity enhancement, for both human capital and facilities, will continue to be the strategic thrust of the regulator over the Medium-Term Expenditure Framework (MTEF) period. Over and above this, the NNR is in discussions with various stakeholders to establish a Nuclear and Radiation Safety Centre of Excellence in order to create a pipeline of skills. This centre, which will be housed in one of the local universities, will involve the collaboration of the NNR with its international partners as well as with local stakeholders.

2.9 The National Radioactive Waste Disposal Institute

The National Radioactive Waste Disposal Institute (NRWDI) was established during the 2013/14 fiscal year with a mandate to fulfil the institutional obligation of managing the disposal of radioactive waste on a national scale. The NRWDI board is working with the DoE to ensure the operationalisation of the institute.

2.10 The National Energy Regulator of South Africa

The National Energy Regulator of South Africa (NERSA) is the country's energy regulator and will, over the medium term, be focusing on improving oversight of the regulated industries by conducting compliance audits and inspections, issuing licenses and setting tariffs. NERSA will do the above in order to encourage investment in the sectors, encourage new entrants and improve competition.

2.11 Other Relevant Stakeholders

The DoE will be engaging with relevant stakeholders in both the public and private sectors to address the above-mentioned energy sector challenges. In the

meantime, the DoE has formed partnerships with the Energy and Water Services Sector Education and Training Authority (EWSETA) and the Chemical Industries Education and Training Authority (CHIETA) to increase the scope of energy training in order to meet the skills needs in the energy sector. The critical skills identified are catered for in the approved Sector Skills Plans of the aforementioned Sector Education and Training Authorities.

2.12 International Relations

The DoE has maintained cooperation with the SADC region, the African continent and the rest of the world. These strategic partnerships have been in line with the energy interest of the country, particularly the need for energy security of supply, the diversification of the energy mix and the access to finance, technology, technical skill and information. In line with this imperative, the DoE has forged bilateral and multilateral relations that meet our strategic objectives.

2.13 Conclusion

I believe that, as a country, we have the commitment and the ability to respond to His Excellency, President Jacob Zuma's call for the radical transformation of the energy sector. The DoE and its entities are ready to meet the challenge and, by working together, we can achieve more.



Amb. Thembisile Majola
Deputy Minister of Energy



3 STATEMENT BY THE ACTING ACCOUNTING OFFICER

3.1 Introduction

Strategic planning is an essential process which affords the DoE an opportunity to critically reflect on the progress and impact we have made thus far, drawing on the lessons learned and making decisions on future interventions, all of which are necessary to attain our goals. It is more important at this time, as we reflect on commitments made for the past five-year term of the fourth administration, since we seek to align with the priorities as outlined in the MTSF 2014-2019 of Government.

The DoE's mandate is to ensure the secure and sustainable provision of energy for socio-economic development. This APP takes guidance from the NDP which envisages that, by 2030, South Africa will have an energy sector that promotes economic growth and development, social equity and environmental sustainability. The plan outlines the DoE's medium-term priorities and highlights the key activities we will undertake in the next five years as we continue to ensure that energy security and the promotion of environmentally-friendly energy carriers are accessible, affordable and reliable for all current and future generations of South Africans.

In response to the proposal of the DoE's Minister and Deputy Minister, an overview of the work of each programme and a summary of key immediate- and medium-term priorities are highlighted below.

3.2 The Implementation of Best Management Practices

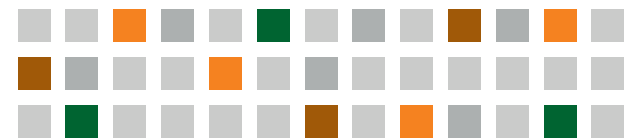
In support of Government's cost-cutting measures, outlined by the Minister of Finance in his medium-term budget policy statement in 2013, the DoE has begun,

and will continue, to review and implement internal policies aimed at containing operational costs and eliminating non-essential expenditure. Furthermore, the DoE will also review, enhance and map key business processes aimed at improving operational efficiencies. This will also assist in streamlining and standardising processes to ensure the business' continuity, even in times of significant organisational changes and/or uncertainty. Another key initiative which the DoE will continue to implement is the Public Participation Programme of Izimbizo, whereby Ministers are provided with the opportunity to engage with communities on energy issues.

3.3 Policy, Planning and Clean Energy

The Energy Policy and Planning Programme is tasked with the responsibility of ensuring evidence-based planning, policy setting and investment decisions in the energy sector to improve energy security through supply- and demand-side options and increase competition through regulation. The process of developing the IEP has been initiated by the Energy Policy and Planning Programme and a draft plan was approved by Cabinet for public engagement. The IEP forms the core of our strategy for meeting our future energy requirements up to 2050, covering electricity, gas and liquid fuels and taking into consideration the EE potential within these sectors.

Parallel to the IEP process, two other plans were developed. Firstly, the IRP for the electricity sector was updated, with the intention of mapping out the future power generation technologies and the timing of their introduction. The IRP update was informed by the policy choices that Government has made in order to meet objectives, including keeping electricity prices affordable, integrating regional economies, diversifying energy sources, reducing GHG emissions and reducing water usage. Secondly, the GUMP for the gas sector was created. This outlines the



gas infrastructure necessary for the introduction of gas as an energy carrier that would compete where appropriate and subsequently reduce our dependency on coal for power generation and on liquid fuels production. The GUMP also considers the regional gas supply-demand dynamic, especially as it relates to the potential exploitation of the natural gas from Mozambique in the near term and the shale gas in the medium to long term.

In the next five years, the implementation of a number of these energy policy and plan interventions will be facilitated. This will include the urgent finalisation of the Electrification Master Plan (EMP) as well as making the IRP applicable for a period of time before updating and transferring certain projects and programmes with immediate effect, which includes SWHs and IPP programmes. These interventions will align the positions of the Policy and Petroleum Licensing branch regarding the biofuels framework and will work out modalities of resolving clean energy and HR implications, emanating from petroleum licensing.

3.4 Petroleum and Petroleum Products Regulation

The Petroleum and Petroleum Products Regulation is responsible for the security of the supply of petroleum products in South Africa. Furthermore, the branch has to regulate the petroleum and petroleum products to ensure the optimum and orderly functioning of the petroleum industry's value chain to achieve Government's developmental goals.

In the next five years, the focus will be on strengthening the role of the regional offices in the licensing process by improving the capabilities of the regional offices and delegating certain functions to the regional offices. The branch will develop a quality assurance programme, to standardise and harmonise the practices across regions, client charters and the code

of conduct in order to enhance service delivery. The branch will develop the comprehensive risk-based Compliance Monitoring and Enforcement Programme to enhance the Fuel Quality Monitoring Programme. The branch will also develop a dedicated programme for the biofuels quality monitoring and amendments to legislation, all of which need to be accelerated to strengthen the consequences for non-compliance.



The DoE's mandate is to ensure the secure and sustainable provision of energy.

The DoE will, in the Medium-Term Strategic Plan (MTSP), develop and implement an Economic Transformation Programme in the petroleum sector to achieve radical economic transformation.

A comprehensive National Fuel Supply Emergency Response Plan will be developed as part of the fuel supply security. A fuel supply monitoring framework needs to be documented through prioritising international engagements with supplier countries. The DoE will formalise cooperative governance arrangements with other regulators in order to minimise conflicting regulatory practices and enhance enforcement.

3.5 Electrification and Energy Programme and Project Management

The DoE has, over the years, continued to manage, coordinate and monitor programmes and projects

focused on access to energy. The priorities over the medium term in this area are to improve the universal access to electricity by implementing the EMP, conducting electrification (grid and non-grid) programmes and managing allocations, funding, transfers or technical audits.

Through this programme, the DoE will:

- develop financing plans, alongside investment in human capital;
- enhance energy security and infrastructure by assessing the maintenance and refurbishment backlogs;
- review the bulk electrical infrastructure funding required for universal access to electricity;
- prepare and implement an implementation plan;
- fund the constructions of new infrastructure and upgrades, for example substations and medium-voltage power lines; and
- finalise the increasing electricity network capacity to eradicate the electrification backlog.

The DoE will continue to monitor and evaluate projects by enhancing project management in the programme, as all the projects funded by the DoE must be monitored and evaluated for the best service delivery and value for money and assessing whether the contractual obligations and agreements are adhered to with the establishment of electronic monitoring tools for timely verifications. Other interventions will include empowering regional offices through the establishment of a portfolio of energy services at the regional offices in order to reduce travelling by head office officials and establishing a fully-fledged structure at the regional level with relevant knowledge and skills.

Through economic development initiatives, such as the Education Projects and Partnerships (EP&Ps), the programme will:

- create job possibilities through EP&P;
- create opportunities for skills development within

- the energy sector;
- re-establish electrical engineering training programmes that support the municipalities' capacity building and poverty alleviation; and
- develop small businesses in rural areas that support the mission of rural development.

3.6 Nuclear Energy

Nuclear energy is one of South Africa's most important drivers for the national economic growth. This branch is tasked with managing the South African nuclear energy industry and controlling nuclear material in terms of international obligations, legislations and policies that will ensure the safe and peaceful usage of nuclear energy. In the next five years, the implementation of nuclear energy will be facilitated. This will include the finalisation of the financing strategy for the Nuclear New Build Programme. Investment in the 9.6 GWe Nuclear New Build Programme requires an innovative financing mechanism to provide a firm basis to launch procurement. There are several options being investigated to finalise the nuclear new build financing mechanisms and to optimise localisation and foreign investment.

Through the work of this programme, the DoE will procure the nuclear programme that generates 9.6 GWe of nuclear power to provide base-load electricity. With regard to the finalisation of the Nuclear Fuel Cycle (NFC) Front- and Back-End Strategy, the country needs to be self-sufficient in all aspects of the NFC. Therefore, several options will be studied, including uranium beneficiation, job creation, the establishment of the centralised interim storage facility and the reduction of foreign dependency on nuclear fuel.

Other interventions in nuclear energy will include the finalisation of the Industrialisation, Localisation and Skills Development Strategy and the limited capability to

attain high levels of localisation and self-sufficiency. This will allow the country to effectively address the issues of the increased participation of SMMEs, SOEs and other participants; a demographically representative nuclear industry; and the decentralisation of industrial activities toward nuclear sites.

In the next five years, the DoE will, through the Nuclear Energy Programme, promulgate the Radioactive Waste Management Fund Bill in order to address the issues of securing finance for the NRWDI. Several options will be studied, including moving the function from NECSA to the NRWDI (through Section 197 of the Labour Relations Act, 1995 [Act No. 66 of 1995]), and recovering funds for waste management from generators (Complementary Money Bill to follow from the National Treasury [NT]), which will only be put into effect from 2016.

The programme is responsible for the implementation of South Africa's nuclear energy response interventions and measures as outlined in the NNR and Nuclear Energy Act, 1999 (Act No. 46 of 1999). In this regard, the DoE will finalise the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999) and the Nuclear Energy Act, 1999 (Act No. 46 of 1999) amendment to address legislation alignment to the current environment.

The DoE will continue to capacitate the Nuclear New Build Programme by addressing high levels of unfunded vacancy rates in nuclear branches (>60%) as well as the general lack of skills for the Programme.

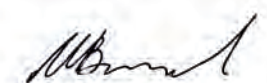
Through the work of this programme, the DoE will:

- engage NT to increase fiscal allocation for capacitation to deal with current gaps;
- review its organisational structure to align with the new build requirements and incorporate nuclear expertise project management, nuclear procurement, nuclear construction management, nuclear financing and nuclear law; and

- allocate nuclear staff in regional offices (nuclear sites).

3.7 Conclusion

The strategic priorities and objectives we have outlined in this MTSP represent our commitment to the people of South Africa. Understanding that the constitution compels us to deliver on economic growth, economic infrastructure networking and sustainable environmental outcomes, we undertake a rigorous process to identify potential risks that could hinder achievement of these commitments. This was coupled with the identification of mitigation actions. I look forward to the dedication and commitment of our staff and the continued cooperation of our stakeholders as we strive toward a common vision of improving our energy mix by having 30% clean energy by 2025.



Dr Wolsey Barnard
Director-General: Energy
Acting Accounting Officer



Official

SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- was developed by the management of the Department of Energy under the guidance of Hon. Minister Tina Joemat-Pettersson (MP);
- takes into account all the relevant policies, legislation and other mandates for which the Department of Energy is responsible; and
- accurately reflects the performance targets which the Department of Energy will endeavour to achieve, given the resources made available in the budget, for the 2015/16 fiscal year.

Supported by:

Mr Lloyd Ganta
Acting Deputy Director-General
Official Responsible for Planning

Ms Yvonne Chetty
Chief Financial Officer

Dr Wolsey Barnard
Director-General: Energy
Acting Accounting Officer

Amb. Thembisile Majola
Deputy Minister of Energy

Approved by:

Hon. Tina Joemat-Pettersson (MP)
Minister of Energy
Executive Authority







Part B

STRATEGIC OVERVIEW

1 SITUATIONAL ANALYSIS

Over the past 20 years, South Africa has not made significant investments in the energy sector. The capacity that was created in the 1980s was sufficient until the early 2000s, when it became clear that the demand for growth, fuelled by the commodity boom, outpaced power supply and that there was an urgent need to increase supply. External constraints in the global supply chains for power generation technology, particularly for nuclear plants, underscored the importance of improving energy security by way of a timely and sustainable build programme. Most countries faced the same problem of declining generation capacity around the same time as South Africa, which resulted in global supply chains becoming constrained as competition increased for machinery and services.

The economic crisis, driven by the sub-mortgage contagion, provided some breathing room (from an energy demand perspective) as economies cooled off around 2008. This reprieve was accompanied by massive job losses as investment declined. South Africa was able to continue to keep the lights burning partly as a consequence of the economic crisis. We must not be complacent in the face of renewed signs that economic activity is picking up again. There is a need to fast track the interventions that will improve the power supply-demand situation.

The severe liquid fuels disruptions which were experienced in 2005/6 came at a significant cost to

the economy, while the infrastructure supplying the economic hub of the inland market is constrained. The growth in demand was also dampened by the global economic slowdown experienced in 2008. In response, the Department of Energy (DoE) has implemented a planning framework for the energy sector, anchored on the Integrated Energy Plan (IEP) as well as on the Integrated Resource Plan (IRP) as the instruments to drive Government's set objectives over and above supply adequacy. Issues like job creation, reducing our greenhouse gas (GHG) emissions and alignment with the New Growth Path, National Development Plan (NDP) and Government's programme of action form an integral part of this Annual Performance Plan (APP). The emerging global trends in providing energy across the world prompt Government to define objectives driven by the outcomes in the supply of energy. The investment in social infrastructure programmes is a response to these emerging global trends.

The social and economic infrastructure investment delivery involves many different implementing spheres of Government (national, provincial and local) as well as their agencies and entities, including the large state-owned entities (SOEs) such as the Electricity Supply Commission (Eskom) and the Central Energy Fund (CEF) Group, which are key players in the energy sector. There is also a private sector contribution to the built environment, including factories and the industry in general, commercial infrastructure and office space, much of which relies on and is facilitated by the existence of social and economic infrastructure investment. Important improvements have been made

in the key social and economic infrastructure sectors of electricity, transport, petroleum pipelines, water and communications as well as in industrial development zone infrastructure, social infrastructure grants and public-private partnership projects. For Government to achieve the 2030 NDP vision, South Africa must have an energy sector that promotes economic growth and development, social equity through expanded access to energy services and environmental sustainability through efforts to reduce pollution and mitigate the effects of climate change. The DoE needs to be supported by effective policies, institutions, governance systems, regulations and competitive markets.

1.1 Performance Delivery Environment

In order to ensure that the main strategic goals and outputs of the DoE are achieved, the Executive Authority announces the priorities of the DoE each year, which are informed by both the changed Government outcomes and priorities and the internal and external environment and the sustained (constitutional and legislative) mandates. Continuous monitoring and evaluation of the performance against the Executive Authority's priorities will provide progress in terms of the extent to which the DoE mandate is being executed in order to realise the intended results. The DoE continues to regulate and transform the energy sector for the provision of secure, sustainable and affordable energy.

In carrying out its mandate, the DoE formulates energy policies, regulatory frameworks and legislation

and oversees their implementation to ensure energy security, promotion of environmentally-friendly energy carriers and access to affordable and reliable energy for all South Africans. The energy sector has been shown to be an economic game changer globally. For South Africa, energy is the catalyst to revolutionise our economy and drive economic transformation. However, the current global energy situation is faced with many uncertainties. These include the complex environmental and climate change issues in which energy is a major player.

There are also persistent global economic challenges still faced by some of our major trade partners as well as continuing turmoil in the Middle East and Ukraine. All of these impact on our energy security and therefore our economic growth. The DoE needs to be responsive to all of these circumstances as we chart a course into the future. These uncertainties and departmental challenges of inadequate generation capacity; distribution infrastructure; cost of energy; access to electricity; and economic transformation as well as how the DoE will respond to them remind us that, as a nation, South Africa needs to engage in a national dialogue about our energy future.

The introduction of new power stations across a range of technologies is outlined in the IRP which proposes the development of new generation capacity in a way that optimises costs, promotes job creation and mitigates adverse climate change. The IRP 2010 policy that articulates the country's electricity generation plans to meet the demand over the 20-year horizon. The IRP 2010-2030 is being revised and updated by the DoE. The draft updated plan is in line with the national commitment to start moving toward reducing the country's carbon footprint, lowering the country's energy intensity of the economy and diversifying the electricity supply mix of the country. Renewable energy is still expected to be a main contributor to the Electricity Supply New Building Programme. In the

period leading up to 2030, the IRP makes provision for 9.6 GW of nuclear power, together with 6.3 GW of coal power, 11.4 GW from renewable energy sources and 11.0 GW from other generation sources.



The draft updated plan is in line with the national commitment to start moving toward reducing the country's carbon footprint.

The DoE continues to develop policies to address concerns for energy security and energy access. In an effort to increase security of energy supply, the DoE published a draft Strategic Stock Petroleum Policy with the objective to increase strategic stock reserves for the country in order to adequately mitigate the risks of severe fuel disruptions. In part, the draft policy directs CEF's subsidiary (Strategic Fuel Fund [SFF]) to increase its strategic stock reserve. Currently, the DoE is exploring the potential for substituting coal with gas; developing the West Coast gas resources and investing in liquefied natural gas (LNG) import and landing infrastructure; developing the West Coast off-shore gas resources for power production; securing feedstock for the gas-to-liquid Moss gas plant; conducting exploratory drilling to establish economically recoverable shale gas reserves; and investigating environmental impacts and mitigation by developing and implementing a Gas Utilisation Master Plan (GUMP).

The South African Government's policy intervention to improve the quality of transportation fuels and reduce its impact on the environment is articulated in the Cleaner Fuels Two (CF2) regulations. The CF2 specifications will come into effect in 2017. In addition to CF2, Government has gazetted a 2% mandatory blending of biofuels into transport fuels to come into effect in October 2015. The DoE, with CEF's support, is drafting the regulations governing biofuels blending. Also in process is the development of a 20-Year Liquid Fuels Infrastructure Roadmap (20YLFIRM). This will consider various scenarios satisfying current and future liquid fuel demands by considering CF2 and beyond, current and future domestic refineries, the importation of refined products and the required supporting legislative and regulatory environments.

The shale gas potential in South Africa could radically reshape the energy future with the geological extent of the possible resources being vast and located in the Karoo basin. Theoretical estimates of the Karoo shale gas potential are extremely high, placing South Africa as having the eighth largest resource of shale gas in the world. The International Energy Agency has estimated this resource base to be around 390 Tcf. The Petroleum Oil and Gas Corporation of South Africa (SOC) Limited (PetroSA) has recently estimated that about 10% of the 390 Tcf could materialise as an economically recoverable reserve. A refinery like the PetroSA refinery in Mossel Bay, which presently supplies 5% of the country's liquid fuels needs, requires about 1 Tcf for 20 years of operation. Another comparison is that 1 Tcf of shale gas can power an 800 MV electricity generator for 25 years.

In less than 20 years, Government has provided access to electricity to over 5.8 million poor households. The Electrification Programme, which is rolled out by Eskom and municipalities and which is administered by the DoE, has reduced the percentage of households without electricity to 14% (from approximately 50% in

1994). The programme is ongoing, albeit at a slower pace than in the late 1990s as new connections depend on bulk infrastructure and network extensions being made to enable household connections in the more remote areas, which increases the costs per household connection and the resourcing requirements.

Government inherited a modern electricity generation fleet that was largely fuelled by coal and able to deliver electricity at low prices by international standards. Consequently, between 1994 and 2002, comparatively little investment was made in electricity generation, given the low economic growth rates of the past. However, the unprecedented rapid post-apartheid growth of the economy defied decades-old planning expectations in the sector and the demand rapidly exceeded supply (compounded by pre-1994 decisions to mothball power stations), resulting in a supply crisis in early 2008.

Since 2005, 6 028 MW of additional capacity has been added to the national grid by upgrading existing stations, returning mothballed stations to service and building new generating plants. Despite this progress, demand has exceeded supply since early 2008. To increase the generation of electricity and open up the economy to large investors, two new large coal-fired power stations, each in excess of 4 500 MW generation capacity, are under construction (these are Medupi, which is currently 56% complete, and Kusile, which is 24% complete) and a pumped storage scheme was developed.

During the current administration, the DoE will invite the private sector to bid for contracts to supply the national grid with renewable energy in terms of the IRP 2010. Three rounds of bidding have been completed and power purchase agreements for 1 442 MW of renewable energy were signed in November 2012. Agreements were also signed for 1 043 MW of renewable energy in May 2013 and

1 456 MW of renewable energy in November 2013. Since 2005, 4 965 km of transmission lines have been installed. This translates to 23 815 MVA of additional transmission capacity. The major drivers of transmission investments have been network links to unserved areas to enable household connections, economic growth, security of supply (to the Cape and other internal regions far from coalfields and power stations) and access to generation capacity outside of South Africa. Despite the large number of transmission network improvements, more will be required in the future to enable larger numbers of electricity connections to unelectrified households and to unlock economic growth in undeveloped regions. This is being addressed within the National Infrastructure Plan (NIP) of the Presidential Infrastructure Coordinating Commission (PICC) as well as the Strategic Integrated Projects (SIPs).

The DoE has maintained cooperation with the South African Development Community (SADC) region, the African continent and the rest of the world. These strategic partnerships have been in line with the energy interest of the country, in particular the need for energy security of supply, diversification of energy mix and access to finance, technology, technical skill and information. In line with this imperative, the DoE has forged bilateral and multilateral relations that meet our strategic objectives.

The IEP has taken cognisance of the abundant clean energy resources available in the region and seeks to incorporate these sources. This marks the DoE's strategy to multi-source, with the objective of reducing our carbon footprint and driving South African's low carbon trajectory. In this regard, the DoE initiated and signed a treaty with the Democratic Republic of Congo (DRC) in 2013, which seeks to jointly develop the Grand Inga Hydropower Project (GIHP). The project has an estimated capacity to generate 40 000 MW and will be constructed in phases. The first phase aims to

generate 4 800 MW. We are currently exploring ways to operationalise the treaty and initiate the development of Phase 1. South Africa is also exploring other regional projects within the SADC region in countries such as Mozambique and Lesotho.

South Africa and the SADC region will work on regional integration of the transmission infrastructure. This will be driven by the Southern African Power Pool (SAPP). To date, the SAPP has established a day-ahead market where trading of electricity takes place among member countries. The regional transmission system needs further strengthening and connection of other countries, such as Angola, Malawi and Tanzania. There are plans to implement the interconnectors for the SAPP. The main objective of the DoE's approach toward international relations is to advance the South African Energy Agenda and facilitate sustainable development in the energy sector through bilateral, trilateral and multilateral relations with Africa and the rest of the world.

1.1.1 Taking Government to the People

In line with the Cabinet decision of March 2010, the DoE will implement the annual programme, termed 20 Izimbizo, whereby ministers are provided with the opportunity to engage with communities on energy issues. Designed to offer quality and value to communities by sharing relevant information with the different target audiences of the DoE, the Izimbizo Outreach Programme aims to be interactive in its engagement with communities in order to better understand their needs, concerns and challenges. During the 2015/16 fiscal year, the DoE will continue with the Izimbizo Outreach Programme, which will be staged among communities in all nine provinces. The focus areas will encompass the DoE's primary areas of delivery, including developments of the Integrated National Electrification Programme (INEP), the Renewable Energy Independent Power Producer

Programme (REIPPP), fuel security and pricing, the nuclear build, biofuels, energy efficiency (EE) and the status of energy legislation, among others.

1.1.2 The Service Delivery Improvement Plan

In accordance with the Public Service Regulations, Chapter 1, Part III C, the DoE has developed and

produced a Service Delivery Improvement Plan (SDIP) and Service Delivery Charter which set out the service standards that citizens and customers can expect from the DoE and which serve to explain how the DoE will meet each of these standards. The DoE has developed an SDIP for the period 1 April 2013 to 31 March 2016 which aims to:

- outline the key services that the DoE provides;

- identify the key services that the DoE will focus on improving during the next three years;
- identify the beneficiaries that coincide with these key services; and
- complete the DoE template to ensure that the DoE is aligned with the norms and standards.

Table 1: The SDIP working group adopted the following three-phased approach to compiling the SDIP

| | Establish a Baseline Model | Identify Opportunities | Develop SDIP for the DoE |
|----------------|--|--|--|
| Key activities | Determine the service delivery baseline model by conducting interviews & workshops in line with the following areas: <ul style="list-style-type: none"> - Services - Channels - Facilities - IT infrastructure - Organisational structure - Processes - Customers | <ul style="list-style-type: none"> - Analyse data gathered. - Prioritise improvement areas using data collected during interviews & the baseline workshops. - Ensure alignment to the DoE Strategic Plan & APP & the NDP. | <ul style="list-style-type: none"> - Develop the draft SDIP for the DoE to be reviewed at EXCO & MANCO meetings. - Link the SDIP to the Government's & the DoE's strategic objectives. |
| Key outcomes | Baseline service delivery model. | Prioritised service delivery improvement areas. | Service delivery improvement plans. |

The following SDIPs were identified during the SDIP prioritisation workshop:

- The improvement of the petroleum licensing process;
- The electrification of the country, in particular low-cost residential housing; and
- The improvement of the nuclear licensing process.

Monitoring the implementation of the SDIP will be done by the DoE on a quarterly basis and will be reported to the Department of Public Service and Administration (DPSA) annually. Additionally, the reporting cycles will be aligned with the Medium-Term Expenditure Framework (MTEF) period as stipulated by National Treasury (NT). The SDIP will be reviewed on an annual basis as part of the strategic planning process.

1.1.3 Alignment to the Medium-Term Strategic Framework and National Development Plan Priorities

The EXCO of the DoE established a Strategic Steering Committee (SSC) which comprised the DoE branch representatives who, working together, interrogate and recommend performance information to the EXCO to approve the DoE's Strategic Plan and APP. The most critical document that the SSC has developed is the DoE 2014-2019 Strategic Alignment document that is in line with Government policy priority as envisaged in the NDP, Medium-Term Strategic Framework (MTSF), State of the Nation Address (SoNA) June 2014, Budget Vote Speech 2014 and other relevant policy prescriptions.

1.1.4 Strategic Integrated Projects

The implementation of the SIPs is coordinated and monitored quarterly by the PICC chaired by President Jacob Zuma and the DoE leads the Ministerial Cluster on Economic/Employment and Infrastructure with the following participating departments:

- Economic Development Department;
- Department of Transport;
- Department of Public Enterprises (DPE);
- DoE;
- Department of Water and Sanitation;
- Department of Environmental Affairs and Tourism (DEAT);
- Department of Communications;
- Department of Rural Development and Land Reform;

- Department of Public Works;
- Department of Cooperative Governance and Traditional Affairs;
- NT;
- Department of Science and Technology; and
- Department of Planning, Performance Monitoring and Evaluation.

At SIP level, the Ministers, Acting Directors-General (DGs) and other stakeholders will be called upon to participate in or contribute to the processes and proceedings of the PICC as required by the President.

Cabinet adopted an Infrastructure Plan that is intended to transform the economic landscape of South Africa, create

a significant number of new jobs, strengthen the delivery of basic services to the population and support the integration of African economies. Eighteen SIPs have been developed and approved to support economic development and address service delivery in the poorest provinces.

Table 2: The DoE's involvement in the SIPs chaired and co-chaired projects

| Strategic Integrated Project | Departmental Contribution |
|---|--|
| 6. Integrated Municipal Infrastructure Project | <p>This SIP is chaired by the Minister of Energy.</p> <p>The main functions of this SIP are to address all maintenance backlogs & upgrades required in water, electricity & sanitation bulk infrastructure in the 23 least resourced district municipalities, covering 17 million people, in a project that is nationally managed, but locally delivered. The DoE is contributing to this SIP through the following programmes:</p> <ul style="list-style-type: none"> - INEP - NSWHP |
| 8. Green Energy in Support of the South African Economy | <p>This SIP is co-chaired by the Minister of Economic Development & the Minister of Energy.</p> <p>The main functions of this SIP are to support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the IPR 2010 & to support biofuel production facilities.</p> <p>The DoE is contributing to this SIP through the following programmes:</p> <ul style="list-style-type: none"> - IPP - Biofuels - Clean Energy - NSWHP - Solar Park |
| 10. Electricity Transmission & Distribution for All | <p>This SIP is co-chaired by the Minister of Public Enterprises & the Minister of Energy.</p> <p>The main functions of this SIP are:</p> <ul style="list-style-type: none"> - To accelerate the transmission & distribution network to address historical imbalances, provide access to electricity for all & support economic development. - To align the 10-Year Transmission Plan, the service backlogs, the national broadband rollout & the freight rail line development to leverage off regulatory approvals, supply chain & project development capacity. <p>The DoE is contributing to this SIP through the following programmes:</p> <ul style="list-style-type: none"> - INEP - ADAM - Mini-ADAM (providing subsidies to 9 municipalities to address the maintenance, refurbishment & backlog concerns in order to improve the quality of electricity supply). |

Table 2: The DoE's involvement in the SIPs chaired and co-chaired projects (continued)

| Strategic Integrated Project | Departmental Contribution |
|--|--|
| 17. Regional Integration for African Cooperation & Development | <ul style="list-style-type: none"> - Develop Southern Africa's hydro resources & enhance inter-regional electricity trade. - At least 1 major regional hydroelectric scheme approved over MTSF. - Participate in mutually beneficial infrastructure projects to unlock long-term socio-economic benefits by partnering with fast-growing African economies with projected growth ranging between 3% & 10%. - The projects involving transport, water & energy also provide competitively-priced, diversified, short- & medium- to long-term options for the South African economy where, for example electricity transmission in Mozambique (Cesul) could assist in providing cheap, clean power in the short term whilst the GIHP in the DRC is long term. - All these projects complement the FTA discussions to create a market of 600 million people in South Africa, Central Africa & East Africa. |

1.2 Organisational Environment

The DoE was established in 2009 with a permanent staff complement of 426 and 97 additional employees comprising interns and contract employees. Following the development of the strategic outcomes for the DoE, the approved organisational structure was reviewed to align it with the mandate as well as the strategic priorities of the DoE. The alignment of the revised organisational structure with the strategic outcomes and service delivery agreements as signed between the Minister and the President led to the creation of the following line function branches:

- Energy Policy and Planning;
- Petroleum and Petroleum Products Regulation;
- Nuclear Energy;
- Clean Energy; and
- Energy Programmes and Projects.

The aforementioned realignment of the structure has, among others, ensured that previous challenges relating to reporting and accountability lines are properly addressed. The approved organisational structure was implemented in a phased approach due to financial constraints within the DoE's MTEF allocations. As a result, the DoE has continued to explore and embark on various interventions to improve the efficiency and effectiveness of the organisation

within the baseline allocations and has creatively and innovatively implemented key aspects of an approved Integrated Human Resource Plan in order to improve its (HR) capacities and capabilities.

The Minister of Energy indicated that the revised DoE organisational structure is not adequately configured to effectively and efficiently respond to the ANC manifesto and the NDP on the energy mandate, as it does not respond to the radical economic transformation of the country as pronounced by the President. The DoE will therefore embark on the review of the structure in partnership with DPSA and to, among others, do an in depth analysis of the structure so as to ensure re-alignment thereof with the mandate and strategic priorities of the DoE. It is envisaged that this priority process will form the foundation of HR processes to follow during the next five years.

As at the end of the 2013/14 fiscal year, the DoE's permanent staff complement had increased to 550 employees, with a further 57 employees appointed in addition to the approved establishment. The DoE relocated to a stand-alone building, namely the Matimba House, with branding that reflects its image and the work it does as the DoE. The annual programme for employee performance management and development commenced with the submission of

performance agreements and the overall submission rate exceeded the target of 80%, although an improved compliance rate is desired. The performance review moderation for the 2012/13 performance cycle was timeously concluded and performance rewards were paid on time and within budget. The Performance Management and Development System (PMDS) workshops undertaken during 2014 were well attended by staff members below senior management service (SMS) level.

The DoE conducted a culture survey to determine the current underlying challenges within the organisation. Some of the critical issues identified include the enhancement and/or better application of the PMDS; enhancement of the leadership and management capability; and project management. The development and implementation of the Human Resource Development Strategy has, among others, resulted in a programme that aims to address the critical skills shortages in the energy sector and has led to the placement of 54 interns in various municipalities around the country. To enhance the DoE's capacity to deliver on its mandate, partnerships were formed in addition to the focused HR development interventions with the Energy and Water Sector Education and Training Authority (EWSETA) and the Chemical Industries Education and Training Authority (CHIETA)

to increase the scope of energy training to meet the growing skills needs of the energy sector.

In terms of communication, the planned programme of public outreach and awareness campaigns and interactions with specific external audiences as well as the general public was implemented to increase awareness of Government's energy programme. A schedule of activities and events, aimed at broadening access to energy sector information, was implemented to ensure the communication and distribution of relevant information to defined internal and external stakeholders. In this way, energy sector target markets were also informed of the continuously growing and evolving energy issues.

Recognising the importance of an informed staff complement for enhanced service delivery, the DG continued to engage with employees at quarterly staff interaction sessions. Through these sessions, employees were provided with an opportunity to constructively engage with the leadership of the DoE on issues that affect their ability to implement the

DoE's mandate. During 2013/14, the DoE further enhanced internal communication by introducing a number of platforms for direct interaction between the Ministry, the executives and officials. Among the most successful vehicles used were the *Daily Team Energy Updates*, providing updates on internal developments; the *Energy Update* monthly newsletter; biquarterly information sessions; and periodic Ministerial staff interaction sessions.

The DoE trained 282 officials on various skills programmes during the 2013/14 fiscal year, as part of the implementation of the Workplace Skills Plan (WSP). Among these were:

- Project KHAEDU;
- the Advanced Management Development Programme;
- the Compulsory Induction Programme;
- the Basic and Advanced Project Management Course;
- the Legislative Drafting;
- the Basic Charts of Accounts and Economic Reporting Format;

- the Policy Development;
- Financial Management;
- the Leadership and Management Development Programme; and
- the Excellent Customer Service for Frontline Staff.

The DoE furthermore offered 66 new bursaries to serving employees, with effect from the beginning of the 2014 academic year. This brought the total number of employees studying part-time at various institutions to 77.

Following the outcome of the skills audit conducted within the DoE, a WSP was compiled to address requirements. The WSP was submitted to the Public Service Education and Training Authority (PSETA), EWSETA and CHIETA for implementation.

The DoE also successfully implemented an internship programme with various municipalities, with a total of 54 interns being beneficiaries of this programme.

Table 3: Departmental programmes

| Programme | Programme Purpose |
|--|---|
| 1. Administration | Provide strategic support & management services to the Ministry & the DoE. |
| 2. Energy Policy & Planning | Ensure evidence-based planning, policy setting & investment decisions in the energy sector to improve energy security through supply- & demand-side management options & increase competition through regulation. |
| 3. Petroleum & Petroleum Products Regulation | Manage the regulation of petroleum & petroleum products to ensure optimum & orderly functioning of the petroleum industry to achieve Government's developmental goals. |
| 4. Electrification & Energy Programme & Project Management | Manage, coordinate & monitor programmes & projects focused on access to energy. |
| 5. Nuclear Energy | Manage the South African nuclear energy industry & control nuclear material in terms of international obligations, nuclear legislation & policies to ensure the safe & peaceful use of nuclear energy. |
| 6. Clean Energy | Manage & facilitate the development & implementation of clean & renewable energy initiatives as well as EEDSM initiatives. |

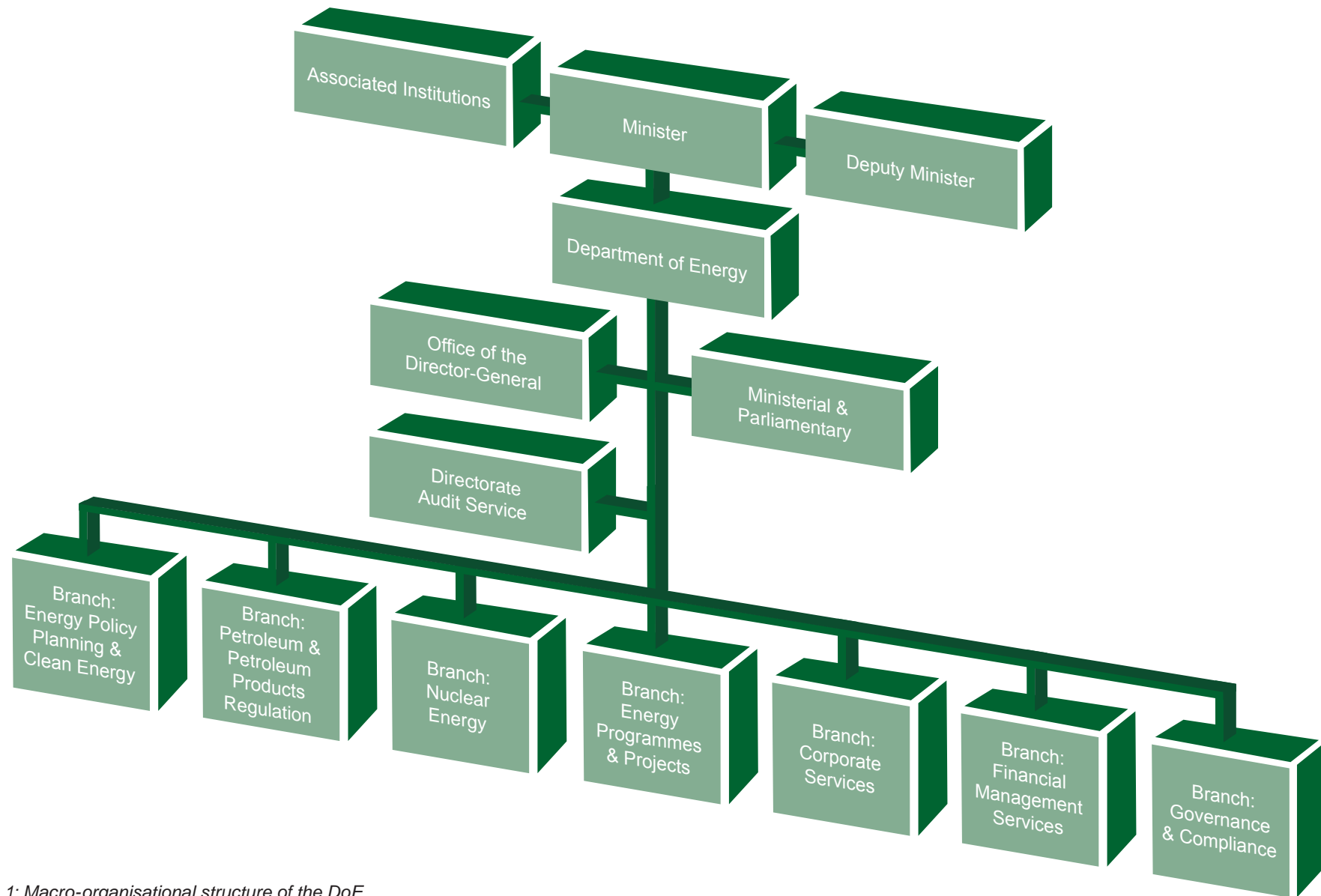


Figure 1: Macro-organisational structure of the DoE

1.3 The Duties of Each of the Branches of the Department of Energy

1.3.1 Programme 1: Administration

This programme provides strategic support and management services to the Ministry and the DoE. The functions include finance and supply chain management (SCM), corporate support, governance and compliance and international coordination.

1.3.2 Programme 2: Energy Policy and Planning

The purpose of this programme is to ensure evidence-based planning, policy setting and investment decisions in the energy sector to improve energy security through supply- and demand-side management options and increase competition through regulation. The functions include demand management, Competition, Energy Policy, energy planning, energy publications, Distribution Asset Management Plan and Liquid Fuels Infrastructure Plan.

1.3.3 Programme 3: Petroleum and Petroleum Products Regulation

Petroleum and Petroleum Products Regulation manages the regulation of petroleum and petroleum products to ensure the optimum and orderly functioning of the petroleum industry to achieve Government's developmental goals. The functions include the Regulatory Accounting System (RAS), sector transformation, compliance monitoring and enforcement, petroleum licensing as well as fuel price regulation.

1.3.4 Programme 4: Electrification and Energy Programme and Project Management

This programme includes managing, coordinating and monitoring programmes and projects focused

on access to energy. The functions include universal access, electricity distribution asset management, project management, electricity infrastructure/industry transformation, community upliftment and regional information, inspections and liaison.

1.3.5 Programme 5: Nuclear Energy

The purpose of this programme is to manage the South African nuclear energy industry and control nuclear materials in terms of international obligations, nuclear legislation and policies to ensure the safe and peaceful use of nuclear energy. The functions include nuclear security, nuclear control and accounting, radioactive waste management and nuclear energy expansion/infrastructure developments.

1.3.6 Programme 6: Clean Energy

The purpose of this programme is to manage and facilitate the development and implementation of clean and renewable energy initiatives as well as EEDSM initiatives. The functions include climate change and environment, EE and demand management, Energy Management Plan and renewable energy.



Programme 1 provides strategic support and management services to the Ministry and the DoE.



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2 REVISIONS TO LEGISLATIVE AND OTHER MANDATES

The following acts regulate the energy sector and reflect the legislative measures that the DoE has instituted:

- The National Energy Act, 2008 (Act No. 34 of 2008);
- The Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended; and
- The Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended.

Table 4: The primary legislation that mandates the DoE

| Act | Description |
|--|---|
| The National Energy Act, 2008 (Act No. 34 of 2008) | <p>The National Energy Act, 2008, is the enabling legislation that empowers the Minister of Energy to ensure that diverse energy resources are available in sustainable quantities & at affordable prices in the South African economy to support economic growth & poverty alleviation, while also taking into account environmental considerations. The act also provides for:</p> <ul style="list-style-type: none"> - energy planning; - increased generation & consumption of renewable energy; - contingency energy supply; - the holding of strategic energy feedstock & carriers; - adequate investment in appropriate upkeep & access to energy infrastructure; - measures for the furnishing of certain data & information regarding energy demand; - supply & generation; & - the establishment of an institution to be responsible for the promotion of efficient generation & consumption of energy & energy research. |
| The Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended | <p>The Petroleum Products Act, 1977, provides for:</p> <ul style="list-style-type: none"> - measures in the saving of petroleum products & economy in the cost of distribution thereof; - the maintenance & control of the price thereof; - the furnishing of certain information regarding petroleum products; - the rendering of service of a particular kind or standard in connection with petroleum products; - the licensing of persons involved in the manufacturing, wholesaling & retailing of prescribed petroleum products; - the promotion of the transformation of the South African petroleum & liquid fuels industry; & - the promulgation of regulations relating to such licences & matters incidental thereto. |
| The Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended | <p>The Electricity Regulation Act, 2006, replaced the Electricity Act, 1987 (Act No. 41 of 1987) as amended, with the exception of Section 5B, which provides for the funds for the energy regulator for the purpose of regulating the electricity industry. The act establishes a national regulatory framework for the electricity supply industry & introduces the NER as the custodian & enforcer of the National Electricity Regulatory Framework. The act also provides for licences & registration as the manner in which generation, transmission, distribution, trading & the import & export of electricity are regulated. Section 34(1) empowers the Minister of Energy to make determinations for the establishment of IPPs for the purpose of creating greater competition in the electricity generation sector, so as to increase the supply of electricity.</p> |

Table 5: Acts which provide a broader mandate to the energy sector and are administered by the DoE

| Act | Description |
|--|--|
| The Central Energy Fund Act, 1977 (Act No. 38 of 1977), as amended | <p>The Central Energy Fund Act, 1977, as amended, provides for:</p> <ul style="list-style-type: none"> - the payment of certain moneys into the CEF & for the utilisation & investment thereof; - the imposition of a levy on fuel & for the utilisation & investment thereof; - the control of the affairs of the CEF (Pty) Ltd by a board of directors for the safeguarding of records of all transactions entered into for account of the CEF or the Equalisation Fund & of certain other transactions; - the investigation, examination & auditing of the books, accounts & statements kept & prepared in connection with the said transactions; - the submission to Parliament of a report relating to the said investigation, examination & auditing; & - matters connected with the act. |
| The Nuclear Energy Act, 1999 (Act No. 46 of 1999) | <p>The Nuclear Energy Act, 1999, provides for:</p> <ul style="list-style-type: none"> - the establishment of NECSA (a public company wholly owned by the state) & the definition of its functions & powers & its financial & operational accountability; - its governance & management by a board of directors, the composition of the board & a chief executive officer; - the responsibilities for the implementation & application of the Safeguards Agreement & additional protocols entered into by the IAEA in support of the Nuclear Non-Proliferation Treaty acceded to by the Republic for the regulation of the acquisition & possession of nuclear fuel, certain nuclear & related material & equipment, & the importation & exportation of nuclear material, & certain other acts & activities relating to that fuel, material & equipment in order to comply with the international obligations of the Republic; & - prescribing measures regarding discarding radioactive waste & the storage of irradiated nuclear fuel & incidental matters. |
| The National Nuclear Regulator Act, 1999 (Act No. 47 of 1999) | <p>The National Nuclear Regulator Act, 1999, provides for:</p> <ul style="list-style-type: none"> - the establishment of the NNR in order to regulate nuclear activities, its objectives & functions, the manner in which it is to be managed & its staff matters, safety standards & regulatory practices; & - the protection of persons, property & the environment against nuclear damage & matters connected therewith. |
| The National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008) | <p>The National Radioactive Waste Disposal Institute Act, 2008, provides for the establishment of the NRWDI in order to manage radioactive waste disposal on a national basis for its functions & for the manner in which it is to be managed & regulation of staff & matters connected therewith.</p> |
| The Petroleum Pipelines Act, 2003 (Act No. 60 of 2003) | <p>The Petroleum Pipelines Act, 2003, provides for the establishment of a national regulatory framework for petroleum pipelines, a Petroleum Pipelines Regulatory Authority as the custodian & enforcer of the national regulatory framework & matters connected therewith.</p> |
| The Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004) | <p>The Petroleum Pipelines Levies Act, 2004, provides for imposition of levies by the PPRA & matters connected therewith.</p> |
| The Gas Act, 2001 (Act No. 48 of 2001) | <p>The Gas Act, 2001, provides for the orderly development of the piped gas industry, establishes a national regulatory framework, an NGR as the custodian & enforcer of the national regulatory framework & matters connected therewith.</p> |
| The Gas Regulator Levies Act, 2002 (Act No. 75 of 2002) | <p>The Gas Regulator Levies Act, 2002, provides for the imposition of levies by the NGR & matters connected therewith.</p> |
| The National Energy Regulator Act, 2004 (Act No. 40 of 2004) | <p>The National Energy Regulator Act, 2004, provides for the establishment of a single regulator to regulate the electricity, piped-gas & petroleum pipeline industries & matters connected therewith.</p> |
| The Abolition of the National Energy Council Act, 1991 (Act No. 95 of 1991) | <p>The Abolition of the National Energy Council Act, 1991, provides for the abolition of the National Energy Council, the transfer of powers, assets, liabilities, rights, duties, obligations & staff of the Council to the Minister & for matters incidental thereto.</p> |

In addition to the aforementioned acts, the DoE is further mandated by acts not administered by the DoE, including among others:

- the National Environmental Management Act, 1999 (Act No. 107 of 1999);
- the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002);
- the Disaster Management Act, 2002 (Act No. 57 of 2002);
- the Hazardous Substances Act, 1973 (Act No. 16 of 1973); and
- the National Ports Act, 2005 (Act No. 12 of 2005).

2.1 Relevant Court Rulings

The DoE, to date, has never experienced any court rulings that may significantly or in an ongoing manner impact on the operations or service delivery obligations.

2.2 Planned Policy Initiatives

The DoE intended to submit the below legislations to Cabinet and Parliament for approval in the next five years.

Table 6: Legislation scheduled for submission to Cabinet and Parliament

| Name of the Bill | Strategic Focus of the Bill | Date for Submission of the Bill to Cabinet | Date for Submission of the Bill to Parliament | Impact |
|---|--|--|---|--|
| Electricity Industry Structure Bill | To encourage increased investment in electricity generation to enable the country to meet the required electricity supply capacity needed for economic growth. | March 2016. | March 2017. | Increased investment in power generation. |
| Electricity Regulation Amendment Bill (to amend the Electricity Regulation Act, 2006 [Act No. 4 of 2006], as amended) | To provide a regulatory framework that promotes IPP participation. | September 2015. | March 2016. | Increased investment & capacity in power generation. |
| Energy Regulator Amendment Bill (to amend the National Energy Regulator Act, 2004 [Act No. 40 of 2004]) | To promote efficient regulation of the energy sector. | September 2015. | March 2016. | Promotion of administrative justice in the decisions made by the energy regulator. |

Table 6: Legislation scheduled for submission to Cabinet and Parliament (continued)

| Name of the Bill | Strategic Focus of the Bill | Date for Submission of the Bill to Cabinet | Date for Submission of the Bill to Parliament | Impact |
|--|--|--|---|--|
| Promulgated National Nuclear Regulator Amendment Act | To review & update existing legislation, taking into consideration the current developments. | March 2016. | March 2017. | Provide for an efficient & effective regulatory environment. |
| Nuclear Energy Act Amendment Bill | To review & update existing legislation, taking into consideration the current developments. | March 2016. | March 2017. | Provide for an efficient & effective regulatory environment. |
| National Radioactive Waste Management Fund Bill | To ensure existence of the funding mechanism for radioactive waste management. | March 2016. | March 2017. | Provide a long-term funding model or mechanism. |
| Develop SFF Bill | To establish a national petroleum reserve organisation to manage the strategic stock of petroleum & gas. | March 2016. | September 2016. | Enhance energy security. |

2.3 Strategic Outcomes-Orientated Goals of the Department of Energy

Table 7: The DoE's Strategic Outcomes-Orientated Goals

| Strategic Outcomes-Orientated Goals | Goal Statement |
|--------------------------------------|--|
| 1. Security of Supply | To ensure that energy supply is secure & demand is well managed. |
| 2. Infrastructure | To facilitate an efficient, competitive & responsive energy infrastructure network. |
| 3. Regulation & Competition | To ensure that there is improved energy regulation & competition. |
| 4. Universal Access & Transformation | To ensure that there is an efficient & diverse energy mix for universal access within a transformed energy sector. |
| 5. Environmental Assets | To ensure that environmental assets & natural resources are protected & continually enhanced by cleaner energy technologies. |
| 6. Climate Change | To implement policies that adapt to & mitigate the effects of climate change. |
| 7. Corporate Governance | To implement good corporate governance for effective & efficient service delivery. |

3 OVERVIEW OF THE 2015/16 BUDGET AND MEDIUM-TERM EXPENDITURE FRAMEWORK

3.1 Expenditure Estimates

Table 8: The 2015/16 expenditure estimates and MTEF baseline

| | Baseline | | | | | MTEF | | |
|---|----------------------|------------------|------------------|--------------------------------|------------------------|-----------------------------|------------------|------------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Programmes | Rand Thousand | | | | | | | |
| Administration | 192 689 | 215 824 | 232 558 | 244 122 | 257 290 | 242 598 | 245 552 | 258 029 |
| Energy Policy & Planning | 1 541 920 | 1 544 229 | 47 756 | 52 583 | 57 553 | 45 096 | 46 465 | 49 004 |
| Petroleum & Petroleum Products Regulation | 15 167 | 28 263 | 25 836 | 82 745 | 84 531 | 74 378 | 76 538 | 80 666 |
| Electrification & Energy Programme Project Management | 3 286 489 | 3 136 355 | 3 958 525 | 4 199 212 | 4 208 616 | 5 778 297 | 6 034 278 | 6 393 250 |
| Nuclear Energy | 642 266 | 643 417 | 722 501 | 850 502 | 843 829 | 654 398 | 669 335 | 765 928 |
| Clean Energy | 495 731 | 1 090 896 | 1 489 887 | 1 986 475 | 1 985 975 | 687 327 | 622 788 | 787 461 |
| Total | 6 174 262 | 6 658 984 | 6 477 063 | 7 415 639 | 7 437 794 | 7 482 094 | 7 694 956 | 8 334 338 |

| Economic Classification | Rand Thousand | | | | | | | |
|---|----------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Current payments | 341 174 | 371 693 | 414 785 | 518 334 | 530 710 | 492 595 | 498 391 | 524 714 |
| Compensation of employees | 184 837 | 201 484 | 228 545 | 291 947 | 286 021 | 289 479 | 309 808 | 328 560 |
| Salaries & wages | 162 738 | 177 272 | 201 791 | 251 075 | 245 149 | 258 844 | 277 090 | 293 879 |
| Social contributions | 22 099 | 24 212 | 26 754 | 40 872 | 40 872 | 30 635 | 32 718 | 34 681 |
| Goods & services of which: | 156 337 | 170 209 | 186 240 | 226 387 | 244 689 | 203 116 | 188 583 | 196 154 |
| Administrative fees | 2 331 | 2 300 | 4 023 | 3 037 | 3 692 | 3 861 | 3 566 | 3 743 |
| Advertising | 2 703 | 3 531 | 15 970 | 7 731 | 10 285 | 12 327 | 8 223 | 8 531 |
| Assets less than the capitalisation threshold | 230 | 125 | 389 | 6 036 | 6 056 | 4 140 | 3 506 | 4 454 |
| Audit costs: External | 4 104 | 4 781 | 4 460 | 3 149 | 3 149 | 3 572 | 3 313 | 3 450 |
| Bursaries: Employees | 837 | 793 | 696 | 871 | 871 | 853 | 792 | 823 |

Table 8: The 2015/16 expenditure estimates and MTEF baseline (continued)

| | Baseline | | | | | MTEF | | |
|---|----------------------|---------|---------|--------------------------------|------------------------|-----------------------------|---------|---------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Catering: Departmental activities | 1 623 | 1 537 | 2 641 | 2 022 | 2 049 | 2 547 | 2 137 | 2 234 |
| Communication (G&S) | 5 826 | 6 502 | 6 853 | 9 719 | 10 089 | 7 195 | 6 677 | 6 730 |
| Computer services | 6 598 | 3 928 | 7 975 | 7 209 | 7 209 | 7 105 | 6 687 | 6 979 |
| Consultants & professional services: Business & advisory services | 35 563 | 16 176 | 25 387 | 34 857 | 43 105 | 46 833 | 46 002 | 48 617 |
| Consultants & professional services: Infrastructure & planning | - | - | - | - | - | - | - | - |
| Consultants & professional services: Legal costs | 914 | 4 374 | 504 | 491 | 1 457 | 450 | 418 | 435 |
| Contractors | 1 481 | 3 720 | 2 041 | 1 773 | 1 773 | 1 423 | 1 323 | 373 |
| Agency & support/outsourced services | 374 | 357 | 995 | 2 510 | 2 510 | 780 | 759 | 789 |
| Entertainment | 114 | 57 | 69 | 174 | 174 | 612 | 158 | 162 |
| Fleet services (including Government motor transport) | - | 162 | 304 | 708 | 857 | 694 | 647 | 671 |
| Inventory: Clothing material & accessories | - | - | - | 2 | 2 | 281 | 207 | 245 |
| Inventory: Fuel, oil & gas | 17 | 21 | - | 4 | 4 | 4 | 4 | 4 |
| Inventory: Learner & teacher support material | 2 | 2 | - | - | - | - | - | - |
| Inventory: Materials & supplies | 122 | 232 | - | 33 | 33 | 32 | 30 | 31 |
| MedSAS inventory interface | - | - | - | 2 | 2 | - | - | - |
| Inventory: Medicine | 24 | 1 | - | 1 | 1 | - | - | - |
| Inventory: Other supplies | 402 | 491 | - | 300 | 300 | 81 | 75 | 78 |
| Consumable supplies | - | - | 795 | 815 | 832 | 2 120 | 1 989 | 2 180 |
| Consumable: Stationery, printing & office supplies | 2 452 | 2 434 | 3 911 | 4 032 | 4 296 | 4 638 | 4 474 | 4 611 |

Table 8: The 2015/16 expenditure estimates and MTEF baseline (continued)

| | Baseline | | | | | MTEF | | |
|---|----------------------|------------------|------------------|--------------------------------------|---------------------------|-----------------------------|------------------|------------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Operating leases | 25 830 | 27 575 | 26 709 | 36 914 | 36 176 | 36 137 | 33 531 | 34 837 |
| Property payments | 472 | 20 151 | 6 181 | 2 337 | 3 387 | 29 | 860 | 822 |
| Transport provided: Departmental activities | - | - | 345 | 4 238 | 4 238 | 3 131 | 297 | 314 |
| Travel & subsistence | 40 121 | 40 539 | 58 034 | 57 758 | 61 256 | 45 110 | 44 547 | 44 887 |
| Training & development | 2 522 | 2 095 | 4 003 | 5 239 | 4 373 | 4 283 | 4 111 | 4 229 |
| Operating payments | 13 463 | 23 989 | 2 817 | 6 664 | 6 865 | 5 393 | 4 946 | 5 183 |
| Venues & facilities | 8 210 | 4 326 | 11 110 | 27 334 | 29 221 | 9 068 | 8 915 | 9 338 |
| Rental & hiring | 2 | 10 | 28 | 427 | 427 | 417 | 389 | 404 |
| Transfers & subsidies | 5 829 000 | 6 276 700 | 6 050 595 | 6 892 110 | 6 901 889 | 6 985 492 | 7 192 470 | 7 805 297 |
| Provinces & municipalities | 1 376 611 | 1 351 443 | 1 815 490 | 1 241 563 | 1 241 563 | 2 158 239 | 2 221 871 | 2 400 284 |
| Departmental agencies (non-business entities) | 55 530 | 99 022 | 202 504 | 196 382 | 197 257 | 87 270 | 38 246 | 99 394 |
| Foreign governments & international organisations | - | - | 38 903 | 12 055 | 12 055 | 16 612 | 17 375 | 17 907 |
| Public corporations | 4 223 644 | 4 767 576 | 3 883 109 | 5 345 115 | 5 345 115 | 4 591 916 | 4 748 145 | 5 095 538 |
| Private enterprises | 173 051 | 58 328 | 110 320 | 96 621 | 105 525 | 131 067 | 166 424 | 191 745 |
| Households | 164 | 331 | 269 | 374 | 374 | 388 | 409 | 429 |
| Payments for capital assets | 4 029 | 10 555 | 11 683 | 5 195 | 5 195 | 4 007 | 4 095 | 4 327 |
| Transport equipment | 1 259 | 350 | - | - | - | - | - | - |
| Other machinery & equipment | 2 770 | 9 590 | 11 335 | 5 195 | 5 195 | 4 007 | 4 095 | 4 327 |
| Software & other intangible assets | - | 615 | 348 | - | - | - | - | - |
| Payments for financial assets | 59 | 36 | - | - | - | - | - | - |
| Total | 6 174 262 | 6 658 984 | 6 477 063 | 7 415 639 | 7 437 794 | 7 482 094 | 7 694 956 | 8 334 338 |

3.2 Relating Expenditure Trends to Strategic Outcomes-Orientated Goals

The NDP envisages that by 2030, South Africans will have an adequate supply of electricity and liquid fuels to ensure that economic activity and well-being are not disrupted. In addition, more than 90% of the population should enjoy access to electricity. Over the medium term, the DoE will focus on the security of energy resources and energy supply, including through diversifying the energy generation mix, improving the quality of petroleum fuels, increasing household access to electricity, improving the management of demand and increasing EE.

3.2.1 Diversifying the Energy Generation Mix

The DoE's strategy to pursue an energy mix that includes clean and renewable resources allows it to contribute to meeting the needs of South Africa's growing economy without compromising Government's commitment to sustainable development. The 2010 IRP, which is currently being revised, articulates South Africa's electricity generation plans to meet demand over the 20-year horizon. The plan proposes the development of new generation capacity that optimises costs, promotes job creation and mitigates the effects of adverse climate change. This new capacity will include new power stations that use a range of generation technologies. Gas is one of the energy resources being investigated to increase the energy generation mix. The DoE is developing a GUMP, which will take a 30-year view of the gas industry from the regulatory, economic and social perspectives. The DoE is phasing in IPPs that use renewable energy technologies. At the end of March 2014, there were six IPP projects with a total capacity of approximately 191.13 MW. In the second phase, most projects are at the initial construction stage and are expected to be completed in 2016/17. In the third phase, 19 projects across various technologies are in the third round of

bidding. This phase will lead to 1 473 MW of capacity. The REIPPP has attracted over R 150 billion in foreign direct investment to date.

3.2.2 Improving the Quality of Petroleum Fuels

Government's policy to improve the quality of petroleum fuels and reduce their impact on the environment is articulated in the CF2 regulations, which will introduce new fuel specifications that align local fuel quality to international standards. The regulations will come into effect in 2017/18. Government has gazetted a 2% mandatory blending of biofuels into petroleum fuels to come into effect in October 2015. Also in process is a 20YLFIRM, which aims to provide a framework for the cost effective security of supply. Expenditure for both policy making and implementation are in the Energy Policy and Planning Programme. R 8.9 million of Cabinet approved budget reductions over the medium term will be effected in the Petroleum Compliance, Monitoring and Enforcement Sub-Programme of the Petroleum and Petroleum Products Regulation Programme, due to unfilled posts. This means that planned new posts can no longer be created and there will thus be 800 fewer petroleum site inspections over the period.

3.2.3 Increasing Household Access to Electricity

By 2017/18, 285 000 households are targeted to be electrified, funded by earmarked allocations for the INEP. This is 57 000 fewer households than previously targeted, due to Cabinet approved reductions of R 569.1 million to be effected on the programme over the medium term. The programme electrifies households through both grid and non-grid connections and builds and upgrades substations and electricity networks. The DoE funds the programme through transfers to Eskom and municipalities in the Electrification and Energy Programme and Project Management Programme. Despite the reductions, transfers to municipalities are

expected to grow at an average annual rate of 25.8% over the medium term and transfers to Eskom at an average annual rate of 10.2%, increasing expenditure from R 4.2 billion in 2014/15 to R 6.4 billion in 2017/18. However, the cost of electrification connections is expected to increase over the medium term, because the programme is shifting to deep rural areas and the work will require more expensive hardware, among other factors incurring higher costs. Spending on electrification infrastructure is expected to increase to R 6.4 billion by 2017/18 in the INEP Sub-Programme of the Electrification and Energy Programme and Project Management Programme. Non-grid electrification programmes will be extended countrywide. The programmes will be implemented in any area where extending the grid would not be cost-effective and not only in concessionary areas (which are low density and low consumption households where non-grid service providers have been appointed to provide solar home systems). Over the medium term, 65 000 non-grid connections are expected to be made, funded by R 170 million reprioritised from transfers to Eskom. Transfers for non-grid electrification are projected to increase from R 105.5 million in 2014/15 to R 191.7 million in 2017/18.

3.2.4 Improving the Management of Demand

R 179.5 million is allocated to the South African National Energy Development Institute (SANEDI) under the Clean Energy Programme to support the implementation of smart metering. Smart meters allow users to monitor and manage usage and can address challenges in municipalities' capabilities for managing electricity revenue. The DoE is in the process of establishing the current state of the smart grid industry, identifying gaps in the standardisation of smart grids, involving and training stakeholders and concluding decisions on suitable pilot sites for the initial implementation of smart metering.

3.2.5 Increasing Energy Efficiency

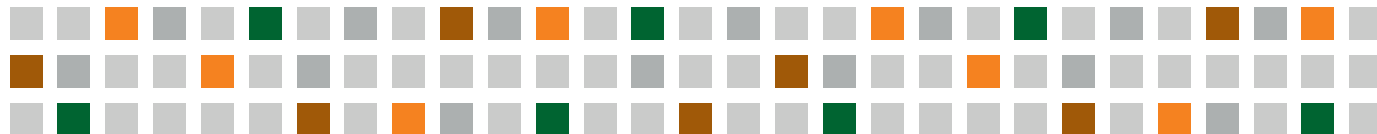
The national EE strategy and the NSWHP are funded through the Clean Energy Programme. In 2013/14, 46 954 solar water heaters (SWHs) were installed instead of the targeted 80 000 due to delays in finalising the implementing contract with Eskom as well as in finalising the local content verification outcomes projected by the South African Bureau of Standards (SABS). Allocations to Eskom over the medium term for installing SWHs have been reduced by Cabinet to R 962.3 million, resulting in the target for the number of SWHs installed being reduced from 384 237 by 2016/17 to 128 287 by 2017/18. Further, Cabinet approved reductions totalling R 39.4 million over the medium term which will be effected in the EEDSM conditional allocation for municipalities.



R 179.5 million is allocated to the South African National Energy Development Institute under the Clean Energy Programme to support the implementation of smart metering.



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Part C

PROGRAMME AND SUB-PROGRAMME PLANS

1 PROGRAMME 1: ADMINISTRATION

1.1 Purpose

To provide strategic support and management services to the Ministry and the Department of Energy (DoE).

1.2 Sub-Programmes

- Ministry
- Departmental Management
- Governance and Compliance
- Finance Administration
- Audit Services
- Corporate Services
- Office Accommodation



Sub-Programme 1.1 provides executive support to the Minister and Deputy Minister and provides a parliamentary service.



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1.3 Cross-Cutting Programme 1: Sub-Programmes

Table 9: Performance information for the 2015/16 financial year to the 2017/18 financial year

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|---|--|--|--|--|--|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 1.1 To Promote Sound Corporate Governance Practices within the DoE | Average score on the MPAT. | MPAT only implemented in 2012/13 for self-assessment of 2011/12. | Average MPAT score of 2.5 achieved for self-assessment of 2011/12: - KPA 1 – 3.0; - KPA 2 – 2.8; - KPA 3 – 2.4; & - KPA 4 – 2.0. | Average MPAT score of at least 2.8 achieved for moderated assessment of 2012/13; with at least the following sub-scores: - KPA 1 – 3.2; - KPA 2 – 3.0; - KPA 3 – 2.7; & - KPA 4 – 2.4. | Average MPAT score of at least 3.1 achieved for moderated assessment of 2013/14; with at least the following sub-scores: - KPA 1 – 3.3; - KPA 2 – 3.2; - KPA 3 – 3.1; & - KPA 4 – 2.9. | Average MPAT score of at least 3.5 achieved for moderated assessment of 2014/15; with at least the following sub-scores: - KPA 1 – 3.5; - KPA 2 – 3.5; - KPA 3 – 3.5; & - KPA 4 – 3.5. | Average MPAT score of at least 3.75 achieved for moderated assessment of 2015/16; with at least the following sub-scores: - KPA 1 – 3.75; - KPA 2 – 3.75; - KPA 3 – 3.75; & - KPA 4 – 3.75. | Average MPAT score of at least 3.75 achieved for moderated assessment of 2016/17; with at least the following sub-scores: - KPA 1 – 3.75; - KPA 2 – 3.75; - KPA 3 – 3.75; & - KPA 4 – 3.75. |
| SO 1.2 To Ensure Effective & Sound Financial Resource Management | | | | | | | | |
| SO 1.3 To Ensure Effective Corporate Resource Management | Results of the annual audit. | Unqualified audit report by the AG achieved for 2010/11. | Unqualified audit report by the AG achieved for 2011/12. | Unqualified audit report by the AG achieved for 2012/13. | Unqualified audit report by the AG achieved for 2013/14. | Unqualified audit report by the AG achieved for 2014/15. | Unqualified audit report by the AG achieved for 2015/16. | Unqualified audit report by the AG achieved for 2016/17. |
| | Number of institutional operational plans produced. | N/A | N/A | N/A | N/A | 1 institutional operational plan produced. | 1 institutional operational plan produced. | 1 institutional operational plan produced. |

Table 10: Quarterly targets for the 2015/16 financial year

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------------------------|--|-------------------|--|--|--|
| | | | 1st | 2nd | 3rd | 4th |
| Average score on the MPAT. | Annually (end of the 3rd quarter). | Average MPAT score of at least 3.5 achieved for moderated assessment of 2014/15; with at least the following sub-scores: - KPA 1 – 3.5; - KPA 2 – 3.5; - KPA 3 – 3.5; & - KPA 4 – 3.5. | N/A | N/A | Average MPAT score of at least 3.5 achieved for moderated assessment of 2012/13; with at least the following sub-scores: - KPA 1 – 3.5; - KPA 2 – 3.5; - KPA 3 – 3.5; & - KPA 4 – 3.5. | N/A |
| Result of the annual audit. | Annually (end of the 2nd quarter). | Unqualified audit report by the AG achieved for 2014/15. | N/A | Unqualified audit report by the AG achieved for 2014/15. | N/A | N/A |
| Number of institutional operational plans produced. | Annually & quarterly. | 1 institutional operational plan produced. | N/A | N/A | N/A | 1 quarterly institutional operational plan produced. |

1.4 Sub-Programme 1.1: Ministry

(Chief Directorate: Ministerial and Parliamentary Services)

This sub-programme provides executive support to the Minister and Deputy Minister (DM) and provides a parliamentary service to the Minister, DM, DoE and energy sector. No strategic objectives, performance indicators or targets were set for this sub-programme.

1.5 Sub-Programme 1.2: Departmental Management

(Chief Directorate: Office of the Deputy-General [DG] and Offices of Deputy Directors-General [DDGs])

This sub-programme provides executive support to the DG and DDGs.

Table 11: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 1.2

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---------------------------------------|---------|---------|-----------------------|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 1.4 To Provide Executive & Administration Support Services to Ministry, DG & DDGs | Number of annual reports which detail the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. | N/A | N/A | N/A | N/A | 4 quarterly reports which details the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. | 4 quarterly reports which details the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. | 4 quarterly reports which details the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. |

Table 12: Quarterly targets for the year 2015/16 financial year for Sub-Programme 1.2

| Performance Indicator | Reporting period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|--|---|---|---|--|
| | | | 1st | 2nd | 3rd | 4th |
| Number of annual reports which detail the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. | Monthly | 4 quarterly reports which detail the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. | 1 quarterly progress report which details the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. | 1 quarterly progress report which details the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. | 1 quarterly progress report which details the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. | 1 quarterly report which details the implementation of the 2014-2019 MTSF Outcomes 4, 6, 7, 8 & 10 signed by DoE Minister. |

1.6 Sub-Programme 1.3: Governance and Compliance

(Branch: Governance and Compliance)

This sub-programme provides strategic direction and guidance on strategic planning, risk management, reporting, monitoring and evaluation, SOEs oversight as well as international coordination.

Table 13: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 1.3

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|--|---------------------------------------|---------|---------|-----------------------|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 1.5 To Provide Strategic Support of Energy Security | Number of bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). | N/A | N/A | N/A | N/A | 18 bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). | 18 bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). | 18 bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). |
| | Number of bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound & outbound). | N/A | N/A | N/A | N/A | 10 bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound & outbound). | 10 bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound & outbound). | 10 bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound & outbound). |

Table 14: Quarterly targets for the 2015/16 financial year for Sub-Programme 1.3

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|--|--|--|--|
| | | | 1st | 2nd | 3rd | 4th |
| Number of bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). | Quarterly | 18 bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). | 2 bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). | 4 bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). | 6 bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). | 6 bilateral intergovernmental engagements or visits hosted in the energy sector, excluding Africa (inbound & outbound). |
| Number of bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound & outbound). | Quarterly | 10 bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound & outbound). | 1 bilateral intergovernmental engagement or visit hosted in the energy sector, with African states (inbound & outbound). | 1 bilateral intergovernmental engagement or visit hosted in the energy sector, with African states (inbound & outbound). | 4 bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound & outbound). | 4 bilateral intergovernmental engagements or visits hosted in the energy sector, with African states (inbound & outbound). |

1.7 Sub-Programme 1.4: Finance Administration

(Branch: Financial Management Services)

This sub-programme provides financial management, accounting and supply chain management (SCM) services to the DoE.

Table 15: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 1.4

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---|---|--|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 1.2 To Ensure Effective & Sound Financial Resource Management | Percentage of approved invoices paid within 30 days of receipt. | 100% of creditors paid within 30 days with exceptions with valid reasons. | 100% rate of compliance with payments within 30 days with valid reasons for deviations. | 100% approved invoices paid within 30 days of receipt. | 100% approved invoices paid within 30 days of receipt. | 100% approved invoices paid within 30 days of receipt. | 100% approved invoices paid within 30 days of receipt. | 100% approved invoices paid within 30 days of receipt. |

Table 16: Quarterly targets for the year 2015/16 financial year for Sub-Programme 1.4

| Performance Indicator | Reporting period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|--|--|--|--|--|
| | | | 1st | 2nd | 3rd | 4th |
| Percentage of approved invoices paid within 30 days of receipt. | Monthly | 100% approved invoices paid within 30 days of receipt. | 100% approved invoices paid within 30 days of receipt. | 100% approved invoices paid within 30 days of receipt. | 100% approved invoices paid within 30 days of receipt. | 100% approved invoices paid within 30 days of receipt. |

1.8 Sub-Programme 1.5: Audit Services

(Directorate: Audit Services)

This sub-programme provides an audit and support service to the DoE. No strategic objectives, performance indicators or targets were set for this sub-programme.

1.9 Sub-Programme 1.6: Corporate Services

(Branches: Corporate Services and Governance and Compliance)

This sub-programme provides corporate support to the DoE and ensures good corporate governance and compliance by the DoE and state-owned entities (SOEs).

Table 17: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 1.6

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---|------------------------------------|--|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 1.3 To Ensure Effective Corporate Resource Management | Percentage of vacancy rate. | All funded vacancies were filled by 30 June 2011. | Vacancy rate below 15% maintained. | Vacancy rate reduced to all most 10%. | Vacancy rate below 10% maintained. | Vacancy rate below 10% maintained. | Vacancy rate below 10% maintained. | Vacancy rate below 10% maintained. |
| | Number of HR Plans reviewed. | Approved HR Plan. | Implementation of HR Plan. | Approved HR Plan. | Implementation of the HR Plan (Phase 2). | Review of HR Plan. | Implementation of reviewed HR Plan. | Implementation of reviewed HR Plan. |
| | Percentage of people with disabilities employed. | N/A | N/A | 1.8% of people with disabilities employed. | 1.8% of people with disabilities employed. | 2% of people with disabilities employed. | 2% of people with disabilities employed. | 2% of people with disabilities employed. |
| | Percentage of women in SMS positions. | N/A | N/A | 42.5% of women in SMS positions. | 50% of women in SMS positions. | 50% of women in SMS positions. | 50% of women in SMS positions. | 50% of women in SMS positions. |
| | Percentage of employees in the DoE trained on the Nuclear Skills Development Programme. | N/A | N/A | N/A | N/A | 70% of employees in the DoE trained on the Nuclear Skills Development Programme. | 70% of employees in the DoE trained on the Nuclear Skills Development Programme. | 70% of employees in the DoE trained on the Nuclear Skills Development Programme. |
| | Number of Izimbizo PPPs conducted. | N/A | 36 Ministerial PPPs conducted. | 20 Izimbizo PPPs conducted. | 20 Izimbizo PPPs conducted. | 20 Izimbizo PPPs conducted. | 20 Izimbizo PPPs conducted. | 20 Izimbizo PPPs conducted. |

Table 18: Quarterly targets for the 2015/16 financial year for Sub-Programme 1.6

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|--|----------------------------|----------------------------|----------------------------|--|
| | | | 1st | 2nd | 3rd | 4th |
| Percentage of vacancy rate. | Quarterly | Vacancy rate below 10% maintained. | Quarterly progress report. | Quarterly progress report. | Quarterly progress report. | Vacancy rate reduced to 10%. |
| Number of HR Plans reviewed. | Quarterly | Review HR Plan. | Quarterly progress report. | Quarterly progress report. | Quarterly progress report. | HR Plan reviewed. |
| Percentage of people with disabilities employed. | Quarterly | 2% of people with disabilities employed. | Quarterly progress report. | Quarterly progress report. | Quarterly progress report. | 2% of people with disabilities employed. |

Table 18: Quarterly targets for the 2015/16 financial year for Sub-Programme 1.6 (continued)

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|--|----------------------------|--|----------------------------|--|
| | | | 1st | 2nd | 3rd | 4th |
| Percentage of women in SMS positions. | Quarterly | 50% of women in SMS positions. | Quarterly progress report. | Quarterly progress report. | Quarterly progress report. | 50% of women in SMS positions. |
| Percentage of employees in the DoE trained on the Nuclear Skills Development Programme. | Annually | 70% of employees in the DoE trained on the Nuclear Skills Development Programme. | N/A | 35% of employees in the DoE trained on the Records Management Policy & procedures. | N/A | 35% of employees in the DoE trained on the Records Management Policy & procedures. |
| Number of Izimbizo PPPs conducted. | Quarterly | 20 Izimbizo PPPs conducted. | 5 Izimbizo PPPs conducted. | 5 Izimbizo PPPs conducted. | 5 Izimbizo PPPs conducted. | 5 Izimbizo PPPs conducted. |

1.10 Sub-Programme 1.7: Office Accommodation

(Branch: Corporate Services)

This sub-programme provides office accommodation and related support to the DoE. No strategic objectives, performance indicators or targets were set for this sub-programme. See the Departmental Operational Plan.

1.11 Resource Consideration

Table 19: Overview of Programme 1: Administration

| | Baseline | | | | | MTEF | | |
|-------------------------|----------------------|----------------|----------------|--------------------------------|------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Sub-Programmes | Rand Thousand | | | | | | | |
| Ministry | 28 510 | 23 552 | 35 536 | 25 414 | 30 427 | 27 308 | 28 130 | 29 350 |
| Departmental Management | 25 770 | 32 822 | 43 271 | 51 434 | 51 265 | 52 092 | 54 133 | 57 153 |
| Finance Administration | 39 358 | 30 116 | 27 204 | 35 369 | 35 551 | 34 292 | 34 978 | 36 899 |
| Audit Services | 4 471 | 5 863 | 4 564 | 5 530 | 5 592 | 7 727 | 7 669 | 7 989 |
| Corporate Services | 69 320 | 97 854 | 97 290 | 91 127 | 105 257 | 86 678 | 88 581 | 93 327 |
| Office Accommodation | 25 260 | 25 617 | 24 693 | 35 248 | 29 198 | 34 501 | 32 061 | 33 311 |
| Total | 192 689 | 215 824 | 232 558 | 244 122 | 257 290 | 242 598 | 245 552 | 258 029 |

Table 19: Overview of Programme 1: Administration (continued)

| | Baseline | | | | | MTEF | | |
|---|----------------------|----------------|----------------|--------------------------------|------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Current payments | 188 472 | 205 086 | 221 076 | 238 553 | 250 846 | 237 281 | 240 063 | 252 226 |
| Compensation of employees | 82 526 | 91 419 | 112 636 | 132 787 | 136 564 | 131 214 | 140 782 | 149 390 |
| Salaries & wages | 72 706 | 80 859 | 99 403 | 114 197 | 117 974 | 117 833 | 126 491 | 134 242 |
| Social contributions | 9 820 | 10 560 | 13 233 | 18 590 | 18 590 | 13 381 | 14 291 | 15 148 |
| Goods & services of which: | 105 946 | 113 667 | 108 440 | 105 766 | 114 282 | 106 067 | 99 281 | 102 836 |
| Administrative fees | 1 130 | 1 335 | 1 803 | 1 144 | 1 819 | 1 884 | 1 747 | 1 827 |
| Advertising | 1 363 | 1 089 | 5 707 | 1 679 | 4 113 | 4 099 | 3 231 | 3 258 |
| Assets less than the capitalisation threshold | 198 | 124 | 380 | 3 098 | 3 118 | 2 953 | 2 732 | 2 834 |
| Audit costs: External | 4 104 | 4 781 | 4 460 | 3 149 | 3 149 | 3 572 | 3 313 | 3 450 |
| Bursaries: Employees | 837 | 793 | 696 | 871 | 871 | 853 | 792 | 823 |
| Catering: Departmental activities | 1 304 | 663 | 610 | 637 | 639 | 621 | 588 | 614 |
| Communication (G&S) | 4 532 | 4 716 | 5 375 | 6 640 | 7 020 | 4 253 | 4 014 | 4 126 |
| Computer services | 6 598 | 3 927 | 7 397 | 5 743 | 5 743 | 6 854 | 6 284 | 6 533 |
| Consultants & professional services: Business & advisory services | 20 064 | 5 578 | 3 511 | 3 966 | 3 968 | 6 098 | 5 614 | 5 800 |
| Consultants & professional services: Legal costs | 914 | 4 374 | 504 | 491 | 1 457 | 450 | 418 | 435 |
| Contractors | 1 387 | 3 020 | 1 912 | 1 347 | 1 347 | 1 295 | 1 203 | 1 249 |
| Agency & support/outsourced services | 371 | 355 | 995 | 790 | 790 | 772 | 719 | 748 |
| Entertainment | 114 | 57 | 67 | 169 | 169 | 142 | 132 | 137 |
| Fleet services (including Government motor transport) | - | 162 | 301 | 515 | 662 | 505 | 471 | 488 |
| Inventory: Clothing material & accessories | - | - | - | 2 | 2 | 2 | 2 | 2 |
| Inventory: Fuel, oil & gas | 16 | 20 | - | 4 | 4 | 4 | 4 | 4 |

Table 19: Overview of Programme 1: Administration (continued)

| | Baseline | | | | | MTEF | | |
|--|----------------------|----------------|----------------|--------------------------------------|---------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Inventory: Learner & teacher support material | - | 1 | - | - | - | - | - | - |
| Inventory: Materials & supplies | 121 | 228 | - | 33 | 33 | 32 | 30 | 31 |
| Inventory: Medicine | 24 | - | - | - | - | - | - | - |
| Inventory: Other supplies | 385 | 384 | - | - | - | - | - | - |
| Consumable supplies | - | - | 597 | 340 | 350 | 1 711 | 1 605 | 1 781 |
| Consumable: Stationery, printing & office supplies | 2 059 | 1 810 | 3 274 | 2 630 | 2 744 | 3 468 | 3 186 | 3 277 |
| Operating leases | 25 829 | 27 575 | 26 297 | 36 858 | 36 106 | 36 083 | 33 531 | 34 837 |
| Property payments | 472 | 20 147 | 6 181 | 2 307 | 3 357 | - | - | - |
| Transport provided: Departmental activities | - | - | 90 | 16 | 16 | 16 | 15 | 15 |
| Travel & subsistence | 24 214 | 24 020 | 29 870 | 22 922 | 26 302 | 21 089 | 20 874 | 21 458 |
| Training & development | 2 058 | 1 396 | 3 077 | 5 239 | 4 364 | 4 269 | 3 955 | 4 099 |
| Operating payments | 2 516 | 5 176 | 1 939 | 1 892 | 2 112 | 1 930 | 1 925 | 1 999 |
| Venues & facilities | 5 334 | 1 936 | 3 369 | 2 931 | 3 674 | 2 767 | 2 574 | 2 677 |
| Rental & hiring | 2 | - | 28 | 353 | 353 | 345 | 322 | 334 |
| Transfers & subsidies | 129 | 156 | 170 | 374 | 1 249 | 1 310 | 1 394 | 1 476 |
| Departmental agencies & accounts | - | - | - | - | 875 | 922 | 985 | 1 047 |
| Households | 129 | 156 | 170 | 374 | 374 | 388 | 409 | 429 |
| Payments for capital assets | 4 029 | 10 548 | 11 312 | 5 195 | 5 195 | 4 007 | 4 095 | 4 327 |
| Transport equipment | 1 259 | 350 | - | - | - | - | - | - |
| Other machinery & equipment | 2 770 | 9 583 | 11 312 | 5 195 | 5 195 | 4 007 | 4 095 | 4 327 |
| Software & other intangible assets | - | 615 | - | - | - | - | - | - |
| Payments for financial assets | - | - | - | - | - | - | - | - |
| Total | 192 689 | 215 824 | 232 558 | 244 122 | 257 290 | 242 598 | 245 552 | 258 029 |

1.12 Risk Management

The DoE fully understands its statutory obligations in respect of enterprise risk management. To that end, the DoE will continue to enhance the risk management culture as contemplated in Section 38(1)(a)(i) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended. The DoE is guided by the Public Sector Risk Management Framework, 2008, which aims to support institutions to improve and sustain their performance by enhancing systems of risk management.

Internal audit will play a pivotal role in the combined assurance framework by providing independent assurance over governance, risk management and systems of internal control as well as over the combined assurance framework. Contributors in this role predominantly include internal audit, risk management, quality assurance, the external auditor and the management. This is based on the best practices adopted by the King III Report and Code on Good Corporate Governance (King III).

Table 20: Risk exposures for Programme 1

| Strategic Objective | Objective Statement | Strategic Risk | Risk Consequence | Mitigation Strategy |
|--|---|---|--|---|
| SO 1.2 To Ensure Effective & Sound Financial Resource Management | To provide financial management, accounting, & supply chain & asset management services to the DoE. | Termination of services by service providers. | <ul style="list-style-type: none"> - Reputation of DoE tarnished. - Failure to meet service delivery targets on time. - Failure to spend budget. - Financial loss. | <ul style="list-style-type: none"> - Improve the process of appointment of reputable service providers. - Enforce penalty clauses for non-compliance. - Supplier performance management. |
| | | Provision of inaccurate & unreliable financial information. | <ul style="list-style-type: none"> - Audit findings. - Inaccurate annual financial statements. - Incorrect decisions. | <ul style="list-style-type: none"> - Automated controls. - Training on financial reporting skills. - Increase coordination between the role players. |



2 PROGRAMME 2: ENERGY POLICY AND PLANNING

2.1 Purpose

To ensure evidence-based planning, policy setting and investment decisions in the energy sector to improve energy security through supply- and demand-side management options and increase competition through regulation.

2.2 Sub-Programmes

- Policy Analysis and Research
- Energy Planning
- Hydrocarbon Policy
- Electricity, Energy Efficiency and Environmental Policy

2.3 Sub-Programme 2.1: Policy Analysis and Research

(Chief Directorate: Policy Analysis and Research)

This sub-programme develops key indicators and monitors the impact of energy sector policies, planning and interventions; analyses all energy policies and their impact on access to energy and on the security of energy supply; conducts research and analyses policies in relation to other countries; and carries out research and analyses national and international trends or developments that impact on the supply and demand of energy. In 2012/13, the draft Integrated Energy Plan (IEP) Report was completed and circulated to the IEP Steering Committee. It was also presented at an IEP Colloquium before being forwarded to Cabinet for approval. The report was approved for public release by Cabinet and was subsequently published in the Government Gazette in 2013/14. By the end of September 2013, the first consultation workshop had been held in Johannesburg, with other provincial consultation workshops taking place in October

and November 2013. This sub-programme had a staff complement of three in 2013/14. No strategic objectives, performance indicators or targets were set for this sub-programme.

2.4 Sub-Programme 2.2: Energy Planning

(Chief Directorate: Energy Planning)

This sub-programme develops and maintains various energy modelling tools to estimate future energy demand and explore alternative energy supply options; identifies energy supply constraints and addresses them through the IEP; and manages the collection and maintenance of energy data and the dissemination of quality energy statistics and information. Over the medium term, the focus will be on developing tools to standardise the collection of similar data from disparate sources, centralising the storage of energy data collected within the DoE and disseminating energy statistics on a more frequent basis and through electronic media. The DoE took over the collection and dissemination of fuel sales data from the South African Petroleum Industry Association (SAPIA) and, since 2012, the data has been published on the DoE's website and updated on a quarterly basis. The format and content of the energy price report has been enhanced to include more relevant price information, taking into account input from various stakeholders. Various energy sector questionnaires continue to be submitted to various international organisations on a period basis as per multilateral agreements. This sub-programme had a staff complement of 23, including one contracted intern, in 2013/14.



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Table 21: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 2.2

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|-----------------------------------|--|---------------------------------------|---------|---|---|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 2.1 To Improve Energy Security | Annual energy balances provided to support compilation of the GHG inventory. | N/A | N/A | Annual energy balance (2011) published by March 2014. | Annual energy balance (2012) published by March 2015. | Annual energy balance (2013) published by March 2016. | Annual energy balance (2014) published by March 2017. | Annual energy balance (2015) published by March 2018. |

Table 22: Quarterly targets for the 2015/16 financial year for Sub-Programme 2.2

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|---|--|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Annual energy balances provided to support compilation of the GHG inventory. | Quarterly | Annual energy balance (2013) published by March 2016. | Draft 2013 energy commodity flows compiled. | Internal review & approval of energy commodity flow. | Consolidation of energy commodity flow into the energy balance. | Send the final 2013 energy balance to the DG for approval via a submission. |

2.5 Sub-Programme 2.3: Hydrocarbon Policy

(Chief Directorate: Hydrocarbon Policy)

This sub-programme ensures a secure energy supply; well-managed demand; enhanced access to hydrocarbons; a transformed energy sector; and ensures that energy regulation and competition are improved through the development, promulgation and maintenance of a statutory framework for petroleum, petroleum products, petroleum infrastructure, coal and gas. Consultation with the National Economic Development and Labour Council on the draft Gas Amendment Bill has been completed. Phase 1 of the Gas Utilisation Master Plan (GUMP) has also been completed. Furthermore, a Position Paper on the South African Biofuels Regulatory Framework has been completed. This sub-programme had a staff complement of 19, including one contracted intern and a seconded employee, in 2014/15.

Table 23: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 2.3

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---------------------------------------|---------|----------------------------|--|---|---|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 2.2 To Improve Liquid Fuels Energy Security by Developing & Implementing the Liquid Fuels 20-Year Infrastructure Plan | Draft GUMP submitted to Cabinet. | N/A | N/A | N/A | N/A | The draft GUMP submitted for Ministerial approval for state inputs. | Submission of GUMP & its implementation plan for Cabinet approval. | Monitoring & re-aligning the implementation of items as per approved GUMP. |
| | Draft Gas Amendment Bill submitted to Cabinet. | N/A | N/A | N/A | The draft Gas Amendment Bill submitted to the Office of the SLA for final pre-certification. | Submission of the draft Gas Amendment Bill for Ministerial approval for submission to Cabinet. | Submission of the draft Gas Regulations for Ministerial approval. | Monitoring the implementation of the Gas Act, 2001 (Act No. 48 of 2001) (including its regulations). |
| | Finalised 20YRLFMP submitted to Cabinet for approval. | N/A | N/A | Refinery audits completed. | Draft 20YRLFMP submitted to Cabinet for approval. | Publish 20YLFIRM for external consultation. (The decision on expanding oil refining capacity by 2016 is not realistic.) | 20YLFIRM submitted to Cabinet for approval. | Cabinet approval of 20YLFIRM submitted. |
| | Biofuels Regulatory Framework in place. | N/A | N/A | N/A | The South African Biofuels Regulatory Framework finalised. | Biofuels Regulatory Framework implemented. | Biofuels Regulatory Framework implemented | Biofuels Regulatory Framework implemented. |
| | Draft Petroleum Products Bill. | N/A | N/A | N/A | N/A | Draft Petroleum Products Bill submitted for Ministerial approval. | Submission of the draft Petroleum Products Bill for Cabinet approval. | Stakeholder consultation & submission of the draft bill for pre-certification by SLA. |

Table 23: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 2.3 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|--|---------------------------------------|---------|---------|--|--|--|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 2.2 To Improve Liquid Fuels Energy Security by Developing & Implementing the Liquid Fuels 20-Year Infrastructure Plan (continued) | Draft Petroleum Pipelines Act. | N/A | N/A | N/A | N/A | Submission of the concept document for the amendment of the Petroleum Pipelines Act for Ministerial approval. | Submission of the amendment of the Petroleum Pipelines Act for Cabinet for approval. | Stakeholder engagement & submission of the draft bill for precertification of the bill. |
| | Draft SFF Legislation. | N/A | N/A | N/A | N/A | Ministerial approval of the concept document for the SFF-related legislation. | Submission of the SFF-related legislation for Ministerial approval for consultation of SLAs. | Submission for Cabinet approval. |
| | Draft Position Paper on Coal for Energy Policy approved. | N/A | N/A | N/A | The draft Coal for Energy Policy Discussion Paper submitted for Ministerial approval for stakeholder consultation. | Draft Position Paper on Coal for Energy Policy developed (based on duly considered comments) & submitted for Ministerial approval. | Draft Position Paper on Coal for Energy Policy submitted for Cabinet approval. | Submitted Position Paper on Coal for Energy Policy for Ministerial approval for public comment. |
| | Recommendation identified. | N/A | N/A | N/A | Infrastructure needs for energy sector identified. | Infrastructure needs for energy sector identified & recommendations made. | Infrastructure needs for energy sector identified & recommendations made. | Infrastructure needs for energy sector identified & recommendations made. |

Table 24: Quarterly targets for the 2015/16 financial year for Sub-Programme 2.3

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|---|--|---|---|--|
| | | | 1st | 2nd | 3rd | 4th |
| Draft GUMP submitted to the Cabinet. | Quarterly | Submission of GUMP & its Implementation Plan for Cabinet approval. | Development of the draft GUMP Report. | Development of the draft GUMP Report. | Ministerial submission for approval of the draft GUMP Report & publication. | Ministerial approval of the draft GUMP for submission to Cabinet. |
| Draft Gas Amendment Bill submitted to Cabinet. | Quarterly | Submission of the draft Gas Amendment Bill for Ministerial approval for submission to Cabinet. | Consultation of NEDLAC on the draft Gas Amendment Bill & submission of the NEDLAC Report. | Consultation of NEDLAC on the draft Gas Amendment Bill & submission of the NEDLAC Report. | Draft Gas Amendment Bill with incorporated comments from the stakeholder. | Submission to SLA for certification of the draft Gas Amendment Bill. |
| Finalised 20YRLFMP submitted to Cabinet for approval. | Quarterly | Publish 20YLFIRM for external consultation. | Consultant & internal engagement on the draft 20YLFIRM Report. | <ol style="list-style-type: none"> 1. Submit draft 20YLFIRM report for Ministerial noting. 2. Draft project plan for actual 20YLFIRM. 3. Scoping to move from draft report to actual 20YLFIRM. | Submit progress report on the development of the 20YLFIRM. | Submit progress on the development of the 20YLFIRM. |
| Biofuels Regulatory Framework in place. | Quarterly | Biofuels Regulatory Framework implemented. | <ul style="list-style-type: none"> - Consolidate public comments. - Submit revised draft Position Paper on South African Biofuels Regulatory Framework for Ministerial approval. | N/A | <ul style="list-style-type: none"> - Publish Biofuels Financing Models on DoE website with Position Paper. - Announce & develop draft Operational Plan for internal consultation. | Submission of: <ul style="list-style-type: none"> - Operational Plan; & - proposed biofuels levy & subsidy level for public notification for Ministerial approval. |
| Draft Petroleum Products Bill. | Quarterly | Draft Petroleum Products Bill submitted for Ministerial approval. | Consultation of SOCs on the draft Petroleum Products Bill. | Revised draft Petroleum Products Bill. | Revised draft Petroleum Products Bill submitted for Ministerial approval. | Memorandum of Objects Developed. |
| Draft Petroleum Pipelines Act. | Quarterly | Submission of the concept document for the amendment of the Petroleum Pipelines Act for Ministerial approval. | Consultation of NERSA & SOCs on the Petroleum Pipelines Act. Promulgation of the amendment regulation for the principal act (as an interim measure). | Draft concept document regarding the amendment of the Petroleum Pipelines Act. | Internal consultation on the draft concept document & draft Petroleum Pipelines Amendment Bill. | Draft concept document for the Petroleum Pipelines Amendment Bill submitted for Ministerial approval. |

Table 24: Quarterly targets for the 2015/16 financial year for Sub-Programme 2.3 (continued)

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|--|---|---|---|--|
| | | | 1st | 2nd | 3rd | 4th |
| Draft SFF legislation. | Quarterly | Ministerial approval of the concept document for the SFF-related legislation. | Consultation of CEF Group & SFF on the objective of the intended legislation. | Draft concept document for the "SFF Bill". | Internal consultation on the draft concept document & draft SFF-related legislation (Bill). | Draft concept document submitted for Ministerial approval. |
| Draft Position Paper on Coal for Energy Policy approved. | Quarterly | Draft Position Paper on Coal for Energy Policy developed (based on duly considered comments) & submitted for Ministerial approval. | Research on status on Coal for Energy Policy discussion paper. | Submission of research document on Coal for Energy Policy discussion paper. | Internal consultation of draft Coal for Energy Policy discussion paper. | Submit Coal for Energy Policy discussion paper for Ministerial approval. |
| Recommendation identified. | Quarterly | Infrastructure needs for energy sector identified & recommendations made. | Consultation with Eskom & other stakeholders. | Draft document for infrastructure needs for energy sector (coal). | Internal consultation on draft document for infrastructure needs for energy sector (coal). | Document with infrastructure needs for energy sector (coal). |

2.6 Sub-Programme 2.4: Electricity, Energy Efficiency and Environmental Policy

(Chief Directorate: Electricity, Energy Efficiency and Environmental Policy)

This sub-programme ensures secure energy supply; well-managed demand and a transformed energy sector; and energy regulation and competition that is improved through the development, promulgation and maintenance of a statutory framework for electricity over the medium term. A final Independent System and Market Operator (ISMO) Report was submitted to Parliament for consideration of options with and without the incorporation of transmission assets. In 2012/13, the National Assembly considered the ISMO Bill, which provides for an independent, integrated system of power generation without transmission assets. A draft report for the second phase of the South African Coal Roadmap was also developed. By the end of September 2013, the third window of the Renewable Energy Independent Power Producer Programme (REIPPP) was completed, during which time bid documents were assessed which allowed for the selection of candidates prior to the start of construction work related to renewable energy technologies. This sub-programme had a staff complement of eight in 2013/14.

Table 25: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 2.4

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---------------------------------------|---------|-------------------------|--|--|---|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 2.3 To Review Policy & Regulations to Ensure Security of Supply | Amend National Energy Regulator Act, 2004 (Act No. 40 of 2004). | N/A | N/A | Review & amend the act. | Continue with stakeholder engagement on the proposed amendments. | Introduce the National Energy Regulator Bill for consideration & support by Cabinet & by Parliament. | Develop & obtain approval of regulations emanating from the act. | Implement & review regulations from the act. |
| | Amend Electricity Regulator Act, 2006 (Act No. 4 of 2006). | N/A | N/A | Review & amend the act. | Continue with stakeholder engagement on the proposed amendments. | Introduce the Electricity Amendment Bill for consideration & support by Cabinet & by Parliament. | Develop & obtain approval of regulations emanating from the act. | Implement & review regulations from the act. |
| | Review the electricity sector in line with Cabinet decision to strengthen SOCs. | N/A | N/A | N/A | N/A | Introduce improved electricity industry structure for consideration & support by stakeholders before introduction to Cabinet & Parliament. | Introduce improved electricity industry structure for consideration & support by Cabinet and by Parliament. | Implement of Monitor industry structure. |

Table 25: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 2.4 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---------------------------------------|---------|---------------------|------------------------------|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 2.4 To Review the Bulk Electrical Infrastructure Required for the Universal Access to Electricity | Develop the major Distribution Infrastructure Plan for the Metro Municipalities (ADAM). | N/A | N/A | Revise ADAM Report. | Finalise ADAM Report update. | <ul style="list-style-type: none"> - Table the revised ADAM report, including the ring-fencing of the largest municipalities, to Cabinet. - Develop norms & standards for municipal electricity infrastructure asset management in concurrence with the regulator. | Implement norms & standards for municipal asset management set with the concurrence of the energy regulator. | Implement norms & standards for municipal asset management set with the concurrence of the energy regulator. |
| SO 2.5 To Establish Mechanisms to Refund Capital & Create a Smooth Price Path over the Long Term | Update Electricity Pricing Policy. | N/A | N/A | N/A | N/A | Develop the electricity price path in line with the IRP, ADAM & Transmission Development Plan. | Support & monitor the implementation of the Electricity Price Path. | Support & monitor the implementation of the Electricity Price Path. |

Table 25: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 2.4 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---------------------------------------|---------|--------------------------|--|--|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 2.6 To Ensure Security of Supply through Additional Power Generation Capacity | Update & Implement IRP. | N/A | N/A | Update IRP & the report. | Review & analyse input from stakeholder & public engagements. | Introduce the updated IRP for consideration & support by Cabinet & by Parliament. | Implement the updated IRP. | Implement the updated IRP. |
| | Introduce additional power generation capacity as per the IRP. | N/A | N/A | N/A | Introduce bidding rounds for renewable energy, cogeneration, coal & gas programmes in line with IRP determinations made by the Minister. | Introduce bidding rounds for renewable energy, cogeneration & gas programmes in line with IRP. | Conclude contracts for coal, cogeneration & gas IPPs. | Conclude contracts for new generation. |
| | Develop Southern Africa's hydroelectric resources to enhance the inter-regional electricity trade. | N/A | N/A | N/A | Bilateral Energy Agreement signed with government of the DRC. | Negotiate PPA & resolve the transmission solution associated with power delivery from Inga. | Facilitate & monitor implementation of the project. | Facilitate & monitor implementation of the project. |
| | Progress on the interventions identified under the war room: immediate- (90 Day Plan) medium- (supply Interventions) & long-term (demand management) solutions. | N/A | N/A | N/A | N/A | Contributing to & monitoring the progress of the interventions identified under the war room. | Contributing to & monitoring the progress of the interventions identified under the war room. | Contributing to & monitoring the progress of the interventions identified under the war room. |

Table 26: Quarterly targets for the 2015/16 financial year for Sub-Programme 2.4

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|--|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Amend National Energy Regulator Act, 2004 (Act No. 40 of 2004). | Quarterly | Introduce the National Energy regulator Bill for consideration & support by Cabinet & by Parliament. | N/A | Introduce the National Energy Regulator Bill for consideration & support to Cabinet & Parliament for promulgation. | N/A | N/A |
| Amend Electricity Regulator Act, 2006 (Act No. 4 of 2006). | Quarterly | Introduce the Electricity Amendment Bill for consideration & support by Cabinet & by Parliament. | N/A | Introduce the National Electricity Amendment Bill for consideration & support to Cabinet & Parliament for promulgation. | N/A | N/A |
| Review the electricity sector in line with Cabinet decision to strengthen SOCs. | Quarterly | Introduce improved electricity industry structure for consideration & support by stakeholders before introduction to Cabinet & Parliament. | Review & revise the electricity industry structure & propose options. | Stakeholder engagement on proposed structure options. | Stakeholder engagement on proposed structure options. | Recommend proposed structure option. |
| Develop & integrate the major Distribution Infrastructure Plan for the Metro Municipalities (ADAM). | Quarterly | Develop Integrated Distribution Infrastructure Plan for the Metro Municipalities (ADAM). | Revised 2008 electricity ADAM report presented to the DoE for adoption. | Stakeholder engaged on the revised ADAM Report. | N/A | Table the revised ADAM Report to Cabinet for adoption. |
| | Quarterly | Develop norms & standards for municipal asset management in concurrence of the energy regulator. | Develop norms & Standards for municipal asset . | Stakeholder consultation on the draft norms & standards for asset management targeting 8 non-metropolitan municipalities. | Submission of norms & standards to the energy regulator for approval. | Promulgation of norms & standards for municipal asset rehabilitation. |

Table 26: Quarterly targets for the 2015/16 financial year for Sub-Programme 2.4 (continued)

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|--|---|--|---|
| | | | 1st | 2nd | 3rd | 4th |
| Update Electricity Pricing Policy. | Quarterly | Develop the electricity price path in line with the IRP, ADAM & Transmission Plan. Obtain approval & amend the Electricity Pricing Policy accordingly for introduction to Cabinet for approval. | N/A | Draft Price Path Report. | Price Path presented to stakeholders for consultation. | Price Path introduced to Cabinet for approval. |
| Update & implement IRP. | Quarterly | Introduce the updated IRP for consideration & support by Cabinet & by Parliament. | Collate & synthesis stakeholder comments on draft IRP. | Conduct inter-governmental department consultation. | Incorporate as appropriate stakeholder comments & produce revised updated IRP. | Submit to Cabinet the final updated IRP for promulgation. |
| Introduce additional power generation capacity as per the IRP. | Quarterly | Introduce bidding rounds for renewable energy, cogeneration, coal & gas programmes in line with IRP determinations made by the Minister. | Issue cogeneration RFP. | Issue gas to power RFI. | Issue gas to power RFP. | Conclude Coal generation bids evaluation. |
| Develop Southern Africa's hydroelectric resources to enhance the inter-regional electricity trade. | Half yearly | Negotiate PPA & resolve the transmission solution associated with power delivery from Inga. | N/A | <ul style="list-style-type: none"> - Transmission Line Route studies concluded by Eskom. - Commence discussions on the PPA. | N/A | Submit treaty to Cabinet & Parliament for ratification. |
| Number of Technical War Room Reports regarding immediate-(90 Day Plan), medium-(supply interventions) & long-term (demand management) solutions. | Quarterly | Contributing to & monitoring of progress on the interventions identified under the war room. | Progress report on the supply & demand interventions. | Progress report on the supply & demand interventions. | Progress report on the supply & demand interventions. | Progress report on the supply & demand interventions. |

2.7 Resource Consideration

Table 27: Overview of Programme 2: Energy Policy and Planning

| | Baseline | | | | | MTEF | | |
|--|----------------------|------------------|---------------|--------------------------------------|---------------------------|-----------------------------|---------------|---------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Sub-Programmes | Rand Thousand | | | | | | | |
| Policy Analysis & Research | 3 443 | 11 595 | 2 337 | 4 425 | 3 486 | 1 450 | 1 417 | 1 483 |
| Energy Planning | 17 120 | 14 376 | 18 380 | 25 356 | 32 112 | 23 004 | 23 335 | 24 574 |
| Hydrocarbon Policy | 1 515 456 | 1 513 077 | 15 402 | 14 519 | 13 900 | 12 860 | 13 542 | 14 323 |
| Electricity, EE & Environmental Policy | 5 901 | 5 181 | 11 637 | 8 283 | 8 055 | 7 782 | 8 171 | 8 624 |
| Total | 1 541 920 | 1 544 229 | 47 756 | 52 583 | 57 553 | 45 096 | 46 465 | 49 004 |

| Economic Classification | Rand Thousand | | | | | | | |
|---|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current payments | 41 920 | 44 190 | 47 748 | 52 583 | 57 553 | 45 096 | 46 465 | 49 004 |
| Compensation of employees | 30 390 | 32 309 | 28 348 | 35 495 | 33 148 | 31 735 | 33 894 | 35 928 |
| Salaries & wages | 26 924 | 28 426 | 25 153 | 30 525 | 28 178 | 28 243 | 30 164 | 31 974 |
| Social contributions | 3 466 | 3 883 | 3 195 | 4 970 | 4 970 | 3 492 | 3 730 | 3 954 |
| Goods & services of which: | 11 530 | 11 881 | 19 400 | 17 088 | 24 405 | 13 361 | 12 571 | 13 076 |
| Administrative fees | 259 | 252 | 368 | 485 | 485 | 453 | 425 | 469 |
| Advertising | 159 | 299 | 1 012 | 450 | 450 | 303 | 283 | 294 |
| Assets less than the capitalisation threshold | 22 | 1 | - | 33 | 33 | 27 | 31 | 31 |
| Catering: Departmental activities | 74 | 36 | 51 | 189 | 189 | 186 | 172 | 180 |
| Communication (G&S) | 235 | 432 | 441 | 794 | 794 | 626 | 565 | 594 |
| Computer services | - | - | 439 | 27 | 27 | 26 | 49 | 66 |
| Consultants & professional services: Business & advisory services | 6 681 | 5 928 | 9 643 | 1 107 | 8 424 | 5 998 | 4 674 | 4 936 |
| Contractors | - | 172 | 59 | 109 | 109 | 106 | 98 | 102 |

Table 27: Overview of Programme 2: Energy Policy and Planning (continued)

| | Baseline | | | | | MTEF | | |
|--|----------------------|------------------|---------------|--------------------------------|------------------------|-----------------------------|---------------|---------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Agency & support/outsourced services | 3 | - | - | - | - | - | - | - |
| Inventory: Learner & teacher support material | 2 | 1 | - | - | - | - | - | - |
| Inventory: Materials & supplies | 1 | - | - | - | - | - | - | - |
| Consumable supplies | - | - | 8 | 1 | 1 | 21 | 19 | 20 |
| Consumable: Stationery, printing & office supplies | 285 | 58 | 334 | 417 | 417 | 342 | 343 | 311 |
| Operating leases | 1 | - | 10 | - | - | - | - | - |
| Property payments | - | - | - | - | - | - | 116 | 49 |
| Travel & subsistence | 3 334 | 3 776 | 4 993 | 9 171 | 9 171 | 4 428 | 4 216 | 4 439 |
| Training & development | 123 | 136 | 151 | - | - | 14 | 156 | 130 |
| Operating payments | 107 | 211 | 381 | 488 | 488 | 480 | 217 | 247 |
| Venues & facilities | 244 | 579 | 1 510 | 3 817 | 3 817 | 351 | 1 207 | 1 208 |
| Transfers & subsidies | 1 500 000 | 1 500 031 | 8 | - | - | - | - | - |
| Public corporations | 1 500 000 | 1 500 000 | - | - | - | - | - | - |
| Households | - | 31 | 8 | - | - | - | - | - |
| Payments for capital assets | - | 7 | - | - | - | - | - | - |
| Other machinery & equipment | - | 7 | - | - | - | - | - | - |
| Payments for financial assets | - | 1 | - | - | - | - | - | - |
| Total | 1 541 920 | 1 544 229 | 47 756 | 52 583 | 57 553 | 45 096 | 46 465 | 49 004 |

2.8 Risk Management

Table 28: Risk exposures for Programme 2

| Strategic Objective | Objective Statement | Strategic Risk | Risk Consequence | Mitigation Strategy |
|-----------------------------------|--|--|--|---|
| SO 2.1 To Improve Energy Security | <p>To improve energy security by:</p> <ul style="list-style-type: none"> - regulating demand & introducing a diversified mix of energy generation & EE technologies on an ongoing basis; - increasing competition in the energy sector by introducing IPPs using renewable technologies through a bidding process on an annual basis; - planning interventions to expand energy infrastructure through the development of a policy framework for the IEP, the IRP, the 20YLFIRM, the GUMP, the TDP & the Major Distribution Infrastructure Plan over the medium term; & - publishing an Annual Energy Statistics Report to facilitate information-based decision making. | <ul style="list-style-type: none"> - Poor IEP. - Inability to plan for future energy supply. | <ul style="list-style-type: none"> - Wrong decision making in terms of policy, structure, investment, planning, etc. - Lack of security in energy supply. - Bad reputation. - Lack of economic growth. - Outdated or irrelevant National Energy Policy. | <ul style="list-style-type: none"> - Develop SOPs for data collection & management processes. - Develop a standard template for the collection of data. - Liaise with local energy stakeholders to provide accurate & correct energy data. - Establish energy data task teams for interpretation, analyses & classification of energy data across various energy commodities. - Automation & streamlining of energy data. - Increase capacity by employing permanent members. - Increase capacity by employing permanent staff members or interns until the full functioning of the programme. |

3 PROGRAMME 3: PETROLEUM AND PETROLEUM PRODUCTS REGULATION

3.1 Purpose

To manage the regulation of petroleum and petroleum products to ensure optimum and orderly functioning of the petroleum industry to achieve Government's developmental goals.

3.2 Sub-Programmes

- Petroleum Compliance, Monitoring and Enforcement
- Petroleum Licensing and Fuel Supply
- Fuel Price Regulation
- Regional Petroleum Regulation Offices

3.3 Sub-Programme 3.1: Petroleum Compliance, Monitoring and Enforcement

This sub-programme monitors compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. This includes compliance with import and export conditions as well as the enforcement of the submission of data by the industry. The sub-programme also processes arbitration requests as well as promotion of access to information requests on behalf of the Controller of

Petroleum Products. It also assists in finalising appeals based on decisions of the Controller. On an annual basis, the sub-programme aims to conduct 1 500 retail site inspections for petroleum manufacturers, wholesalers and retailers to ensure compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. In 2012/13, 1 717 site inspections were carried out. By the end of September 2013, 845 inspections had been conducted. Twenty non-compliance issues were identified, six were resolved immediately and 14 enforcement notices were issued. This sub-programme had a staff complement of 14 in 2013/14.



On an annual basis, the sub-programme aims to conduct 1 500 retail site inspections for petroleum manufacturers, wholesalers and retailers.



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Table 29: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 3.1

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---------------------------------------|---------|---|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 3.1 To Ensure Compliance Monitoring & Enforcement in the Petroleum Sector | Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections. | N/A | N/A | Enforcement notices issued in 80% of cases where non-compliance was identified during routine compliance inspections. | Enforcement notices issued in 85% of cases where non-compliance is identified during routine compliance inspections (baseline 2 000 retail site compliance inspections conducted). | Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections (target 1 500 retail site compliance inspections conducted). | Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections (target 1 300 retail site compliance inspections conducted). | Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections (target 1 200 retail site compliance inspections conducted). |
| | Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during fuel sample testing. | N/A | N/A | Enforcement notices issued in 95% of cases where non-compliance was identified during routine fuel sample testing. | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing (baseline 1 080 fuel samples tested). | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing (target 1 892 fuel samples tested). | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing (target 1 500 fuel samples tested). | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing (target 1 500 fuel samples tested). |

Table 30: Quarterly targets for the 2015/16 financial year for Sub-Programme 3.1

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|--|--|--|--|--|
| | | | 1st | 2nd | 3rd | 4th |
| Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections. | Quarterly | Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections. | Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections. | Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections. | Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections. | Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections. |
| Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during fuel sample testing. | Quarterly | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing. | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing. | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing. | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing. | Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing. |

3.4 Sub-Programme 3.2: Petroleum Licensing and Fuel Supply

This sub-programme manages the adjudication of petroleum licence applications; regulates the permitting of the export and import of petroleum products; monitors fuel stock levels; and coordinates corrective actions to avoid fuel shortages. This entails conducting licence analyses and ensuring permit and charter compliance and hydrocarbon supply. This entails adjudication on different licence types in accordance with the Petroleum Products Act, 1977 (Act No. 120 of 1977) as amended. The act prescribes that a licence application be adjudicated within 90 days. In an effort to contribute to job creation, the DoE has made a commitment to reduce the new-to-industry retail and site licence turnaround time to 60 days. In 2012/13, no fuel supply shortages were experienced and through regular meetings with the industry's heads of supply managers, corrective actions to avoid distribution shortages were implemented where necessary. By the end of September 2013, no fuel supply shortages had been experienced and 46 petroleum activity licence applications, excluding site and new-to-industry retail applications, were finalised within 90 days against a target of 38. This sub-programme had a staff complement of 33 in 2013/14.



In an effort to contribute to job creation, the DoE has made a commitment to reduce the new-to-industry retail and site licence turnaround time to 60 days.

Table 31: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 3.2

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|--|---------------------------------------|---------|---------|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 3.2 To Promote the Transformation of the South African Petroleum & Liquid Fuels Industry through Issuing of Licences | Percentage of licence applications approved where BEE ownership is at least 50%. | N/A | N/A | N/A | 30% of licence applications approved have 50% BEE ownership. | 40% of licence applications approved have 50% BEE ownership. | 45% of licence applications approved have 50% BEE ownership. | 45% of licence applications approved have 50% BEE ownership. |

Table 32: Quarterly targets for the 2015/16 financial year for Sub-Programme 3.2

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|--|-------------------|-----|-----|---|
| | | | 1st | 2nd | 3rd | 4th |
| Percentage of licence applications approved where BEE ownership is at least 50%. | Annually | 40% of licence applications approved have 50% BEE ownership. | N/A | N/A | N/A | 40% of licence applications have 50% BEE ownership. |

3.5 Sub-Programme 3.3: Fuel Price Regulation

This sub-programme regulates the pricing of petroleum products in accordance with the legislative framework. This entails the determination, review, update and maintenance of fuel levies and margins and the process of paying fuel levies. Fuel price administration includes developing, evaluating and monitoring price models; updating elements of the Basic Fuel Price (BFP); and ensuring secure audit services for the auditing of fuel prices to ensure internationally competitive pricing of petroleum products, thereby enabling investment in the sector. This is a newly-created sub-programme and its capacity will be built over the medium term. In 2012/13, the stakeholder consultation process on the fixed retail margin for illuminating paraffin was finalised and a discussion document on the maximum refinery gate price was published. By the end of September 2013, the global energy information provider, Platts, had been consulted regarding elements to ensure internationally competitive pricing in the administration of petroleum product pricing. The DoE participated in the SAPIA Kellogg Brown Rood study on the review of the BFP and two reports on the implementation of the Regulatory Accounting System (RAS) applicable to the adjustment of fuel margins and petrol attendants' wages were compiled and approved in 2013/14. The RAS was implemented in December 2013. This sub-programme had a staff complement of five in 2013/14.



In 2012/13, the stakeholder consultation process on the fixed retail margin for illuminating paraffin was finalised.

Table 33: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 3.3

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|---|---|---|---|---|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 3.3 To Ensure Transparent Fuel Pricing of Petroleum Products | Report on the implementation of the RAS | Progress reports on RAS implementation. | Progress reports on RAS implementation. | Progress reports on RAS implementation. | Implementation of RAS margins (submission). | Report on the fuel price & margin adjustments using the RAS model. | Report on the fuel price & margin adjustments using the RAS model. | Report on the fuel price & margin adjustments using the RAS model. |

Table 34: Quarterly targets for the 2015/16 financial year for Sub-Programme 3.3

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Report on the implementation of the RAS. | Quarterly | Monitoring of RAS implementation. Report on the fuel price & margin adjustments using the RAS model. | Progress reports on RAS implementation. | Progress reports on RAS implementation. | Progress reports on RAS implementation. | Progress reports on RAS implementation. |

3.6 Sub-Programme 3.4: Regional Petroleum Regulation Offices

This sub-programme provides advice on integrated energy services, develops appropriate interventions to enhance and promote universal access to energy and ensures economic and technical compliance with relevant legislation. In addition, all annual information submitted by licence holders is captured and analysed. In 2012/13, 13 licensing awareness campaigns relating to the Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended were conducted throughout the country to explain the legislation to the public. These campaigns continued in 2013/14, with four having been conducted by the end of September 2013. This sub-programme had a staff complement of 61 in 2013/14. No strategic objectives, performance indicators or targets were set for this sub-programme.

3.7 Resource Consideration

Table 35: Overview of Programme 3: Petroleum and Petroleum Products Regulation

| | Baseline | | | | | MTEF | | |
|--|----------------------|---------------|---------------|--------------------------------|------------------------|-----------------------------|---------------|---------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Sub-Programmes | Rand Thousand | | | | | | | |
| Petroleum Compliance, Monitoring & Enforcement | 1 240 | 4 215 | 6 797 | 16 277 | 18 147 | 15 143 | 13 502 | 14 126 |
| Petroleum Licensing & Fuel Supply | 13 927 | 11 625 | 15 473 | 21 051 | 21 013 | 20 291 | 23 967 | 25 638 |
| Fuel Price Regulation | - | 12 423 | 3 566 | 14 920 | 14 874 | 8 631 | 8 035 | 8 439 |
| Regional Petroleum Regulation Offices | - | - | - | 30 497 | 30 497 | 30 313 | 31 034 | 32 463 |
| Total | 15 167 | 28 263 | 25 836 | 82 745 | 84 531 | 74 378 | 76 538 | 80 666 |

| Economic Classification | Rand Thousand | | | | | | | |
|----------------------------------|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current payments | 15 153 | 28 255 | 25 783 | 82 745 | 84 531 | 74 378 | 76 538 | 80 666 |
| Compensation of employees | 13 843 | 22 752 | 19 084 | 50 347 | 49 106 | 50 926 | 54 389 | 57 653 |
| Salaries & wages | 12 059 | 19 510 | 16 592 | 43 299 | 42 058 | 45 329 | 48 411 | 51 316 |
| Social contributions | 1 784 | 3 242 | 2 492 | 7 048 | 7 048 | 5 597 | 5 978 | 6 337 |

Table 35: Overview of Programme 3: Petroleum and Petroleum Products Regulation (continued)

| | Baseline | | | | | MTEF | | |
|---|----------------------|--------------|--------------|--------------------------------|------------------------|-----------------------------|---------------|---------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Goods & services of which: | 1 310 | 5 503 | 6 699 | 32 398 | 35 425 | 23 452 | 22 149 | 23 013 |
| Administrative fees | 46 | 119 | 128 | 383 | 383 | 375 | 349 | 363 |
| Advertising | 43 | 352 | 3 175 | 1 104 | 1 104 | 1 080 | 1 004 | 1 043 |
| Assets less than the capitalisation threshold | - | - | 2 | 197 | 197 | 194 | 181 | 186 |
| Catering: Departmental activities | 10 | 272 | 217 | 489 | 489 | 432 | 444 | 462 |
| Communication (G&S) | 99 | 194 | 302 | 710 | 710 | 695 | 647 | 673 |
| Computer services | - | - | - | 1 111 | 1 111 | 194 | 182 | 189 |
| Consultants & professional services: Business & advisory services | 287 | 1 743 | 396 | 14 784 | 17 654 | 9 673 | 9 789 | 10 528 |
| Consultants & professional services: Laboratory services | - | - | - | - | - | - | - | - |
| Contractors | 35 | 2 | - | 23 | 23 | 22 | 22 | 22 |
| Agency & support/outsourced services | - | 2 | - | 8 | 8 | 8 | 7 | 7 |
| Entertainment | - | - | - | 5 | 5 | 6 | 5 | 5 |
| Fleet services (including Government motor transport) | - | - | - | 192 | 192 | 188 | 175 | 182 |
| Inventory: Materials & supplies | - | - | - | - | - | - | - | - |
| Inventory: Other supplies | 3 | 2 | - | 82 | 82 | 81 | 75 | 78 |
| Consumable supplies | - | - | 6 | 314 | 321 | 307 | 286 | 297 |
| Consumable: Stationery, printing & office supplies | 15 | 171 | 47 | 92 | 242 | 90 | 84 | 87 |
| Operating leases | - | - | 9 | - | - | - | - | - |
| Property payments | - | 4 | - | 30 | 30 | 29 | 27 | 28 |

Table 35: Overview of Programme 3: Petroleum and Petroleum Products Regulation (continued)

| | Baseline | | | | | MTEF | | |
|---|-----------------|---------------|---------------|--------------------------------|------------------------|-----------------------------|---------------|---------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Transport provided: Departmental activities | - | - | - | 47 | 47 | 46 | 43 | 45 |
| Travel & subsistence | 668 | 1 929 | 1 649 | 8 230 | 8 230 | 5 652 | 4 748 | 4 586 |
| Training & development | 97 | 537 | 608 | - | - | - | - | - |
| Operating payments | 7 | 30 | 108 | 2 865 | 2 865 | 2 804 | 2 617 | 2 710 |
| Venues & facilities | - | 146 | 52 | 1 658 | 1 658 | 1 504 | 1 397 | 1 452 |
| Rental & hiring | - | - | - | 74 | 74 | 72 | 67 | 70 |
| Transfers & subsidies | 14 | 8 | 53 | - | - | - | - | - |
| Households | 14 | 8 | 53 | - | - | - | - | - |
| Total | 15 167 | 28 263 | 25 836 | 82 745 | 84 531 | 74 378 | 76 538 | 80 666 |

3.8 Risk Management

Table 36: Risk exposures for Programme 3

| Strategic Objective | Objective Statement | Strategic Risk | Risk Consequence | Mitigation Strategy |
|---|--|--|---|---|
| SO 3.2 To Promote the Transformation of the South African Petroleum & Liquid Fuels Industry through Issuing of Licences | To facilitate participation of HDIs in the petroleum sector by enforcing compliance by wholesalers, manufacturers & retailers with the Liquid Fuels Charter in the adjudication of licences on an ongoing basis. | <ul style="list-style-type: none"> - Lack of scientific market analysis to determine number of operators. - GIS information not included in the PPALS. | <ul style="list-style-type: none"> - Oversaturation of the market. - Unutilised trading infrastructure. - Retrenchment of employees. - Unwarranted pressure on social security system. - Failure to meet licensing objectives targets. | <ul style="list-style-type: none"> - Develop a scientific analysis tool. - Finalise SOPs. - International benchmark. - Alignment with macro-spatial framework (national, regional, etc. Spatial Development Framework). |
| | | <ul style="list-style-type: none"> - Regulatory framework not achieving objectives. | <ul style="list-style-type: none"> - Possible litigations. - Unlawful operators. - Increased non-compliance. | <ul style="list-style-type: none"> - Make recommendations to Policy & Planning Branch to amend the Legislative Frameworks. - Approval of SOPs. |

4 PROGRAMME 4: ELECTRIFICATION AND ENERGY PROGRAMME AND PROJECT MANAGEMENT

4.1 Purpose

To manage, coordinate and monitor programmes and projects focused on access to energy.

4.2 Sub-Programmes

- Integrated National Electrification Programme
- Energy Regional Offices
- Programmes and Project Management Office
- Energy Infrastructure/Industry Transformation

4.3 Sub-Programme 4.1: Integrated National Electrification Programme

This sub-programme oversees and manages the finance and implementation processes for the Integrated National Electrification Programme (INEP); manages the annual planning processes, including electrification infrastructure plans; and manages and coordinates technical audits for the programme. During the 2013/14 financial year, a target was set to electrify 260 000 households on the grid, while 292 714 were achieved. In addition, 14 059 non-grid connections were also completed. This resulted in a total of 306 773 households receiving access to electricity for the first time during the past fiscal year. More than 70% of all funding allocations were used in the 24 most deprived district municipalities in the country.



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Table 37: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.1

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|--|--|---|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.1 To Ensure Access to Electricity by Households | Plan & facilitate the transfer of funding & monitor the implementation of electrification in line with the allocated budget (grid connection) | 151 390 additional households electrified. | 166 130 additional households electrified. | 1 annual report on the allocation of funding & monitoring of progress on the number of additional households electrified with grid electrification toward the 2012/13 target of 180 000 in the National Electrification Plan. | Number of additional households to be electrified with grid electrification toward the 2014/15 target of 265 000 in the National Electrification Plan. | Number of additional households to be electrified with grid electrification toward the 2015/16 target of 260 000 in the National Electrification Plan. | Number of additional households to be electrified with grid electrification toward the 2016/17 target of 265 000 in the National Electrification Plan. | Number of additional households to be electrified with grid electrification toward the 2017/18 target of 285 000 in the National Electrification Plan. |

Table 37: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.1 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---|--|--|--|--|--|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.1 To Ensure Access to Electricity by Households (continued) | Plan & facilitate the transfer of funding & monitor the building/upgrading of electrification infrastructure projects per year. | 7 new bulk substations built. 10 additional substations upgraded. 350 km new medium-voltage power lines constructed. 200 km of existing medium-voltage power lines upgraded. | 4 new bulk substations built. 5 additional substations upgraded. 275 km new medium-voltage power lines constructed. 200 km of existing medium-voltage power lines upgraded. | 1 annual report on the allocation of funding & monitoring of progress on the building/upgrading of electrification infrastructure projects toward the 2012/13 target of: - 4 new bulk substations built; - 5 additional substations upgraded; - 275 km new medium-voltage power lines constructed; & - 200 km of existing medium-voltage power lines upgraded. | Building/upgrading of electrification infrastructure projects toward the 2014/15 target of: - 4 new bulk substations built; - 7 additional substations upgraded/strengthened; - 150 km new medium-voltage power lines constructed; & - 80 km of existing medium-voltage power lines upgraded/strengthened. | Building/upgrading of electrification infrastructure projects toward the 2015/16 target of: - 4 new bulk substations built; - 6 additional substations upgraded; - 100 km new medium-voltage power lines constructed; & - 90 km of existing medium-voltage power lines upgraded. | Building/upgrading of electrification infrastructure projects toward the 2016/17 target of: - 4 new bulk substations built; - 6 additional substations upgraded; - 110 km new medium-voltage power lines constructed; & - 95 km of existing medium-voltage power lines upgraded. | Building/upgrading of electrification infrastructure projects toward the 2017/18 target of: - 4 new bulk substations built; - 6 additional substations upgraded; - 120 km new medium-voltage power lines constructed; & - 100 km of existing medium-voltage power lines upgraded. |

Table 37: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.1 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|--|---------------------------------------|-----------------------------|--|---|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.1 Ensure Access to Electricity by Households (continued) | Plan & facilitate the transfer of funding & monitor the electrification of households in line with the allocated budget (off-grid connection). | N/A | 9 343 non-grid connections. | 1 annual report on the allocation of funding & monitoring of progress on the number of additional households electrified with non-grid electrification toward the 2012/13 target of 10 000 in the National Electrification Plan. | Number of additional households electrified with non-grid electrification toward the 2014/15 target of 15 000 in the National Electrification Plan. | Number of additional households electrified with non-grid electrification toward the 2015/16 target of 20 000 in the National Electrification Plan. | Number of additional households electrified with non-grid electrification toward the 2016/17 target of 20 000 in the National Electrification Plan. | Number of additional households electrified with non-grid electrification toward the 2017/18 target of 20 000 in the National Electrification Plan. |
| | National EMP. | N/A | N/A | N/A | 1st National EMP draft for electrification planning in 2015/16. | Implementation of the 2015/16 National EMP & refine & update the 2016/17 National EMP, pending the availability of resources. | Implementation of the 2016/17 National EMP & refine & update the 2017/18 National EMP, pending the availability of resources. | Implementation of the 2017/18 National EMP & refine & update the 2018/19 National EMP, pending the availability of resources. |

Table 38: Quarterly targets for the 2015/16 financial year for Sub-Programme 4.1

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|---|--|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Plan & facilitate the transfer of funding & monitor the electrification in line with the allocated budget (grid connections). | Quarterly | Number of additional households to be electrified with grid electrification toward the 2015/16 target of 260 000 in the National E electrification Plan. | 25 000 grid households' connections to be reported. | 45 000 grid households' connections to be reported. | 90 000 grid households' connections to be reported. | 100 000 grid households' connections to be reported. |
| Plan & facilitate the transfer of funding & monitor the building/upgrading of electrification infrastructure projects per year. | Quarterly | Building/upgrading of electrification infrastructure projects toward the 2015/16 target of: <ul style="list-style-type: none"> - 4 new bulk substations built; - 6 additional substations upgraded; - 100 km new medium-voltage power lines constructed; & - 90 km of existing medium-voltage power lines upgraded. | Provide evaluation report against the Implementation Plan with procurement & execution of the projects. | <ul style="list-style-type: none"> - Report on 15% of each new bulk substation built & additional substation upgrades progress on construction. - Provide 15% progress on the construction of 100 km new medium-voltage power lines & the 90 km medium-voltage power lines upgraded. | Provide construction audit report & 60% of progress on the construction of 100 km new medium-voltage power lines & the 90 km of existing medium-voltage power lines upgraded. | <ul style="list-style-type: none"> - Report on the 4 new bulk substations built. - Report on the 6 additional substations upgraded. - Report on the 100 km new medium-voltage power lines constructed. - Report on the 90 km of existing medium-voltage power lines upgraded. |
| Progress on the number households electrified with non grid electrification per year in comparison to the National Electrification Plan. | Quarterly | Number of additional households electrified with non-grid electrification toward the 2015/16 target of 20 000 in the National Electrification Plan. | 3 500 non-grid households' connections to be reported | 4 500 non-grid households' connections to be reported. | 5 500 non-grid households' connections to be reported. | 6 500 non-grid households' connections to be reported. |
| National EMP. | Quarterly | Implementation of the 2015/16 National EMP & refine & update the 2016/17 National EMP, pending the availability of resources. | Refine & update the master plan with data collected from municipalities & Eskom. | Refine & update the master plan with data collected from municipalities & Eskom. | Consolidation & confirmation of data with stakeholders (municipalities & Eskom). | Finalisation of the master plan document for the 2016/17 National Electrification rollout. |

4.4 Sub-Programme 4.2: Energy Regional Offices

This sub-programme provides advice on integrated energy services; develops appropriate interventions to enhance and promote universal access to energy; manages and coordinates regional electrification planning and ensures economic and technical compliance with relevant legislation. During the 2013/14 financial year, it facilitated the launch of two Sasol-sponsored Integrated Energy Centres (IECs), one in the Free State and the other in KwaZulu-Natal.

Table 39: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.2

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---|---|---|---|--|---|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.2 To Enhance Programmes and Projects Management | Number of reports on the progress made with regard to the establishment of new operational IECs per year. | 2 IECs established. | 2 IECs established. | 4 quarterly reports on the progress made in 2012/13 with regard to the establishment of 2 IECs submitted to community upliftment. | 4 quarterly reports on the progress made in 2013/14 with regard to the establishment of 2 IECs submitted to community upliftment. | Annual report on the progress made in 2014/15 with regard to the energy centres & development of the draft strategy on rural energy centres. | Annual report on the progress made in 2015/16 with regard to the energy centre. Approved strategy on rural energy access. | Annual report on the progress made in 2016/17 with regard to rural energy centres. Implementation plan of the approved rural energy access strategy. |
| | Number of reports on IEC site visits. | 2 IECs established. | 2 IECs established. | 12 site visit reports on the monitoring & management of the IECs. | 12 site visit reports on the monitoring & management of the IECs. | 12 site visit reports on the monitoring & management of the IECs. | 12 site visit reports on the monitoring & management of the IECs. | 12 site visit reports on the monitoring & management of the IECs. |
| | Contracts for the INEP Municipalities Programme prepared & signed. | Signed municipalities' contracts for funded 2011/12 INEP. | Signed municipalities' contracts for funded 2012/13 INEP. | Signed municipalities' contracts for funded 2013/14 INEP. | Signed municipalities' contracts for funded 2014/15 INEP. | Signed municipalities' contracts for funded 2015/16 INEP. | Signed municipalities' contracts for funded 2016/17 INEP. | Signed municipalities' contracts for funded 2017/18 INEP. |
| | Provincial reports on the performance of the Municipality Programme. | Provincial reports on the performance of municipalities for the 2011/12 INEP. | Provincial reports on the performance of the municipalities for the 2012/13 INEP. | Provincial reports on the performance of the municipalities for the 2013/14 INEP. | Provincial reports on the performance of the municipalities for the 2014/15 INEP. | Provincial reports on the performance of the municipalities for the 2015/16 INEP. | Provincial reports on the performance of the municipalities for the 2016/17 INEP. | Provincial reports on the performance of the municipalities for the 2017/18 INEP. |

Table 39: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.2 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|--|---------------------------------------|---------|---------|---|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.2 To Enhance Programmes and Projects Management (continued) | Conducting site & technical audit visits during the implementation of INEP projects. | N/A | N/A | N/A | 4 quarterly reports on conducted site & technical audits during INEP projects implementations & the monitoring of projects for 2013/14. | 4 quarterly reports on conducted site & technical audits during INEP projects implementations & the monitoring of projects for 2014/15. | 4 quarterly reports on conducted site & technical audits during INEP projects implementations & the monitoring of projects for 2015/16. | 4 quarterly reports on conducted site & technical audits during INEP projects implementations & the monitoring of projects for 2016/17. |

Table 40: Quarterly targets for the 2015/16 financial year for Sub-Programme 4.2

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|--|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Number of reports on the progress made with regard to the establishment of new operational IECs per year. | Quarterly | Annual report on the progress made in 2014/15 with regard to the energy centres & development of the draft strategy on rural energy centres. | N/A | 1 quarterly report (1st quarter) on progress made in 2014/15 with regard to the energy access centres. | 1 quarterly report (2nd quarter) on progress made in 2014/15 with regard to the energy access centres. | 1 quarterly report (3rd quarter) on progress made in 2014/15 with regard to the energy access centres. |
| Number of reports on IEC site visits. | Monthly | 12 site visit reports on the monitoring & management of the IECs. | 3 monthly reports (1st quarter) on the monitoring of the IEC's operations & management made in 2014/15. | 3 monthly reports (2nd quarter) on the monitoring of the IEC's operations & management made in 2014/15. | 3 monthly reports (3rd quarter) on the monitoring of the IEC's operations & management made in 2014/15. | 3 monthly reports (4th quarter) on the monitoring of the IEC's operations & management made in 2014/15. |
| Contracts for the INEP Municipalities Programme prepared & signed. | Annually | Signed municipalities' contracts for funded 2015/16 INEP. | N/A | N/A | N/A | Completed signing of municipalities' contracts for 2015/16. |

Table 40: Quarterly targets for the 2015/16 financial year for Sub-Programme 4.2 (continued)

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|--|---|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Provincial reports on the performance of the Municipality Programme. | Quarterly | Provincial reports on the performance of the municipalities for the 2015/16 INEP. | 9 Provincial reports prepared from the INEP Municipality Programme. | 9 Provincial reports prepared from the INEP Municipality Programme. | 9 Provincial reports prepared from the INEP Municipality Programme. | 9 Provincial reports prepared from the INEP Municipality Programme. |
| Conducting site & technical audit visits during the implementation of the INEP projects. | Quarterly | 4 quarterly reports on conducted site & technical audits during INEP projects implementations & the monitoring of projects for 2014/15. | 1 quarterly report on conducted site & technical audits during INEP projects implementations & monitoring of projects. | 1 quarterly report on conducted site & technical audits during INEP projects. | 1 quarterly report on conducted site & technical audits during INEP projects. | 1 quarterly report on conducted site & technical audits during INEP projects. |

4.5 Sub-Programme 4.3: Programme and Project Management Office

This sub-programme provides specialised assistance to programme and project managers, and management in general, to apply management principles, coordinate project information and report on projects. The focus will be on capacitating this sub-programme over the medium term through the development of a project management platform, the appointment and training of staff and meeting with stakeholders to conduct planning sessions. In 2013/14, the requisite progress reports and dashboards were compiled and submitted with the following activities: EMP, internal project reporting, the Presidential Infrastructure Coordinating Commission (PICC) and REIPPPs.

Table 41: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.3

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|---|--|--|--|---|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.3 To Monitor Energy Infrastructure Development | Development of a Project Management Business Process. | N/A | N/A | N/A | Draft Project Management Business Process. | Project Management Business Process Approved & implemented. | Refine Project Management Business Process. | N/A |
| | Project progress update (Quarterly Projects Dashboard). | N/A | N/A | N/A | Develop 20 dashboards for each project (internal/external). | Implement 12 dashboards for each project (internal/external). | Refine 12 dashboards for each project (internal/external). | Refine 12 dashboards for each project (internal/external). |
| | Monthly projects' progress reports (covering challenges, mitigation plans & interventions). | N/A | N/A | N/A | 1 monthly report covering INEP. | 1 monthly report covering INEP. | 1 monthly report covering INEP. | 1 monthly report covering INEP. |
| SO 4.4 Effective Renewable Energy | Number of SWH units installed in residential & commercial sectors per year. | 242 000 SWH units installed in residential & commercial sectors. | 353 188 SWH units installed in residential & commercial sectors. | 129 679 SWH units installed in residential & commercial sectors. | 20 000 SWH units installed in residential & commercial sectors. | 45 141 SWH units installed in residential & commercial sectors. | 38 375 SWH units installed in residential & commercial sectors. | 44 771 SWH units installed in residential & commercial sectors. |

Table 42: Quarterly targets for the 2015/16 financial year for Sub-Programme 4.3

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|---|--|---|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Development of a Project Management Information System. | Annually | Project Management Business Process Approved & implemented. | Stakeholder consultation. | Development of a Draft Project Business System. | Submit Draft Business Process System for approval. | Approved Business Process System for implementation. |
| Development of a standard project management methodology. | Quarterly | Implement customising methodology based on directorates' needs. | N/A | Implement customising methodology based on directorates' needs. | N/A | N/A |
| Project progress update (Quarterly Projects Dashboard). | Quarterly | Implement 3 dashboards. | Implement 3 dashboards. | Implement 3 dashboards. | Implement 3 dashboards. | Implement 3 dashboards. |
| Monthly projects' progress reports. | Monthly | 1 monthly report covering INEP. | Monthly report on the progress of INEP. | Monthly report on the progress of INEP. | Monthly report on the progress of INEP. | Monthly report on the progress of INEP. |
| Number of SWH units installed in residential & commercial sectors per year. | Quarterly | 45 141 SWH units installed in residential & commercial sectors. | Contracts for locally manufactured products placed. Training & capacity building of installation teams in identified municipalities completed. | Installations commenced in identified municipalities. | Installations commenced in identified municipalities. | 45 771 SWH units installed in residential & commercial sectors. |

4.6 Sub-Programme 4.4: Energy Infrastructure

This sub-programme oversees energy programmes and projects by dedicating its focus on strengthening the DoE's monitoring in the orderly development of the energy sector. During the 2013/14 financial year, the necessary strategic infrastructure project reports and a progress summary on all other project reports had been compiled and forwarded to the PICC Secretariat; a Strategic Infrastructure Project (SIP) Business Plan had been compiled and was subsequently approved by the Minister; and contracts were finalised and signed with nine municipalities facing significant electricity distribution challenges as part of the Pilot Project. All projects have since begun within these municipalities. The progress of these projects will be monitored by a steering committee of relevant stakeholders.

Table 43: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.4

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|--|---------------------------------------|---------|---|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.4 To Monitor Energy Infrastructure Developments | Reporting on REIPPP monitoring system & compliance with the Implementation Agreement IPPs. | N/A | N/A | 1 annual report on the progress made in 2013/14 with regard to the construction & operation phases of the IPP projects. | An updated report highlighting achievements of the implementation of the programme. | An annual report highlighting achievements of the implementation of the programme. | An annual report on the IPP Programme & a close-out report on Bid Windows 1 & 2 of the REIPPP. | An annual report on the IPP Programme & a close-out report on Bid Windows 1 & 2 of the REIPPP. |
| | Reporting on infrastructure monitoring & compliance with the implementation of non-REIPPP generation programme – peaker stations, cogenerators, Coal 3, Inga, etc. | N/A | N/A | N/A | An updated report highlighting achievements on the implementation of the IPP Programme . | An annual report on non-REIPPP. | An annual report on non-REIPPP. | An annual report on non-REIPPP. |
| | Provide mini-ADAM projects report. | N/A | N/A | N/A | <ul style="list-style-type: none"> - Monitor & close-out report on the completion of the mini-ADAM projects. - Develop an Electricity Distribution Intervention Plan with old mining town municipalities, municipalities mentioned in the SoNA & the so-called hot spot areas to receive assistance. | Provide a sustainable Electricity Distribution Intervention Plan (including the effect on tariffs) & start with the implementation to deal with the electricity infrastructure backlog in mining town municipalities, municipalities mentioned in the SoNA & the so-called hot spot areas to receive assistance. | N/A | N/A |

Table 43: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.4 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|---|---------------------------------------|---------|---------|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.4 To Monitor Energy Infrastructure Developments. (continued) | Monitoring the implementation of the NSWHP. | N/A | N/A | N/A | Monitoring & reporting on the SWH quantity installed, the amount of energy saved & training conducted with the NSWHP, pending availability of resources. | Monitoring & reporting on the SWH quantity installed, the amount of energy saved & training conducted with the NSWHP, pending availability of resources. | Monitoring & reporting on the SWH quantity installed, the amount of energy saved & training conducted with the NSWHP, pending availability of resources. | Monitoring & reporting on the SWH quantity installed, the amount of energy saved & training conducted with the NSWHP, pending availability of resources. |
| | Monitoring the implementation of EE interventions & programmes. | N/A | N/A | N/A | Monitoring & reporting on EE projects initiated by municipalities through the Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations & other entities with the amount of energy saved & detail of the EE interventions, pending availability of resources. | Monitoring & reporting on EE projects initiated by municipalities through the Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations & other entities with the amount of energy saved & detail of the EE interventions, pending availability of resources. | Monitoring & reporting on EE projects initiated by municipalities through the Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations & other entities with the amount of energy saved & detail of the EE interventions, pending availability of resources. | Monitoring & reporting on EE projects initiated by municipalities through the Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations & other entities with the amount of energy saved & detail of the EE interventions, pending availability of resources. |

Table 43: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 4.4 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|---|---------------------------------------|---------|---|---|--|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 4.4 To Monitor Energy Infrastructure Developments. (continued) | Monitoring the implementation of the Biofuels Programme. | N/A | N/A | N/A | Initiate the development of a monitoring system to oversee the production, “feed-in-subsidies” & SED implementation of the Biofuels Programme, pending availability of resources. | Finalise the development of a monitoring system to oversee the production, “feed-in-subsidies” & SED implementation of the Biofuels Programme, pending availability of resources. Initiate the monitoring & reporting system on the implementation of the Biofuels Programme. | Monitor & report on the monitoring system to oversee the production, “feed-in-subsidies” & SED implementation of the Biofuels Programme, pending availability of resources. | N/A |
| | Number of SIP reports submitted to EXCO & MANCO & the PICC Secretariat on all SIPs. | N/A | N/A | Provide energy inputs to all the SIPs, where energy is the major component. | Provide energy inputs to all the SIPs, where energy is the major component. | Provide energy inputs to all the SIPs, where energy is the major component. | Provide energy inputs to all the SIPs, where energy is the major component. | Provide energy inputs to all the SIPs, where energy is the major component. |

Table 44: Quarterly targets for the 2015/16 financial year for Sub-Programme 4.4

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|--|--|--|--|--|
| | | | 1st | 2nd | 3rd | 4th |
| Reporting on the REIPPP monitoring system & compliance with the Implementation Agreement of IPPs. | Quarterly | An updated report highlighting achievements of the implementation of the programme. | Report highlighting achievements of the implementation of the programme. | Report highlighting achievements of the implementation of the programme. | A dashboard update highlighting the status of the IPP Programme with regard to obligations & progress of the programme report, highlighting achievements on the implementation of the programme. | Develop a revised monitoring framework for the programme. |
| Reporting on infrastructure monitoring & compliance with the implementation of the non-REIPPP generation programme – peaker stations, co-generators, Coal 3, Inga, etc. | Bi-annually | An annual report on non-REIPPP. | N/A | A quarterly report. | A quarterly report. | An annual report. |
| Provide mini-ADAM projects report. | Annually | Provide a sustainable Electricity Distribution Intervention Plan (including the effect on tariffs) & start with the implementation to deal with the electricity infrastructure backlog in mining town municipalities, municipalities mentioned in the SoNA & the so-called hot spot areas to receive assistance. | N/A | N/A | N/A | Provide a sustainable Electricity Distribution Intervention Plan (including the effect on tariffs) & start with the implementation to deal with the electricity infrastructure backlog in mining town municipalities, municipalities mentioned in the SoNA & the so-called hot spot areas to receive assistance. |

Table 44: Quarterly targets for the 2015/16 financial year for Sub-Programme 4.4 (continued)

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|--|-------------------|--|-----|--|
| | | | 1st | 2nd | 3rd | 4th |
| Monitor the implementation of the NSWHP. | Quarterly | Monitoring & reporting on the SWH quantity installed, the amount of energy saved & training conducted with the NSWHP, pending availability of resources. | N/A | Report on the SWH quantity installed, the amount of energy saved & training conducted with the NSWHP, pending availability of resources. | N/A | Report on the SWH quantity installed, the amount of energy saved & training conducted with the NSWHP, pending availability of resources. Report on EE projects initiated by municipalities through Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations & other entities with the amount of energy saved, as well as on the detail of EE interventions, pending availability of resources. |
| Monitor the implementation of EE interventions & programmes. | Quarterly | Monitoring & reporting on EE projects initiated by municipalities through the Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations & other entities with the amount of energy saved & detail of EE interventions, pending availability of resources. | N/A | Report on EE projects initiated by municipalities through the Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations & other entities with the amount of energy saved & detail of EE interventions, pending availability of resources. | N/A | Report on EE projects initiated by municipalities through the Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations & other entities with the amount of energy saved & detail of EE interventions, pending availability of resources. |
| Monitor the implementation of the Biofuels Programme. | Bi-annually | Finalise the development of a monitoring system to oversee the production, "feed-in-subsidies" & SED implementation of the Biofuels Programme, pending availability of resources. Initiate the monitoring & reporting system on the implementation of the Biofuels Programme. | N/A | N/A | N/A | Finalise the development of a monitoring system to oversee the production, "feed-in-subsidies" & SED implementation of the Biofuels Programme, pending availability of resources. Initiate the monitoring & reporting system on the implementation of the Biofuels Programme. |

Table 44: Quarterly targets for the 2015/16 financial year for Sub-Programme 4.4 (continued)

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|--|-------------------|--|-----|--|
| | | | 1st | 2nd | 3rd | 4th |
| Number of SIP reports submitted to EXCO, MANCO & the PICC Secretariat on all SIPs. | Annually | Provide energy inputs to all the SIPs where energy is the major component. | N/A | Provide energy inputs to all the SIPs where energy is the major component. | N/A | Provide energy inputs to all the SIPs where energy is the major component. |

4.7 Resource Consideration

Table 45: Overview of Programme 4: Electrification and Energy Programme and Project Management

| | Baseline | | | | | MTEF | | |
|---|----------------------|------------------|------------------|--------------------------------|------------------------|-----------------------------|------------------|------------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Sub-Programmes | Rand Thousand | | | | | | | |
| INEP | 3 264 539 | 3 110 878 | 3 907 895 | 4 165 901 | 4 175 122 | 5 741 708 | 5 996 367 | 6 353 231 |
| Energy Regional Offices | 18 086 | 19 472 | 33 204 | 7 831 | 7 831 | 11 950 | 12 763 | 13 528 |
| Programme & Project Management Office | - | 1 498 | 5 926 | 8 994 | 9 138 | 9 640 | 9 498 | 9 955 |
| Energy Infrastructure/Industry Transformation | 349 | 845 | 4 262 | 9 798 | 8 385 | 9 420 | 9 938 | 10 515 |
| Community Upliftment Programmes & Projects | 3 515 | 3 662 | 7 238 | 6 688 | 8 140 | 5 579 | 5 712 | 6 021 |
| Total | 3 286 489 | 3 136 355 | 3 958 525 | 4 199 212 | 4 208 616 | 5 778 297 | 6 034 278 | 6 393 250 |

| Economic Classification | Rand Thousand | | | | | | | |
|---------------------------------------|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current payments | 43 208 | 47 092 | 72 011 | 49 896 | 50 396 | 53 647 | 55 274 | 58 303 |
| Compensation of employees | 31 832 | 35 078 | 46 050 | 35 343 | 33 810 | 38 864 | 41 507 | 43 998 |
| Salaries & wages | 27 949 | 30 828 | 40 759 | 30 395 | 28 862 | 34 627 | 36 982 | 39 201 |
| Social contributions | 3 883 | 4 250 | 5 291 | 4 948 | 4 948 | 4 237 | 4 525 | 4 797 |
| Goods & services of which: | 11 376 | 12 014 | 25 961 | 14 553 | 16 586 | 14 783 | 13 767 | 14 305 |
| Administrative fees | 659 | 372 | 1 152 | 674 | 724 | 906 | 824 | 839 |

Table 45: Overview of Programme 4: Electrification and Energy Programme and Project Management (continued)

| | Baseline | | | | | MTEF | | |
|---|----------------------|---------|---------|--------------------------------|------------------------|-----------------------------|---------|---------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Advertising | 471 | 307 | 1 544 | 538 | 1 038 | 139 | 145 | 168 |
| Assets less than the capitalisation threshold | 7 | - | 4 | 728 | 728 | 595 | 562 | 591 |
| Catering: Departmental activities | 130 | 452 | 1 096 | 616 | 666 | 696 | 661 | 674 |
| Communication (G&S) | 596 | 734 | 485 | 653 | 653 | 792 | 735 | 760 |
| Computer services | - | 1 | 2 | 316 | 316 | 31 | 42 | 56 |
| Consultants & professional services: Business & advisory services | - | 2 | 1 | - | 2 | - | - | - |
| Consultants & professional services: Infrastructure & planning | - | - | - | - | - | - | - | - |
| Contractors | 57 | 54 | 67 | - | - | - | - | - |
| Entertainment | - | - | 2 | - | - | - | - | - |
| Fleet services (including Government motor transport) | - | - | 3 | 1 | 3 | 1 | 1 | 1 |
| Inventory: Fuel, oil & gas | 1 | 1 | - | - | - | - | - | - |
| Inventory: Materials & supplies | - | 3 | - | - | - | - | - | - |
| Inventory: Medicine | - | - | - | 1 | 1 | - | - | - |
| Inventory: Other supplies | 6 | 105 | - | - | - | - | - | - |
| Consumable supplies | - | - | 136 | 160 | 160 | 81 | 79 | 82 |
| Consumable: Stationery, printing & office supplies | 55 | 276 | 20 | 856 | 856 | 263 | 249 | 265 |
| Operating leases | - | - | 390 | - | 14 | - | - | - |
| Transport provided: Departmental activity | - | - | 233 | 105 | 105 | 29 | 14 | 19 |
| Travel & subsistence | 8 241 | 7 784 | 15 273 | 8 516 | 9 192 | 9 333 | 8 660 | 8 955 |
| Training & development | 6 | - | 133 | - | 9 | - | - | - |
| Operating payments | 72 | 688 | 232 | 586 | 586 | 142 | 154 | 189 |

Table 45: Overview of Programme 4: Electrification and Energy Programme and Project Management (continued)

| | Baseline | | | | | MTEF | | |
|--|----------------------|------------------|------------------|--------------------------------------|---------------------------|-----------------------------|------------------|------------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Venues & facilities | 1 075 | 1 225 | 5 188 | 803 | 1 533 | 1 775 | 1 641 | 1 706 |
| Rental & hiring | - | 10 | - | - | - | - | - | - |
| Transfers & subsidies | 3 243 281 | 3 089 263 | 3 886 157 | 4 149 316 | 4 158 220 | 5 724 650 | 5 979 004 | 6 334 947 |
| Municipalities | 1 096 611 | 1 151 443 | 1 634 772 | 1 104 658 | 1 104 658 | 1 980 340 | 2 036 246 | 2 197 048 |
| Public corporations | 2 018 810 | 1 879 368 | 2 141 027 | 2 948 037 | 2 948 037 | 3 613 243 | 3 776 334 | 3 946 154 |
| Private enterprises | 127 860 | 58 328 | 110 320 | 96 621 | 105 525 | 131 067 | 166 424 | 191 745 |
| Households | - | 124 | 38 | - | - | - | - | - |
| Payments for capital assets | 4 029 | 10 548 | 357 | - | - | - | - | - |
| Transport equipment | 1 259 | 350 | - | - | - | - | - | - |
| Other machinery & equipment | 2 770 | 9 583 | 9 | - | - | - | - | - |
| Software & other intangible assets | - | 615 | 348 | - | - | - | - | - |
| Payments for financial assets | - | - | - | - | - | - | - | - |
| Total | 3 286 489 | 3 136 355 | 3 958 525 | 4 199 212 | 4 208 616 | 5 778 297 | 6 034 278 | 6 393 250 |
| Transfers & Subsidies | Rand Thousand | | | | | | | |
| INEP | 127 860 | 58 328 | 110 320 | 96 621 | 105 525 | 131 067 | 166 424 | 191 745 |
| Eskom - INEP - Indirect grant | 1 737 810 | 1 879 368 | 2 141 027 | 2 948 037 | 2 948 037 | 3 613 243 | 3 776 334 | 3 946 154 |
| Local organising committee for the 2010 FIFA World Cup | 281 000 | - | - | - | - | - | - | - |
| Employee social benefits | - | 124 | 38 | - | - | - | - | - |
| INEP grant | 1 096 611 | 1 151 443 | 1 314 772 | 1 104 658 | 1 104 658 | 1 980 340 | 2 036 246 | 2 197 048 |
| INEP - ADAM | - | - | 320 000 | - | - | - | - | - |
| Total | 3 243 281 | 3 089 263 | 3 886 157 | 4 149 316 | 4 158 220 | 5 724 650 | 5 979 004 | 6 334 947 |

4.8 Risk Management

Table 46: Risk exposure for Programme 4

| Strategic Objective | Objective Statement | Strategic Risk | Risk Consequence | Mitigation Strategy |
|--|---|--|--|--|
| SO 4.1 To Ensure Access to Electricity by Households | To improve the monitoring of provisions of electrification programmes in support of universal access to energy. | Non-alignment of INEP with IDPs of municipalities. | <ul style="list-style-type: none"> - Political instability. - Policy change. | <ul style="list-style-type: none"> - Involvement of all the relevant stakeholders during the IDP process & thus alignment with the electrification strategy. - Development of an implementation plan to drive the electrification between DoE & municipalities. - Electrification discussions feature as a standing item on the agenda of the municipality EXCO. - Discussion of energy-related issues for resolution at Provincial energy forums. - Escalation of unresolved energy-related issues from Provincial energy forums to MinMec. - Communication & resolution of energy-related issues during Izimbizo (public engagements). |

5 PROGRAMME 5: NUCLEAR ENERGY

5.1 Purpose

To manage the South African nuclear energy industry and control nuclear material in terms of international obligations, nuclear legislation and policies to ensure the safe and peaceful use of nuclear energy.

5.2 Sub-Programmes

- Nuclear Safety and Technology
- Nuclear Non-Proliferation and Radiation Security
- Nuclear Policy

5.3 Sub-Programme 5.1: Nuclear Safety and Technology

(Chief Directorate: Nuclear Safety and Technology)

This sub-programme manages and implements all matters related to nuclear safety and technology as required by legislation and international agreements; implements the Nuclear Energy Policy, which was approved in 2008 as a national nuclear programme in line with the IRP requirements; and administers all matters related to nuclear safety, liability and emergency management with the aim of improving the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. In 2012/13 and 2013/14, an integrated nuclear infrastructure review mission was conducted by the International Atomic Energy Agency (IAEA), after which an action plan, to address the identified gaps, was developed.

Studies and strategies on nuclear financing and procurement were completed and South Africa's self-assessment on nuclear emergency preparedness was also finalised. In addition, an emergency preparedness review pre-mission by the IAEA was hosted and a procurement framework benchmark proposal was submitted to the National Nuclear Energy Executive Coordination Committee (NNEECC). Finally, the Board of Directors for the National Radioactive Waste Disposal Institute (NRWDI) was appointed.



Studies and strategies on nuclear financing and procurement were completed and South Africa's self-assessment on nuclear emergency preparedness was also finalised.

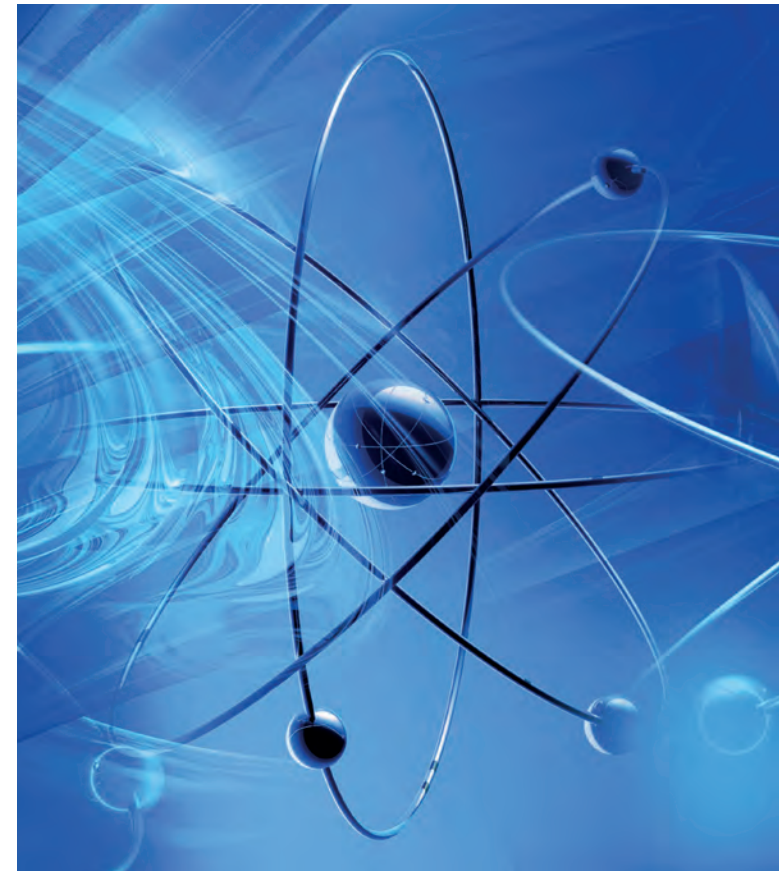


Table 47: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 5.1

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|---|---------------------------------------|---------|---------|---|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 5.3 To Improve Security of Energy Supply | National Nuclear Disaster Management Plan updated. | N/A | N/A | N/A | Action plan based on emergency preparedness review mission developed. | Draft updated National Nuclear Disaster Management Plan completed. | Consultation with impacted stakeholders on draft National Nuclear Disaster Management Plan completed. | Approved updated National Nuclear Disaster Management Plan. |
| | Commission & supply an additional 9 600 MWe of nuclear energy onto the grid by 2030. | N/A | N/A | N/A | Approved NNEECC/ESC procurement framework of October 2013. | Procurement of the nuclear power reactor as per the procurement process launched. | Procurement of the nuclear power reactor as per the procurement process completed. | Preconstruction of 1 nuclear power station commenced. |
| | Develop Nuclear New Build Programme Roadmap based on IRP 2010-30. | N/A | N/A | N/A | N/A | Programme plan completed & implementation commenced. | Progress on implementation of the programme plan reported. | Progress on implementation of the programme plan reported. |
| | Transactional Advisor appointed to provide necessary advice on the Nuclear New Build Programme. | N/A | N/A | N/A | N/A | Transactional advisors motivation completed. | Appointment of Transactional advisor completed. | Transactional advisor fully operational. |
| | Established Nuclear PMO to expedite the rollout of the Nuclear New Build Programme. | N/A | N/A | N/A | N/A | PMO established & operational. | PMO fully operational. | PMO fully operational. |

Table 47: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 5.1 (continued)

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|--|---------------------------------------|---------|---------|---|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 5.3 To Improve Security of Energy Supply (continued) | Number of nuclear power reactors constructed. | N/A | N/A | N/A | Implementation plan to NFC strategy submitted to NNEECC/ESC for approval. | Procurement of the NFC facilities as per the implementation plan launched. | Procurement of the NFC facilities as per the implementation plan completed. | Construction of the NFC facilities as per the implementation plan commenced. |
| | Localisation & industrialisation strategy developed. | N/A | N/A | N/A | Nuclear localisation & industrialisation strategy submitted to NNEECC/ESC for approval. | Implementation of the nuclear localisation & industrialisation strategy (if approved). | Implementation of the nuclear localisation & industrialisation strategy (if approved). | Implementation of the nuclear localisation & industrialisation strategy (if approved). |

Table 48: Quarterly targets for the 2015/16 financial year for Sub-Programme 5.1

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|---|---|--|---|--|
| | | | 1st | 2nd | 3rd | 4th |
| National Nuclear Disaster Management Plan updated. | Quarterly | Draft updated National Nuclear Disaster Management Plan completed. | Relevant stakeholders consulted on progress regarding the implementation & response of the action plan on the emergency plan. | MoU or Corporation Agreement on the migration of RadCon from the DoH to the NNR drafted. | Commenced with an amendment of the National Nuclear Disaster Management Plan. | National Nuclear Disaster Management Plan updated. |
| Commission & supply an additional 9 600 MWe of nuclear energy onto the grid by 2030. | Quarterly | Procurement of the nuclear power reactor as per the procurement process launched. | Implementation of the procurement process (if approved). | Implementation of the procurement process (if approved). | Implementation of the procurement process (if approved). | Implementation of the procurement process (if approved). |
| Develop Nuclear New Build Programme Roadmap based on IRP 2010-30. | Quarterly | Programme plan completed & implementation commenced. | Development of optimised programme plan completed in line with 2023 as per IRP 2010-30. | Optimised plan reviewed & submitted for approval. | Implementation of the optimised programme plan Commenced. | Implementation of the optimised programme plan. |
| Transactional advisor appointed to provide necessary advise on the Nuclear New Build Programme. | Quarterly | Transaccional advisors motivation completed. | Draft report for transactional advisor motivation completed. | Include motivation report in the MTEF submission. | N/A | Process of appointing for transactional advisor commenced. |

Table 48: Quarterly targets for the 2015/16 financial year for Sub-Programme 5.1 (continued)

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|--|--|--|--|--|
| | | | 1st | 2nd | 3rd | 4th |
| Established Nuclear PMO to expedite the rollout of the Nuclear New Build Programme. | Quarterly | PMO established & operational. | Submission on PMO motivation submitted to Minister for approval. | Identification of human resources and nomination process completed. | The necessary HR appointed & this include secondments from other stakeholders. | Established PMO. |
| Number of nuclear power reactors constructed. | Quarterly | Procurement of the NFC facilities as per the implementation plan launched. | Developed implementation plan based on the mission report. | Consultation with stakeholders based on the developed implementation plan. | Incorporate inputs from stakeholders. | Implementation commenced. |
| Localisation & industrialisation strategy developed. | Quarterly | Implementation of the nuclear localisation strategy (if approved). | N/A | Incorporate NNEECC feedback into the NFC Strategy. | NFC Strategy implementation plan completed. | Submission to Cabinet for approval of the implementation plan to support the NFC Strategy. |

5.4 Sub-Programme 5.2: Nuclear Non-Proliferation and Radiation Security

(Chief Directorate: Nuclear Non-Proliferation and Radiation Security)

This sub-programme manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements. This entails accounting for and control of nuclear material through authorisations; ensuring compliance by conducting inspections and audits; and regulating the security of nuclear material by implementing security measures during transportation, use and storage. Nuclear safeguard compliance inspections were successfully conducted. This sub-programme had a staff complement of nine in 2013/14.

Table 49: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 5.2

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|--|---|--|--|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 5.2 To Strengthen the Control of Nuclear Material & Equipment | Accounting & control of possession, acquisition, transportation, importation & exportation of nuclear material through consideration of 100% of authorisation applications within 8 weeks. | 70% of authorisations or denials for nuclear materials & related equipment issued within 8 weeks. | 70% of applications for nuclear materials & related equipment concluded within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. |
| | Number of nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 4 nuclear safeguard compliance inspections, audits & investigations conducted. | 4 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 4 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 8 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 8 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 8 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 8 nuclear safeguard compliance reports submitted to the relevant decision-making structures. |
| | Number of nuclear safeguard compliance audit reports submitted to the relevant decision-making structures. | N/A | N/A | 1 nuclear safeguard compliance audit reports submitted to the relevant decision-making structures. | 4 nuclear safeguard compliance audit reports submitted to the relevant decision-making structures. | 4 nuclear safeguard compliance audit reports submitted to the relevant decision-making structures. | 4 nuclear safeguard compliance audit reports submitted to the relevant decision-making structures. | 4 nuclear safeguard compliance audit reports submitted to the relevant decision-making structures. |
| | Number of nuclear security compliance reports submitted to the relevant decision-making structures. | N/A | N/A | N/A | 2 nuclear security compliance reports submitted to the relevant decision-making structures. | 4 nuclear security compliance reports submitted to the relevant decision-making structures. | 4 nuclear security compliance reports submitted to the relevant decision-making structures. | 4 nuclear security compliance reports submitted to the relevant decision-making structures. |

Table 50: Quarterly targets for the 2015/16 financial year for Sub-Programme 5.2

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|--|--|--|--|--|
| | | | 1st | 2nd | 3rd | 4th |
| Accounting & control of possession, acquisition, transportation, importation & exportation of nuclear material through consideration of 100% of authorisation applications within 8 weeks. | Quarterly | 70% of authorisation applications processed within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. | 70% of authorisation applications processed within the 8-week time period. |
| Number of nuclear safeguard compliance reports submitted to the relevant decision-making structures. | Quarterly | 8 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 2 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 2 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 2 nuclear safeguard compliance reports submitted to the relevant decision-making structures. | 2 nuclear safeguard compliance reports submitted to the relevant decision-making structures. |
| Number of nuclear safeguard compliance audit reports submitted to the relevant decision-making structures. | Quarterly | 4 nuclear safeguard compliance audits submitted to the relevant decision-making structures. | 1 nuclear safeguard compliance audit submitted to the relevant decision-making structures. | 1 nuclear safeguard compliance audit submitted to the relevant decision-making structures. | 1 nuclear safeguard compliance audit submitted to the relevant decision-making structures. | 1 nuclear safeguard compliance audit submitted to the relevant decision-making structures. |
| Number of nuclear security compliance reports submitted to the relevant decision-making structures. | Quarterly | 4 nuclear security compliance reports submitted to the relevant decision-making structures. | 1 nuclear security compliance report submitted to the relevant decision-making structures. | 1 nuclear security compliance report submitted to the relevant decision-making structures. | 1 nuclear security compliance report submitted to the relevant decision-making structures. | 1 nuclear security compliance report submitted to the relevant decision-making structures. |

5.5 Sub-Programme 5.3: Nuclear Policy

This sub-programme develops and reviews policies as required by international agreements and governance of the nuclear sector in South Africa; undertakes research and development; and reviews and monitors nuclear safety, nuclear technology, nuclear non-proliferation and nuclear radiation security policies and provides advice accordingly. The National Nuclear Regulator Act is currently being amended. The review process has commenced and will be finalised in 2015/16. This sub-programme's staff complement will increase from one in 2013/14 to four in 2014/15.

Table 51: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 5.3

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|---|---|---|--|---|---|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 5.1 To Improve Nuclear Security | Promulgated National Nuclear Regulator Amendment Act. | Rescheduled due to the dependency on the procurement process. | National Nuclear Regulator Act Amendment Proposal submitted to Cabinet. | Submission to the Chief State Law Advisor. | Consultation with & presentation to the FOSAD Cluster. | Submission to Cabinet for public consultation (if approved by the FOSAD Cluster). | Public consultation process concluded & the National Nuclear Regulator Act Amendment Bill revised, taking stakeholder comments into consideration. | National Nuclear Regulation Act Amendment Bill tabled in Parliament. |
| | Promulgated Nuclear Energy Amendment Act. | Rescheduled due to the dependency on the procurement process. | Rescheduled to 2013/14. | Rescheduled to 2014/15. | Consultation with & presentation to the FOSAD Cluster. | Submission to the Chief SLA. | Public consultation process concluded & Nuclear Energy Act, Amendment Bill revised taking stakeholder comments into consideration. | Nuclear Energy Act Amendment Bill tabled in Parliament. |
| | Funding provisions legislated for Radioactive Waste Management. | N/A | Rescheduled to 2013/14. | Rescheduled to 2014/15. | Consultation with the FOSAD Cluster & presentation of the Radioactive Waste Management Fund Bill. | Radioactive Waste Management Fund Bill sent to the Chief State Law Advisor & submitted to Cabinet for public comment. | Public consultation process concluded & Radioactive Waste Management Fund Bill revised, taking stakeholder comments into consideration. Bill gazetted. | Radioactive Waste Management Fund Bill submitted for Promulgation. |
| SO 5.4 To Increase Nuclear Awareness (Nuclear Legislation Framework) | Demystifying nuclear energy through the number of public awareness campaigns & the number of community outreach events per annum. | 1 community outreach event held. | 3 community outreach events held & 1 media campaign. | 4 public awareness campaigns & community outreach events held. | 5 public awareness campaigns & community outreach events held. | 5 public awareness campaigns & community outreach events held. | 6 public awareness campaigns & community outreach events held. | 6 public awareness campaigns & community outreach events held. |

Table 52: Quarterly targets for the 2015/16 financial year for Sub-Programme 5.3

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|---|--|---|---|------------------------------------|
| | | | 1st | 2nd | 3rd | 4th |
| Promulgated National Nuclear Regulator Amendment Act. | Quarterly | Submission to Cabinet for public consultation (if approved by the FOSAD Cluster). | Draft version of the National Nuclear Regulator Amendment Act consulted with stakeholders. | Draft version of the National Nuclear Regulator Amendment Act submitted to the Chief State Law Advisor. | Feedback from Chief State Law Advisor incorporated. | Presentation to the FOSAD Cluster. |
| Promulgated Nuclear Energy Amendment Act. | Annually | Submission to the Chief SLA. | Bill workshop with stakeholders. | Address comments from workshop. | N/A | Submission to the Chief SLA. |
| Funding provisions legislated for Radioactive Waste Management. | Annually | Radioactive Waste Management Fund Bill sent to the Chief State Law Advisor & submitted to Cabinet for public comment. | N/A | N/A | Radioactive Waste Management Fund Bill sent to the Chief State Law Advisor & submitted to Cabinet for public comment. | N/A |
| Demystifying nuclear energy through the number of public awareness campaigns & the number of community outreach events per annum. | Quarterly | 5 public awareness campaigns & community outreach events held. | 1 community outreach event held. | 1 public awareness campaign held. | 1 community outreach event held. | 2 public awareness campaigns held. |

5.6 Resource Consideration

Table 53: Overview of Programme 5: Nuclear Energy

| | Baseline | | | | | MTEF | | |
|--|----------------------|----------------|----------------|--------------------------------------|---------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Sub-Programmes | Rand Thousand | | | | | | | |
| Nuclear Safety & Technology | 637 985 | 638 887 | 712 386 | 832 246 | 828 481 | 638 784 | 653 903 | 749 723 |
| Nuclear Non-Proliferation & Radiation Security | 519 | 3 846 | 5 461 | 7 338 | 6 782 | 7 385 | 7 861 | 8 324 |
| Nuclear Policy | 3 762 | 684 | 4 654 | 10 918 | 8 566 | 8 229 | 7 571 | 7 881 |
| Total | 642 266 | 643 417 | 722 501 | 850 502 | 843 829 | 654 398 | 669 335 | 765 928 |

| Economic Classification | Rand Thousand | | | | | | | |
|--|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current payments | 20 781 | 32 921 | 23 249 | 44 072 | 37 399 | 35 941 | 35 986 | 38 076 |
| Compensation of employees | 7 522 | 8 875 | 10 058 | 20 100 | 17 427 | 18 479 | 19 735 | 20 919 |
| Salaries & wages | 6 690 | 7 915 | 8 859 | 17 286 | 14 613 | 16 492 | 17 613 | 18 670 |
| Social contributions | 832 | 960 | 1 199 | 2 814 | 2 814 | 1 987 | 2 122 | 2 249 |
| Goods & services of which: | 13 259 | 24 046 | 13 191 | 23 972 | 19 972 | 17 462 | 16 251 | 17 157 |
| Administrative fees | 139 | 170 | 410 | 225 | 155 | 120 | 81 | 88 |
| Advertising | 150 | 1 327 | 4 129 | 219 | 219 | 2 880 | 2 695 | 2 797 |
| Assets less than the capitalisation threshold | - | - | 3 | 1 | 1 | - | - | - |
| Catering: Departmental activities | 35 | 88 | 594 | 76 | 51 | 134 | 162 | 178 |
| Communication (G&S) | 104 | 151 | 166 | 188 | 188 | 254 | 244 | 269 |
| Computer services | - | - | 6 | 12 | 12 | - | - | - |
| Consultants & professional services: Business & advisory services | 495 | 2 738 | 3 252 | 9 735 | 7 902 | 11 052 | 10 417 | 11 039 |

Table 53: Overview of Programme 5: Nuclear Energy (continued)

| | Baseline | | | | | MTEF | | |
|--|----------------------|----------------|----------------|--------------------------------|------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Contractors | 2 | 305 | 3 | 1 | 1 | - | - | - |
| Agency & support/outsourced services | - | - | - | 1 712 | 1 712 | - | 33 | 34 |
| Inventory: Materials & supplies | - | 1 | - | - | - | - | - | - |
| Inventory: Other supplies | 8 | - | - | 218 | 218 | - | - | - |
| Consumable supplies | - | - | 3 | - | - | - | - | - |
| Consumable: Stationery, printing & office supplies | - | 59 | 236 | 4 | 4 | 402 | 439 | 487 |
| Operating leases | - | - | 3 | - | - | - | - | - |
| Transport provided: Departmental activity | - | - | 22 | - | - | 267 | 225 | 235 |
| Travel & subsistence | 1 408 | 1 750 | 3 485 | 5 899 | 5 341 | 1 676 | 1 317 | 1 309 |
| Training & development | 236 | 26 | 34 | - | - | - | - | - |
| Operating payments | 10 624 | 17 065 | 71 | 28 | 9 | 4 | - | - |
| Venues & facilities | 58 | 366 | 774 | 5 654 | 4 159 | 673 | 638 | 721 |
| Transfers & subsidies | 621 485 | 610 496 | 699 252 | 806 430 | 806 430 | 617 857 | 633 349 | 727 852 |
| Departmental agencies & accounts | 35 430 | 42 912 | 68 160 | 33 697 | 33 697 | 21 487 | 16 636 | 38 573 |
| Foreign governments & international organisations | - | - | 38 910 | 12 055 | 12 055 | 16 012 | 17 375 | 17 907 |
| Public corporations | 586 034 | 567 579 | 592 182 | 760 678 | 760 678 | 580 358 | 599 338 | 671 372 |
| Households | 21 | 5 | - | - | - | - | - | - |
| Total | 642 266 | 643 417 | 722 501 | 850 502 | 843 829 | 654 398 | 669 335 | 765 928 |
| Transfers & Subsidies | Rand Thousand | | | | | | | |
| NECSA | 586 034 | 567 579 | 592 182 | 760 678 | 760 678 | 580 358 | 599 338 | 671 372 |
| NNR | 35 430 | 42 912 | 48 360 | 33 697 | 33 697 | 21 487 | 16 636 | 38 573 |

Table 53: Overview of Programme 5: Nuclear Energy (continued)

| | Baseline | | | | | MTEF | | |
|-----------------------------------|----------------------|----------------|----------------|--------------------------------|------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Transfers & Subsidies | Rand Thousand | | | | | | | |
| Employee social benefits | 21 | 5 | - | - | - | - | - | - |
| IAEA | - | - | 38 910 | 12 055 | 12 055 | 16 012 | 17 375 | 17 907 |
| NRWDI | - | - | 19 800 | - | - | - | - | - |
| Generation IV International Forum | - | - | - | - | - | - | - | - |
| Total | 621 485 | 610 496 | 699 252 | 806 430 | 806 430 | 617 857 | 633 349 | 727 852 |

5.7 Risk Management

Table 54: Risk exposures for Programme 5

| Strategic Objective | Objective Statement | Strategic Risk | Risk Consequence | Mitigation Strategy |
|--|---|--|---|---|
| SO 5.1 To Improve Nuclear Security | To improve the Nuclear Security Statutory Framework of South Africa by updating legislation to align with international best practices. | Illicit trafficking of nuclear material. | <ul style="list-style-type: none"> - Unable to account for nuclear material in the country. - Possible diversion of nuclear material for non-peaceful purposes, including development of WMDs. - Vulnerability to security breach. - Theft of nuclear material. | <ul style="list-style-type: none"> - Facilitation for installation of nuclear material detection system, including radiation portal monitors. - Draft MoU with SARS in place. - Provision of the detection training to SARS officials. - Legislating installation of detection instruments. - Illicit trafficking cases are reported to the IAEA ITDB & perpetrators are dealt with accordingly. |
| SO 5.2 To Strengthen the Control of Nuclear Material & Equipment | To strengthen the control of & accounting for nuclear materials & related equipment by enforcing relevant regulations & statutory frameworks on an ongoing basis. | Proliferation of nuclear material. | <ul style="list-style-type: none"> - Result in sanctions by international communities. - Materials falling into the wrong hands. | <ul style="list-style-type: none"> - Fast track the removal of the safeguard function from the operator (NECSA). - Allocation of additional resources. - Amend the Nuclear Energy Act, 1999 (Act No. 46 of 1999). |

6 PROGRAMME 6: CLEAN ENERGY

6.1 Purpose

To manage and facilitate the development and implementation of clean and renewable energy initiatives, EEDSM initiatives as well as coordinate climate change initiatives within the energy sector.

6.2 Sub-Programmes

- Energy Efficiency
- Renewable Energy
- Climate Change and Designated National Authority

6.3 Sub-Programme 6.1: Energy Efficiency

This sub-programme advances EE in South Africa by planning and coordinating initiatives and interventions focused on developing and improving the EE market which ultimately ensures the integration and coordination of EE initiatives and interventions with relevant associated institutions. In 2012/13, the regulations on the allowance for EE savings in terms of the Tax Amendment Laws, 2013 were promulgated following an extensive consultation with the stakeholders. These regulations are implemented through the South African National Energy Development Institute (SANEDI) which administered the EE Incentive Scheme. The regulations will be reviewed during the 2015/16 financial year based on independently measured and verified energy savings through registration with the SANEDI. The DoE is encouraging businesses to intensify EE improvement measures in order to fully benefit from this tax incentive.

Linked to the regulations for Income Tax Allowance for EE savings, the sub-programme ensures the adoption of energy management throughout the sectors, a process of monitoring, controlling and conserving energy within which a process of developing the regulations on energy management plans has since commenced. In 2015/16, the sub-programme will release the regulations for public consultation and afterwards followed by consolidation of comments and start the promulgation process. The development, implementation and monitoring of the post-2015 National Energy Efficiency Strategy (NEES) also forms part of the broader scope of work which the sub-programme has to achieve in the next five years. The sub-programme had a staff complement of 10 in 2014/15, which is expected to increase to 17 over the medium term, with the increases occurring amongst the higher 13 to 16 salary levels. This will result in expenditure on compensation of employees growing by 37.1% over the medium term.



In 2012/13, the regulations on the allowance for EE savings were promulgated and formally presented to the stakeholders.



Table 55: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 6.1

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|--|--|--|--|---|--|--|--|--|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 6.2 To Coordinate & Monitor the Implementation of the EEDSM Measures across all Sectors | Number of TWh per hour of energy savings realised from EEDSM projects. | 1 TWh of energy savings realised & verified from EEDSM projects. | 1.2 TWh of energy savings realised & verified from EEDSM projects. | 1.2 TWh of energy savings realised & verified from EEDSM projects. | Planning & developing projects to achieve 0.5 TWh of energy savings per annum. | Planning & developing projects to achieve 0.5 TWh of energy savings per annum. | Planning & developing projects to achieve 0.5 TWh of energy savings per annum. | Planning & developing projects to achieve 0.5 TWh of energy savings per annum. |
| | Number of additional municipalities for which energy consumption baselines have been developed annually. | EE Campaign Strategy was developed & launched at COP17. | Strategies & plans for various EE interventions. | Developed energy consumption baselines for an additional 10 municipalities. | Developed energy consumption baselines for an additional 15 municipalities. | Developed energy consumption baselines for an additional 20 municipalities. | Developed energy consumption baselines for an additional 25 municipalities. | Developed energy consumption baselines for an additional 30 municipalities. |

Table 56: Quarterly targets for the 2015/16 financial year for Sub-Programme 6.1

| Performance Indicator | Reporting Period | Annual target 2015/16 | Quarterly Targets | | | |
|--|------------------|--|---|--|--|--|
| | | | 1st | 2nd | 3rd | 4th |
| Number of TWh per hour of energy savings realised from EEDSM projects. | Quarterly | Planning & developing projects to achieve 0.5 TWh of energy savings per annum. | <ul style="list-style-type: none"> - Finalisation of contractual arrangements between the Department of Municipalities. - Commence with measurement & verification of energy savings for 2014/15 municipal interventions. | <ul style="list-style-type: none"> - Evaluation & approval of business/ implementation plans in respect of the various interventions developed by municipalities for 2015/16. - Complete the measurement & verification of energy savings for 2014/15 municipal interventions. | <ul style="list-style-type: none"> - Implementation of the various 2015/16 EE interventions commenced. - Report the 2014/15 energy savings to NT & commence with the Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations for 2016/17. | <ul style="list-style-type: none"> - 0.5 TWh of energy savings realised from EEDSM projects (cumulative). - Confirm the 2016/17 Division of Revenue Act, 2014 (Act No. 10 of 2014) allocations with selected municipalities. |

Table 56: Quarterly targets for the 2015/16 financial year for Sub-Programme 6.1 (continued)

| Performance Indicator | Reporting Period | Annual target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|---|--|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Number of additional municipalities for which energy consumption baselines have been developed annually. | Quarterly | Developed energy consumption baselines for an additional 20 municipalities. | Stakeholder engagement process with an additional 20 target municipalities conducted. | Piloting of the baseline development approach implemented. | Stakeholder consultation on the implementation of the pilot held. | Consolidation of baseline reports & implementation lessons from 20 municipalities compiled. |

6.4 Sub-Programme 6.2: Renewable Energy

This sub-programme ensures the integration of renewable energy into South Africa's mainstream energy supply by planning and coordinating initiatives and interventions focused on the development and improvement of the renewable energy market; and the integration and coordination of renewable energy initiatives and interventions with relevant associated institutions. The largest spending item is on transfer to the SANEDI for operational expenditure and research and development into projects, such as the Wind Atlas for South Africa (WASA) and Energy Efficiency Tax Incentive.

Further projects include the Solar Energy Technology Roadmap; the investigations into the feasibility of establishing a Solar Corridor in the Northern Cape province which was managed by the Central Energy Fund (CEF) Proprietary Limited on behalf of the DoE; and the investigation of opportunities for biogas deployment which is being done through the multi-stakeholder National Biogas Platform that was established in 2013. In 2012/13, an umbrella MoU was completed and signed with the CEF and the Northern Cape Provincial Government for the investigation into the development of a solar park. By the end of 2015/16, the Solar Park Corridor Development Feasibility Studies Report will be submitted to Cabinet for approval.

One of the major priorities for the Directorate is the implementation of the NSWHP which is estimated to have approximately 45 141 cumulative units installed this year including the coordination of training of installers within the participating municipalities. Over the current MTEF, Government plans to commit to improve the implementation model for the NSWHP to accommodate an increase on the Load Reduction Programme as one of the demand response measures in an effort to reduce the burden from the national grid.

The Directorate will also be completing a Renewable Energy Implementation Report which will provide an account of progress within the renewable energy sector since 2003 based on the Renewable Energy White Paper which is to be implemented by 2013 and the rollout of various initiatives nationally by different stakeholders. This report is intended to be an authoritative source of information for national and international investors and the public who are interested in understanding South Africa's progress and/or participating in this growing field. It is planned that such a report will be produced periodically for printing and online publication. For this calendar year, the Directorate, along with SANEDI, will also be hosting the South African International Renewable Energy Conference in partnership with the Renewable Energy Policy Network for the twenty first century (REN 21). This conference is one of the outcomes of the World Summit on Sustainable Development which was held

in Johannesburg in 2002 and will be used to showcase South Africa's successes in implementing renewable energy programmes such as the REIPPP and to raise the profile of the continent as an investment destination for renewables and EE.

Promotion and development of the biogas industry is being supported by the DoE via the establishment of technical working groups and conferences to share knowledge and experiences. The sub-programme had a staff complement of eight in 2014/15, which is expected to increase to 12 over the medium term, with the increases occurring amongst the higher 13 to 16 salary levels. This will result in expenditure on compensation of employees growing by 37.1% over the medium term.



The promotion and development of the biogas industry is being supported by the DoE.

Table 57: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 6.2

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|-----------------------------------|---|--|--|--|--|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 6.3 Effective Renewable Energy | Number of SWH units installed in residential & commercial sectors per year. | 242 000 SWH units installed in residential & commercial sectors. | 353 188 SWH units installed in residential & commercial sectors. | 129 679 SWH units installed in residential & commercial sectors. | 485 000 SWH units installed in residential & commercial sectors. | 45 141 SWH units installed in residential & commercial sectors. | 38 375 SWH units installed in residential & commercial sectors. | 44 771 SWH units installed in residential & commercial sectors. |
| | Development of Renewable Energy Implementation Report. | N/A | N/A | N/A | N/A | Renewable Energy Implementation Report. | Renewable Energy Implementation Report. | Renewable Energy Implementation Report. |
| | Draft National Biogas Strategy. | N/A | N/A | N/A | N/A | Draft National Biogas Strategy. | National Biogas Strategy Implementation Report. | National Biogas Strategy Implementation Report. |
| | SAIREC hosted. | N/A | N/A | N/A | N/A | SAIREC Conference Report. | N/A | N/A |

Table 58: Quarterly targets for the 2015/16 financial year for Sub-Programme 6.2

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|---|------------------|---|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Number of SWH units installed in residential & commercial sectors per year. | Quarterly | 45 141 SWH units installed in residential & commercial sectors. | <ul style="list-style-type: none"> - Contracts for locally-manufactured products placed. - Training & capacity building of installation teams in identified municipalities completed. | Installations commenced in identified municipalities. | Installations commenced in identified municipalities. | 45 141 SWH units installed in residential & commercial sectors. |

Table 58: Quarterly targets for the 2015/16 financial year for Sub-Programme 6.2 (continued)

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|---|--|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| Development of Renewable Energy Implementation Report. | Quarterly | Renewable Energy Implementation Report. | Development of the Terms of Reference & appointment of a service provider. | Inception Report on the development of Renewable Energy Implementation Report. | Draft Renewable Energy Implementation Report. | Renewable Energy Implementation Report completed. |
| Draft National Biogas Strategy. | Quarterly | Draft National Biogas Strategy. | Development & approval of the Terms of Reference for the National Biogas Strategy. | Appointment of the service provider for the development of the National Biogas Strategy. | Inception Report & Consultation Workshops. | Draft National Biogas Strategy. |
| SAIREC hosted. | Quarterly | SAIREC Conference Report. | Appointment of a service provider for the coordination & management of the hosting of SAIREC. | N/A | SAIREC Conference Report. | N/A |

6.5 Sub-Programme 6.3: Climate Change and Designated National Authority

This sub-programme ensures that climate change and environment response measures, in terms of mitigation and adaptation, are implemented within the energy sector. It also ensures the fulfilment of international energy commitments and obligations under the United Nations Framework Convention on Climate Change pertaining to the KYOTO Protocol. This sub-programme will develop an Energy and Climate Change Strategy and measure and report on energy-related carbon emission reductions. In 2012/13, 68 clean development mechanism applications were processed. Fifty-seven clean development mechanism projects were submitted and registered with the United Nations Framework Convention on Climate Change. In 2012/13 and 2013/14, the sub-programme received awards from the United Nations in recognition of work done to raise awareness of the Clean Development Mechanism Programme activities. The award in 2012/13 was for the best performer among developing countries with 10 or more registered clean development mechanism projects, while the award in 2013/14 was for the best performer globally. The sub-programme also participated in the nineteenth Conference of Parties to the United Nations Framework Convention on Climate Change and held workshops with stakeholders on promoting the clean development mechanism methodology. This sub-programme had a staff complement of eight in 2013/14.



In 2012/13, 68 clean development mechanism applications were processed.

Table 59: Performance information for the 2015/16 financial year to the 2017/18 financial year for Sub-Programme 6.3

| Strategic Objective | Performance Indicator | Audited/Actual Performance (Baseline) | | | Estimated Performance | Projected Medium-Term Targets (2015-2018) | | |
|---|-----------------------------------|---------------------------------------|---------|---------|-----------------------|---|---|---|
| | | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
| SO 6.1 To Coordinate & Monitor the Implementation of Energy-Related Climate Change Response Measures & Environmental Compliance | Energy & Climate Change Strategy. | N/A | N/A | N/A | N/A | Energy & Climate Change Strategy for public building sector approved. | Implementation of energy & energy strategy. | Implementation of energy & energy strategy. |

Table 60: Quarterly targets for the 2015/16 financial year for Sub-Programme 6.3

| Performance Indicator | Reporting Period | Annual Target 2015/16 | Quarterly Targets | | | |
|--|------------------|---|---|---|--|---|
| | | | 1st | 2nd | 3rd | 4th |
| Approved Energy & Climate Change Strategy. | Quarterly | Energy & Climate Change Strategy for public building sector approved. | Draft Energy & Climate Change Strategy approved & released for public consultation. | Comments consolidated and final draft completed for approval. | Energy & Climate Change Strategy approved. | Energy & Climate Change Strategy implemented. |

6.6 Resource Consideration

Table 61: Overview of Programme 6: Clean Energy

| | Baseline | | | | | MTEF | | |
|--|----------------------|------------------|------------------|--------------------------------|------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Sub-Programmes | Rand Thousand | | | | | | | |
| EE | 418 839 | 1 026 869 | 1 347 547 | 1 810 348 | 1 808 757 | 608 429 | 587 578 | 712 286 |
| Renewable Energy | 73 618 | 60 626 | 137 538 | 168 437 | 170 689 | 71 416 | 27 352 | 66 865 |
| Climate Change & Designated National Authority | 3 274 | 3 401 | 4 802 | 7 690 | 6 529 | 7 482 | 7 858 | 8 310 |
| Total | 495 731 | 1 090 896 | 1 489 887 | 1 986 475 | 1 985 975 | 687 327 | 622 788 | 787 461 |

Table 61: Overview of Programme 6: Clean Energy (continued)

| | Baseline | | | | | MTEF | | |
|---|----------------------|---------------|---------------|--------------------------------|------------------------|-----------------------------|---------------|---------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Current payments | 31 640 | 14 149 | 24 918 | 50 485 | 49 985 | 46 252 | 44 065 | 46 439 |
| Compensation of employees | 18 724 | 11 051 | 12 369 | 17 875 | 15 966 | 18 261 | 19 501 | 20 672 |
| Salaries & wages | 16 410 | 9 734 | 11 025 | 15 373 | 13 464 | 16 320 | 17 429 | 18 476 |
| Social contributions | 2 314 | 1 317 | 1 344 | 2 502 | 2 502 | 1 941 | 2 072 | 2 196 |
| Goods & services of which: | 12 916 | 3 098 | 12 549 | 32 610 | 34 019 | 27 991 | 24 564 | 25 767 |
| Administrative fees | 98 | 52 | 162 | 126 | 126 | 123 | 140 | 157 |
| Advertising | 517 | 157 | 403 | 3 741 | 3 361 | 3 826 | 865 | 971 |
| Assets less than the capitalisation threshold | 3 | - | - | 1 979 | 1 979 | 371 | - | 812 |
| Catering: Departmental activities | 70 | 26 | 73 | 15 | 15 | 478 | 110 | 126 |
| Communication (G&S) | 260 | 275 | 84 | 734 | 724 | 575 | 472 | 308 |
| Computer services | - | - | 131 | - | - | - | 130 | 135 |
| Consultants & professional services: Business & advisory services | 8 036 | 187 | 8 584 | 5 265 | 5 155 | 14 012 | 15 508 | 16 314 |
| Contractors | - | 167 | - | 293 | 293 | - | - | - |
| Entertainment | - | - | - | - | - | 464 | 21 | 20 |
| Inventory: Clothing material & accessories | - | - | - | - | - | 279 | 205 | 243 |
| Inventory: Medicine | - | 1 | - | - | - | - | - | - |
| MedSAS inventory interface | - | - | - | 2 | 2 | - | - | - |
| Consumable supplies | - | - | 45 | - | - | - | - | - |
| Consumable: Stationery, printing & office supplies | 38 | 60 | - | 33 | 33 | 73 | 173 | 184 |
| Operating leases | - | - | - | 56 | 56 | 54 | - | - |
| Property payments | - | - | - | - | - | - | 717 | 745 |
| Transport provided: Departmental activity | - | - | - | 4 070 | 4 070 | 2 773 | - | - |

Table 61: Overview of Programme 6: Clean Energy (continued)

| | Baseline | | | | | MTEF | | |
|---|----------------------|------------------|------------------|--------------------------------|------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Economic Classification | Rand Thousand | | | | | | | |
| Travel & subsistence | 2 256 | 1 280 | 2 764 | 3 020 | 3 020 | 2 932 | 4 732 | 4 140 |
| Training & development | 2 | - | - | - | - | - | - | - |
| Operating payments | 137 | 819 | 86 | 805 | 805 | 33 | 33 | 38 |
| Venues & facilities | 1 499 | 74 | 217 | 12 471 | 14 380 | 1 998 | 1 458 | 1 574 |
| Transfers & subsidies | 464 091 | 1 076 746 | 1 464 955 | 1 935 990 | 1 935 990 | 641 075 | 578 723 | 741 022 |
| Municipalities | 280 000 | 200 000 | 180 718 | 136 905 | 136 905 | 177 899 | 185 625 | 203 236 |
| Departmental agencies (non-business entities) | 20 100 | 56 110 | 134 344 | 162 685 | 162 685 | 64 861 | 20 625 | 59 774 |
| Foreign governments & international organisations | - | - | -7 | - | - | - | - | - |
| Public corporations | 118 800 | 820 629 | 1 149 900 | 1 636 400 | 1 636 400 | 398 315 | 372 473 | 478 012 |
| Private enterprises | 45 191 | - | - | - | - | - | - | - |
| Households | - | 7 | - | - | - | - | - | - |
| Payments for capital assets | - | - | 14 | - | - | - | - | - |
| Other machinery & equipment | - | - | 14 | - | - | - | - | - |
| Payments for financial assets | - | 1 | - | - | - | - | - | - |
| Total | 495 731 | 1 090 896 | 1 489 887 | 1 986 475 | 1 985 975 | 687 327 | 622 788 | 787 461 |

| Transfers & Subsidies | Rand Thousand | | | | | | | |
|----------------------------------|----------------------|---------|-----------|-----------|-----------|---------|---------|---------|
| Eskom - NSWHP | 118 800 | 820 629 | 1 149 900 | 1 636 400 | 1 636 400 | 398 315 | 372 473 | 478 012 |
| EEDSM grant | 280 000 | 200 000 | 180 718 | 136 905 | 136 905 | 177 899 | 185 625 | 203 236 |
| SANEDI | 20 100 | 56 110 | 63 344 | 51 685 | 51 685 | 29 861 | 20 625 | 59 774 |
| SANEDI: Working for Energy | 25 000 | - | - | - | - | - | - | - |
| Renewable Energy Subsidy Scheme | 20 191 | - | - | - | - | - | - | - |
| SANEDI | - | - | 69 000 | 103 000 | 103 000 | 35 000 | - | - |

Table 61: Overview of Programme 6: Clean Energy (continued)

| | Baseline | | | | | MTEF | | |
|----------------------------------|----------------------|------------------|------------------|--------------------------------|------------------------|-----------------------------|----------------|----------------|
| | Audited Outcome | | | Voted (Adjusted Appropriation) | Adjusted Appropriation | Revised Indicative Baseline | | |
| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | | 2015/16 | 2016/17 | 2017/18 |
| Transfers & Subsidies | Rand Thousand | | | | | | | |
| SANEDI | - | - | 2 000 | 8 000 | 8 000 | - | - | - |
| Employee social benefits | - | 7 | - | - | - | - | - | - |
| Employee social benefits | - | - | - | - | - | - | - | - |
| IAEA | - | - | -7 | - | - | - | - | - |
| Total | 464 091 | 1 076 746 | 1 464 955 | 1 935 990 | 1 935 990 | 641 075 | 578 723 | 741 022 |

6.7 Risk Management

Table 62: Risk exposures for Programme 6

| Strategic Objective | Objective Statement | Strategic Risk | Risk Consequence | Mitigation Strategy |
|---|--|---|---|---|
| SO 6.1 To Coordinate & Monitor the Implementation of Energy-Related Climate Change Response Measures & Environmental Compliance | To manage climate change & environmental matters by: - developing & implementing climate change policies; - developing the green economy & mitigating the risk of adverse environmental impact on an ongoing basis; & - publishing climate change strategies & plans. | Inability to respond to national climate change response measures. | Inability to contribute to GHG emission reductions. | - Develop energy sector climate change strategy. - Develop mitigation & adaptation plans for the energy sector. - Allocation of additional funding. |
| | | Limited CDM project uptake & uncertainty of the form of the KYOTO Protocol's 2nd commitments. | Minimum contribution to GHG through the CDM. | Lobby for bilateral trading with Japan & other EU members. |
| | | South Africa not gaining maximum benefit from the KYOTO Protocol. | CDM collapse. | Lobby for bilateral trading with Japan & other EU members. |





Part D

LINKS TO OTHER PLANS

1 LINKS TO LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

The Department of Energy (DoE) leads three Strategic Integrated Projects (SIPs), namely Integrated Municipal Infrastructure Projects, Green Energy in support of the South African Economy and Electricity Transmission and Distribution for All. In addition, the DoE is further required to directly or indirectly participate in other SIP initiatives for coordination and reporting purposes.

Table 63: Expenditure on long-term infrastructure and other capital plans

| Programme/ Project Name | Type of Infrastructure | Project Description | Current/ Capital Transfer | Current Project Stage | SCOA Item | SIP Category | Total Project Cost | Adjusted Appropriation | Indicative Baseline | |
|---|--|--|---------------------------------|-----------------------------|--|---|-----------------------|---------------------------|---------------------|--------------------|
| | | | | | | | | 2014/15 | 2015/16 | 2016/17 |
| Mega projects (total project cost of at least R 1 billion over the project life cycle) | | | | | | | R 4 500 000 | R 4 052 695 | R 5 736 133 | R 6 040 148 |
| INEP: Eskom | Electrification backlog of permanently occupied residential dwellings. | Provision of capital subsidies to Eskom to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure & rehabilitate electrification infrastructure. | Capital | Various | Public corporations & private enterprises. | SIP 10: Electricity Transmission & Distribution for all | - | R 2 948 037 | R 3 680 043 | R 3 875 085 |

Table 63: Expenditure on long-term infrastructure and other capital plans (continued)

| Programme/ Project Name | Type of Infrastructure | Project Description | Current/ Capital Transfer | Current Project Stage | SCOA Item | SIP Category | Total Project Cost | Adjusted Appropriation | | | Indicative Baseline | |
|---------------------------------|--|---|------------------------------|-----------------------|--|---|--------------------|------------------------|-------------|-------------|---------------------|---------|
| | | | | | | | | 2014/15 | 2015/16 | 2016/17 | 2015/16 | 2016/17 |
| INEP: Municipalities | Electrification backlog of permanently occupied residential dwellings. | Provision of capital subsidies to municipalities to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure & rehabilitate electrification infrastructure. | Capital | Various | Provinces & municipalities. | SIP 6: Integrated Municipal Infrastructure Project | - | R 1 104 658 | R 2 056 090 | R 2 165 063 | | |
| Petronet: Transnet pipelines | Petroleum pipeline, branch lines & storage facilities. | Construction of petroleum pipeline, branch lines & storage facilities. | Capital | Various | Public corporations & private enterprises. | SIP 7: Integrated Urban Space & Public Transport Programme | R 4 500 000 | - | - | - | | |

2 CONDITIONAL GRANTS

The DoE administers conditional grants with regard to the National Electrification Programme, the Energy Efficiency and Demand-Side Management (EEDSM) Programme and the National Solar Water Heating Programme (NSWHP). These conditional grants are summarised as follows (details provided in the Division of Revenue Act, 2014 [Act No.10 of 2014]):

Table 64: Conditional grants

| Conditional Grant 1: National Electrification Programme (Equitable Share) | |
|--|-------------------------------------|
| Department or municipality to whom the grant has been transferred | Several municipalities. |
| Purpose of the grant | Electricity connections. |
| Expected outputs of the grant | 87 231 connections. |
| Actual outputs achieved | 89 771 connections. |
| Amount per amended DoRA (rand thousand) | 1 634 772 |
| Amount transferred (rand thousand) | 1 634 772 |
| Reasons if amount as per DoRA not transferred | N/A |
| Amount spent by the department or municipality (rand thousand) | 1 634 772 |
| Reasons for the funds unspent by the entity | Resource constraints. |
| Monitoring mechanism by the transferring department | Technical audits & monthly reports. |
| Conditional Grant 2: National Electrification Programme (Eskom) | |
| Department or municipality to whom the grant has been transferred | Eskom |
| Purpose of the grant | Electricity connections. |
| Expected outputs of the grant | 157 839 connections. |
| Actual outputs achieved | 202 943 connections. |
| Amount per amended DoRA (rand thousand) | 2 141 027 |
| Amount transferred (rand thousand) | 2 141 027 |
| Reasons if amount as per DoRA not transferred | N/A |
| Amount spent by the department or municipality (rand thousand) | 2 141 027 |
| Reasons for the funds unspent by the entity | N/A |
| Monitoring mechanism by the transferring department | Eskom |

Table 64: Conditional grants (continued)

| Conditional Grant 3: EEDSM Programme (Equitable Share) | |
|---|---|
| Department or municipality to whom the grant has been transferred | Several municipalities. |
| Purpose of the grant | Implementation of EE technologies. |
| Expected outputs of the grant | Energy consumption baselines determined from 10 municipalities. |
| Actual outputs achieved | Energy consumption baselines determined from 10 municipalities & energy savings to be quantified by 2015/16. |
| Amount per amended DoRA (rand thousand) | 180 722 |
| Amount transferred (rand thousand) | 180 718 |
| Reasons if amount as per DoRA not transferred | N/A |
| Amount spent by the department or municipality (rand thousand) | Actual amount spent by municipalities to be verified by 2015/16. |
| Reasons for the funds unspent by the entity | Municipal fiscal year ends in June. |
| Monitoring mechanism by the transferring department | The DoE developed a monitoring & evaluation tool indicating the pay-back period to achieve kWh savings; energy savings (kWh) achieved by each municipality; & R (million)/kWh. |
| Conditional Grant 4: EEDSM Programme (Eskom) | |
| Department or municipality to whom the grant has been transferred | Eskom |
| Purpose of the grant | Implementation of the NSWHP. |
| Expected outputs of the grant | Number of SWH technologies installed in residential dwellings & in commercial sectors; local content verification of SWH technologies; & the finalisation of the revised SWH contracting model. |
| Actual outputs achieved | Verified local content thresholds of SWH technologies & finalisation of the revised SWH contracting model. |
| Amount per amended DoRA (rand thousand) | 1 149 900 |
| Amount transferred (rand thousand) | 1 149 900 |
| Reasons if amount as per DoRA not transferred | N/A |
| Amount spent by the department or municipality (rand thousand) | 355 200 |
| Reasons for the funds unspent by the entity | Installation of SWH units delayed due to the verification of local content threshold of SWH technologies by the SABS. |
| Monitoring mechanism by the transferring department | The DoE developed monthly & quarterly reporting templates & an online SWH monitoring tool to monitor programme implementation. |

3 PUBLIC ENTITIES

The Minister of Energy is responsible for overseeing five state-owned entities (SOEs) and their subsidiaries, which are either classified as Schedule 2 or as 3A institutions according to the Public Finance Management Act, 1999 (Act No. 1 of 1999):

- The National Nuclear Regulator (NNR);
- The Central Energy Fund (CEF) Group of companies under CEF (Proprietary) Limited;
- The South African Nuclear Energy Corporation SOC Limited (NECSA);
- The National Radioactive Waste Disposal Institute (NRWDI);
- The National Energy Regulator of South Africa (NERSA); and
- The South African National Energy Development Institute (SANEDI).

The enabling legislation requires that the Minister of a department appoints members of the board for all SOEs reporting to him or her. Boards are ultimately accountable and responsible for the performance of their respective entities. They give strategic direction in line with the DoE's strategy within their respective mandates and implementation is undertaken by management.



Boards are ultimately accountable and responsible for the performance of their respective entities.



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Table 65: Public entities' mandate, outputs, annual budget and next evaluation date of the SOEs

| Name of Public Entity | Mandate | Outputs | Current Annual Budget 2015/16 | Date of Next Evaluation |
|-----------------------|--|--|--|-------------------------|
| NNR | <p>The NNR is established in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999).</p> <p>The act establishes the regulator as a competent authority for nuclear regulation in South Africa.</p> <p>The purpose of the NNR, as outlined in Section 5 of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999) is to essentially provide for the protection of persons, property & the environment against nuclear damage through the establishment of safety standards & regulatory practices.</p> | <p>Refer to the NNR's 2015/16 APP for details regarding the specific outputs planned by the NNR for the period 2014/15 to 2016/17.</p> | <p>R 170 742 million.</p> <p>The NNR total budgeted revenue comes from:</p> <ul style="list-style-type: none"> - fiscal grant allocation R 21 487 million; & - authorisation fees R 149 255 million. | <p>As needed.</p> |
| CEF | <p>To finance & promote the acquisition of, research into & exploitation of oil, gas & renewable/clean energy-related products & technology.</p> | <p>Refer to the CEF's 2015/16 APP for details regarding the specific outputs planned by the CEF for the period 2014/15 to 2016/17.</p> | <p>R 26 519 billion.</p> <p>The following companies contribute toward the total revenue for the CEF Group:</p> <ul style="list-style-type: none"> - CEF (SOC) Ltd; - African Exploration; - PetroSA; & - SFF. | <p>As needed.</p> |
| NECSA | <p>NECSA is established in terms of Section 3(1) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999).</p> <p>The act provides for the commercialisation of nuclear & related products & services, & delegates specific responsibilities to the corporation, including the implementation & execution of national safeguards & other international obligations.</p> <p>The Nuclear Energy Policy of 2008 reinforced NECSA's mandate relating to R&D & NFC responsibilities.</p> | <p>Refer to the NECSA's 2015/16 APP for details regarding the specific outputs planned by NECSA for the period 2014/15 to 2016/17.</p> | <p>R 2 380 billion.</p> <p>NECSA's total budgeted revenue comes from:</p> <ul style="list-style-type: none"> - fiscal grant allocation R 528 673 million; - budgeted sales revenue R 1 711 billion; & - other income R 140 034 million. | <p>As needed.</p> |

Table 65: Public entities' mandate, outputs, annual budget and next evaluation date of the SOEs (continued)

| Name of Public Entity | Mandate | Outputs | Current Annual Budget 2015/16 | Date of Next Evaluation |
|-----------------------|--|--|---|-------------------------|
| NRWDI | NRWDI is a Nuclear Waste Disposal Institute established in terms of Section 3 of the National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008). The act provides for the establishment of an NRWDI in order to manage radioactive waste disposal on a national basis & to provide for its functions & for how it is to be managed. | N/A | N/A | As needed. |
| NERSA | NERSA is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004). NERSA's mandate is to regulate the electricity, piped-gas & petroleum pipeline industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Gas Act, 2001 (Act No. 48 of 2001) & the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003). | Refer to NERSA's 2015/16 APP for details regarding the specific outputs planned by NERSA for the period 2014/15. | R 315 693 million. NERSA's total budgeted revenue comes from: - levies of 3 regulated industries R 308 945 million; - interest received from investments & other income R 6 748 million. | As needed. |
| SANEDI | SANEDI is an applied energy research institute established in terms of Section 7(1) of the National Energy Act, 2008 (Act No. 34 of 2008). | Refer to SANEDI's 2015/16 APP for details regarding the specific outputs planned by SANEDI for the period 2014/15. | R 82 061 million. SANEDI's total budgeted revenue is: - grant allocation R 64 861 million (operations R 29 861 million & carbon R 35 000 million); & - other income R 23 200 million. | As needed. |

4 PUBLIC-PRIVATE PARTNERSHIPS

No public-private partnerships exist between the DoE and other stakeholders.





Part E

ANNEXURE

1 LIST OF ACRONYMS

| Acronym | Description |
|----------|--|
| 20YRLFMP | 20-Year Liquid Fuels Master Plan |
| 20YLFIRM | 20-Year Liquid Fuels Infrastructure Roadmap |
| ADAM | Approach to Distribution Asset Management |
| AG | Attorney General |
| APP | Annual Performance Plan |
| BAC | Budget at Compensation |
| BEE | Black Economic Empowerment |
| BFP | Basic Fuel Price |
| CC | Competition Commission |
| CDM | Clean Development Mechanism |
| CEF | Central Energy Fund |
| CF2 | Cleaner Fuels Two |
| CHIETA | Chemical Industries Education and Training Authority |
| COP17 | Conference of the Parties 17 |
| DDG | Deputy Director-General |
| DG | Director-General |
| DM | Deputy Minister |
| DoE | Department of Energy |
| DoH | Department of Health |
| DoRA | Division of Revenue Act |
| DPE | Department of Public Enterprises |
| DPSA | Department of Public Service and Administration |
| DRC | Democratic Republic of Congo |

| Acronym | Description |
|---------|---|
| DTI | Department of Trade Industry |
| EE | Energy efficiency |
| EEDSM | Energy Efficiency and Demand-Side Management |
| EMP | Electrification Master Plan |
| EP&P | Education Projects and Partnership |
| ESC | Energy Sciences Coalition |
| Eskom | Electricity Supply Commission |
| EU | European Union |
| EWSETA | Energy and Water Services Sector Education and Training Authority |
| EXCO | Executive Committee |
| FBE | Free Basic Electricity |
| FIFA | Fédération Internationale de Football Association |
| FOSAD | Forum of South African Directors |
| FTA | Free Trade Agreement |
| G&S | Goods and Services |
| GHG | Greenhouse gas |
| GIHP | Grand Inga Hydropower Project |
| GIS | Geographic Information System |
| GUMP | Gas Utilisation Master Plan |
| GW | Gigawatt |
| GWe | Gigawatt electric |
| HDI | Historically Disadvantaged Individual |
| HR | Human Resources |

| Acronym | Description |
|---------|--|
| IAEA | International Atomic Energy Agency |
| IBT | Inclining Block Tarrifs |
| IDP | Integrated Development Plan |
| IEC | Integrated Energy Centre |
| IEP | Integrated Energy Plan |
| INEP | Integrated National Electrification Programme |
| IPP | Independent Power Producer |
| IRP | Integrated Resource Plan |
| ISMO | Independent Systems and Market Operator |
| IT | Information Technology |
| ITDB | Illicit Trafficking Database |
| km | Kilometres |
| KPA | Key Performance Area |
| kWh | Kilowatt hour |
| LNG | Liquefied natural gas |
| MANCO | Management Committee |
| MinMec | Ministers and Members of Executive Councils Meeting |
| MoA | Memorandum of Agreement |
| MoU | Memorandum of Understanding |
| MPAT | Management Performance Assessment Tool |
| MTEF | Medium-Term Expenditure Framework |
| MTSF | Medium-Term Strategic Framework |
| MTSP | Medium-Term Strategic Plan |
| MV | Mega volt |
| MVA | Mega volt ampere |
| MW | Megawatt |
| MWe | Megawatt electric |
| NDP | National Development Plan |
| NECSA | South African Nuclear Energy Corporation SOC Limited |
| NEDLAC | National Economic Development and Labour Council |

| Acronym | Description |
|---------|---|
| NEES | National Energy Efficiency Strategy |
| NER | National Energy Regulator |
| NERSA | National Energy Regulator of South Africa |
| NESMO | National Energy Systems and Market Operator |
| NFC | Nuclear Fuel Cycle |
| NGR | National Gas Regulator |
| NIP | National Infrastructure Plan |
| NNEECC | National Nuclear Energy Executive Coordination Committee |
| NNR | National Nuclear Regulator |
| NRWDI | National Radioactive Waste Disposal Institute |
| NSWHP | National Solar Water Heater Programme |
| NT | National Treasury |
| PetroSA | Petroleum Oil and Gas Corporation of South Africa (SOC) Limited |
| PICC | Presidential Infrastructure Coordinating Commission |
| PMDS | Performance Management and Development System |
| PMIS | Project Management Information System |
| PMO | Project Management Office |
| PPALS | Petroleum Products Act Licensing System |
| PPP | Public Participation Programme |
| PPRA | Public Procurement Regulatory Authority |
| PSETA | Public Service Education and Training Authority |
| R&D | Research and Development |
| RAS | Regulatory Accounting System |
| REIPPP | Renewable Energy Independent Power Producer Programme |
| RFI | Request for information |
| RFP | Request for proposal |
| SABS | South African Bureau of Standards |
| SADC | South African Development Community |
| SAIREC | South Africa International Renewable Energy Conference |
| SANEDI | South African National Energy Development Institute |

| Acronym | Description |
|---------|--|
| SAPIA | South African Petroleum Industry Association |
| SAPP | South African Power Pool |
| SARS | South African Revenue Service |
| SCM | Supply chain management |
| SCOA | Standard Chart of Accounts |
| SDIP | Service Delivery Improvement Plan |
| SED | Strategic Energy Dialogue |
| SFF | Strategic Fuel Fund |
| SIP | Strategic Integrated Project |
| SLA | Service Level Agreement |
| SLA | State Law Advisor |
| SMME | Small, medium and micro enterprise |
| SMS | Senior Management Service |
| SO | Strategic Objective |
| SOE | State-owned entities |
| SoNA | State of the Nation Address |
| SOP | Standard operating procedure |
| SSC | Strategic Steering Committee |
| STDP | Strategic Transmission Development Plan |
| SWH | Solar Water Heater |
| Tcf | Trillion cubic feet |
| TDP | Transmission Development Plan |
| ToR | Terms of Reference |
| ToU | Terms of Understanding |
| TWh | Terrawatt hour |
| WASA | Wind Atlas for South Africa |
| WMD | Weapon of Mass Destruction |
| WSP | Workplace Skills Plan |



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