MEDIA STATEMENT BY THE MINISTER OF ENERGY, SOUTH AFRICA, MS DIPUO PETERS AT THE OFFICIAL ANNOUNCEMENT OF THE SOLAR PARK INVESTORS CONFERENCE

Representatives from the CCI
Ladies and gentlemen from the media

Today is an exciting day for us as a department as we are making world history. You will recall that we invited you as members of the media in May this year to inform you about the feasibility study of establishing Solar Parks in South Africa with the first one to be established in the Northern Cape. We also informed you that the study was to be conducted with assistance and guidance from the Clinton Climate Initiative (CCI), and today we are here to report back to the nation.

In October 2009, the government, through the Ministry of Energy, signed a Memorandum of Understanding with the Clinton Climate Initiative ("CCI") to prepare a pre-feasibility study assessing the potential to create one or more large-scale Solar Parks in South Africa. A Solar Park is a concentrated zone of solar development including solar power generating facilities and manufacturing of solar components. It is modeled along similar lines as an Industrial Development Zone.

Ladies and gentlemen, I am pleased to announce that a pre-feasibility study to assess the potential for the creation of a Solar Park in South Africa has been completed with financial and technical support from the CCI. The results thus far indicated that the conditions in the Northern Cape are ideal for the establishment of a Solar Park primarily due to the intense solar radiation in this province.

The pre-feasibility study estimates that a 5000 MW Solar Park constructed over a decade which could result in the creation of approximately 12,300 average annual direct construction jobs. It could also create approximately 3,010 operations and maintenance ("O&M") jobs by the time the final solar plant comes on stream. Most of these jobs opportunities will be created in areas currently plagued by high levels of unemployment.

Ladies and gentlemen, in addition to jobs, the creation of a Solar Park would present the country with a unique opportunity to become a manufacturing and technology hub for the global solar industry. Around the world, growing solar deployment will demand materials and components beyond current manufacturing capacities. If South Africa moves quickly, it has an opportunity to become a key manufacturer of solar technology. For international companies, a Solar Park would indicate a serious and long-term commitment to solar deployment, giving them the confidence to establish a presence and invest in the country.

The installation and operation of solar plants require the following: an acceptable level of annual solar radiation; sufficient acreage to accommodate the plants; connectivity to the electricity grid; access to water; adequate transportation infrastructure; efficient land availability and permitting processes; streamlined environmental approvals; sufficient slope, vegetation and soil conditions; and low geological and climate risks. The province contains large tracts of government owned land that are flat and suitable for solar power plants.

Ladies and Gentlemen, the pre-feasibility study looked at all the required existing infrastructure for the development of Solar Park including access to water from the Orange River; ideal sites are in close proximity with the transmission lines and confirmation on Eskom's future plans to upgrade the

transmission lines in the Province which will make it easier to transmit power from the Solar Park.

It is based on these positive results that the Department took a decision to proceed with a full feasibility for the project. Parallel to that the Department is preparing to hold a solar park investors conference in Upington on 28-29 as approved by Cabinet. The aim of the conference is to interact with potential investors. I believe that this initiative will indeed create massive opportunities for the manufacturers of components already made in South Africa, such as steel and glass as these could efficiently increase capacity to supply the long-term needs of a Solar Park, resulting in volume discounts over time.

Ladies and gentlemen, manufacturers of components that are not currently made in South Africa, such as CSP-specific receivers, may find it attractive to build capacity to manufacture locally with large-scale demand and a supportive environment". The proposed approach is that the Solar Park should be technology neutral i.e. it should accommodate both solar thermal and photovoltaic technologies, and be operated and managed by a dedicated entity, currently referred to as the Solar Park Authority.

The role of the Solar Park Authority would be to identify land, build out the infrastructure, and handle all the permitting issues. It will then lease out land to private developers who design, finance and build individual projects utilizing technologies of their choice as approved by NERSA within the Park, generating power into the national grid on a long term contractual basis.

Ladies and gentlemen, the economic benefits of this initiative are continuous. Estimates are that the creation of the Solar Park alone that can cost about 10 -15 million US Dollars. The cost of developing the actual solar plants is estimated to run into billions of USD but this will be incurred over

a period of ten years and these costs will largely be incurred by the private sector i.e. project developers themselves.

In conclusion, I would like to thank all the government departments and the Clinton Climate Foundation for the sterling job that has been done so far.

I thank you