

**SPEECH BY MINISTER OF ENERGY MS DIPUO PETERS DURING THE
OFFICIAL LAUNCH OF BETHLEHEM HYDRO PROJECT AT
SOLPLAATJIE DAM, BETHLEHEM**

FREE STATE PROVINCE

30 OCTOBER 2009

Programme Director,
Honourable Premiers,
Honourable MECs,
Honourable Mayor and Councillors in our midst;
Members of the HYDORSA
Senior government officials,
Municipality officials,
Distinguished Guests,
Ladies and Gentlemen.

Good Morning,

I am standing here today with mixed emotions.

One emotion being that of the beauty that this picturesque view of what the Sol Plaatjie Dam (formerly known as the Saulspoort Dam) and surrounding areas have to offer. It is indeed a place with potential as a world class tourist destination.

The other emotion is that of the potential danger that lurked beneath the beauty of the dam, which culminated in the Dam being renamed. We recall

the day of the 1st of May 2003 when thousands of South Africans were gathered at various places celebrating and saluting workers of our beautiful country on the achievements made in the emancipation of the worker fraternity. Gatherings were convened across the country to thank the workers for their hard work and sacrifices, so that they together with the rest of our people then and into the future could achieve liberation from racist domination and exploitative practices of the employers.

Programme Director, it was on that lovely day when a horrific accident befell some of them across from where we are. They came from my home province, the Northern Cape. It was on that day when a bus carrying enthusiastic and energetic workers who were travelling from Kimberly to Phuthaditjhaba plunged into Saulspoort Dam which is today known as the Solplaatjie Dam.

A day full of joy, laughter and celebration was instantly clouded with pain and sorrow when 51 workers and breadwinners, met their untimely death. The picture of a sequence of events unfolding is still very vivid in my memory, as though it just happened yesterday.

For most of us who followed the developments of the day, this Dam was associated with everything that is not good. A lethal combination of forces on nature in the form of gravity, fluid dynamics and pressure and human error in the application of technology and safety features in the public transportation industry worked in harmony to reduce what has been to a faint memory.

Programme Director, it was on that beautiful day when families were robbed of their beloved ones; it was on that day when children became orphans and women became widows; men widowers and parents rendered childless. It was on that day when our nation was left bleeding by the twisted turn of events.

The memorial erected in their honour, across the Dam is a constant reminder of their fate and the resolve on mankind to continue to co-exist with nature.

The last emotion is that of joy at the ability of mankind to work in harmony with nature for the benefit of mankind and nature.

We have gathered here today to witness achievement of another significant milestone in our country to celebrate that thinking of the tragedy that occurred to us about six years ago in a positive light. It then becomes an honour and a privilege to be party to an event hosted in a site full of such memories. A site that robbed us dearly six years ago is a site that is now giving us energy that is crucial to our lives and economy. This really is an attestation to the saying “every cloud has a silver lining”.

Today is an occasion to witness how the potential and kinetic energy forms of flowing water has been transformed into electric energy that we can use in places as far as the national grid can take it. This is also electricity generation without Green House Gas emissions. It is clean energy, the type of energy we need to have some more of in this country.

Programme Director, allow me to give a brief background on how Bethlehem Hydro project came to being. Bethlehem Hydro is a small scale hydro electric plant of 3.1 MW which is installed here at the Solplaatjie Dam (formerly known as Saulspoort Dam) in the Free State Province. The development of the project started in 2001 and it was brought to a financial close in August 2005 and in December 2006.

Generation of energy from renewable energy sources is a national policy position of our government. In 2003, a White Paper on renewable energy set a target of 10 000GWh with 6 000GWh contributing towards electricity sources by 2013. This project is contributing towards the attainment of that target.

The Department of Energy through its Renewable Energy Finance and Subsidy Office (REFSO) provided a subsidy to the value of R 3.5 million and the construction started in 2007. It is expected that about 33 000 tons of carbon dioxide emissions will be reduced through the project, which is significant for us when considering that we are among the biggest carbon dioxide emitters across the world mainly as a result of the electricity and hydrocarbons industries that are predominantly coal based.

You will recall that as a country, we have ratified the Kyoto Protocol in 2002, which Protocol seeks to ensuring that global Green House Gas emissions are

reduced by at least 5% below 1990 level during the period 1998-2012. For us as a Non-Annex 1 country, we do not yet have to meet mandatory targets, but the developments in the climate change arena, which have commenced during the course of this year and would culminate in a decision in Copenhagen, Denmark in December may change the way we are viewed, and could impose conditions that may be more stringent than the current arrangement. In any event, we need to ready ourselves for any eventuality. We need to be greener in terms of producing more renewable energy and use existing energy and other resources more efficiently and sparingly for us and future generations.

There is therefore a need to for our energy sector to be diversified by ensuring that our electricity is generating power from cleaner alternative energy sources. In the absence of a single off-taker, in order for the renewable energy to be competitive, there is a need for electricity supply tariffs to be regulated.

I am delighted to inform you that the National Energy Regulator of South Africa (NERSA) has approved the first phase of Renewable Energy feed In Tariffs (REFIT), including the one for mini-hydro power like this one. That was the one of the biggest milestones we have achieved in the renewable energy front.

You may also recall that in my Budget Vote Speech, I announced the need for the establishment of the Independent Systems Operator (ISO). The ISO is intended to level the playing field between the producers and the consumers of electricity in a manners that protects the smaller players from potential market abuse by the bigger players.

The Generation License, REFIT, Independent Systems Operator, the Power Purchase Agreements and the liquidity of the system are the essential characteristics of viable Independent Power Producers (IPPs).

In the case of the Bethlehem hydro projects, I have been advised that all the above essential elements of the successful IPP are in place, and therefore today's event is to reaffirm and launch the project that is already operational and ready to generate into the national grid.

Programme Director, allow me to extend my deepest gratitude to the shareholders of the Bethlehem Hydro Project.

Special gratitude goes to the women component WOESA who are proving to us that there is a role for women in the energy sector. They are leading by example. This should serve as an inspiration for young women in the province and across the country that true emancipation is possible even in the previously male dominated technical areas.

Special gratitude also goes to the team which consists of project manager NuPlanet, consulting engineers Ninham Shand, mechanical engineers BWG Hydro, electrical engineers Merz & McClellan, civil contractor Eigenbau, and mechanical & electrical supplier Boving Fouress. Even when they were confronted with enormous challenges, they never surrendered until the end product could be completed. We are humbled by your spirit of believing in the energy security and renewable energy potential of this country and their commitment to climate change mitigation.

It will be essential that the hydro projects, not only produce electricity but also become a breeding ground for local skills in maintenance and operations. We do envisage that in future there will also be the continuation of existing skills in future expansion projects in the hydro and other related endeavours. It will also be essential that the ownership of schemes like these have noticeable local shareholding, not only in terms of the big local players but also local cooperatives who will ensure that the benefit of local natural resources improve the livelihoods of the local communities. It will not be fair for the local communities to become consumers only.

It is also befitting to extend our gratitude to the Development Bank of Southern Africa (DBSA) who ensured that Bethlehem Hydro project becomes a reality by providing funding. It is a reality that renewable energy technologies are still associated with high risk and high capital costs. Project developers still struggle to raise the required capital funds and the visionary role DBSA is continuing to play is admirable.

Going forward, we expect that commercial banks will also come to the party since we have introduced the REFIT which will assist in lowering the risk

associated with deployment of renewable energy technologies. We have also promulgated New Generation Capacity Regulation and we are in the process of getting the Integrated Resource Plan (IRP) promulgated. We are at the final stages of creating conducive environment for Independent Power Producers and we anticipate that investment will begin increasing sooner in the New Year.

To conclude, Programme Director, as we respond to the global issues of climate change, renewable energy should contribute more to the national target of 10 000 GWh and beyond. The Department will continue playing active role by providing the necessary support and working with project developers to successfully implement renewable energy projects in the country, and we will also continue investigating and implementing initiatives that will ensure that we achieve our renewable energy aspiration.

The time for renewable energy has arrived. I will be hosting a Solar Water Heating Conference on the 05 November at the Indaba Hotel in Johannesburg, where we will also be looking at taking water heating off the grid through accelerating the national deployment of 1 million Solar Water Heaters over the next four and a half years.

I hope to see some of you then.

I thank you all