

**KEYNOTE ADDRESS BY MINISTER OF ENERGY MS DIPUO PETERS AT
THE OCCASION OF THE SOLAR WATER HEATING CONFERENCE.**

JOHANNESBURG

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Programme Director,

Honourable Chairperson of Parliamentary Portfolio Committee, Honourable
Ms E Thabethe

Honourable Executive Mayors, Mayors and other Councillors amongs us

Honourable MECs in our Midst,

Captains of Industry,

Senior Government Officials,

Distinguished Guests, and

Ladies and Gentlemen.

Good Morning,

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Good Morning,

Millions of years ago, in the process of the formation of the universe, various elements combined in a manner unknown to man to form what we would today regards as national endowments.

Each country in its formation has been endowed with resources in the ground, on the ground in the seas and the oceans and in the skies. Some countries are endowed with mineral resources; some have strong wind regimes, some crude oil, some water, some mountains, some snow and the freezing weathers, some rain and forests, while others have sunshine. The lucky few have a combination of these natural endowments. These resources have been at the root of many civil wars and regional battles and indeed world wars as the fight for dominance over resources became the order of the day. For some, the realisation of the resources became dormant for centuries.

Based on the development of human intellectual capacity and in some cases by sheer stroke of luck, some of the natural resources were discovered and for some their utility became available to mankind with the development of technology. Mankind was able to tell time and season using the orientation of the sun in the sky. Humans were able to sustain food production by understanding the natural patterns of the cycles of the sun in the skies.

There are those countries that have the least of those resources, but have instead developed intellectual property and industrial capacity so that they can produce goods and service that can be traded.

Solar energy has been with us since the beginning of time and will probably be with existence till the end of time when the sun becomes a dead star.

For now, its potential remains under-utilised by humans of modern times. Current uses of solar energy are in the form of drying, lighting, heating, agro-processing, warfare, and electricity generation to mention but a few applications. The harnessing of the solar technology remains smallest in developing countries.

For us as South Africans, we have over the years, since the discovery of coal, and oil, relied much on their cheapness and set aside other possibilities. As you are aware, we are now in a situation, where tough choices have to be made regarding our energy mix. These are the choices of sustainable development, choices of the legacy our generation wants to leave for future generations of centuries to come. These are the choices of co-existence of mankind in harmony with nature. This marks the dawn on a new era.

I am confident that in this new era where plans are unfolding to increase our electricity generation capacity; where electricity price increments come in quantum leaps of over multiples of the official inflation targets. This is the time for us to reflect and ask difficult questions. Are there affordable, renewable and sustainable alternative energy options to enhance our energy security, energy

diversity and climate change needs? Asked differently, how much of the coal based electricity can we adequately displace from the system?

It is well known that South Africa's the most abundant sunshine, mild climate, and technological know-how that makes this country ideal for solar energy technology applications such as solar heating and photo voltaics for electricity generation.

The applicability of the solar technologies is more varied in the commercial sector because some buildings, such as offices, have very low hot water demand, but there should be other applications appropriate for commercial applications which must be explored.

In the context of today's Solar Water Heating conference, we shall endeavour to create a platform upon which renewable energy technologies, especially solar water heating technologies will playing a significant role in the South African Energy Sector and thus contributing immensely towards sustainable development of our country. This ladies and gentlemen, I say with assertion because renewable energy technologies are undoubtedly some of the key technologies best suited for mitigation of and adaptation to environmental concerns associated with fossil energy consumption.

Now is the opportune time for us to take the local renewable energy industries seriously, as the national and regional market for renewable energy industry starts to show signs of growth.

According to Renewables 2007, Global Status Report, more that US\$100 billion was invested in renewable energy capacity, manufacturing plants and research and development in 2007, a true global milestone.

It is interesting to know that the largest share of annual investment in renewable energy came from Germany, China, the United States, Spain, Japan and India. Despite the fact that Africa has abundant renewable energy sources, we don't see it featuring anywhere in the list and this needs to be corrected.

Africa portrays a general dependence on imported capital goods, consumables and services. However we cannot have a situation where the rest of the world is moving ahead while we, as a continent, remain behind.

It is clear from the reports that investment in renewable energy projects in Africa remains fairly small. This poses a challenge to us in accelerating the decisions of our leaders in respect of regional cooperation and development to improve the economies of scale for the development of a viable renewable energy market in the continent. Not only should we be the market, we will be called upon to become actively involved in value adding processes in local production of our renewable energy process.

We have made big strides in developing Renewable Energy Feed In Tariffs (REFIT) to incentivise the renewable energy industry for the electricity generation side in south Africa. Focus will be given to the non-grid side, wherein water heating falls.

Programme Director; allow me at this juncture to remind all gathered here today that in my budget vote speech I indicated that:

“We are aware that our country is literally festooned with a variety of initiatives particularly in the field of solar energy. These initiatives require a coordinated response. During the course of this year, we shall be convening a conference of all stakeholders organised in this industry so that, together, we develop a clear action plan going forward”.

I further indicated that:

“the Department of Energy will ensure that one million solar water heaters are installed in households and commercial building over a period of five years.”

This major programme has the potential to create up to one hundred thousand jobs across the value chain that will include manufacturing, installation and maintenance.

Solar Water Heating is a well established technology worldwide which has been used for heating in all sectors for decades. While conceptually simple, solar water heating systems continue to improve as newer technologies enhance their performance. Solar water heating is one of the most cost effective renewable energy sources. A typical residential solar water heating system reduces the need for conventional water heating by approximately two fifths. It minimizes the expense of electricity or fossil fuels to heat the water and reduces the associated environmental impacts.

One of the key attributes of solar water heating in the current national electricity supply landscape is that, this technology represents an elegant and flexible contribution to the management of electrical supply and demand (load) matching.

With the intent to mobilise a wide range of government Departments and development priorities around the Solar Water Heating programme, it is envisioned that the solar water heating roll-out in the country will lead to many businesses springing up for the sole purpose of filling the sky rocketing demand for the solar hot water systems which in turn will generate a commendable critical mass for the creation of the local manufacturing capacity and local job opportunities.

Ladies and gentlemen, as you will all know, while solar heating systems save money over their lifetime, the upfront costs discourage many households from installing them. Appropriate policies and incentives, can however, increase public uptake awareness while providing economically beneficial incentives to install the systems, augmenting the benefits to all South Africans, especially the fiscal benefits that are derivable through avoidance of electricity generation from conventional power stations. With such tailor-made policies, South Africa can make solar hot water a mainstream product with environmental and economic

benefits that extend beyond the home. These benefits demonstrate the need for South Africa to encourage the installation of SWHs in the country.

The foregoing discussion by no means repudiates what experience has taught us i.e. it is not enough to provide generous subsidies in order to create a strong, durable market for a technology. Instead, incentives should be paired with other enablers, such as standards, product certification, institutional arrangements, market stimulants, public awareness that ensure that consumers are purchasing a quality product. And they should be designed so as to encourage the orderly and sustainable growth of the industry over the long term.

The funding for the Solar Water Heating Programme will be derived from the electricity tariff as a demand side initiative for the benefit of the electricity industry. In this regard, the availability and quantum of funds will

Programme Director, I am glad to announce that since my budget vote speech we have managed to host a Concentrated Solar Power workshop where we engaged relevant and interested parties to craft the action plans. In addition to the workshop, we recently concluded a Memorandum of Understanding with Clinton Climate Initiative (CCI) program of the William J. Clinton Foundation (the Clinton Foundation). We expect that the Foundation through their expertise will assist us to assess opportunities in renewable energy, more especially in the field of Concentrated Solar Power. Our intentions together with the Clinton Foundation, is to explore the possibility of building Solar Parks.

We may need to explore the concept of solar parks for industrial or commercial parks application in respect of water heating.

Programme Director, I am excited to announce that we have also put together a Solar Water Heating framework that will be used in our quest for installing one million solar water heaters in households and commercial building over a period of five years. This will mark the beginning of an extensive solar energy industry in South Africa.

A detailed framework will be presented to you, which I would like to urge all of you to interrogate rigorously through consultation within your respective organisations. We will be awaiting your invaluable inputs. Our plan is to update the draft Solar Water Implementation Framework immediately after the conference with your inputs and embark on implementation in no time.

We are certainly anticipating that with the progress made thus far, renewable energy technologies especially solar energy will now play a crucial role in our economy.

We are looking forward to the outcomes of this workshop as an input to sharpen our policy frameworks attuned to the realities around the world. Programme Director, let me remind our delegates in conclusion that time has come for us to deliver on our commitment.

I thank you all.