

**REMARKS BY Ms DIPUO PETERS, MP, MINISTER OF ENERGY, AT THE LAUNCH OF THE COEGA WIND FARM: COEGA IDZ, PORT ELIZABETH, 11 MAY 2010**

Programme Director

The MEC for Finance, Economic Development and Environmental Affairs, Mcebisi Jonas

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Board Members

Senior representatives from all levels of government

Ladies and Gentlemen

Port Elizabeth is synonymous with so many things that are beautiful about our country. One of these ‘sweet beauties’, to paraphrase President Oliver Tambo, is the fact that this is one of those areas one can never talk about without referring to the struggles that were waged against tyranny since time immemorial – even during the anti-colonial wars of dispossession that were euphemistically referred to as the frontier wars.

It was Bethold Brecht writing in *The Soldiers of the Revolution* who remarked that “when the battle of the mountains has been won, then you will see the battle of the plains will begin”. I am referring to Brecht because Port Elizabeth is located in one of the poorest provinces of our country. It is here, in this province, where the terrible legacy of apartheid and Bantustan policies can palpably be seen. It is thanks to the vision of our predecessors who realized that they need to develop an IDZ in this province so that it can play an important role in advancing development in this part of the world.

Mbongeni Ngema in one of his songs repeats the same dictum of Brecht that winning the liberation struggle was difficult and warned us that winning the

battle against poverty and underdevelopment would even be more difficult. In fact, what we are doing today is about preserving and building from the victory of 1994.

Our presence here this afternoon is an expression of support to the Coega Development Zone and its leadership for the excellent work that they are continuing to do to position this area as an attractive investment destination. When you started in 1999 you barely had anything to write home about. You have achieved a commendable feat by having committed investments worth more than R40 billion. Going forward, sky can only be the limit.

We are currently working, through the IMC that the President announced in his state of the nation address, to ramp up our mandate of ensuring that there is enough security of supply in our country. One of the issues that have caused so much concern is the fact that our electricity margins are tight and they will get even worse in the period after 2011. We therefore are currently developing the integrated resource plan referred to as IRP2 in order practically to come out with an electricity country plan for the next 20 years.

This exercise is important particularly investment decisions in this industrial zone and elsewhere in the country will have to be based on the power or electricity that can be generated. You are also aware that conventional forms of receiving energy for this area will go through various stages before implementation. So the only way forward is the quick and agile introduction of Renewable Energy. I am pleased that CDZ is one of the few areas that have adopted a renewable energy strategy that they are now implementing.

We are therefore here to traverse with them in the introduction of this wind farm which will ultimately have a total capacity of 57 MW and an annual output of 126 Gwh. I am informed that these megawatts constitutes about 10% of the Nelson Mandela Bay electricity consumption and have the possibility to power about 80 000 homes with green energy.

We want to commend Electrawinds (which is the largest private company of green energy in Belgium) for taking it upon itself the responsibility to fund

renewable energy development in our country. As the department we are currently reviewing our initial target of 10 000 Gwh by 2013 and we will finalise this around September.

This launch today is crucial as it demonstrates that we are effectively dealing with the prohibitive impediments such as the price of coal which has a direct bearing on the increasingly costly electricity prices. We have been blessed with abundant coal and therefore it will not be proper for us not to use it and we will do so as we take measures to search for cleaner coal through interventions such as the carbon capture and storage. We are currently dealing with this issue through the Carbon Sequestration Leadership Forum.

Government will continue to create to search for ways in which we can continue to create an environment conducive for the industry to participate in renewable energy projects. We have Phases 1 and 2 of Renewable Energy Feed-in-Tariffs (REFIT) to show for it.

It is my expectation that all these initiatives will be prioritized by the Independent System Market Operator (ISMO) in order to ensure that the playing field is leveled between the producers of electricity and the protection of small players from any abuse by bigger players is also being prioritized. This will be supported by the work that we are currently doing with regard to Power Purchase Agreements (PPA). These are necessary interventions meant to encourage the participation of the Independent Power Producers in our electricity supply.

Last week I had a fruitful meeting with the Resident Representative of the UNDP with regard to the support they are providing us through the South African Wind Energy Programme (SAWEP). This programme which is implemented by my Department is currently identifying and assessing the barriers facing the wind energy sector. UNDP provided USD 2 million for the first phase (2008 to 2010) to look at technical issues such as

- initializing green power funding, promoting wind energy development,
- assessing the renewable energy resource,

- building capacity of institutions,
- assisting in developing long-term policy and implementation framework for wind energy
- As well as looking at ways to increase public incremental cost funding.

I am pleased to announce that UNDP has agreed to support Phase 2 of SAWEP which will also focus on providing support to project developers to produce bankable projects.

Renewable energy projects such as this one have to be aligned with our overall developmental objectives such as the Development of local manufacturing capacity, job creation, capacity building, skills development, energy provision, and consideration of environmental issues.

The very fact that the first wind turbine will be completed before the end of the month of May is crucial as it will ensure that we use green energy to supply power at no cost to the Nelson Mandela Bay Football Stadium during the FIFA World Cup games that will be played at the stadium. This is crucial as there were some in our country who criticized the decision of the World Bank to grant us the Eskom loan ostensibly on the grounds that we are not taking renewable energy or green energy seriously as the government and the people of our country. This project therefore is a living and a monument of our indefatigable commitment to renewable energy which will invariably reduce carbon emissions and deal a cruel blow to greenhouse gas emissions. This will be done in a manner that is in line with the long term mitigation scenarios.

We, therefore, call on Electrawinds/COEGA to share its experiences on renewable energy at the 2<sup>nd</sup> Wind Energy Seminar planned for July/August 2010. This will be our way of ensuring that best practice is taken into account in developing the country's renewable energy critical path.

This project is crucial as we will soon be announcing an industrial programme which will be based on carrot (standard offer) and stick (punitive

tariff) so that we ensure that everyone in this country puts their shoulders into the wheel with regard to Energy Efficiency and Demand Side Management. Accordingly NERSA will publish rules as part of the revised power conservation programme which will involve mandatory baselines or targets that will be set with CEOs of the industrial sector.

Projects such as Working for Energy Programme, National Solar Water Heater Programme, South African Wind Energy Project, Renewable Energy Market Transformation Programme, and many others will be intensified as we implement measures to enhance the country's security of supply.

This project is our contribution to ensuring that the heroes and heroines who perished during the struggle of the battle of the mountains did not die in vain. We even have a greater responsibility to ensure that even as we proceed with *post apartheid* reconstruction, during this time of the battle of the plains, we make them realize that their sacrifices were not in vain.

I thank you!