



**Keynote Address by the Minister of Energy, Ms. Dipuo Peters,
MP, on the occasion of the Launch of Ikhwezi Solar Water
Heating Manufacturing Plant in East London on 27 October 2011**

Programme Director,
Your Worship, the Executive Mayor of Buffalo City Metropolitan
Municipality, Ms Zukiswa Ncitha,
Councillors amongst us,
Board Members of Ikhwezi Holdings and Ikhwezi Solar in particular,
Leaders of the Business Community,
Leaders of various community formations,
Distinguished guests,
Ladies and gentlemen,

You would be aware that even before assuming the responsibility of governance in the mid-1990s, the African National Congress has been engaged in debate and dialogue and has remained consistent in its position on environmental issues which are inextricably linked to the sustainable development of our country.

These matters, as you know, are reflected in our government's policy documents such as the Reconstruction and Development Programme and others.

It is this environmentally conscious vision that has informed the various policies, programmes and interventions of government since 1994. It is within this context that we should all locate the Department of Energy's national solar water heating (SWH) programme.

Programme Director, when I look back from where we started governing 17 years ago, the critical matter of extending energy services to all South Africans were relatively non-existent. Since then, our government has made deliberate efforts to ensure that "building a better life for all" does not only remain political rhetoric, but an experience that is lived by the masses of our people.

Today, we are witnessing another example of that, as the SWH programme has become topical in the country's economic growth discourse. We are looking into the SWH technology to deliver modern hot water energy services to the majority of the underserved communities in our country, especially those in the rural areas.

We are also looking into this technology to address demand side management, so that the middle and upper income residential segment can reduce their own consumption of electricity. This would, as we have said before, delay the building of further power stations

other than the planned ones so as to allow this government to also address other pressing needs with the budget.

We are also looking into this sector for the possibilities of creating new green jobs in order to stem the tide on the unemployment rate which is reaching unprecedented proportions across the country and particularly in this province.

Research tells us that this province “remains trapped in structural poverty that shows in all aspects of its demographic, health and socio-economic profile”. Recently, the Human Sciences Research Council released a report indicating that about 27 percent of the population of the Eastern Cape is unemployed. These are not just statistics, but a call to every South African and especially the political and business leaders to take action to fight this scourge. Given this situation, initiatives such as the opening of this manufacturing facility is one step towards turning this tide.

For this reason, I commend Ikhwezi Solar for having the vision and foresight to meet this government halfway, such that 3 months after the release of this HSRC report, we are able to come to the people of the Eastern Cape and say, we are with you in your daily struggles for survival.

Every job that is created in this province will definitely make a difference not only to an individual who is employed, but to a family who depends on that individual for their maintenance.

I also challenge other entrepreneurs and companies within the energy and other sectors represented here, to work together with us to create more jobs, and collectively contribute to building a prosperous nation.

Ladies and Gentlemen,

Let me remind you that amid the rising electricity prices, the utilisation of technologies such as solar water heaters enables free and sustainable exploitation of natural resources which in the end lowers the costs of using electricity. In other words, this technology will increasingly enable households to achieve significantly high savings in electricity cost as the forecasted increase in the cost of electricity will be offset by the reduced consumption that results from the SWH installation.

I am also delighted that Ikhwezi Solar has already installed systems as St Dominic's Hospital, which means that with the launch of this factory, you are simply extending your services from the commercial and industrial sector to the domestic market. This is a welcome contribution, as we need to make sure that wherever there is a need for hot water, solar water heaters are indeed adopted as the preferred option.

Having witnessed SWH installations in excess of 180 000 since the advent of the programme in January 2008, all having been achieved at the back of short-term subsidies, it gives me great pleasure to

observe that the South African demand for solar water heaters has grown remarkably.

The industry has been asking us to do more than simply pronounce on the target, and Government has responded by introducing appropriate regulation in order to further stimulate the market.

To this end, the New Building Regulations are aimed at ensuring that Solar Water Heaters become a lifestyle within South Africa much the same way as electric geysers have been overtime. Further, the SWH technology localization requirement in the country is no longer questionable; instead it is an opportunity that must be exploited by all those who want to participate in this space.

We definitely want to ensure that the dependence on imports from other countries is better managed to our domestic advantage through the introduction of local manufacturing plants, with the right capacity and quality standards to meet the demand as indicated in our policy targets.

This supportive regulatory framework and planning tools such as the Integrated Resource Plan (IRP 2010) which speaks to new buildings and the retrofitting of existing buildings respectively, have made it possible for all SWH technology localisation efforts to take hold in creating a self-sustaining local and regional SWH market.

Please dare not forget that the SWH market of the entire African continent remains largely untapped, and African companies should be the first ones to cash in on the early-movers advantage.

In the Department of Energy, we stand ready to work with progressive forces such as yourselves in South Africa and the world over to provide leadership on the establishment of supportive and enabling frameworks for the development of the green economy, to which SWH technologies belong.

Distinguished guests,

As a country we must link the performance of our economy with efficient resource utilization and a just distribution of the benefits within and across generations.

In this regard the labour-absorbing SWH drive would not have come at a much propitious time for delivering on our government's promise of "delivering a better life for all" as well as amplifying the fight against pervasive poverty and joblessness.

Our growing SWH market needs the establishment of a well founded local manufacturing base, that will exert the much needed downward pressures on the capital cost of solar water heaters, create work opportunities and enhance our country's capability to develop environmentally sound technologies.

I therefore trust that with this facility the technological innovation as well as the enhancement of the South African SWH competence will only get better as the desired end state of my Department is to see SWH being one of the most commercialized and popularized clean energy technologies in the country.

Strong partnerships with research institutions will be an indispensable part of this innovation.

Ikhwezi Solar owners, I guarantee you that if your technology is available at a reasonable price, there is a huge market out there, not only in the Eastern Cape but throughout the country. At this point, I believe that competition is still very minimal. For this reason, I challenge other companies to do the same.

Without locally based manufacturing, the level of the SWH industry value chain actualization of the government's SWH drive and its attendant benefits will remain a pipe dream.

Ladies and gentlemen,

South Africa cannot remain a spectator in her own backyard whilst our SWH market continues to be flooded with imports of various qualities from all over the globe. We need to ensure that we all move towards localisation, and this can be successfully done through partnerships with investors from other countries.

As you have seen with the renewable energy independent power producer procurement programme (REIPPPP), local content is an integral part of the renewable energy programme as a whole including Solar Water Heating. We must re-iterate this – in as much this is about security of energy supply, this programme lend itself as an economic stimulus – and if we can get our house in order, we will be able to make a meaningful contribution to economic growth and job creation.

Like any other evolving industry the local SWH industry has and still is going through growing pains. My office has been inundated with complaints about the untenable nature of poor product quality, as well as poor workmanship that continue to plague this industry notwithstanding the availability of product and installation specifications as well as the random independent technical audits undertaken.

For this, I want to assure you that and South Africans in general that perpetrators will be brought to book. We are going to blacklist them from the programme and over and above that ensure that the law takes its course as many of these systems are supported with public funds.

I therefore trust that all companies and particularly Ikhwezi Solar, which we are launching today, you will always strive to produce systems that are compliant to the legislated national standards.

In conclusion, I warmly welcome you to the league of those that have elected to join hands in fighting poverty and socio-economic deprivation among the majority of our country's population.

Congratulations, and we look forward to coming back here in the near future to launch the extension of this facility to reach even greater numbers and targets.

I thank you.