



**SIGNING OF AGREEMENTS FOR PREFERRED BIDDERS
BY THE MINISTER OF ENERGY, MS DIPUO PETERS, MP**

**FINANCIAL CLOSE FOR THE INDEPENDENT POWER PRODUCERS WINDOW 1
PROCUREMENT PROGRAMME**

5TH November 2012

Centurion, Pretoria

Ambassadors Present

Director-General of Energy, Ms Nelisiwe Magubane

Eskom Representative, Mr Kannan Lakmeharan

Representatives of the Bid Teams present today

Members of the Media

Ladies and Gentlemen

As I bid you a good morning today, I want to acknowledge this auspicious day for the government of South Africa, my department, the African continent, and the energy sector as a whole, as we prepare to close the first window under our ambitious renewable energy IPP programme. I am elated that we have finally reached this day when the department, the bidders and Eskom come together to sign the required agreements. These agreements indicate the realisation of our long held dream for the deployment of large scale renewable energy.

During our journey towards this milestone, we encountered criticism from those who were of the view that South Africa is not committed to cleaner forms of energy, and that even if we were, we would never be able to deliver on this commitment. Despite the delays that we experienced, I am pleased to stand here before you and reaffirm our commitment which was further confirmed again recently by the Minister of Finance in his medium term budget policy statement. This day will go down in history as the day that our government delivered on its commitment to ensure that this nation grows its renewable energy component of our energy mix.

I am proud to announce that the 28 approved projects are spread across some of South Africa's most rural and least developed provinces including the Eastern Cape, Northern Cape, Limpopo, North West, Free State. Given the development status of some of these provinces, it is evident that the job opportunities and skills upgrading commitments by the IPPs must be commended. In addition, some of the IPP bidders have undertaken to set up community development initiatives that will uplift at least one community within a 50km radius of each project. Given the opportunities that will emanate from these partnerships, government is sure that local communities in the vicinity of the IPP projects will gain in terms of the growth in the local skills base that can be used to enhance other local development plans. The projects will add 1 400MW to the grid, and bring investments to the tune of R47 billion.

Distinguished guests, among the most deserving members of our society whose upliftment is a priority, are women and children who bear the brunt of energy poverty in their communities. It goes without saying that this investment will bring much needed improvements to their circumstances.

As you may be aware, government is very committed to women empowerment and I am pleased to announce that among others, on the business side these bidders are committing approximately R1 billion rand to be spent on women vendors. This is an opportunity for women located close to the targeted areas to position themselves in terms of the services that may be required by these bidders. I must say, I will remain

vigilant about the level of women participation in this programme and I trust that it will progressively improve over the next bidding windows.

In addition, preferred bidders under window 1 will spend about R2 billion on socio-economic development, on local communities, as per the commitments made in the contracts. In total, these bidders will spend approximately R12 billion over the duration of the Implementation Agreements on South African contractors, including empowered enterprises, small and women-owned businesses. We anticipate that this expenditure will address government's quest to eradicate poverty and joblessness. I want to believe that this expenditure will play a significant role in promoting a local manufacturing industry in the country. With regards to local content, I must indicate that our South African Bureau of Standards (SABS) has promulgated a new standard for assessing local content, the so-called SABS 1285. Our reliance on local content commitments will in future be assessed against this standard.

Ladies and gentlemen, there is substantial foreign direct investment out of this programme into South Africa which will have a positive economic impact on our economy. This IPP programme is being implemented at a time when many countries in the world are experiencing the debilitating effects of the global economic downturn. Our government expects this programme to make a substantial contribution to the economy in various ways. It will provide the greatly needed energy, with both measurable and immeasurable spin-offs including job opportunities and skills development.

I would like to urge all the preferred bidders, including Window 2 preferred bidders, to stick to their commitments. I have delegated the authority to sign the Implementation Agreements to the Director General.

In closing, ladies and gentlemen, it is indeed my pleasure to confirm that today will culminate in the signing of 28 sets of project agreements under the window 1 of the renewable energy IPP programme. .

The United Nations General Council declared 2012 the year of access to sustainable energy for all, and the department is set on fulfilling this vision in the short term through innovative and professionally delivered programmes like the IPP. We acknowledge that reaching this milestone has been highly challenging and the road ahead is still long. With your committed partnership and understanding we will reach the conclusion that we all desire – a sustainable energy mix that enables broadened access to energy sources for all South Africans.

I Thank you; Ke ya leboga; Baie dankie!