



**Keynote speech by Minister of Energy, Ms Dipuo Peters, MP**

**Breakfast Briefing of Black Management Forum**

**Kimberly, Northern Cape on the 27 February 2012**

Programme Director;

BMF Chairman- Northern Cape, Mr Peace Ntuli;

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Members of Black Management Forum;

Media Representatives

Ladies and Gentlemen;

Good morning, Let me start by wishing Premier Hazel Jenkins who at the moment is in the hospital a speedy recovery with the hope that she will be out soon. Let me also appreciate Black Management Forum for inviting me to speak this morning on this Breakfast Session which poses an opportunity to exchange ideas on how best we can together enhance development in the Northern Province.

Understanding that the objective of this session is to promote debate and engagement about key economic drivers which enhance or retard local economic development, and energy has been identified as such.

Programme Director,

South Africans is not alone on the race to have a secure energy future, it is well known that globally security of energy supply is becoming one of the key focus areas, mainly because of decreasing natural resources, global warming, climate change, pollution and rapid global growth.

The Northern Cape Province also has projects on energy that are aiming at securing energy future and keeping the lights on. These interesting opportunities in the energy sector ranges from electrification, clean energy, electricity generation, oil and gas.

### **Infrastructure**

It is important to understand the fundamental issues facing South Africa in delivering reliable energy and the importance of having well maintained infrastructure. Planning for infrastructure as a country both at supply and demand sides, we pursue a balanced energy mix and for us the different energy sources are not seen to be competitive but rather they are supportive as none can exclusively meet the electricity needs of our country.

We pride ourselves as an energy technology neutral country. Our main concern is safety and cost to industry and household consumers without compromising standard.

Diversification of the energy mix is very important for the future of the energy industry and we have developed the Integrated Resource Plan which is a 20 year electricity capacity plan.

This plan aims to provide an indication of the country's electricity demand, how this demand will be supplied and what it will cost. It also ensures security of energy supply to the South African economy and households. IRP2010 is not a plan that deals with the overall energy needs for the country nor does it deal with the wider infrastructure plan for the country. It focus on the generation of electricity while it is a key input into overall Energy plan known as Integrated Energy Plan (IEP) which is presently being developed.

In this mix, the Northern Cape has been identified as an ideal location for solar (with Northern Cape having solar DNI) and wind-energy generation (five wind stations in the Northern Cape) that pursues and further explores the concept of 'green jobs', including scaling up labour-intensive natural resource management practices which contribute to decent work, livelihood opportunities and overall and sustainable energy business.

It is therefore imperative to support the establishment of a green economy within the Northern Cape that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological challenges. We know the Northern Cape Province has finalized Renewable Energy Strategy developed by the Department of Economic Development and Tourism in the Province. This is seen as a good step in ensuring that this Northern Cape Province uses all its abundant opportunities of wind and solar energy.

Ladies and gentlemen,

The Upington Solar Park is being proposed as part of the South African government's policy to reduce the country's dependence on coal-based electricity by introducing renewable energy in the form of solar and wind power, biogas, biomass and small-scale hydro.

Government intends to prove to ourselves and the world that solar, especially PV can be a reliable source of power especially during the day.

We all know that in October 2010, the DoE called a Solar Park Investors' Conference in Upington to assess private sector interest in the venture held under the theme, "Real Sun, Real Power". The conference elicited a higher than expected turn-out, with some 400 representatives of international and domestic solar energy companies and related industries converging on Northern Cape, Upington, showing a positive interest from the businesses.

The Solar Water Home System 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. Some of our rural areas and townships here in Kimberly are benefiting from this programme. Northern Cape municipalities should be more active than others in driving the deployment of SWH systems. We have no reason to waste grid power by heating water with it.

Business opportunity in this programme ranges from supply, installation and maintenance. 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. Furthermore, this programme is a mitigating measure in the light of the electricity shortages experienced from the Eskom grid and it will also promote energy efficiency and the use of alternative energy.

Programme Director,

The Acting Premier of Northern Cape Province, Ms Grizelda Cjikella, announced that there is a collaboration with the Provincial Department of Cooperative Governance, Human Settlements and Traditional Affairs in the Province for the installation of Solar geysers in the Pampierstad but we need all municipalities to deploy these systems.

We would like to appreciate the initiative and see it as part of contributing to the broader government target of achieving one million solar geysers by 2014-2015 under the banner government working together to achieve more.

The first round of over 1 200MW of renewable energy projects was recently successfully tendered. We will be embarking on the second round soon. You would know, that there are 28 successful projects in round one, 16 of these are in this province. I really hope that the Northern Cape business women and men become part of the energy sector by pursuing this opportunities.

Ladies and gentlemen,

I really need to emphasis the importance of saving energy, energy efficiency is required by all South Africans and **is the country's best hope in the short term to meet electricity demand in the face of tight supply.**

We all need to play our part in order to avoid load shedding by saving electricity.

- **49m**
- **NBI EE**
- **ECS**
- **Switch off –save it**

Street and traffic lights retrofitted to solar and wind as well as billboards, there is no reason for Northern Cape municipalities to use grid electricity to light up streets and traffic lights. This energy saved, can be deployed in job creation and economic investment areas.

### **Electricity Prices**

The ongoing concern from business and communities about high electricity costs is receiving serious attention.

The President of the Republic of South Africa, His Excellency, Honourable Mr Jacob Zuma mentioned in his State of the Nation Address that: 'We need an electricity price path which will ensure that Eskom and the industry remain financially viable and sustainable, but which remains affordable especially for the poor'. 'I have asked Eskom to seek options on how the price increase requirement may be reduced over the next few years, in support of economic growth and job creation and give me proposals for consideration'.

The Department of Energy, relevant Departments and Eskom are looking at other ways of reducing electricity tariff increases; meaning lower bills for businesses for which, electricity is the major cost input to most business and key industries, government will announce way forward in this regard soon.

### **Access and Poverty alleviation**

Access to reliable, affordable and sustainable energy services is essential to job creation, decent work and poverty alleviation. It also promotes equitable and sustainable social and economic development, and leads to better environment and climate resilience. Lots of opportunities are still available in the Integrated National Electrification Programme to achieve universal energy access.

There is a need to consider other alternative energy sources to realize the universal access objectives so that we can have positive economic and social impacts especially in the remote areas and informal settlements. There is a need for the deployment of alternative energy sources on the available renewable energy sources that we have. We have innovative technologies such as mini-grids and Home Solar Systems, notably in the last financial year the department of energy could not spend the entire budget for this programme, there should be an opportunity here for entrepreneurs in the Northern Cape.

Biomass is regarded as an African renewable energy resource that offers potential opportunity to contribute to the African energy supply and provision of basic energy. While these are critically important issues, the impacts of climate change itself on the energy sector has been largely overlooked. This presents many opportunities in Northern Cape for business to assist government in archiving universal access and providing basic energy.

I need to mention that the Department of Energy's partnership with the oil companies in respect of the Integrated Energy Centre (IeC) Programme has delivered a total of seven IeCs located in the rural of South Africa that include John Taole Gaetsewe and further collaboration is ongoing to establish more.

An Integrated Energy Centre (IeC) is a one-stop energy shop owned and operated by the community Cooperative and organised as a community project. It provides energy solutions to communities, access to affordable safe and sustainable energy services, information and awareness on how to handle and utilise energy sources including Paraffin and LPGas.

In addition the IeC's promote the development of SMME's through partnerships with key stakeholders, such as the National Development Agency (NDA) and the Department of Trade and Industry. We make this call to business to see and pursue this partnership to other rural areas in the Province and the rest of the country.

## **International cooperation**

Allow me also to mention that good political relations with other countries South Africa has need to translate into economic benefit for our country. For this to happen Government-to-Government relations need to be supported by Business-to-Business cooperation – this is the role that the energy industry players and businesses have to play to make energy trade reality.

You are also all welcomed to pursue partnerships with foreign investors and supplies in the energy sector. In the REIPP Procurement we deliberately determined the local content to be higher than current BEE requirements.

As part of its international relations and cooperation activities, the Department of Energy will continue with its efforts of creating an enabling environment for the sustainable use of different energy resources in our energy collaboration throughout the world and within the South Africa. I will also like to assure you that the business collaboration with our neighbours as SADC countries and other countries is a reality and has diverse opportunities.

- Gas in Mozambique and Namibia
- Coal in Zimbabwe and Botswana
- Hydro in DRC, Namibia, Lesotho and Zambia
- Solar and wind in Namibia, Botswana etc

Programme Director,

It is my pleasure of being nominated as Jury member of the Zayed Future Energy Prize to champion the commitment to finding solutions that will meet the challenges of climate change, energy security and the environment. I join other green activists who have been selected as part of the Zayed Future Energy Prize. This Zayed Future Energy Prize aims to incentivise, encourage and become a catalyst for the ingoing development of renewable energy and clean technology. I am very humble to be part of this programme.

## **Projects financing**

Ladies and Gentlemen,

One of the ways that we seek to achieve was to change ordinary light bulbs that we are used (i.e. Incandescent lights), to energy saving lights (Compact Fluorescent Lights – CFLs). That programme has resulted in significant saving. The National Treasury Minister, Mr Pravin Gordhan, has allocated R600 million to municipalities to install low-energy lighting and equipment while an additional R4.7 billion to complete the installation of one million solar water geysers. R300 million is provided for the electrification of informal settlements.

There is exhaustive list of funding initiatives in the sector and it is for this reasons that I urge business to see potential in assisting government in archiving its mandate in the energy sector. Quality of service and reliability should be uppermost on our agenda.

It is very important to allow companies investing on energy efficiency measures to be incentivised and this goes a long way to address energy shortage, government is looking at more incentives for this programmes.

There is a need to discuss climate change mitigation and adaption issues in the energy sector, and how important climate change may be to current investment decisions and financing plans.

Furthermore, the Minister Pravin Gordhan has announced that the levy on electricity generated from non-renewable sources will increase by 1c/kWh as from 1 July 2012 and will replace the current funding mechanism for energy-efficiency initiatives such as the solar water geyser programme which would have little overall impact on electricity tariffs.

Project finance in energy sector should is seen as very capital intensive and require huge investments and therefore generally very complex – particularly in developing countries such as South Africa.

The government is looking on all possible ways of funding, incentivizing and creating good environment for sector investments.

## Hydrocarbons

Ladies and gentlemen, it is encouraging to see the increase in the number of applications for wholesale licenses the department receives from the Northern Cape. Mokoduwe go tsoswa yo itsosang, however, there are administrative hiccups in processing these applications due to failure of prospective applications to submit the required information.

I therefore wish to use this opportunity to encourage applicants to liaise closely with departmental officials to improve this situation to unlock your economic opportunity. Programme Director, there are vast opportunities within the supply value chain of petroleum products, for example, most of the oil companies have outsourced transportation of products. Retailers in areas such as Kuruman and Modderfontein sometimes have to wait for two days for products to be delivered

An increase in the fuel tanker fleet within the province will also go a long way in alleviating or addressing these late deliveries of products to the service stations. We also need to explore how our distribution and supply networks can be increased to cover areas such as Namakwa, Siyanda and Pixley Ka Seme districts. Like other provinces, this province was hard hit by the shortage of LPG during the winter month last year, areas such as Kimberley, Warrenton, Springbok as well as Upington were the most affected. Our regional officials informed me about that this situation has now lead to some retailers indicating the lack of interest in pursuing further retailing LPG solely because the struggle to access it from the supplier.

This creates a challenge that informs us that there is a need to look at increasing the supply of LPG and the investments in the expansion of the distribution network. The solution also lies in the fact that we need to explore how we can widen the supply enclave to address challenges facing the wholesalers sector. This confirms the President's call for more aggressive investment in the energy sector.

Ladies and gentlemen, the mining activities in the province also create business opportunities for those who wish to enter the energy sector. The mining and

agricultural sector depend largely on diesel for their operations, this therefore means that you need to broaden your scope and look at other opportunities within other industrial sectors of the economy.

In conclusion ladies and gentlemen,

Allow me to express my sincere gratitude to BMF for organizing this breakfast session and I would like to assure all business man and woman in Northern Cape Province and the rest of the country that the Department of Energy remain committed in ensuring security of energy resources, and pursuing an energy mix that includes clean and renewable resources to meet the needs of our fast growing economy, without compromising our commitment to sustainable development.

We further ensures you that we have put in place clear programme of incentives for investment, as well as the development of the requisite human resource capacity to take full advantage of the opportunities presented due to the growth in this sector.

Later in this year, we will make pronouncements regarding the nuclear build. Section 34 of the Electricity Regulation Act, empowers the Minister of Energy to determine who should build what in terms of energy infrastructure. That developer will determine where to source that technology and the broader EPC.

With these few remarks, I wish you good luck in your businesses and also hope that you will venture on the opportunities in the energy stor especially in the lovely Northern Cape Province.

I thank you all