



**MINISTRY OF ENERGY  
REPUBLIC OF SOUTH AFRICA**

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**Address by the Minister of Energy, Ms Dipuo Peters, MP**

**Sod-Turning for the Solar Capital De Aar Project**

**10<sup>th</sup> December 2012**

Programme Director,

Mayor of Emthanjeni Municipality,

Councillors of both Local and District Municipalities,

Chairperson, CEO and Board Members of Solar Capital

Distinguished Guests, Ladies and Gentlemen

Thank you very much for the kind invitation to participate in this momentous occasion. I am not sure if all of us are aware of this, but this sod-turning or site inauguration is the first official projects

launch of the Renewable Energy Independent Power Producer Procurement Programme. Indeed we have reason to be in a celebratory mood, and let me congratulate Solar Capital on this achievement.

When Government announced its intention to start the process of moving away from our carbon intense modes of energy production, there was a lot of scepticism from various quarters, but the events today bears testimony to the fact that we have moved considerably as a country towards this goal.

Programme Director,

With this site inauguration today you are contributing a critical building block towards the ruling party policy objective of a diversified and sustainable energy mix for the country.

More than that, the investments we make in the renewable energy sector, at both the primary generation and secondary manufacturing levels, will undoubtedly contribute to economic development and growth, as well as much needed job creation.

Since the release of the Request for Proposals for this programme on 03<sup>rd</sup> August 2012, we have announced the preferred bidders for Windows One and Two of the programme,

representing in excess of 2400MW of power, worth an investment of R 74 billion in the energy sector.

It is also important to note that the CO<sub>2</sub> offset that will be created by the implementation of this Renewable energy IPP plan in the first two windows alone will result in about 4 million tons of CO<sub>2</sub> per year. If the full Renewable Energy component of about 18 000 MW is been implemented by 2030, as been envisaged by IRP2010, about 40 million CO<sub>2</sub> emissions will have be offset.

You would be aware that most of the renewable energy developers, as demonstrated in the number of preferred bidders through the first two rounds of the bidding process, have targeted this province to develop especially solar projects. As you all know, the lion's share of solar projects is located in the Northern Cape, given its very favourable irradiation levels, which some estimate to be the best in the world.

Based on the business models and information received from successful developers in windows one and two, we project around 14 500 jobs to be created during construction of the facilities in the Northern Cape, and no less than 415 direct permanent jobs during the operation period of the plant. This excluding the jobs

been created due to the localization programme linked to the Renewable energy IPP programme.

Ladies and Gentlemen,

The green economy therefore presents us with the opportunity to meet our industrial policy objectives as espoused under the Industrial Policy Action Plan. Our believe is that technologies related to wind, solar and other renewable power generation hold the key to creating the green economy jobs that we so badly need, and in those areas where we can leapfrog rural development in a manner that makes it easier for us to improve the socio-economic circumstances of our population.

Our renewable energy programme is therefore deliberately designed in a way that is biased towards local economic development. Basically, we seek to achieve skills transfer, community upliftment and local procurement from and support for small local enterprises in our infrastructure development programme.

You will all recall that as government, we have emphasised that we will not compromise when it comes to local content and that is embedded in the current IPP procurement programme. I am pleased to be informed that Solar Capital is engaged with the

municipality and other players looking at ways to ensure that indeed they contribute to this goal, especially in your strive to ensemble the PV panel in De Aar.

We must also indicate that a lack of local manufacturers was a major barrier to many bidders, and therefore we must call on interested parties to engage in initiatives that will contribute significantly in addressing this gap.

As we speak, the percentage of local content in the following bidding windows is increasing to promote job creation. In order to achieve our objectives to alleviate poverty and create decent and sustainable jobs, South Africa needs to stop being consumers of imported products and start innovating and locally manufacturing homemade products especially in areas where it is possible and cost effective to do so.

While local content in the solar PV space is currently at 45 % in terms of the target, the ultimate aim is to have 100% local content in future windows and working together with the Department of Trade and Industry, we are going to ensure that we put all the enabling legislation and incentives in place.

We hope that the municipalities in these project areas will work with developers to ensure that they create an environment for these activities to take place.

Programme Director,

We accept that the implementation of this programme has its fair share of challenges, but through the resolve of the Department of Energy and its partners, there is an even a bigger determination to improve from one window to the next.

As previously announced, this is a rolling programme, for which I have already announced additional 3200 MW's which will be made available for procurement in due course.

The South African renewable energy programme is indeed unprecedented and it has been hailed as one of the best worldwide. We are now even called upon to share lessons learned from our own experiences, even from developed countries.

Through supporting large scale deployment of renewable energy sources, we are sure that we will be making significant progress towards meeting our key government objectives and priorities at

national level, primarily the reduction of poverty and underdevelopment.

I am advised that Solar Capital is already becoming part of the Emthanjeni Community. We trust that this partnership will assist to contribute to alleviating the wide spread poverty and hopelessness in this area, and will contribute to rejuvenate not only De Aar, but also the areas around it.

Your construction and social obligation will be monitored very carefully to ensure that the MWs that have been promised will be delivered in time, while at the same your social-economic plans are executed in line with what was promised. My department will early in the new year engage with you regarding the reporting process on the build programme and the socio-economic development implementation.

We congratulate you on this milestone and achievement – and wish you well as you begin implementation on your contribution to a sustainable and clean energy future.

Thank You.

End.