



**DEPUTY MINISTER
ENERGY
REPUBLIC OF SOUTH AFRICA**

**2013 BUDGET VOTE SPEECH BY THE DEPUTY MINISTER OF ENERGY, MS
BARBARA THOMSON, MP
OLD ASSEMBLY CHAMBER, PARLIAMENT, CAPE TOWN
14 MAY 2013**

Honourable Chairperson

Honourable Minister of Energy, Ms Dipuo Peters,

Honourable Chairperson of the Energy Portfolio Committee, Mr Njikelana

Honourable Members of Cabinet

Honourable Members of Parliament

Members of the Diplomatic Corp present

Directors - General

Representatives of State Owned Entities

Invited Guests and Stakeholders

Ladies and Gentlemen

We are very proud of the fact that over 84% of our people have access to modern energy today. This is a far cry from the terrible situation in 1994 where approximately only 36% of the population had access to electricity.

There will be those that will try and deny our achievements, but the facts speak for themselves. Let me also add that we are coming for those 15% who do not yet have electricity.

Ngaphansi kobuholi obuqotho bukaNqgonqgoshe weZamandla, uNkosikazi Dipuo Peters, asiyi ezindaweni ezino gesi, kodwa siya lapho okungena gesi khona, sifike sishiye ukumamatheka kubantu bakithi abantulile. Sikwenzile lokhu entombini endala enamashumi ayisishiyagalombili ububudala, okutha okokuqala nqa yahlomula ngokuba nogesi endlini yayo.

This is the impact which the Department of Energy and our ANC led government leaves on the lives of our people.

Honourable Members,

Allow me to elaborate on the number of initiatives that the Department will embark upon to position itself to extend even further this positive impact on the lives of our people.

Integrated Electrification Programme

Last year, we hosted the Electricity Indaba where shortcomings were identified in the current Electrification Programme. In addressing these challenges, we have introduced the Household Electrification Strategy. The key focus areas of this Strategy include the Electrification Master Plan based on the least cost approach that combines grid and high-quality non-grid solutions to support high backlog, low-delivering municipalities.

The DoE together with the Development Bank of Southern Africa (DBSA) will continue with implementing the agreement to accelerate the Electrification Programme in our country. The so called “Front-End Loading” applies to municipalities with large electrification backlogs, which in turn will apply to the DBSA for funding. The Bank will conduct bank credit assessments and we will only support bank approved applications that are within the Integrated National Electrification Programme.

We must also acknowledge the support of our international partners in supporting our electrification programme. Assistance has been received from International Finance Corporation which is part of the World Bank group in the development of the new Household Electrification Strategy.

Energy Efficiency

As we enter the winter period, we have to be more vigilant about the risk posed by increasing electricity demand to the extent beyond our supply capability. We have to revert back to the mechanisms that we relied upon in 2008, including non-Eskom generation, fuel switching through LP Gas and other appropriate customer behavioural changes.

These are the things that we can do together, in the spirit espoused by the ANC of achieving more by working together:-

- We have initiated a campaign urging communities to ensure that their cylinders are filled up. The LPG suppliers have assured the Department that they will produce adequate LPG and import the short fall where needed.
- We have kept the lights on for the past 7 years without any major disruptions and we remain committed to keeping the lights on. We need to remember to switch off the geysers, lights, heaters and all other electrical appliances not in use, particularly during the evening peak from 5pm to 9pm.
- We have affirmed our collaboration with the business sector, particularly the Chief Executives Officers as the captains of industry through National Business Initiative and Business Unity South Africa on the Energy Efficiency Leadership Network to ensure that we stick to our commitments on Renewable Energy and Energy Efficiency through the signed Accords with our social partners (i.e. Green Economy, Local Procurement and National Skills Development) are translated into tangible outputs through the whole value chain in order to realise our national objectives.
- We have embarked on a robust engagement on this Leadership Network with the Mayors, Councilors and Municipal Managers to make sure that we address the bottle necks for service delivery on these programmes. In this regard, we will be holding further workshops in the next two months.

State Owned Entities

Honourable Speaker, Honourable Members

The restructuring of CEF and its subsidiaries is a process will that ensure that each individual entity within the group is strengthened and able to operate to its maximum. I am happy to announce that the re-organisation process has gone a long way towards integrating the mandate of energy security and we anticipate finalizing it by the end of this financial year. Governance and management challenges within the group have also been addressed, as we now have appointed CEOs for both CEF and Strategic Fuel Fund (or SFF). We have sought to reposition the SFF as a dependable custodian of the strategic stocks policy to enhance and manage the petroleum reserves for the country. SFF is also working towards enhancing its capacity to deal with oil spills and protect our marine environment.

State Owned Companies

Ladies and gentlemen,

Additional funding has been allocated to SANEDI, which will enable them to finalize the Solar Road Map, complete the Carbon Capture Storage project, and implement the outcome of the Shale Gas Investigation Work Plan, amongst others.

I would also like to thank NERSA for the hard work done during the public consultation process and the completion of a very tough MYPD3. The 8% tariff increase has created much-needed certainty about electricity tariffs over the next 5 years.

Energy sector as a tool for empowerment

Honourable Members, it is essential, as we pursue our energy policy objectives, that we maximize its return to historically disadvantaged sectors of our society such as women, youth and persons with disabilities. We need their contribution in the transition to clean energy solutions and overall developments in the Energy Sector. Let me outline the programmes that we have initiated in respect of these designated groups:

Clean Energy Education and Empowerment (C3E) initiative

Firstly, in support of women empowerment and building the Energy sector's skills base, particularly in women, the Department has commenced with the implementation of the international clean energy education and empowerment initiative, born out of the Clean Energy Ministerial.

The Clean Energy Ministerial is a body of Energy Ministers throughout the world that has formed a coalition in the drive towards clean and sustainable energy.

This initiative aims to attract and inspire women to pursue careers in Energy and support their advancement into leadership positions. It is designed to offer a complete empowerment package from high school level to employment level in the Energy sector and advancement into leadership positions. The package includes recruitment of high achieving students in Science, Technology, Engineering, and Mathematics (or STEM) subjects. This initiative targets girls in Grade 10 -12, tertiary students and graduates in the area of STEM, women employed in the Energy sector; and women doing business in Energy.

I am pleased to announce that among others, on the business side of the Renewable Energy IPP programme bidders are committing approximately R1billion 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. I must say, we remain concerned about the level of women participation in this programme and I hope it will improve over time.

YOUTH INDABA AND LAUNCH OF YOUTH IN ENERGY FORUM

Secondly, the young people of today will be tomorrow's leaders in the Energy Sector. It is important, therefore, that we equip our youth with knowledge about the sector and encourage them to acquire skills as they venture into business in the Energy Sector. It is also imperative that we assist young entrepreneurs and the unemployed youth to gain

access to comprehensive business development support services to grow and sustain their enterprises.

The Youth Indaba and Youth in Energy Forum are among the initiatives we are planning to host this year in order to achieve our goal of creating a platform of growth for young entrepreneurs.

We will also continue to embrace the “Take a Girl Child to Work Day” Initiative as a means of enabling girl children, especially from disadvantaged communities, to acquire transformational experience in the workplace and ensuring continuous development of women and young people and their participation in the economy of the country. We will also host the annual Learners’ Focus Week for Grades 9 and 10 as an introduction of the Energy Sector’s work to the learners.

HIV AND AIDS FORUM FOR ENERGY SECTOR

Thirdly, through our Special Programmes and Outreach Projects, the combating of HIV and AIDS, particularly its impact on the Energy Sector, will continue to be an area of focus for the department. We will be working towards the establishment of an HIV and AIDS Forum within the Energy Sector to consolidate the work of individual role players in the Energy Sector and to augment the work of other government departments and civil society in dealing with this challenge. The forum will assist us in monitoring, evaluating and reporting on HIV and AIDS in the Energy Sector.

Let me conclude by thanking Minister Peters, Chairpersons and members of the Portfolio Committee on Energy and the Select Committee on Economic Development for their leadership and support; our donor partners, Team Energy; the guidance of the Director General, Ms Nelisiwe Magubane, State Owned Companies and energy sector partners for their commitment to bettering the lives of ordinary South Africans.

Thank You