



**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 Lesedi Power Company Postmasburg Project**

**12<sup>th</sup> February 2013**

Programme Director,

Mayor of Tsantsabane Municipality,

Councillors of both Local and District Municipalities,

Chairperson, CEO and Board Members of Lesedi Power Company,

Distinguished Guests, Ladies and Gentlemen

Thank you very much for the kind invitation to participate in this momentous occasion. Indeed we have reason to be in a celebratory mood, and let me congratulate Lesedi Power Company on this achievement.

To the Management of Tsantsabane Municipality, I want to say that you have a renewable IPP power producing company in your back yard. Your stakeholder base has increased. I hope you will work well together with the management of Lesedi over the next 20 years.

To the Community of Tsantsane Municipality, are you ready to play your role in this IPP space. You are one of the fortunate communities in South Africa to witness the construction of a renewable plant in South Africa, but on your doorstep.

It is public knowledge that South Africa is among the fourteen high emitters of “carbon dioxide equivalent” in the world. Based on this, government has long acknowledged that there is an urgent need to move towards a low carbon economy to reduce the greenhouse gas emissions (GHG) hence our commitment at Copenhagen in 2009 through the President of the Republic of South Africa, His Excellency Mr Jacob Zuma that “South Africa will reduce its emissions by 34% and 42% by 2020 and 2025 respectively under business as usual and subject to the availability of both technical and financial resources.

Currently almost 95% of South Africa’s electricity is generated from coal-fired power plants, although South Africa receives more than 2,500 hours of sunlight which is twice more than most parts of Europe.

Programme Director,

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.

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 CO2 emissions will have be offset.

Ladies and Gentlemen,

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.

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. Government in its planning in the Renewable Energy IPP programme envisaged to develop a solar corridor in the Northern Cape starching from Port Nolloth in the North Western part of the Province through Upington, Postmasburg and Priska to De Aar. Different solar technologies IPP will be developed along this corridor. The first to be launched was the Upington Concentrated Solar Power, this was followed by the De Aar and Douglas PV hub and recently we also launched the Priska solar hub. Today we are here in Tsantsabane Municipality, in Postmasburg to share with the community the sod turning of the solar PV plant.

It was therefore not surprising 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.

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.

The percentage of local content in the two bidding windows has increase form about 25% to about 45%, which will result in an increasing of 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.

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 about 600 direct permanent jobs during the operation period of the plant, and about 25 direct permanent jobs during the operation. This is excluding the jobs been created indirectly in the local community due to additional economic activities in and around the town. In addition due to the localization programme linked to the Renewable energy IPP programme, more jobs are also created.

Programme Director,

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.

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.

As a municipality, you are located in an area with a potential for additional projects in the subsequent rounds. As the projects flows to your area, it will be critical to facilitate the social contribution by the different projects. The Department will work closely with the municipality, the community and the IPP in ensuring that the social contributions from the various IPPs are coordinated. We should remember that the community has

various needs and they must be addresses in an integrated approach to avoid duplication. As we coordinate these activities, we should remember that the community needs more than just a playing ground; they need among other things, clinics, schools, bursaries and community halls. In certain instances, IPPs may have to work together in developing a community project which may require a larger capital but critical to the community.

Having said that, I would like to believe that Lesedi Power has a view in terms of the needs of this community and they have already developed a social development plan for this community. I would like to believe that the plan will be implemented whilst taking into account the coordination that I have referred to.

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.

Ladies and Gentlemen,

I am advised that Lesedi Power Plant is already becoming part of the Tsantsabane Community. This area is known for a jobless community without hope or future vision. 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 Postmasburg, but also the areas around it.

Government is not only making policies that are directed to a single cause or activity, but policies need to be holistic in nature. This is what we are experiencing in this case, a renewable energy policy drive is changing the lives of people in the Northern Cape, which was not foreseen when the plan was initiated.

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 in the weeks to come engaged with you regarding the reporting process on the build programme and the socio-economic development implementation.

We are fortunate as country, God blessed us with sufficient sun which we could use to generate energy. Therefore, we need to take advantage of this blessing.

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.**