



**SIGNING OF AGREEMENTS FOR PREFERRED BIDDERS  
BY THE MINISTER OF ENERGY, MS DIPUO PETERS, MP  
FINANCIAL CLOSE FOR THE INDEPENDENT POWER PRODUCERS  
WINDOW 2 PROCUREMENT PROGRAMME**

**9 May 2012, 12h00**

**Centurion, Pretoria**

Excellencies

Director-General of Energy, Ms Nelisiwe Magubane

Mr. Mongezi Ntsokolo and all Eskom Executives present here today

Representatives of the Bid Teams present today

Departmental Officials

Members of the Media

Ladies and Gentlemen

It gives me great delight that this day has finally arrived. Another opportunity presents itself to our successful bidders and Eskom to enter into the requisite agreements that will see the successful continuation of our Renewable Energy Independent Power Producer Procurement Programme.

This is also an opportune time for us to reflect on the many significant strides in our ground-breaking REIPP Programme. The path we have traversed was characterized by criticism and skepticism, with seeds of doubt and despair were planted.

Our commitment to the green economy is aligned with the strategy outlined by my government in the National Development Plan, the New Growth Path, and in fact my political party as well, the African National Congress.

Progress has been recorded in the construction of the 28 projects that were approved in the previous window. While most of them are still in the construction phase, there are spin-offs that are already showing. At the global arena, our REIPPP has been acknowledged internationally with numerous accolades.

This ground-breaking programme won the Green Infrastructure Project of the Year Award at the 6<sup>th</sup> Global Infrastructure Leadership Forum held in New York. In the same category were other competing infrastructure projects from all corners of the world.

Through these and many other achievements, seeds of hope are planted, skeptics are proven wrong. To all successful bidders, what will further prove our detractors wrong is your fulfillment of all commitments you make in the contracts that you entered into.

The creation of job opportunities, local content, skills and community development remain the essential ingredients of our Renewable Energy Programme economic development model. As Government, we take it upon ourselves to ensure that partnerships with the private sector and

other key stakeholders are forged to ensure the fruition of these commitments.

Localisation needs constant emphasis, because the REIPPP, through its design and implementation, is biased towards the economic development of South Africa. We are starting to see progress in the establishment of local manufacturing nodes that produce some of the requisite components in the construction of solar and wind farms.

We have seen the launching of manufacturing plants for inverters and wind masts in the Western Cape and Coega IDZ respectively. We are aware that a lot more is in the pipeline.

As indicated at the time the contracts for the previous window were signed, all successful bidders will be subjected to the local content assessment. Going forward, verification of the local content has to comply with SABS 1286, an independent verification process.

The opportunity to use this programme for purposes of economic transformation must not be missed. The inclusion and participation of women, youth, and the disabled is a weakness that we need to address in this programme. It is my hope that this will improve in the next bidding windows. It is unthinkable that women empowerment is overlooked under my watch!

Women should equally be afforded an opportunity to prove their worth in construction. In Setswana we say “Mangwane o tshwara thipa ka fa bogaleng” (a woman grabs the knife on its sharpest edge) and such words should be realized in this project, too. I challenge you to give women a chance even in the construction phase of your projects.

The preferred bidders in this Bid Window are located in four provinces, namely the Eastern Cape, Free State, the Northern Cape and the Western Cape. There is a huge concentration of solar projects in the Free State, Northern and the Western Cape, and the onshore wind projects are in the Eastern Cape. I am looking forward to projects being developed in North West, Limpopo and Mpumalanga as well. Surely the sun shines just as fiercely in these provinces.

The total financial injection in all these projects amounts to R28 billion for a net generation capacity of 1043 MW. It is a welcome and much-needed investment that should bolster our quest to grow the economy simultaneously as creating jobs. The Department of Energy will continue to provide the required technical and administrative support to all our preferred bidders.

I have to take the opportunity to convey my heartfelt gratitude for the tremendous support I receive from my colleagues, the Minister of Finance Mr. Pravin Gordhan and the Minister of Public Enterprises Mr. Malusi Gigaba. With their support we have concluded all the necessary arrangements that relate to the signing of the Power Purchase Agreements, the Implementation Agreements and the Direct Agreements for this Bid Window. Bidders will be allowed to verify the agreements to ensure that they are aligned and are responsive to the commitments as presented at bid submission.

I must also acknowledge the support we receive from our international donor partners in this programme, particularly the German Government through GIZ. To the German officials here today, kindly convey my gratitude to the Ambassador.

Eskom will be signing the Power Purchase Agreements, while the Department will sign the Implementation Agreements and Direct Agreements with each of the preferred bidders.

It is also our hope that henceforth, processes will unfold smoothly to ensure that there are no delays in the implementation phase. My Department is always willing to iron out any deadlocks that might be encountered along the way.

We have already ensured Legislative Compliance, particularly through approvals under the Public Finance Management Act to enter into agreements with the selected Independent Power Producers under the REIPPP. Furthermore, there will be constant liaison with the National Energy Regulator of South Africa (NERSA) on additional allocations to the renewable energy programme, mindful of the determination that was promulgated last year.

Allow me to wish you well as you implement final agreements pertaining to the financial close.

I thank you.