



**KEYNOTE ADDRESS BY THE MINISTER OF ENERGY AT THE
INAUGURATION OF XINA SOLAR ONE**

THE HONOURABLE JEFF RADEBE

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POFADDER, NORTHERN CAPE

- Programme Director
- Honourable Premier of the Northern Cape
- Director General of the Department of Energy
- Mayor of Khâi-Ma Municipality
- Councillors of both Local and District Municipalities
- CEO and Board Members of Xina Solar One
- Members of the Media
- Distinguished Guests, Ladies and Gentlemen

Good Morning,

I am delighted to be here at this auspicious occasion of the inauguration of the Xina Solar One Concentrated Solar Power (CSP) Project. This year 2018, we are celebrating centenaries of both our

former President Nelson Mandela and Mama Abertina Sisulu under the themes “Be the legacy and “A Woman of fortitude.”

It is a great honour for me to address you at this auspicious occasion of the inauguration of the Xina Solar One Concentrated Solar Power (CSP) Project. Xina Solar One is one of 7 Concentrated Solar Power Projects under the Department of Energy’s Renewable Energy Independent Power Producer Procurement Programme (REIPPPP); all of which are located right here, in South Africa’s “Solar Mecca” – the Northern Cape Province.

It is, indeed, my pleasure to be part of this important event because it represents a critical step towards attaining increased energy security, as well as, assisting our country in achieving our ambition to reduce carbon emissions, in order to save the planet and to leave a legacy for our children. As a Department, we are fully committed to this goal.

South Africa has been experiencing low economic growth rates for several years now and the lack of energy contributed to the low economic growth. Energy is the backbone of any economy and it has

the potential to stimulate and catalyze the growth that our country so desperately needs. The Department of Energy is working hard to realize the goal of a diversified, low carbon energy mix, which is why the Renewable Energy Programme is going full speed ahead, in tandem with the broader Independent Power Producer Procurement Programme (IPPPP) that incorporates other energy carriers.

Given our past experience with energy shortfalls and the ongoing need to supply electricity to every household in the country, in particular, those in the rural areas; we must always be mindful of and look to increased generation, alternative energy and better grid management, in order to promote economic growth.

Ladies and Gentlemen, electricity consumption and economic development are closely intertwined – growth will not happen without investing in the power sector and our people cannot develop until they have access to modern forms of energy, particularly electricity. The IPP Programme has been designed with this in mind, to not simply procure energy from the private sector, but to also contribute to broader national developmental objectives including job creation,

social upliftment and increasing opportunities for economic ownership, particularly for previously disadvantaged groups in our country.

Our country is incredibly rich in potential renewable energy power generation capacity. The Northern Cape Province is undoubtedly the “Solar King” of Africa, boasting direct normal irradiation that is one of the highest in the world, surpassing that of Spain and North America.

By December 2017 the project value that had been realised in the Northern Cape, under the Renewable Energy Programme, totalled R55.9 billion. This “sun-drenched paradise” is home to 31 of the 62 operational projects, which have so far contributed a total of 1 925 MW to the national grid. The aggregate impact of the Bid Window 1 to 4 and Small IPP projects’ investments and earnings projected for local communities in the Province (over 20 years) present a net income of R18.3 billion. The committed procurement spend in the Northern Cape during both construction and operation, amounts to R88.7 billion or 60% of the total committed procurement spend of the Programme. Of this, R37.6 billion (42%) has already been spent.

In addition, IPP projects in the Northern Cape that have been procured in Bid Windows 1 to 4 and the Small IPP Programme have made a combined socio-economic development commitment of R13.2 billion over the 20 year planned project operational life. These funds will be used for community development and poverty alleviation projects in the province, including areas such as health, education, social welfare, child and youth development and taking care of the elderly. The Enterprise Development contributions, which seek to stimulate small business development in the Province, amount to R3.5 billion. This contribution will accrue over the operational life of the projects located in the province.

Ladies and Gentlemen, there is no denying that Government's policy for a more developmental and balanced approach to electricity production in the country, combined with the Northern Cape's own solar resource potential, has ideally placed this province as the "Solar Capital" of the world. Indeed, it is a key beneficiary of the developmental attributes of the Renewable Energy Programme, including employment creation, particularly for the young people of

the province, since a total **35 482** job years¹ across all Bid Windows, are expected to accrue to this Province alone.

Over the past 7 years, the Renewable Energy Programme has procured renewable energy at competitive prices, thereby, contributing to reduced energy costs for both the energy system and consumers. In addition, the Programme has been a key contributor towards socio-economic transformation through jobs, socio-economic development, ownership and industrialization.

The Xina Solar One CSP project, is part of a consortium formed by Abengoa, IDC, PIC and the Xina Community Trust. The plant follows the successful launch of another two solar thermal plants in the Northern Cape in recent years, namely, Kaxu Solar One and Khi Solar One, all of which were built by Abengoa.

Today's inauguration is a critical milestone particularly for Pofadder, which is home to 2 Abengoa projects, Kaxu Solar One and Xina Solar One, with each contributing 100 MW generation capacity to the electricity grid. Together with Konkoonsies Solar Energy Facility and

¹ In job years – one job is the equivalent of a full time employment opportunity for one person for one year.

Konkoonsies II Solar Project, contributing 9.65 MW and 75.00 MW, respectively, to the national grid this brings the total energy generated by these 4 IPP projects in Pofadder to 284.65 MW.

The 100 MW Xina plant provides the much needed storage that can be used during the evening. I believe storage is critical in the electricity sector because it provides the much needed stability on the network to ensure security of supply. This project is expected to supply clean electricity to about 95,000 households.

Xina Solar One will not only bring to fruition Government's goal of a clean energy mix in South Africa, but it will also contribute towards economic diversification in the country, the Province and the Khâi-Ma Municipality. This project has attracted an investment of over R6 billion, of which 40% is earmarked for local content, to stimulate local manufacturing capacity and local economic development beyond the mining sector, which is currently one of the main economic activities in this Municipality.

Furthermore, the project will also support Broad Based Black Economic Empowerment and the creation of black industrialists, with black people owning 20% of its shares.

In addition, the Xina Solar One Project has committed contributions exceeding R2.3 million towards the development of small business and more than R455 million towards community development and poverty alleviation projects, within Pofadder, over the 20 year life span of the project. Pofadder will, therefore, receive a total of over R110 million in Enterprise Development contributions and over R934 million in Socio-Economic Development contributions from all four IPP located within its proximity, over the next 20 years.

The unemployment rate in this province is estimated at 27.1 % which is higher than the national average. We are, therefore, pleased that the 4 IPP Projects that are located in Pofadder will continue to contribute towards the goal of reducing the high unemployment rate in the area, particularly youth unemployment . To this end, they will generate a total of 6 616 job years for South African citizens, of which 1 717 job years will be generated by Xina Solar One.

The socio-economic fund commitments will be used to address the specific challenges experienced in Pofadder, some of which include insufficient health services to deal with the high prevalence rates of HIV infection and drug and substance abuse cases and impacts.

Ladies and Gentlemen, although Xina Solar One officially entered its commercial operation phase on 1 August 2017, with the community having benefited in various ways already during the construction period, please join me in celebrating its launch today and wishing it the very best in its endeavours; to advance South Africa's national development and energy objectives.

I thank you.