

**SOLAR PARK OVERVIEW FOR THE
DIRECTOR-GENERAL NELISIWE MAGUBANE OF THE DEPARTMENT OF
ENERGY, AT SOLAR INVESTORS CONFERENCE**

VENUE: DIE EILAND, UPINGTON, SOUTH AFRICA

28 OCTOBER 2010

Programme Director;

Honourable Minister Dipuo Peters;

Honourable MECs amongst us;

Honourable Mayor of //Khara Hais Municipality Father Gift Van Staden;

Members of the Diplomatic Corps amongst us;

Captains of Industry;

Senior officials in Government; and

Distinguished Guests, Ladies and Gentlemen.

Good Morning

It gives me a great pleasure to be afforded the opportunity to address the Solar Park Investors Conference today. Our objective is to present, clarify

issues and pave the way forward regarding the potential of solar energy for local economic development.

Ladies and Gentlemen, as you have heard the Department of Energy (DoE) signed a Memorandum of Understanding (MoU) with the Clinton Climate Initiative (CCI) in October 2009 to prepare a pre-feasibility study assessing the potential of developing one or more Solar Parks in South Africa. The collaboration produced a Solar Park Pre-feasibility Study Report which was approved by the Department in May 2010. We were encouraged by the prefeasibility results that came out extremely favourable with Northern Cape Province having the highest irradiation in the country to proceed with a full feasibility study. In addition to this, Cabinet noted the outcomes of the pre-feasibility Study in September 2010 and undertook to consider endorsement once the feasibility study is completed.

Ladies and Gentlemen, the report also concluded that solar power can be deployed in South Africa in large quantities over the next decade at costs that become competitive with coal-fired power, providing the country with clean and secure energy to help meet its growing demand. The creation of one or more Solar Parks in the country can also generate significant economic development and new employment. I would also want to thank – Minister Peters for her foresight in convincing Cabinet for its blessing for us to endorse the hosting of the Solar Investors Conference to test the market appetite as well as creating a platform of listening to other countries that are already advanced in the sector.

The Solar Park concept emphasizes that individual projects be properly scaled to drive down costs per unit. Additionally, when the Solar Park infrastructure costs are shared by many individual projects, the end result is that infrastructure becomes a very small component of overall costs. Moreover, some of the hassles associated with initial project development will thus be reduced significantly through the adoption of the Solar Park concept.

Distinguished guests, allow me to briefly outline how the South African government envisions the socio-economic benefits of the Solar Park especially to our economy. The development of solar energy in South Africa especially through initiatives such as this Park presents a major opportunity to diversify our country's industrial base and create significant much-needed decent jobs. This is so because solar energy's inherently extensive value chain offers prospects for creation of local manufacturing, operational, maintenance and refurbishments services as well as new businesses and not to mention the resultant openings for Small Medium and Micro Enterprises (SMMEs).

The latter conviction ladies and gentlemen is attributed to the fact that, the era during which our people were reduced to nothing but a labour force belongs in the past. It is of foremost significance to underscore that solar energy industrialisation in Uptington implies the development of new skills for the local populace thus enhancing their employability.

Ladies and gentlemen, you will recall that the President of South Africa, His Excellency Honourable Jacob Zuma signed a Copenhagen Accord as a bold step of declaring to the international community that we are ready to embark on a journey of reducing green house gas emissions by 34% and 42% by 2020 and 2025 respectively. We further indicated that to commence with this journey and fulfill our undertaking - we shall need significant financial & technical assistance. We are therefore tabling this Solar Park proposal to begin to show what the investment opportunity and scale could be if we work together with the international community to reduce our carbon footprint. This is South Africa's first large scale offering within the Clean Energy Arena but by no means the last as we are looking at other possible investment packages.

The current draft Integrated Resource Plan (IRP 2010) that is out for public comments clearly signals a progressive shift away from coal towards renewables. Renewable energy accounts for 16% in the proposed plan. We will await comments that will be received through the public consultation process currently open. Nonetheless this should certainly give you a sense of the direction That the government is pursuing.

Energy and local economic development are issues that impact on all of us and across all government departments and State Owned Entities. I am therefore particularly encouraged by the participation of both national and international investors across the solar value chain, key departments such

as the Departments of Trade and Industry, Science and Technology, Environmental Affairs and State Owned Enterprise & regulators such as Central Energy Fund, Eskom and the National Energy Regulator of South Africa to name but a few.

It is not often that as a collective we get the opportunity to hear and engage with local and international community based local economic initiatives as well as initiatives that practically demonstrate possibilities for local manufacturing – which are high on the policy agenda of government. I therefore, encourage all the speakers and delegates to take this opportunity to engage robustly on the issues raised and help us to pave a clear way forward. Let the engagements be as open and frank as possible.

Let me take this opportunity to thank the Clinton Climate Initiative for the excellent partnership demonstrated over the past year in working together with the Department. Thank you

I have been informed by my team that Eskom as the Country's Utility is also playing a significant role to the success of this Solar Park Initiative by providing technical assistance i.e. analysis on grid capacity and transmission analysis alongside the integration of the initiative into the current and future transmission plans to make sure proper planning is done as required. Thank you.

Programme Director, in conclusion, let me reiterate that it is also important to ensure that during the implementation of this Solar Park Initiative, many

of the men and women within the surrounding communities participate actively in order for them to get necessary skills and training for successful employment on sustainable basis in order for us to reduce unemployment. It is commendable that the three spheres of government are working together to make sure we all benefit from this initiative.

Thank you Programme Director for the afforded opportunity to address this gathering and wish that we engage well in the deliberations and where we fall short, please feel free to engage us with constructive comments.

We are certainly looking forward to the outcomes of this conference as an input to our policy formulation processes.

I thank you

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