

SPEAKING NOTES OF MINISTER OF ENERGY SOUTH AFRICA, MS. DIPUO PETERS AT SOLAR PARK INVESTOR CONFERENCE

VENUE: DIE EILAND, UPINGTON

28 OCTOBER 2010

Programme Director;

Honourable Ministers amongst us;

Honourable Premier;

Honourable MECs in our midst;

Honourable Mayor of //Khara Hais Municipality;

Honourable Councilors amongst us;

Members of Clinton Foundation;

Members of the business community;

Senior Executives of our State-owned Enterprises

Senior Government Officials;

Media colleagues present here; and

Distinguished Guests.

Good Morning

It gives me a great pleasure to be afforded the opportunity to address the Solar Park Investors conference today. This is one of the memorable day in our calendar as it marks the beginning of a progressive shift towards clean and renewable energy technologies in our country.

Programme Director, we are really honoured today to have in our midst some of the most powerful representation in the energy sector both locally and internationally. Your presence reaffirms that a transition into a low carbon economy is no longer just a wish by certain sectors of the society, but instead it is a country commitment driven with full support of our political and government leadership.

It is my privilege and honour to welcome all industry players present today. The dynamic representation here gives us assurance that you will successfully establish a deeper understanding of the vision, aspirations and commitment of our country in the quest of energy security through diversification of our energy sources.

Such diversity in our energy mix is a cornerstone of the Energy Policy of the ruling party, the African National Congress. Equally the necessity of Independent Power Producers (IPPs) as part of our energy future is fundamental. The details of these

will be presented in the following presentations by the Department of Energy.

Indeed we believe that both principles of energy security and diversification can only be possible if we bring on board Independent Power Producers (IPPs) to contribute to the energy balance.

Ladies and gentlemen, you will all recall that as government, we decided that we must ensure that an equitable level of national resources should be invested in renewable energy technologies, given their potential and comparing them to investments in other energy supply options.

This commitment is enshrined in our White Paper on Renewable Energy Policy which is under review and the Integrated Resources Plan (IRP 1). The current IRP2010 that has been published for public comments further reaffirms government's commitment to diversify and accelerate deployment of available natural resources.

I therefore urge all of us to comment on the two documents when given an opportunity so that we own the ultimate products. We believe that working together with other committed South Africans within the labour movement, business, civil society, academia and the general public, we

can be able to achieve an appropriate electricity balance that is economically, socially and environmentally sound.

Ladies and gentlemen, we have noted with serious concerns issues raised in relation to the current plan that is out for comments, especially the notion that government is not committed to the Solar Park initiative because of the “misalignment” between the Solar Park and the draft IRP2010. This notion is incorrect. It is important to understand that the draft IRP2010 is written with enough flexibility to accommodate the Solar Park concept, and that the draft IRP2010 remain exactly that, a draft and public inputs are being sought ahead of Cabinet approval and eventual promulgation. Solar technology role players should not wish for the easy option. Make your inputs and let’s consider their validity. This conference is also a platform to confirm the ability of solar as baseload.

In our democratic society, public consultation as enshrined in our Constitution is a key factor to this process hence your inputs will enable us to do more.

Programme Director, the solar park initiative presents us with enormous opportunities, and as government we are committed to the initiative. We have been working tirelessly with Clinton Climate Initiative, a programme of the William J Clinton Foundation since 2009.

We have conducted a pre-feasibility study to assess the potential for the creation of a Solar Park that will serve as a concentrated zone of solar development in our country and will include significant solar generation capacity by different Independent Power Producers (IPPs). The outcomes of the pre-feasibility study were positive. We presented the findings to Cabinet and we were given blessings to conduct a full feasibility study and this is being done in collaboration with other key government departments, Eskom, the Development Bank of Southern Africa and CEF. We hope that the feasibility study results will support the preliminary investigations, and judging by the number of companies and other potential investors who have attended this conference, we have every right to be optimistic.

The Northern Cape has been selected for this project after a careful consideration and the realization that the province meets many of the key criterias as confirmed by independent analysis. Some of the findings include:

- ❖ excellent and consistent sun,
- ❖ flat and sparsely-populated land,
- ❖ the ability to connect to the electricity grid at multiple points,

- ❖ water which is available from the Orange River,
- ❖ a developed highway system, and
- ❖ the Upington airport, making it an ideal location for solar deployment.

Numerous regions of the province meet most, if not all, of the key criteria listed above. Based on these positive results, a decision was taken to proceed with a full feasibility study for the Solar Park.

Ladies and Gentleman, what makes the Solar Park concept particularly attractive are the envisaged economies of scale and the integration of processes. Instead of having many Environmental Impact Assessments (EIA) and inter-connectors, only a few will be required. This will save time and money.

Moreover, the processes for authorisations will be streamlined enabling quicker turnaround times through the embedded efficiencies of having a dedicated site for the development of the Solar Park prepared in advance. We also anticipate that the costs to project developers, particularly those associated with pre-investment may be reduced.

Ladies and Gentlemen, this is the ultimate goal we are striving to achieve as government since it is important that renewable energy technologies gradually become competitive with fossil fuel generation. At the moment Government's position is neutral on the technology choice within the park. Whatever cost and technology efficiencies are proven CSP and PV will work for us. This will assist with the monitoring and evaluation of technology performance to guide the deployment of the best performing technologies for other solar parks.

As we contribute towards the low carbon economy foot print and Clean Energy Ministerial Initiatives, the Solar Park initiative positions South Africa very well as an active participating government in the Global Wind and Solar Atlas endorsed at the Washington Clean Energy Ministerial of July 2010. This has already created an opportunity to make use of international experience by supporting the global scaling-up of renewable energy technologies.

Programme Director, let me remind the conference that efforts of this nature augurs well with government's objectives including resolutions taken at the Green Economy Summit of working together towards creating decent and sustainable jobs.

It is agreeable that government alone cannot manage and fund the transition to a green economy. Therefore local and

international private sector companies as well as civil society also have a significant role to play in advancing a green economy future. To all the investors who are here today, our wish is that you find this initiative attractive enough to invest.

This conference is in itself a part of the feasibility study process which various government departments and agencies have been working on for months. The presentations you will hear today are the initial results of this work in regulation, economic development, infrastructure development, financing and science and technology. It is a milestone moment in which we seek to test the Solar Park initiative with you in order to fine tune our strategy based on responses from the market. Tomorrow investors and developers will have the opportunity to meet in private sessions with a team of government officials to answer questions and discuss suggestions.

We start this discussion today and complete it in the coming month after which government will adopt a plan and then start building the park and negotiating power purchasing agreements with independent solar power producers who satisfy the agreed conditions and wish to participate in the park.

We are technology neutral and particularly in the first phase of commissioning a 1000 MW. We can segment this into 20, 50,

100, 250 MW etc. We will deploy a range of solar technologies in order to establish data through testing and demonstration which reveals cost, efficiency and localisation possibilities to inform our planning in the further roll-out of the park. Aspects of Solar technology today, for example in the efficiency and cost of photo voltaics are different to what they were three years ago and they will be different three years from today. You must tell us if your plans and technologies are incremental or once off. We have the right to dream big, but start small.

As you will hear later from the DST and SANERI the park will have its own testing facilities .We are also considering the possibility of projects which qualify for National Demonstration Project status in the context of the feasibility study. These are promising Solar projects where the majority shareholding is held by government and the risk profile in the short term is slightly higher than what is commercially possible .Under these conditions Government is able to assist in overcoming the risk barriers in order to demonstrate technical and financial sustainability under local conditions .We are particularly interested in those which demonstrate the capacity for local component manufacture and those with the potential to improve storage and thus enlarge the capacity of Solar as baseload .The legal team in DOE is currently developing terms of reference for Solar NDP and after consultations with the

Central Energy Fund, National Treasury and other partners we will be seeking expressions of interest in this regard. We are looking for partnerships with those who are committed to help South Africa implement its New Growth Path.

Our role as Africans in the Industrial Revolution was mainly as slave labourers and observers to the plundering of our natural resources. During the IT Revolution we missed the boat because our economies were not geared to seize the opportunity as Taiwan and Korea were able to do in LCD technology and India in IT Software.

We are on the cusp of a world wide green revolution with a plethora of economic opportunities particularly in Solar Energy available to our country. We will not miss the boat this time, and this dry and dusty Northern Cape which is one of the poorest regions in SA, will become the centre of our response.

President Jacob Zuma convened a special cabinet meeting to discuss the key economic challenges facing South Africa and endorsed a proposed new growth path for the country that will place employment at the centre of government economic policy. The new growth path is a broad framework that sets out a vision and identifies key areas where jobs can be created.

The new growth path is intended to address unemployment, inequality and poverty in a strategy that is principally reliant on creating a significant increase in the number of new jobs in the economy, mainly in the private sector.

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Cabinet has identified the removal of bottlenecks in energy infrastructure as a key challenge in achieving our economic targets.

The global economic crisis of 2008 has posed new challenges for South Africa. The 2008/2009 recession led to more than a million jobs lost in the South African economy. But the global economic crisis has also highlighted the emergence of new centres of economic power, with rapid recovery and fast growth in China, India and Brazil, backed by decisive action by their governments. This creates new opportunities for South Africa that the new growth path identifies.

The new growth path will now seek to place the economy on a production-led trajectory with growth targeted in ten 'jobs drivers'.

In the green economy for example, the new growth path projects a jobs potential of 300 000 additional direct jobs by 2020. With 80 000 in manufacturing, the Industrial Development Corporation has been assigned responsibility to

raise the necessary capital to drive growth of the green industrial economy.

The new growth path commits South Africa to work in partnership with other countries on the continent to build a single African integrated economy embracing one billion consumers, and to focus immediately on expanding economic links with the rest of the continent. This places South Africa in an ideal position to become a base from which further developments across the continent becomes possible.

I challenge my colleagues in the Northern Cape to make Upington one of the Solar Capitals of the world. It is time this town went Solar. Why are the traffic lights not solar powered? Lets get the whole town heating its water through solar water heaters. Lets have the lights solar powered. There are companies here today who can make that happen , There are investors who can structure the financial packages to pay for this. Upington *maak* a plan. Dont follow the crowds follow the Sun!

Investors should note that it is important for businesses to embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stockholders and all other members of the public. It will also be

very imperative for investors to contribute to the welfare of society and not be solely devoted to maximizing profits

In conclusion, let me take this opportunity to thank the National Departments, Northern Cape Provincial government together with the //Khara Hais Municipality to act swiftly when they were approached on this initiative and dedicated their full support in moving forward to make this a success. Based on this commitment, I strongly believe that the team will work tirelessly to complete the feasibility study and other processes to allow the establishment of the Solar Park. I wish you all, a fruitful day and I am looking forward to a positive feedback.

I thank you

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