

NATIONAL ASSEMBLY

QUESTION 103

QUESTION FOR ORAL REPLY

103. Mr E J Lucas (IFP) to ask the Minister of Energy:

- (1) Whether the Interministerial Committee on Energy has a time-frame in which to examine independent power producers; if not, why not; if so, what are the relevant details;
- (2) whether she intends establishing a policy to protect the poor from rising electricity prices before Eskom implements their forthcoming price increase; if not, why not; if so, what are the relevant details? NO2620E

REPLY

- (1) The Inter-Ministerial Committee (IMC) was established to look at different mechanisms of meeting the electricity demand. The IMC was given until June 2010 while acknowledging that some projects might take longer than expected. Through the different working groups, proposals were considered by the IMC, including the review of the electricity regulatory framework to attract private sector participation and assumptions for the Integrated Resource Plan (IRP2). In relation to the regulatory framework, new legislation and regulations were proposed to facilitate independent private generation into the national grid.

The last IMC will be in August but it was acknowledged that the amendment of the Electricity Regulation Act, the ISMO Establishment Bill and revised regulations will take longer. The Department of Energy will lead the processing of the Bills to Cabinet going forward. The IMC assisted with the identification of the blockages and the mechanisms for resolving these challenges.

Whilst the IMC might have been focussed on energy issues, it also included issues that affected and were led by other departments such as National Treasury and Department of Public Enterprises.

- (2) The Electricity Pricing Policy (EPP) provides for the protection of indigent households against high electricity tariffs through the introduction of a life-line tariff (Free Basic Electricity). Furthermore, the regulator has implemented the inclining block tariff to alleviate the impact of higher tariffs on the poor. We recognize that at this stage the “poverty net” will be effective in areas where conventional rather than prepaid meters are used, and there are considerations to increase the net to those areas using prepaid meters.

It must also be indicated that the poverty net goes beyond what is being done in the energy sector only – other government anti-poverty support programmes need to be mentioned, including social grants, the provision of solar water heating etc. This also assists in ensuring that the adverse impact of rising electricity tariffs is mitigated in relation to the poor.

These considerations are a matter of consultation between government, business and civil society at Nedlac, and we hope to reach a common resolution before the end of the financial year.