

NATIONAL ASSEMBLY

QUESTION 1934

QUESTION FOR WRITTEN REPLY

1934. Mr S C Motau (DA) to ask the Minister of Energy:

- (1) Whether her department has subsidised any projects of renewable energy producers in terms of the renewable energy policy framework to facilitate their entry into the power generation arena; if not, why not; if so, (a) how many projects have been subsidised, (b) what total amount has been provided in subsidies, (c) how are these subsidies accessed, (d) what qualifying criteria must be met to receive such a subsidy and (e) what are the minimum and maximum amounts that can be accessed;
- (2) What are the details of the potential hydro power that has been factored into the calculation of the set target of 10 000 GWh renewable energy contribution to the national grid by 2014
- (3) Whether there is any potential to source hydro power from Muelle Hydro Scheme in Butha Buthe; if so, how will this impact the contribution of hydro power to the grid; if not,
- (4) Whether the department will consider the factor of hydro power from Muelle Hydro Scheme; if not, why not; if so, what are the relevant details? NW2322E

REPLY

- (1) No, no projects have been subsidised under the Renewable Energy Policy Framework. This Framework was aimed at providing guidance on how the target of 10 000GWh by 2013 could be met. It was not a funding scheme. However, the Department has subsidised some renewable energy producers through the Renewable Energy Finance and Subsidy Scheme established in 2005.
 - (a) Six projects have been subsidised so far.
 - (b) The total amount is R 14.950, 000.00
 - (c) The Department advertises the subsidy once in a year in the national newspapers to promote the subsidy. This is in addition to awareness campaigns and workshops run by the Renewable Energy and Clean Development Mechanisms (CDM) which also target potential developers and provide an explanation on how the subsidy can be

accessed. The subsidy information including procedures on how to access funds and contact details of responsible officials are also placed on the Departmental DOE website for the developers to contact the Department seeking further information.

- (d) The criteria are under review but were based on the following:
 - i. The project must have undergone a feasibility study;
 - ii. Process of obtaining environmental and planning permits must be far advanced. A positive record of decision on the Environmental Impact Assessment process will be considered sufficient;
 - iii. The project must have reached financial closure (or financial closure must be subject only to the subsidy award). This means the lead financial institution (i.e. bank) should be ready to release the project's funds;
 - iv. Evidence that off-take agreements with customers are in place (e.g. Power Purchase Agreement);
 - v. Developers must also indicate if they have obtained required licences and permits (e.g. generation or fuel manufacturing licenses) where applicable;
 - vi. High probability that the project will commence with construction in the next 12 months;
 - vii. At least 25% Black Economic Empowerment ownership that is in line with the objectives of the Broad-based Black Economic Empowerment Act (2003) or the Liquid Fuels Charter; and
 - viii. The project must have an installed capacity of at least 1 MW (electricity), 914 kl/year (bio-diesel) or 1495 kl/year (bio-ethanol).
- (e) The minimum amount is R1 million per 1 megawatt and the maximum is R20 million

- 2(a) The Department undertook the macroeconomic study in 2004 to find out how best, can the target be achieved, and the analysis looked at both least cost and technical feasibility. It was established that hydro power is technically feasible and estimated to contribute 10% at least cost.

- (b) Currently, hydro is contributing less than 10% to the grid.

- (3) The department of Energy is not aware of the potential of this particular scheme because it is located in Lesotho, outside the borders of South Africa. Therefore any potential, and the extent to which it can be shared with South Africa, may be subject to negotiations with the Lesotho Government.

- (4) Yes. Since the Muelle Hydro Scheme is outside the borders of South Africa, it can only be factored in subject to its potential and Agreements being concluded between the two governments. The Integrated Resource Plan (IRP) which provides details on electricity generation sources and quantum over a long period will identify different types of power generation, including hydro power. However, the IRP will not explicitly identify projects by their names but rather group them per technology.