

**STATEMENT ISSUED BY THE DEPARTMENT OF ENERGY AT THE
BREAKFAST ENGAGEMENT WITH THE RENEWABLE ENERGY INDEPENDENT
POWER PRODUCERS (REIPP)**

Today, 11 April 2014: The Ministry of Energy held a breakfast roundtable discussion with the renewable energy independent power producers (IPPs). The breakfast discussion session was attended by representatives of 61 independent power producers, the Development Bank of Southern Africa (DBSA), the Industrial Development Corporation, the Public Investment Corporation, the National Energy Regulator of South Africa (NERSA) and Eskom.

Also in attendance were the Ambassadors of Denmark, Spain and Germany, as well as representatives of the Embassy of Norway and the High Commission of the United Kingdom.

In his opening address, Minister of Energy, Dikobe Ben Martins, acknowledged the role played by the various embassies and the High Commission of the United Kingdom in the development of South Africa's independent power producers' programme.

The breakfast engagement was aimed at taking stock of the progress since the start of the procurement of the first window of the independent power producers programme in 2012.

Since the start of the procurement process, 64 independent power producers have been introduced. The IPPs are spread across the country, and use renewable technologies such as wind, solar, biomass and hydro.

According to Minister Martins, "since the start of the licensing process in 2012, significant strides have been made to consolidate the renewable energy industry. Most of the licensees in the first two windows are either supplying electricity or are in the final stages of commissioning".

Minister Martins added that "the Department of Energy, working with other departments, state of agencies and industry, will continue with the licensing of the next windows until renewable energy producers constitute 30% of the energy mix, as

set out in the Integrated Resource Plan, 2010". The Department of Energy is in the process of procuring small projects, which will benefit SMMEs in the renewable energy industry.

Minister Martins further clarified that the Independent System and Market Operator (ISMO) Bill, which seeks to create a level playing field and therefore maximise the participation and contribution of independent power producers, was still before Parliament, and that it will be considered in the next session of Parliament, after the 2014 national and provincial elections.

The participants discussed various issues including community participation in the licensed entities, allocation of megawatts, grid infrastructure and capacity and related issues. Issues raised by the IPPs include:

- the need to strengthen the existing model of community participation;
- regular interaction between government and IPPs, including effective co-ordination between the three spheres of government;
- accelerating the upgrade of existing grid infrastructure and the development of new infrastructure,
- ensuring certainty in the allocation of megawatts, and
- inclusion of storage capacity in the procurement requirements.

The Department of Energy noted the issues raised by the IPPs. Minister Martins made a commitment follow up on the issues raised without delay, as the introduction and licensing of IPPs is one of the flagships of government's infrastructure development programme.

The Department of Energy's response to the issues raised will include strengthening policy, and improve monitoring and evaluation. The Department of Energy will create further opportunities for engagement with the existing IPPs and potential investors.

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