Overview Presentation on the Implementation of Solar Water Heater (SWH) Programme – Inception Workshop held on 31 May 2018

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ADDG:CE

Department: Energy
REPUBLIC OF SOUTH AFRICA
PRESENTATION OUTLINE

• Background and Introduction
• Engagement between the Department and participating municipalities
• Revision of SWH Programme Implementation Model
• SWH Project Risks Identification and Assessment
• Draft SWH Implementation Plan – 2018/19
• Recommendations
BACKGROUND AND INTRODUCTION

- The Solar Water Heater (SWH) Programme is comprised of three Components, namely, Social; Repair and Replace, and the Load Reduction.
- The Department is responsible for Social Component, CEF / IPP implementing the Repair and Replace with Government Technical Advisory Centre (GTAC) appointed to support the Department on the Load Reduction.
- However the focus of the Inception Workshop will be on the Social Component of the programme.
- In 2015/16 financial year, Pursuant Cabinet’s decision to note the revised National Solar Water Heater Programme Contracting Model with respect to the implementation of the NSWH Programme, the Department appointed the Service Providers to Manufacture, Supply, Delivery and Warehousing of Solar Water Heater Baseline Systems for a period of three years starting from 2015/16, 2016/17 and 2017/18 financial years.
- Twelve Suppliers were contracted and participated in different categories based on their ability to deliver as per the timeframes provided.
- The Bid was divided into 5 categories each with a specific date and quantity of the Baseline Systems to be delivered, that is, A1/B1; A2; A2/B3; B3; and B4.
ENGAGEMENT BETWEEN THE DEPARTMENT AND PARTICIPATING MUNICIPALITIES

• In 2015 and 2016 respectively, the Department conducted two workshops with municipalities in order to forge and strengthen the relationship between the two spheres of government as would be required for the successful implementation of the programme as well as clarify how previous issues and or concerns raised at the time the programme was implemented under Eskom were addressed in the revised contracting model.

• In addition to workshopping the Framework Agreement, the Department had to make sure the Municipalities understands the criteria for selecting the Designated Installation Areas and any other matter falling within their responsibilities;

• Accordingly, Municipalities started responding to the Request for Information as was disseminated by the Department in the past years to confirm the state of readiness thereof
REVISION OF SWH PROGRAMME IMPLEMENTATION MODEL

• In 2015 and 2016 respectively, the Department conducted two workshops with municipalities in order to forge and strengthen the relationship between the two spheres of government as would be required for the successful implementation of the programme as well as clarify how previous issues and or concerns raised at the time the programme was implemented under Eskom were addressed in the revised contracting model.

• Among others the Department was inundated with complaints and challenges in the main as outlined below:

  ✓ imported products dominating the installations in the period up to December 2014 from which products efficiency declined due to poor low performance in local climatic conditions;

  ✓ poor quality installations, resulting in reputational damage;

  ✓ unreliable verification of the number and location of installed systems due to lack of systematic reporting and independent verification;

  ✓ poor alignment with the objective of reducing electricity demand due to focusing installations in low electricity consumption areas only;
Among others the Department was inundated with complaints and challenges in the main as outlined below:

- lack of maintenance obligations on the suppliers leading to systems falling into disrepair without a life cycle management plan; and
- Lack of consultation and involvement of municipalities in the roll out plans leading to municipalities not being able to address complaints, concerns raised by the beneficiaries.

How the concerns raised in the previous roll out were addressed in the revised implementation?

- In 2015/16 financial year, Pursuant Cabinet’s decision to note the revised National Solar Water Heater Programme Contracting Model with respect to the implementation of the NSWH Programme, the Department appointed the Service Providers to Manufacture, Supply, Delivery and Warehousing of Solar Water Heater Baseline Systems for a period of three years starting from 2015/16, 2016/17 and 2017/18 financial years.

- The Procured SWH Systems had to comply with National Treasury SWH Procurement Notice released in July 2013 and its subsequent amendment in 2014.
REVISION OF SWH PROGRAMME IMPLEMENTATION MODEL

• How the concerns raised in the previous roll out were addressed in the revised implementation?
  ✓ The National Treasury SWH Procurement Notice as indicated requires that procured SWH systems meet a 70% local content threshold for both tanks and collectors;
  ✓ Local Content requirements for the DoE Bid were verified by the South African Bureau of Standards (SABS) as the only institution appointed by the Minister of Trade and Industry to execute this task;
  ✓ SABS completed this task just before end of September 2017.
  ✓ Poor quality installations – The Minister of Energy through a determination appointed the Central Energy Fund (CEF) to undertake the Repair and Replace Programme in order to address all the related to the dysfunctional geysers / systems from the previous roll out.
  ✓ The current roll out model includes the appointment of Accredited Training Institutions to train the Installation Assistants hence the engagement of Energy and Water SETA and Department of Labour among others
REVISION OF SWH PROGRAMME IMPLEMENTATION MODEL

• How the concerns raised in the previous roll out were addressed in the revised implementation?

  ✓ unreliable verification of the number and location of installed systems due to lack of systematic reporting and independent verification – Installation information will be captured live on site through GIS System and transmitted to the Departmental server with all the beneficiary or owner personal information and system unique or serial number details;

  ✓ poor alignment with the objective of reducing electricity demand due to focusing installations in low electricity consumption areas only – the Department has appointed Government Technical Advisory Agency to support the SWH Programme through the development of financial model to be utilised for the roll out of Load Reduction Programme from which the replacements of geysers through insurance companies will be subsidised;

  ✓ lack of maintenance obligations on the suppliers leading to systems falling into disrepair without a life cycle management plan – the current procured SWH Systems come with a 5 year Warranty which is effective upon installation in line with the Supply Agreement entered into between the Department and the 12 Suppliers
REVISION OF SWH PROGRAMME IMPLEMENTATION MODEL

• Among others the Department was inundated with complaints and challenges in the main as outlined below:
  ✓ Trained Installation Assistants from the rollout areas and or municipalities that participated will be registered in a database to address all future operations and maintenance issues in addition to have been part of the installation phase after 5 year Warranty at the owners cost however municipalities will be engaged to plan for maintenance for low income areas in their respecting IDPs;
  ✓ Lack of consultation and involvement of municipalities in the rollout plans leading to municipalities not being able to address complaints, concerns raised by the beneficiaries – the Department will annually be issuing a Request for information to all municipalities to confirm the state of readiness;
  ✓ The DoE enters into Framework Agreements with participating municipalities from which the roles and responsibilities of the parties are clearly outlined;
  ✓ All municipal decisions are through council resolutions
RECOMMENDATIONS

• The Department and Municipalities to communicate effectively and efficiently on the SWH Programme;
• Decisions to be taken in time by all the parties;
• Plans, Policies and Procedures to be adhered to all the time;
• Spending to be within the allocated budget unless justified and approved in advance;
• Communication Plan to be disseminated to all involved on the projects;
• All contracts on the Project to be monitored and actual delivery to be strictly linked to payment schedules all the time.
• No upfront payments on any contracted deliverables
• All the necessary approvals to be sought in advance and executed accordingly.
Thank you