



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Progress with the Nuclear New Build Programme

There have been a number of reports alleging that the Government and the Cabinet, in particular, have finalised a decision to implement the nuclear programme.

The decision to proceed with developing the Nuclear New Build Programme was taken in principle by Cabinet in June 2015, namely that South Africa should proceed with developing a programme for the procurement of the 9.6GW of nuclear power plants to realise its self-sufficiency policy objective with due consideration to the financial implications;

However this was subject to more work being done on:

- the proposed funding model;
- the risks and mitigation strategies; and
- the contributions by countries as contained in the Inter-Governmental Agreements.

The Cabinet meeting on Wednesday, 9 December 2015, received a report back from the Energy Security Cabinet Sub-Committee which had considered the work being done by both the Department of Energy and the National Treasury in respect of the funding and financing of the programme.

As a result at this meeting Cabinet approved that:

- the Department of Energy should issue the Request for Proposal (RFP) for the Nuclear New Build Programme of 9600MW of nuclear power, and,
- the final funding model will be informed by the response of the market to the RFP and be submitted to Cabinet thereafter for final approval and implementation.

The decision to proceed with issuing the Request for Proposal will further assist in developing a funding model. Proposals in this regard will first be submitted to Energy Security Cabinet Sub-Committee for recommendation before being considered by Cabinet.

Any decision to proceed further with a Nuclear New Build Programme will therefore only take place after the RFP process has been completed and a final funding model has been developed, and then referred back to Cabinet for consideration and approval.

The Department of Energy is committed to cost effectiveness and full transparency. We will ensure that the integrity of the process is safeguarded at all times and is done within the existing fiscal policy framework of our Government.

It should be further noted that the current process is guided by the Integrated Resource Plan for Electricity 2010-2030 which was first gazetted in May 2011. (Gazette No 34263).

This plan included proposals around the appropriate mix for electricity generation including, primarily, coal, nuclear and renewable sources of energy. In order to proceed with the Request for Proposals as agreed by Cabinet on 9 December 2015 it was necessary to ensure that the National Electricity Regulator of South Africa (NERSA) has been consulted on the appropriate energy mix and particularly the intention to procure additional nuclear capacity. This was done in 2013 and agreed by NERSA and the Minister at the time, Minister Ben Martins, MP, and a determination to this effect in terms of the Electricity Regulation Act of 2006 was signed. However the actual gazetting of this determination was withheld until such stage that government had agreed to proceed with the Request for Proposals. Once this agreement was reached, on 9 December 2015, the present Minister of Energy, Ms Tina Joemat-Pettersson, consented that the determination signed in 2013 could be released, particularly as nothing had changed in the Integrated Resource Plan for Energy in the intervening period.

The Department accepts that this should have been made clear when the determination was gazetted on 21 December 2015.

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