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REPUBLIC OF SOUTH AFRICA

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## **DOE WEEKLY MEDIA MONITORING, ANALYSIS AND ASSESSMENT**

**PERIOD: 26 –30 September 2011**

### **MAKING HEADLINES**

<b>Local</b>
Crunch time for SA energy bidders
Eskom loses legal battle over tender
Solar geyser rollout to be accelerated
Franchises fuel retail sales growth
Petrol price closes in on record high
PetroSA posts profit despite loan write-off
PetroSA inks Technology cooperation deal with GE
UNDP adviser highlights renewable Energy tender approach drawbacks
Plea to halt 'militant' electricity price hikes
Brace for massive fuel price hike
Energy savings incentive in final stages
GE Energy unveils upgraded Midrand plant

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PetrosSA signs cooperation agreement with China's Unipecc

Five-kilowatt solar energy system launched in SA

Sunrise plans on track for new LPG terminal

Consortium to submit IPP bid for 19 MW landfill gas-to-energy project

Petrol price to rise 37c/l next week

### Ratings

Positive story ■ Neutral Story ■ Negative story ■ Crisis ■

Issue	Description	Impact	Affected	Risk
<b>Petrol price to rise 37c/l next week</b>	South Africa's petrol pump prices in the main inland commercial region will increase by up to 37 cents or 3.5% on October 5, the energy department said.			
<b>Solar geyser rollout to be accelerated</b>	Cabinet on Wednesday approved the implementation of "key tasks" to speed up the solar water geyser (SWG) rollout programme, government spokesperson Jimmy Manyi said on Thursday.			

## Summary

### Making Headlines

#### Crunch time for SA energy bidders

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Hopeful bidders in the independent power producer procurement programme for 3725MW of renewable power must be having sleepless nights as they get their ducks in a row for the first phase of the programme, which closes on November 4.

With more than a month to go before the end of the first bid phase, it is safe to say that the local renewable energy industry is, at last, open for business. But for hundreds of local and international companies that want to be part of the programme, this is crunch time.

*Business Day: 26 September 2011*

### **Eskom loses legal battle over tender**

***Power utility Eskom has lost a legal encounter against little-known black women's empowerment company Sizazonke Electrical Close Corporation.***

The legal wrangling between Eskom and the Newcatle based Sizazonke Electrical, which was contracted to supply electrical installations to the power utility, stems from an accident in July last year in which a vehicle transporting Sizazonke's employees to the site overturned.

Two workers were killed and the driver was injured. After the accident, Eskom put a provisional suspension on Sizazonke's contract on the grounds that the vehicle did not comply with roadworthiness rules.

*Business Times: Sunday 25 September 2011*

### **Solar geyser rollout to be accelerated**

Cape-town- Cabinet on Wednesday approved the implementation of "key tasks" to speed up the solar water geyser (SWG) rollout programmed, government spokesperson Jimmy Manyi said on Thursday.

Briefing the media following Cabinet's regular fortnightly meeting, he said these included developing guidelines for the SWG rollout programme, engaging with potential funders, and establishing a steering committee. Eskom was granted R1.15bn by the National Energy Regulator of SA (Nersa) through the multi-year price determination (MYPD2) process to install 259 000 systems. To date, 144 141 systems had been installed at a cost of over R750m.

*City Press: 26 September 2011*

### **Franchises fuel retail sales growth**

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Adding a franchise to a business operation can provide an additional income stream and draw more customers into an existing business. This is the case with Chevron outlets, which have opted to incorporate a fresh stop convenience store. In the highly regulated petroleum industry, competing for retail growth on price alone is not an option.

*Business Times: 25 September 2011*

### **Petrol price closes in on record high**

Motorists could be paying R10.50 a litre for 95 octane unleaded petrol in Gauteng from Wednesday next week. The sharp drop in the rand in recent weeks has widened the gap between the R10.18 a litre that consumers are paying at the pump and the prices of a basket of global benchmark petroleum products. The average daily under recovery has been climbing steadily and yesterday it was running at nearly 32c a litre.

The price increase, which will be announced by the Department of Energy on Friday, will depend on shifts in global crude oil prices and the rand's exchange rate over the next few days.

It will be the third consecutive month in which the price has been hiked, contributing to the squeeze on consumers.

*Business Report: 27 September 2011*

### **PetroSA posts profit despite loan write-off**

**Cape Town-** the state-owned liquid fuels company PetroSA had to write off a R270m loan to a subsidiary in the year to March and has also provided for material impairments of R945m on its intercompany loan account.

But the group's balance sheet remains strong with total assets standing at R24,2bn at year-end and cash on hand at R11,8bn.

PetroSA made a profit of R831m from continuing operations during the year, up from a previous loss of R356m. Although sales revenue grew to R10,5bn (R8bn), the cost of sales was 17% higher than the previous year.

PetroSA's parent, Central Energy Fund, generated a 29% growth in revenue to R11bn (8,6bn) and net profit of R1,3bn from the previous year's loss of R74m. This was due to higher crude oil prices, though the gains made from this were offset by the stronger rand.

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### **PetroSA inks Technology cooperation deal with GE**

South Africa's national oil company PetroSA has signed a wide-ranging agreement with US industrial group General Electric (GE), which could result in the two companies collaborating on opportunities as diverse as renewable energy and shale-gas exploration, to improving efficiency at PetroSA's existing refinery in Mossel Bay

PetroSA chairperson Dr Benny Mokaba and GE Energy CEO John Krenicki signed the memorandum of understanding on Monday.

*Engineering News: 27 September 2011*

### **UNDP adviser highlights renewable Energy tender approach drawbacks**

Tender-driven policies as a fiscal instrument to introduce renewable energy into a country's energy mix should be approached with caution, United Nations Development Programme (UNDP) regional technical adviser Lucas Black said on Tuesday.

Speaking at the opening session of the inaugural South African Wind Energy Association (Sawea) conference in Cape Town, Black said that the UNDP completed a study on wind energy in 2008 that listed a number of problems with the renewable energy tender approach, which the South African government is now following.

*Engineering News: 28 September 2011*

### **Plea to halt 'militant' electricity price hikes**

Manufacturers will appeal to the National Energy Regulator of SA (Nersa) for relief on its planned, steep electricity tariff increases, which they say will force many companies out of business.

Manufacturing accounts for 15, 6% of the economy's overall output, down from 22% several years ago. It contracted by 7% in the second quarter of this year, curbing economic growth to just 1, 3% during that period.

The sector also shed thousands of jobs in the first half of the year, driving the unemployment rate up to 25, 7% a seven year peak.

*Business Day: 28 September 2011*

### **Brace for massive fuel price hike**

Motorists will have to dig deeper into their pockets as the petrol price was expected to increase by 32c to 35c a litre next week, an economist warned yesterday. Zandile Makhoba, an economist at Econometrix, said with SA being a net importer of fuel, the weakening in the rand was a great threat for the local petrol price. " An exponential

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increase in the fuel price is expected given the effect of the exchange rate on the domestic fuel price,” said Makhoba.

*The New Age: 28 September 2011*

### **Energy savings incentive in final stages**

***The much anticipated section 12L energy saving incentive, which was inserted in the Taxation Laws Amendment Act 2009, is now a step closer to implementation.***

In terms of the proposed section, taxpayers will be entitled to claim an allowance for energy efficiency savings resulting from activities in the production of income. This allowance will enable taxpayers to benefit from all energy savings during each year in which incremental energy efficiency saving is realized.

One of the reasons why this section has not been implemented yet is that section 12L requires the Department of Energy to draft and release regulations which will govern it.

*Engineering News: 28 September 2011*

### **GE Energy unveils upgraded Midland plant**

***GE Energy has unveiled its newly upgraded switchgear manufacturing plant in Midland, a R10 million investment that will provide 40 new, local jobs. GE Energy CEO John Krenicki came from the United States to cut the ribbon with local plant leaders.***

The plant will make custom designed equipment for Eskom’s new Medupi thermal power station in Limpopo province.

Stickers of the South African flag adorned every component of the equipment to originate in SA. The plant is the only local manufacturer of low-voltage arc-proof switchgear, which is used to protect against harmful electricity flashes. The upgrade benefits both GE Energy and its South African customers like Eskom, Krenicki said.

*The Times: 29 September 2011*

### **PetroSA signs cooperation agreement with China’s Unipet**

State-Owned oil company PetroSA said on Thursday that it has signed a memorandum of understanding (MoU) with China United International Petroleum and Company (Unipet), one of the world’s largest oil trading companies, to identify areas of cooperation in the supply of crude oil, refined products and logistics.

The MoU was signed on the sidelines of a State visit to the People’s Republic of China, by Deputy Minister Kgalema Motlanthe.

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PetroSA president and CEO Yekani Tenza said the development was in line with the company's mandate to secure South Africa's fuel supplies. The MoU enables the two organizations to discuss the development and operation of a suitable business arrangement in the purchase and sale of crude oil and refined petroleum products.  
*Engineering [News:30](#) September 2011*

### **Five-kilowatt solar energy system launched in SA**

Electronic protection solutions company Clearline Power Solutions has launched its solar energy supply systems. The standard system is rated at 5kW, with three-day autonomy; however, the system can be designed to generate greater or smaller power outputs depending on the installation.

Applications for the system include providing power domestic housing, borehole and surface pumps, electric fences, lodges, game farms, gate houses, traffic lights, as well as perimeter and street lighting.  
*Engineering News: 30 September 2011*

### **Sunrise plans on track for new LPG terminal**

Energy company Sunrise Energy is in the advanced stages of its plans to build a liquefied petroleum gas (LPG) storage import terminal next to the Port of Saldanha, on the west coast of the Western Cape. Output from the project was, in addition to domestic use, necessary for security of supply of LPG to the steel plants in Saldanha and other industries in the Western Cape, the company said. The Western Cape depends on LPG from Chevron's Caltex refinery in Milnerton, Cape Town, and PetroSA's Mossel Bay gas-to-liquids refinery. Once completed, the project could also export LPG to Namibia, according to Sunrise.

Sunrise intends to import between 5000 and 7000 tons of LPG a month initially and the facility can be expanded to eventually import up to 52000 tons a month of LPG.  
*Business Day: 30 September 2011*

### **Consotium to submit IPP bid for 19 MW landfill gas-to-energy project**

The EnerG Systems Joburg Consortium, which is responsible for the implementation of the Landfill Gas-to-Energy Clean Development Mechanism (CDM) project on behalf of the City of Johannesburg, plans to submit a bid for five landfill site projects under the Department of Energy's (DoE's) Independent Power Producer (IPP) Procurement Programme.



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In August, the DoE invited IPPs to bid for the supply of renewable energy, with the aim of securing 3725MW of renewable-energy capacity. The submission of bids will close on November 04.

*Engineering News: 30 September 2011*

### **Petrol price to rise 37c/l next week**

South Africa's petrol pump prices in the main inland commercial region will increase by up to 37 cents or 3.5% on October 5, the energy department said.

The new pump price for 95 grade petrol will be R10.54 a litre in that region, from R10.18 last month, while the wholesale diesel price will increase by 3.8% to R9.65.

South Africa is a net importer of oil and adjusts its fuel price each month to account for changes in the rand exchange rate, the international oil price and government levies. *Engineering News: 30 September 2011*