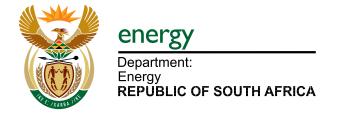
# ANNUAL PERFORMANCE PLAN 2014/15







# **OFFICIAL SIGN-OFF**

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the Department of Energy under the guidance of Minister Dikobe Ben Martins (MP);
- Was prepared in line with the revised Strategic Plan of the Department of Energy for the fiscal years 2011/12 to 2015/16; and
- Accurately reflects the performance targets which the Department of Energy will
  endeavour to achieve given the resources made available in the budget for the 2014/15
  fiscal year.

MS THANDEKA ZUNGU
DEPUTY DIRECTOR-GENERAL:
GOVERNANCE AND COMPLIANCE

MS YVONNE CHETTY
CHIEF FINANCIAL OFFICER

MS NEL'SIWE MAGUBANE
DIRECTOR-GENERAL: ENERGY
ACCOUNTING OFFICER

HON. DIKOBE BEN MARTINS (MP)

MINISTER OF ENERGY EXECUTIVE AUTHORITY





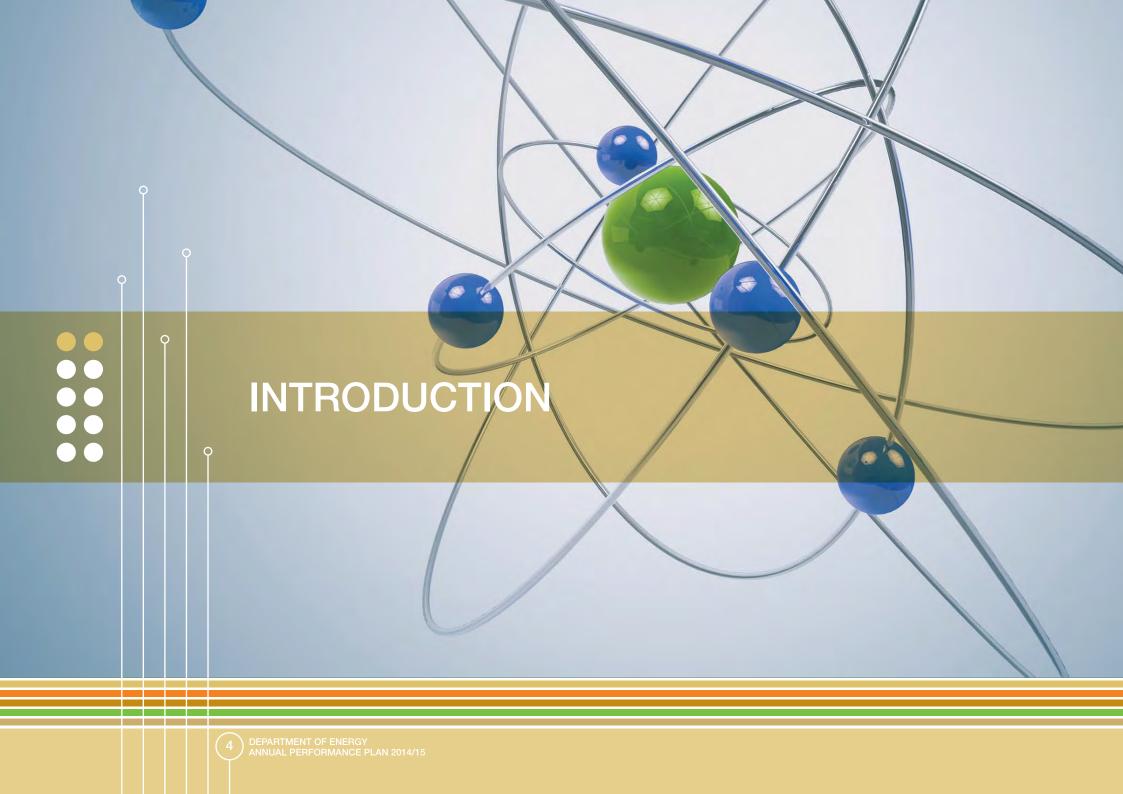
# **TABLE OF CONTENTS**

OFFICIAL SIGN-OFF1
INTRODUCTION 4
SECTION 1: FOREWORD BY THE MINISTER
SECTION 2: DEPUTY MINISTER'S STATEMENT 8
SECTION 3: DIRECTOR-GENERAL'S OVERVIEW
DADT ALCEDATECIC OVERVIEW
PART A: STRATEGIC OVERVIEW 14
SECTION 1: UPDATED SITUATIONAL ANALYSIS
SECTION 1: UPDATED SITUATIONAL ANALYSIS
SECTION 1: UPDATED SITUATIONAL ANALYSIS

PART B: PROGRAMME AND SUB-PROGRAMME PLANS 32
I LAITO UZ
PROGRAMME 1: ADMINISTRATION
<b>1.1 Purpose</b>
1.2 Strategic Objectives
1.3 Cross-cutting Programme 1: Sub-programmes
1.4 Sub-programme 1.1: Ministry
1.5 Sub-programme 1.2: Departmental Management
1.6 Sub-programme 1.3: Finance Administration
1.7 Sub-programme 1.4: Audit Services
1.8 Sub-programme 1.5: Corporate Services
1.9 Sub-programme 1.6: Office Accommodation
1.10 Reconciling Performance Targets with the Budget and MTEF
PROGRAMME 2: ENERGY POLICY AND PLANNING
<b>2.1 Purpose</b>
2.2 Strategic Objectives
2.3 Sub-programme 2.1: Policy Analysis and Research
2.4 Sub-programme 2.2: Energy Planning
2.5 Sub-programme 2.3: Hydrocarbon Policy
2.6 Sub-programme 2.4: Electricity, Energy Efficiency and Environmental Policy 44
2.7 Reconciling Performance Targets with the Budget and MTEF
PROGRAMME 3: PETROLEUM AND PETROLEUM
PRODUCTS REGULATION
<b>3.1 Purpose</b>
<b>3.2 Strategic Objectives</b>
3.3 Sub-programme 3.1: Petroleum Compliance, Monitoring and Enforcement 50
3.4 Sub-programme 3.2: Petroleum Licensing and Fuel Supply

3.5 Sub-programme 3.3: Fuel Pricing	53
3.6 Sub-programme 3.4: Regional Petroleum Regulation Offices	55
3.7 Reconciling Performance Targets with the Budget and MTEF	56
PROGRAMME 4: ELECTRIFICATION AND ENERGY	
PROGRAMME AND PROJECT MANAGEMENT	
4.1 Purpose	
4.2 Strategic Objectives	
4.3 Sub-programme 4.1: Integrated National Electrification Programme	
4.4 Sub-programme 4.2: Energy Regional Offices	
4.5 Sub-Programme 4.3: Programme and Projects Management Office	
4.6 Sub-programme 4.4: Energy Infrastructure/Industry Transformation	65
4.7 Sub-programme 4.5: Community Upliftment Programmes and Projects	67
4.8 Reconciling Performance Targets with the Budget and MTEF	68
PROGRAMME 5: NUCLEAR ENERGY	
5.1 Purpose	
5.2 Strategic Objectives	
5.3 Sub-programme 5.1: Nuclear Safety and Technology	72
5.4 Sub-programme 5.2: Nuclear Non-proliferation and Radiation Security	74
5.5 Sub-programme 5.3: Nuclear Policy	77
5.6 Reconciling Performance Targets with the Budget and MTEF	79
PROGRAMME 6: CLEAN ENERGY	
6.1 Purpose	83
6.2 Strategic Objectives	83
6.3 Sub-programme 6.1: Energy Efficiency	83
6.4 Sub-programme 6.2: Renewable Energy	85
6.5 Sub-programme 6.3: Climate Change and Designated National Authority	<i>,</i> 86
6.6 Reconciling Performance Targets with the Budget and MTEF	87

PART C: LINKS TO OTHER PLANS 92
SECTION 1: LINKS TO LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS
SECTION 2: CONDITIONAL GRANTS
SECTION 3: PUBLIC ENTITIES
SECTION 4: PUBLIC-PRIVATE PARTNERSHIPS
ANNEXURES 100
ANNEXURE A: SERVICE DELIVERY IMPROVEMENT PLAN 101  1. Service Levels and Challenges
1. Strategic Objectives
ACRONYMS AND ABBREVIATIONS118



# SECTION 1: FOREWORD BY THE MINISTER

#### Introduction

The National Development Plan (NDP) has elevated the role of energy in the country's economic growth and development. This role, as envisaged in the NDP, ensures that by 2030 South Africa has an energy sector that promotes economic growth and development, social equity through expanded access to energy services and environmental sustainability through efforts to reduce pollution and mitigate the effects of climate change.

To realise this vision, South Africa's energy systems need to be supported by effective policies, institutions, governance systems, regulation and competitive markets. We need to ensure that there is security of energy supply and adequate infrastructure (generation, transmission and distribution) in order to support economic development. This requires substantial investment in the energy sector.

Over the past five years, the Department of Energy has been engaged in the review, and introduction of energy policies, regulations and plans to ensure that they enable the energy sector to provide the growth stimulus needed in South Africa. As part of the Department's 2014/15 medium-term planning process, the Department has ensured that as we introduce, revise and finalise our policies, regulations and plans, we incorporate the NDP provisions. For example, the Integrated Energy Plan (IEP), which is due for finalisation and submission to Cabinet for approval during the 2014/15 financial year, will include the long- and short-term plans for electricity, gas, nuclear and liquid fuels. This energy plan seeks to provide a future energy roadmap for South Africa, by evaluating the best energy policy options or policy alternatives against each of the eight (8) key objectives identified during the planning process.

#### Electricity

The global demand for electricity, especially by developing economies including the African continent, has increased. South Africa has equally shown an increase in electricity demand from both the household and industrial/commercial sectors. Historically, access to electricity has been limited, leaving the majority of the South African population excluded from the grid. Since 1994, we have worked to close this gap and the access rate now stands at 86%. In June 2013 we celebrated the achievement of one (1) million grid connections under the National Electrification Programme. Parallel to the grid connections and as part of the electrification programme, we will increase the number of nongrid connections throughout the country.

The Department is working toward universal access by 2025 by deploying different technologies to ensure that we connect the whole population to clean, safer and affordable energy carriers. During the mid-term, we will continue with the implementation of the Integrated Resource Plan, 2010 (IRP 2010) which promotes the use of different energy mixes (coal, nuclear, hydro, biomass, solar and wind sources) to achieve energy supply.

In regard to electricity, energy security is critical and measures identified to enhance security will continue to be implemented in 2014/15 going forward. The deployment of energy efficiency measures and technologies will assist in saving energy. Financial resources will be expended during 2014/15 on strengthening the implementation of various energy efficiency implementation tools such as solar water heaters (through the promulgated standard offer scheme) and the promulgation of the National Energy Efficiency Strategy. Industry will also be encouraged through policy to implement energy efficiency measures so that South Africa benefits from energy conservation policies.



"By 2030, South Africa will have an energy sector that promotes economic growth and development, social equity through expanded access to energy services and environmental sustainability through efforts to reduce pollution and mitigate the effects of climate change.

To realise this vision, South Africa's energy systems need to be supported by effective policies, institutions, governance systems, regulation and competitive markets."

## Clean and Renewable Energy

In line with the National Development Plan, the implementation of the Integrated Resource Plan involves the development of infrastructure, including power stations and transmission lines, by Eskom and independent power producers. The plan further provides guidance on future investments in the energy sector by ensuring the integration of renewable energy into South Africa's mainstream energy supply through planning and co-ordinating various initiatives and interventions. The Department has focused on introducing independent power producers using renewable energy technologies such as wind, solar, biomass and hydro, through bidding rounds in terms of which project developers compete on the most attractive projects that yield the lowest cost to the electricity consumer while maximising local economic development and protecting the environment. By September 2013, three (3) bidding rounds under the Renewable Energy Independent Power Producers (RE-IPP) procurement programme had been concluded to contract for around 3 900 MW. Further bidding rounds will be held each year until the 18 GW capacity has been created.

The Department of Energy's electricity plan has taken cognisance of the abundant clean energy resources available in the region and seeks to incorporate these sources. In this regard, the Department has initiated a Treaty with the Democratic Republic of Congo. This Treaty was signed in 2013 and seeks to jointly develop the Grand Inga Hydro Power Project with the Government of the Democratic Republic of Congo. The project has an estimated capacity to generate 40 000 MW to be constructed in phases. South Africa is also exploring other regional projects within the SADC region in countries such as Mozambique and Lesotho.

South Africa, together with the SADC region, is working on regional integration of the transmission infrastructure. This is driven by the Southern African Power Pool (SAPP). To date the SAPP has established platforms where trading of electricity takes place among member countries. The regional transmission system needs further strengthening and connection of other countries such as Angola, Malawi and Tanzania. Plans are on the table to implement the interconnectors for the SAPP.

#### Hydrocarbons

Sub-Saharan Africa has a limited number of operational refineries. This has increased the region's dependency on imports. Our national oil company, PetroSA, is currently working on Project Mthombo which, when executed, will increase our refining capacity. This project will enhance the security of supply of liquid fuels and, in the long run, reduce dependency on imported, refined products from abroad. The new refinery will be able to produce products that are cleaner and compatible with new vehicle specifications. Most importantly, it will enable South Africa to reduce the import of refined products.

In support of the development of an appropriate regulatory framework for hydraulic fracturing for shale gas, the Gas Utilisation Master Plan is being developed as part of the Integrated Energy Plan and the draft will be published for public consultation during 2014/15.

#### Nuclear

Under the guidance of His Excellency, President Jacob Zuma as the Chairperson of the National Nuclear Energy Executive Coordination Committee, the Department's facilitation of the





process leading to the procurement of 9 600 MW of nuclear power under the nuclear programme will continue during 2014/15. Realising the vision of the Nuclear Energy Policy of 2008, the programme is intended to create jobs, increase skills development, beneficiate natural resources and create a local nuclear manufacturing sector. Improvements in infrastructure for the management of radioactive waste, emergencies and research and development will be introduced as part of the expansion programme over the next five (5) years.

Cabinet approved the appointment of the Board of Directors for the National Radioactive Waste Disposal Institute (NRWDI) in December 2013. During 2013/14, focus will be on establishing the institute and implementing Section 30 (transitional provisions) of the NRWDI Act. 2008.

#### State-owned Entities

For the Department to deliver on its mandate, the role of state-owned entities (SOEs) and companies in the energy sector has to be strengthened. In order to give effect to that, the restructuring of the CEF Group will be finalised during the 2014/15 financial year, leading to a more streamlined entity which is well managed to maximise economic value and synergy. This will entail finalising the hive-off of African Exploration, bedding down the merger of iGas into PetroSA and ensuring that governance structures within the holding company are both effective and efficient, amongst others.

The CEF Group will also investigate long-term feedstock solutions for the Mossel Bay refinery and develop a Gas Strategy guiding how it can take advantage of the recent shale gas discovery in the country and the increasing natural gas discoveries in neighbouring countries.

The focus of the Necsa Group during the 2014/15 financial year will be on conducting a feasibility study for the SAFARI-2 multi-purpose research reactor; ensuring security of supply and commercial sustainability of low enriched uranium (LEU) fuel and target plates; and driving the SAFARI-1 life extension programme within the regulated framework.

#### **International Engagements**

South Africa will continue to maintain both bilateral and multilateral relations that meet our security of supply needs and maintain a global, stable energy economy. In this regard, we will maintain dialogue with SADC, the AU, as well as with the rest of the world. Within SADC, the focus will be on stimulating energy markets to promote investment in clean energy; the promotion of regional integration through investment in the electricity grid infrastructure; regulatory harmonisation to enable investment and trade amongst member countries; and the promotion of capacity building to address the skills gap.

HON. DIKOBE BEN MARTINS (MP)

MINISTER OF ENERGY EXECUTIVE AUTHORITY







"Over the past twenty years we have brought electricity to more than 5.82 million new households.
This is more than 1 000 new connections every working day."

# SECTION 2: DEPUTY MINISTER'S STATEMENT

#### Introduction

South Africa has achieved significant progress with regards to the energy sector since the dawn of democracy twenty years ago. In 1994, for instance, only 36% households were electrified. Over the past twenty years we have brought electricity to more than 5.82 million (86%) new households. This is more than 1 000 new connections every working day. In the liquid fuels sector we have witnessed an increase in the consumption of liquid fuels. This has necessitated the construction of a New Multiproduct Pipeline with an increased carrying capacity that will ensure efficient and reliable supply of petroleum products to inland markets. These developments have brought energy to consumers, but more needs to be done to ensure universal access to clean, affordable and sustainable energy, this being one of the pronouncements of the National Development Plan (NDP).

2014 marks the Department of Energy's first planning cycle following the adoption of the NDP. The NDP defines the path that our country will take over the next 16 years and identifies the role that the energy sector will play during this period. One of the high level objectives of the NDP to be achieved by 2030 is the need to "produce sufficient energy to support industry at competitive prices, ensuring access for poor, while reducing carbon emissions per unit of power by about one-third".

This year, 2014/15, is also our first planning cycle following the release of the election manifesto of the ruling African National Congress. The manifesto succinctly captures the essence of what we need to focus on for the next five years, which is to "produce more, cleaner energy and promote energy self-sufficiency".

The focus of the Department of Energy, as defined by both the ruling African National Congress and the NDP, demands that the sector produces sufficient energy to power the economy. I am confident that we will not be found wanting in respect of these tasks because these are the strategic objectives that have guided the work of the Department of Energy since its inception. We have committed to, and indeed laid a firm basis for, increasing power generation to meet the objectives of the NDP and ANC elections manifesto through the Integrated Resource Plan. Three big coal power stations are being built; we are investing heavily in renewable energy through our Renewable Energy Independent Power Producer (RE-IPP) Programme; gas is being explored as a potential cheap and clean source of energy; hydro power from Inga Dam in the DRC may provide a clean supply of hydro-electricity and exploring further hydro power opportunities in Lesotho and working with Mozambique on a hydro power project.

We will leverage the benefits of this massive investment in energy infrastructure by ensuring that our programmes display a greater degree of responsiveness to problem areas such as the empowerment of women and the youth, whether it is through the Integrated National Electrification Programme (INEP), the roll-out of the Solar Water Heating Programme, the Independent Power Producer (IPP) Programme or transformation in the liquid fuels sector.

Some of the more tangible outcomes we hope to achieve during the 2014/15 fiscal year include:

#### INEF

In the 2014/15 fiscal year a total of R4.149 billion has been earmarked for: Eskom (R2.948 billion), municipalities (R1.2 billion) and for non-grid (R91 million) for electrification projects throughout the country, especially in areas with the

greatest backlog. This will be used to make electricity available to about 265 000 households who previously had no access to modern energy sources.

## Women, Youth, Children and Persons with Disabilities Empowerment

In the 2014/15 fiscal year we will continue with, and where necessary strengthen, interventions and programmes aimed at capacity building among vulnerable sectors to enable more meaningful participation in the energy sector. We will support the work of the Economic Cluster in an effort to increase the participation of vulnerable groups through our partnership with Women in Energy South Africa and Women in Nuclear South Africa. During this fiscal year we will conduct workshops in all nine provinces that will bring services closer to women who operate in the energy sector. The strategic objective of the workshops is to increase women participation in the energy project as employees, investors, and projects implementers. The focus of these workshops will be to capacitate women to improve their understanding of the tendering processes and procedures; to improve their access to opportunities; and to increase the participation of women in the business opportunities available in the energy sector.

This year we will also intensify our focus on the youth by implementing the Youth in Energy Strategy. Programmes related to the youth and children will be rolled out in all nine provinces including the Learner Focus Week that will be hosted from 29 June–5 July 2014 at the University of Limpopo.

## Clean Energy, Education and Empowerment Initiative

The participation of women in the energy sector has become a matter of international concern. The Clean Energy Ministerial (CEM), a global forum launched in 2009 which brings together

23 participating governments, launched the Clean Energy, Education and Empowerment women's initiative (C3E), which South Africa is an active participant in. As the only African country participating in the C3E initiative, the Department of Energy has identified the need to declare a decade for women on the continent between 2010 and 2030. For this reason, we approached both SADC and the African Union with regards to the C3E initiative. As the representatives of the energy sector, government welcomed the introduction of a womenfocused programme that will enhance the ability of women to be active participants in the energy sector. In February 2014, a preparatory CEM meeting was held in Mexico, affording us the opportunity to present South Africa's progress, as the African Chapter of C3E, since the inception of the initiative. South Africa will be hosting a SADC workshop on C3E in an effort to introduce C3E to the various African regions. We will also appoint five (5) country ambassadors who will focus on the following sectors: Business, Energy, SOEs, Technology and Higher Education.

#### HIV and AIDS Forum for the Energy Sector

The devastating impact of HIV and AIDS is also affecting the energy sector. There is thus an urgent need to fast-track the formation of the HIV and AIDS Forum for the energy sector, through partnerships with communities and support from Developmental Agencies that work closely with our government. The creation of the forum will assist in implementing the National Energy HIV and AIDS Strategy.

#### Integrated Energy Centres

Access to Energy products has increased over the years, thanks to an agreement between government (local, provincial and national), petroleum companies and communities, which sees the three partners benefiting and providing services to

the deep rural communities across South Africa. For the year we will see two more centres being constructed and opened for operation in support of our objective of creating access to energy products.

We have the future of the sector mapped out for us and we will continue to implement government policy and will ensure that, in the process, we meet our objective of delivering secure, affordable, clean energy to all our stakeholders.

HON. BARBARA THOMPSON (MS) (MP)
DEPUTY MINISTER OF ENERGY







"The National Development Plan envisages that, by 2030, South Africa will have an energy sector that promotes economic growth and development, social equity and environmental sustainability."

# SECTION 3: DIRECTOR-GENERAL'S OVERVIEW

#### Introduction

The Annual Performance Plan (APP) for 2014/15 is the planning document that continues to direct the implementation of policies and programmes developed by the Department of Energy since its establishment. The 2014/15 APP is largely characterised by the implementation of the Integrated Resource Plan (IRP 2010) and the National Development Plan (NDP).

The NDP envisages that, by 2030, South Africa will have an energy sector that promotes:

- Economic growth and development through adequate investment in energy infrastructure; the sector should provide a reliable and efficient electricity service at competitive rates, while supporting economic growth through job creation;
- Social equity through expanded access to electricity at affordable tariffs and through targeted, sustainable subsidies for needy households; and
- Environmental sustainability through efforts to reduce pollution and mitigate the effects of climate change.

The Department of Energy (DoE) will lead the following initiatives required in terms of the NDP:

- Fast-track the development of gas resources and gas-to-power projects, if the gas reserves are proven and environmental concerns alleviated by 2017;
- Fast-track the development of off-shore West Coast gas coupled with incremental power generation units by 2015;

- Move to a less carbon-intensive electricity production process by procuring up to 20 000 MW of renewable energy, increased hydro imports from the region and increased demand-side measures, including solar water heating by 2030;
- Move Eskom's system operator, planning, power procurement, power purchasing and power contracting functions to the Independent System and Market Operator (ISMO) by 2014;
- Ring-fence the electricity distribution businesses of the 12 largest municipalities, resolving maintenance and refurbishment backlogs and developing a financing plan, alongside investment in human capital by 2017;
- Revise the National Electrification Plan and ensure 97% access by 2025;
- Upgrade refineries to ensure they meet new fuel quality standards by 2017;
- Insist on strategic fuel stocks to ensure security of supply by 2017;
- Continue to import refined fuels to ensure that the growing deficit in petroleum products is counteracted from 2012 to 2017 (defer decision on a new refinery);
- Investigate the implications of nuclear energy, including its costs, financing options, institutional arrangements, safety, environmental cost, and benefits, localisation and employment opportunities, uranium enrichment, and fuel fabrication possibilities in 2013 to 2014 for a decision by the National Nuclear Energy Executive Co-ordination Committee (NNEECC) which is chaired by the President, and
- Conclude preparations for the procurement process of the nuclear programme, including 9 600 MW of nuclear power, by 2014 to 2015.

The DoE will also contribute to the following initiatives required in terms of the NDP:

- Support the Department of Mineral Resources to enable exploratory drilling to identify economically recoverable coal seam and shale gas reserves, while environmental investigations will continue to ascertain whether sustainable exploitation of these resources is possible from 2012–2015;
- Support the Department of Public Enterprises to develop infrastructure for the import of liquefied natural gas, mainly for power production from 2015–2020; and
- With the Independent System and Market Operator (ISMO), accelerate the procurement of power from independent power producers from 2012–2014.

#### National Solar Water Heating Programme

Over and above our target of one (1) million solar water heating installations by March 2015, we have made significant progress in stimulating the green economy and localising the associated value chains. In terms of the Solar Water Heating Programme, we have promulgated the mandatory standard requiring a minimum of 70% local content for the products that we subsidise under the programme. Only local manufacturers of high local content products will from now on be able to participate in the programme.

In addition to the social programme that seeks to cushion the poor from high electricity prices, we have increased the focus on the energy efficiency aspect of solar water heaters, targeting high consumption end users. The Standard Offer Programme is designed to offer an operational subsidy for every unit of energy that is saved, particularly in the domestic sector where the burden of high energy costs is felt the most. The solar water heater target needs to be increased to two (2) million units, subject to additional fiscal support being made available.

#### **New Power Stations through Cogeneration**

We will commence the process of introducing additional generation capacity through cogeneration technologies. Cogeneration in particular will create numerous job opportunities, starting with the small-scale farmers in the sugar industry, and proceeding through to the mills. As a consequence, substantial agrarian reform is expected to be achieved in Mpumalanga and KwaZulu-Natal, where most sugar cane farming occurs. Mandatory blending of biofuels in the liquid fuels sector, based on the ethanol produced in the sugar industry, will also create enormous job opportunities in this sector. The regulations that have been promulgated in this regard anticipate that the programme will take effect from 2015.

## Renewable Energy Independent Power Producers Programme

We will continue with the Renewable Energy Independent Power Producers (RE-IPP) Programme to take advantage of wind, solar, biomass and other technologies that widen the opportunity for rural development. Some solar and wind RE-IPP generators began supplying electricity to the national electricity grid as at the end of 2013, which means that some of the electricity we are now consuming is coming from these wind or solar generators. The programme has been successful so far in creating over 22 000 jobs and delivering over R120 billion in foreign direct investment into our economy. The local content of goods and services supplied under the programme has increased to about 53%, as defined under the independent verification standard set by the South African Bureau of Standards. This approach of localisation will also be adopted under the cogeneration programmes.

#### Electrification Programme

Through this programme, more than 5.82 million households have been electrified since 1994 and we want to increase the access rate. Last year, Cabinet approved an initiative to ensure that this connection rate be increased significantly. Our electrification programme is not only focusing on the extension of grid connections, but also on more off-grid technologies such as Photovoltaic (PV) systems which will be utilised to address government's access to energy initiatives.

0 0

Some progress has been made regarding electricity network infrastructure upgrading to ensure a reliable electricity service, as well as to allow for more electricity connections to be made. One such example is the successful completion of the first phase of the network upgrade of the King Sabata Dalindyebo (KSD) Municipality in the Eastern Cape. Electricity infrastructure upgrades have included substations, cable replacement, distribution networks and new household connections.

#### Integrated Energy Plan

The Integrated Energy Plan (IEP) maps out the country's energy and infrastructure requirements for electricity, gas and petroleum until 2050, in a manner that aligns with the strategic objectives outlined in the National Development Plan. The plan, which the Minister is mandated to review and publish annually in the Government Gazette, aims to prescribe and outline an energy roadmap for the country.

In 2012/13, the Energy Plan Colloquium was held to share the DoE's approach to the development of the IEP and to solicit stakeholder inputs regarding some of the key issues to be considered. Inter-governmental consultation, through the IEP Steering Committee, continued to take place. The draft IEP

# DEPARTMENT'S KEY FOCUS AREAS FOR 2014/15

- Increase access to electricity with an additional 200 000 grid connections and 15 000 non-grid installations.
- Facilitate the installation of 485 000 solar water heating units.
- Finalise the IEP with more detailed infrastructure plans, including liquid fuels, gas and electricity.
- Address maintenance and refurbishment backlogs in the electricity distribution industry.
- Strengthen the liquid fuels industry.
- Facilitate the process that will culminate in the finalisation of procurement decisions for the nuclear build programme.

report was consequently developed and later published in the Government Gazette in July 2013 after approval by Cabinet. By the end of September 2013, the first consultation workshop had been held in Johannesburg, with other provincial consultation workshops held in October and November 2013. It is intended that the finalised IEP will be submitted to Cabinet for approval with a number of other, more detailed infrastructure plans, including those relating to liquid fuels, gas and electricity, by the end of 2014/5. These plans seek to provide a comprehensive and coherent policy direction for the energy sector in line with the developmental goals of the NDP.

#### Nuclear Energy

Establishment and resourcing of our nuclear branch took place during 2013/14 and will continue to grow as a result of the increased responsibility delegated to the DoE as the Procuring Agency for the Nuclear Build Programme, as determined by the NNEECC in October 2013. Several independent studies have been conducted into financing, cost, regulatory infrastructure and procurement for the nuclear programme. These will continue into the 2014/15 fiscal year, culminating in the completion of the feasibility studies called for in the NDP. The completion of these studies will support the commencement of procurement for the nuclear programme.

Following the Integrated Nuclear Infrastructure Review Mission conducted by the International Atomic Energy Agency (IAEA), together with lessons learnt from the Fukushima nuclear incident, an IAEA Review Mission on Emergency Preparedness was conducted during the 2013/14 year, with the final report expected to be completed in the new fiscal year. Actions for improving emergency preparedness are expected to be the key outcome of this report and will inform the work of the DoE as the authority for the National Nuclear Disaster Management Plan.

With the Board of the National Radioactive Waste Disposal Institute (NRWDI) appointed in the last fiscal year, the DoE, together with the South African Nuclear Energy Corporation (Necsa) will facilitate the process to ensure that the NRWDI is staffed and capacitated over the course of the year. This marks a significant milestone to ensure the establishment of the necessary institutions required for the rollout of the nuclear programme.

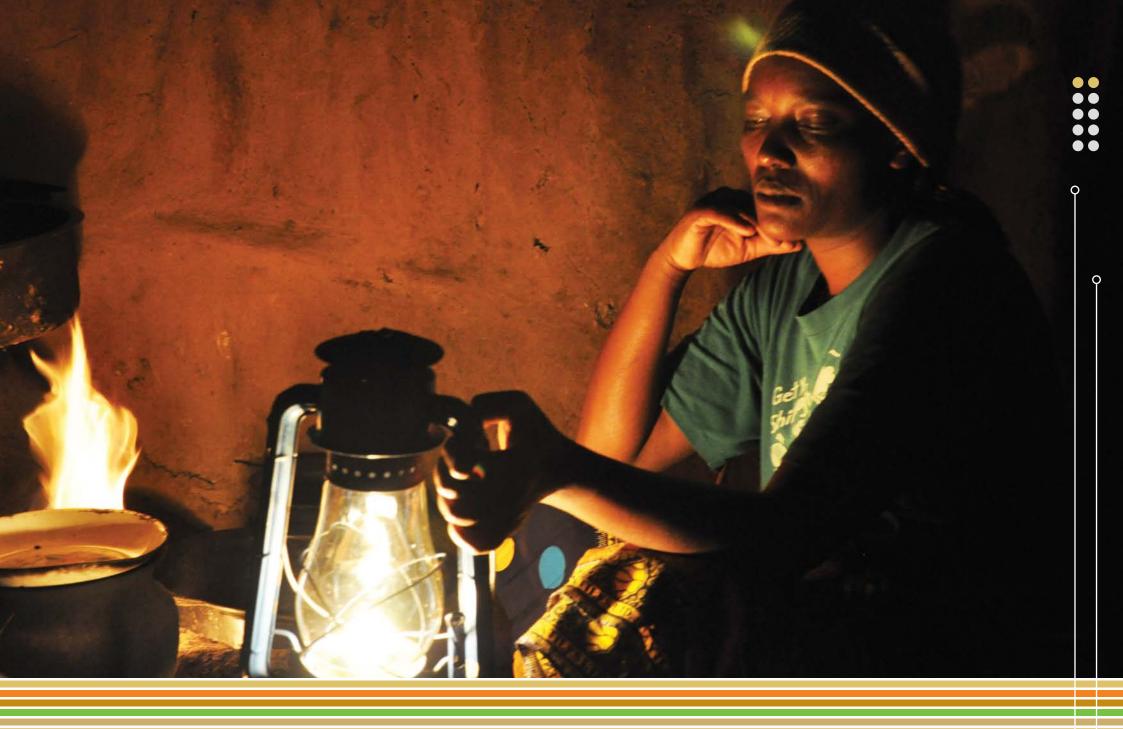
#### Liquefied Natural Gas (LNG)

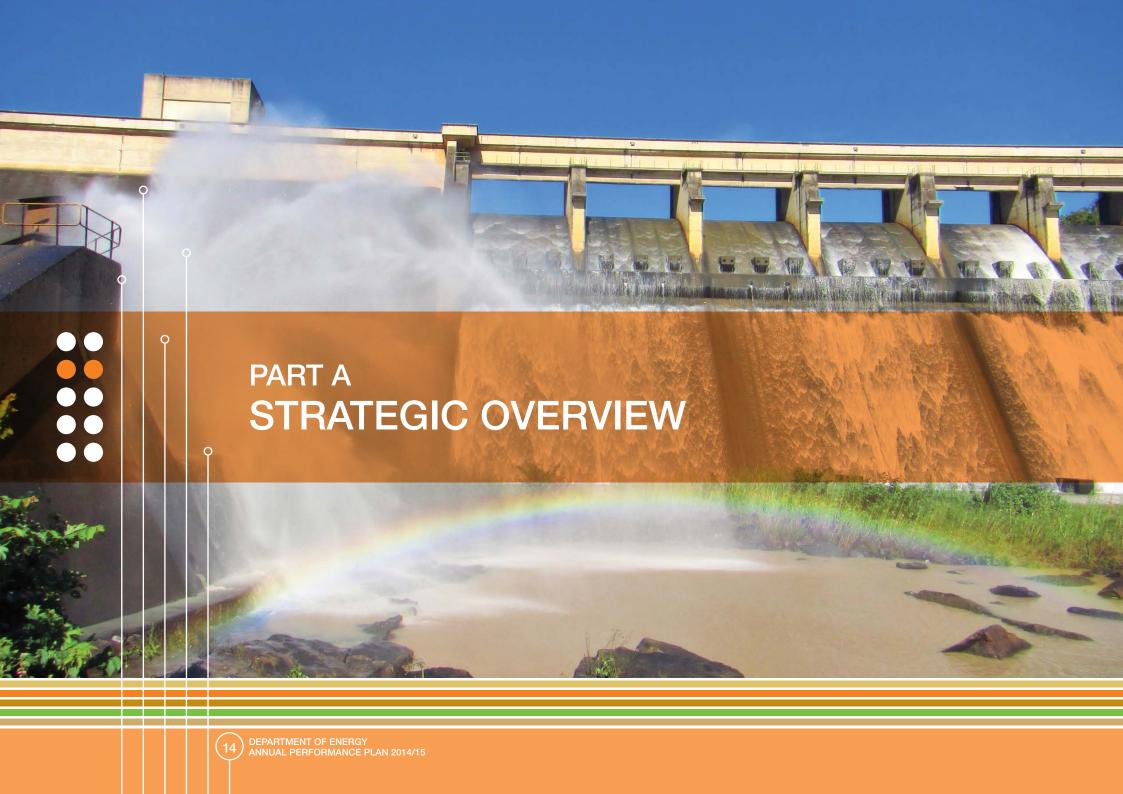
The Integrated Resource Plan indicates that about 2 500 MW of new power generation capacity, plus feedstock from PetroSA's gas-to-liquid plant, together with the conversion of Eskom diesel plants (Ankerlig and Gourikwa of about 2 000 MW) would justify the development of a Liquefied Natural Gas (LNG) terminal in the Western Cape. A draft LNG Feasibility Study is due for completion in March 2014 with collaboration by Transnet, PetroSA, Eskom and government. LNG infrastructure will form part of a broader Gas Utilisation Master Plan, due for completion in March 2014, which will also incorporate the development of the shale gas in the Karoo. These initiatives mark the future development of a gas market in South Africa.

#### Conclusion

I am confident that this Annual Performance Plan will be a useful tool with which Parliament, other oversight and or assurance entities and the people of South Africa will be able to measure the performance of the DoE.

NELISIWE MAGUBANE (MS)
DIRECTOR-GENERAL: ENERGY





# SECTION 1: UPDATED SITUATIONAL ANALYSIS

# 1.1 Performance Delivery Environment

#### 1.1.1 Department of Energy

On 10 May 2009 President Zuma announced his new Cabinet and the appointment of, amongst others, the Minister of Energy. The Department of Energy (DoE) was consequently established.

The DoE is mandated to ensure secure and sustainable provision of energy for socio-economic development. This is achieved by developing an Integrated Energy Plan, regulating the energy industries, and promoting electric power investment in accordance with the Integrated Resource Plan.

The Department envisions the pursuance of the aforementioned mandate through the following strategic statements:

**AIM:** Formulate energy policies, regulatory frameworks

and legislation, and oversee their implementation to ensure energy security, promotion of environmentally friendly energy carriers and access to affordable and reliable energy for

all South Africans.

VISION 2014: A transformed and sustainable energy sector

with universal access to modern energy carriers

for all by 2014.

VISION 2025: Improving our energy mix by having 30%

clean energy by 2025.

**MISSION:** To regulate and transform the sector for the

provision of secure, sustainable and affordable

energy.

#### 1.1.2 Statutory Framework

The following table reflects the primary legislation that mandates the Department:

ACT	DESCRIPTION
The National Energy Act, 2008 (Act No. 34 of 2008)	The Act is the enabling legislation that empowers the Minister of Energy to ensure that diverse energy resources are available in sustainable quantities and at affordable prices in the South African economy to support economic growth and poverty alleviation, while also taking into account environmental considerations. The Act also provides for:  Energy planning; Increased generation and consumption of renewable energy; Contingency energy supply; The holding of strategic energy feedstock and carriers; Adequate investment in appropriate upkeep and access to energy infrastructure; Measures for the furnishing of certain data and information regarding energy demand; Supply and generation; and The establishment of an institution to be responsible for the promotion of efficient generation and consumption of energy and energy research.
The Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended	<ul> <li>The Act provides for:</li> <li>Measures in the saving of petroleum products and economy in the cost of distribution thereof;</li> <li>The maintenance and control of the price thereof;</li> <li>The furnishing of certain information regarding petroleum products;</li> <li>The rendering of service of a particular kind or standard in connection with petroleum products;</li> <li>The licensing of persons involved in the manufacturing, wholesaling and retailing of prescribed petroleum products;</li> <li>Promoting the transformation of the South African petroleum and liquid fuels industry; and</li> <li>The promulgation of regulations relating to such licences and matters incidental thereto.</li> </ul>

ACT	DESCRIPTION
The Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended	The Act replaced the Electricity Act, 1987 (Act No. 41 of 1987) as amended, with the exception of section 5B, which provides for the funds for the Energy Regulator for the purpose of regulating the electricity industry. The Act establishes a national regulatory framework for the electricity supply industry and introduces the National Energy Regulator as the custodian and enforcer of the national electricity regulatory framework. The Act also provides for licences and registration as the manner in which generation, transmission, distribution, trading and the import and export of electricity are regulated. Section 34(1) empowers the Minister of Energy to make determinations for the establishment of Independent Power Producers (IPPs) for the purpose of creating greater competition in the electricity generation sector, so as to increase the supply of electricity.

The following Acts provide a broader mandate to the energy sector and are also administered by the Department:

- The Central Energy Fund Act, 1977 (Act No. 38 of 1977), as amended;
- The Nuclear Energy Act, 1999 (Act No. 46 of 1999);
- The National Nuclear Regulator Act, 1999 (Act No. 47 of 1999);
- The National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008);
- The Petroleum Pipelines Act, 2003 (Act No. 60 of 2003);
- The Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004);
- The Gas Act, 2001 (Act No. 48 of 2001);
- The Gas Regulator Levies Act, 2002 (Act No. 75 of 2002);

- The National Energy Regulator Act, 2004 (Act No. 40 of 2004);
- The Abolition of the National Energy Council Act, 1991 (Act No. 95 of 1991);
- The Liquid Fuel and Oil Act Repeal Act, 1993 (Act No. 20 of 1993); and
- The Coal Act Repeal Act, 1991 (Act No. 124 of 1991).

In addition to the aforementioned Acts, the Department is further mandated by Acts not administered by the Department, among others, the National Environmental Management Act, 1999 (Act No. 107 of 1999), the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), the Disaster Management Act, 2002, (Act No. 57 of 2002), the Hazardous Substances Act, 1973, (Act No. 16 of 1973), and the National Ports Act, 2005 (Act No. 12 of 2005).

# 1.1.3 Strategic Plan

The Framework for Strategic Plans and Annual Performance Plans, published by the National Treasury, states that a Strategic Plan may be changed during the five-year period that it covers. However, such changes should be limited to revisions related to significant policy shifts or changes in the service-delivery environment. The relevant institution does this by issuing an amendment to the existing plan, which may be published as an annexure to the Annual Performance Plan, or by issuing a revised Strategic Plan.

Having considered the proposal/recommendations of the National Development Plan (NDP) and other developments in the political, energy and economic arenas, the Department of Energy took the decision not to amend or revise the existing Strategic Plan (2011/12–2015/16). The Department intends to publish a new Strategic Plan for 2015–2020, in terms of the requirements of the Framework for Strategic Plans and Annual Performance Plans.

The Department has ensured that this Annual Performance Plan is aligned with the deliverables contained in the NDP and includes key departmental programmes and, where available, performance indicators from the draft 2014–2019 Medium-Term Strategic Framework (MTSF) (see table in 1.1.6 below).

#### 1.1.4 Strategic Outcomes Oriented Goals

The Department's Strategic Outcomes Oriented Goals (SOOGs) are as follows:

	STRATEGIC OUTCOMES ORIENTED GOALS	GOAL STATEMENT
1.	Security of supply	To ensure that energy supply is secure and demand is well managed.
2.	Infrastructure	To facilitate an efficient, competitive and responsive energy infrastructure network.
3.	Regulation and competition	To ensure that there is improved energy regulation and competition.
4.	Universal access and transformation	To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.
5.	Environmental assets	To ensure that environmental assets and natural resources are protected and continually enhanced by cleaner energy technologies.
6.	Climate change	To implement policies that adapt to and mitigate the effects of climate change.
7.	Corporate governance	To implement good corporate governance for effective and efficient service delivery.

#### 1.1.5 Annual Performance Plan (2014/15)

In October/November 2013, the Department undertook a detailed exercise to review the published 2013/14 Annual Performance Plan (targets and KPIs) in terms of:

- Their SMARTness (specific, measurable, achievable, relevant and time-bound);
- The level of control the Department has and the role of the Department in the achievement or otherwise of these targets and KPAs; and
- The strategic importance of these targets and KPAs.

This resulted in a significant decrease in the number of targets and KPIs in the Revised 2013/14 Annual Performance Plan and the creation of an Institutional Operational Plan (containing targets and KPIs at operational level). The redefining of the

two plans resulted in a more efficient allocation of resources to the identified individual programmes and projects at both strategic and operational levels.

The Department of Energy's 2014/15 Annual Performance Plan takes into account the Department's contribution and response to:

- The National Development Plan (NDP);
- The Medium-Term Strategic Framework (MTSF) 2009–2014;
- The Draft MTSF 2014–2019 (where available);
- The State of the Nation Address (SoNA) 2014;
- The 2014/15 ENE and MTEF allocations:
- Human resource capacity and funding available to the Department; and
- The Department's performance in the year 2013/14.

#### 1.1.6 The National Development Plan

The National Planning Commission (NPC) was appointed by the President in 2010. The mandate of the Commission is to take a broad, cross-cutting, independent and critical view of South Africa, to help define the South Africa we seek to achieve in its 2030 vision.

In June 2011, the NPC released a diagnostic report on the main challenges facing the country, and on 11 November 2011, the Draft National Plan (NDP) was handed to President Zuma. Public consultation followed and the revised plan was handed to the President and the nation in Parliament on 15 August 2012. The revised plan was adopted by Cabinet on 6 September 2012. The adoption of the NDP paved the way for the implementation phase to commence.

The NDP envisages that, by 2030, South Africa will have an energy sector that promotes:

- Economic growth and development through adequate investment in energy infrastructure. The sector should provide a reliable and efficient electricity service at competitive rates, while supporting economic growth through job creation:
- Social equity through expanded access to electricity at affordable tariffs and through targeted, sustainable subsidies for needy households; and
- Environmental sustainability through efforts to reduce pollution and mitigate the effects of climate change.

The Executive Committee (EXCO) of the Department established a Task Team which comprised DoE officials who, working together with the NPC Secretariat, developed the Department's Implementation Plan for the NDP. This plan identified the following Energy-related proposals/recommendations:



NDP PROPO	DSALS/RECOMM	IENDATIONS		MEDIUM-TERM			
PROPOSALS/ RECOMMENDATIONS	TIMEFRAMES	CURRENT STATUS	RESPONSE REQUIRED	STRATEGIC FRAMEWORK (GOVERNMENT OUTCOMES)	STRATEGIC OUTCOMES ORIENTED GOALS (SOOGS)	DEPARTMENTAL PROGRAMME	
				Gas			
Enable exploratory drilling to identify economically recoverable coal seam and shale gas reserves, while	2012–2015	New policy proposal	Facilitate stakeholder consultation to re-motivate	Outcome 4 – Decent employment through inclusive economic growth.  Outcome 6 – An efficient,	SOOG 1: Security of Supply – To ensure that energy supply is secure and demand is well managed.	Engagements with DMR and DPE. Development of the Gas Utilisation Master Plan.	
environmental investigations will continue to ascertain whether sustainable exploitation of these resources is possible (Department of Mineral		mora	moratorium to eco	competitive and responsive economic infrastructure network.	SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network.		
Resources (lead Department is DMR)					SOOG 3: Regulation and Competition – To ensure that there is improved energy		
If gas reserves are proven and environmental concerns alleviated, then development of these resources and gas-to-power projects will be fast-tracked	2014–2017	IRP revision			regulation and competition.		
Fast-track development of off-shore West Coast gas coupled with incremental power generation units	2012–2015	New policy proposal	Provide strategic guidance to ensure that implementation				
Develop infrastructure for the import of liquefied natural gas, mainly for power production (lead Department is Department of Public Enterprises (DPE)	2015–2020	Work in progress	takes place.				

NDP PROPO	NDP PROPOSALS/RECOMMENDATIONS			MEDIUM-TERM			
PROPOSALS/ RECOMMENDATIONS	TIMEFRAMES	CURRENT STATUS	RESPONSE REQUIRED	STRATEGIC FRAMEWORK (GOVERNMENT OUTCOMES)	STRATEGIC OUTCOMES ORIENTED GOALS (SOOGS)	DEPARTMENTAL PROGRAMME	
				Electricity			
Move to less carbon-intensive electricity production through procuring up to 20 000 MW of renewable energy, increased hydro imports from the region and increased demand-side measures, including solar water heating	2012–2030	Existing policy proposal that needs to be implemented	Provide strategic guidance to ensure that implementation takes place.	Outcome 10 – Environmental assets and natural resources that are well protected and continually enhanced.	SOOG 5: Environmental Assets  - To ensure that environmental assets and natural resources are protected and continually enhanced by cleaner energy technologies.  SOOG 6: Climate Change – To implement policies that adapt to and mitigate the effects of climate change.	Review IRP to cover 20 000 MW.  Continue with the implementation of the IRP:  IPP Programme;  Hydro Power; and Solar.  Implementation of the National Solar Water Heating Programme.	
Move Eskom's system operator, planning, power procurement, power purchasing and power contracting functions to the Independent System and Market Operator (ISMO) and accelerate procurement of Independent Power Producers (Lead Implementer with ISMO)	2012–2014	Existing policy proposal that needs to be implemented	-	Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network.  SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Provide strategic guidance to key role players and ensure that implementation takes place post Cabinet approval.	
Ring-fence the electricity distribution businesses of the 12 largest municipalities, resolve maintenance and refurbishment backlogs and develop a financing plan, alongside investment in human capital	2012–2017	New policy proposal	Facilitate buy-in from all stakeholders.	Outcome 9 – A responsive, accountable, effective and efficient local government system.	SOOG 4: Universal Access and Transformation – To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	Address the backlog challenges in the maintenance of the electricity distribution infrastructure.	
Revise national electrification plan and ensure 97% access by 2025	2013–2025	Revised policy proposal	-	Outcome 7 – Vibrant, equitable and sustainable rural communities and food security for all.  Outcome 8 – Sustainable human settlement and improved quality of household life.	SOOG 4: Universal Access and Transformation – To ensure that there is an efficient and diverse energy mix for universal access within a transformed energy sector.	Electrification of households through the Integrated National Electrification Programme (INEP) and increased service delivery by all Eskom, municipalities and concessionaires as implementers of INEP concentrating on the 23 district municipalities that have been identified by the Department of Co-operative Governance and Traditional Affairs (CoGTA) and the Department of Rural Development and Land Reform (DRDLR) as the areas in the country that have the most deprived municipalities.	

NDP PROPO			NDP PROPOSALS/RECOMMENDATIONS  MEDIUM-TERM OTRATEGIS OF ANTI-OLD STRATEGIS OF A PROPOSALS OF A P			
PROPOSALS/ RECOMMENDATIONS	TIMEFRAMES	CURRENT STATUS	RESPONSE REQUIRED	STRATEGIC FRAMEWORK (GOVERNMENT OUTCOMES)	STRATEGIC OUTCOMES ORIENTED GOALS (SOOGS)	DEPARTMENTAL PROGRAMME
				Liquid Fuels		
Upgrade refineries to ensure they meet new fuel quality standards (insist on strategic fuel stocks to ensure security of supply)	2012–2017	Existing policy proposal that needs to be implemented	Advise Cabinet	Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network.  SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Submitting the 20-Year Liquid Fuels Master Plan (20YRLFMP) to Cabinet for approval and incorporating it into the IEP. Finalisation of the financial mechanism for strategic stocks.
Continue to import refined fuels, ensuring that the growing deficit in petroleum products is met, and defer decision on a new refinery	2012–2017	Existing policy proposal that needs to be implemented	Advise Cabinet	Outcome 4 – Decent employment through inclusive economic growth.  Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 1: Security of Supply – To ensure that energy supply is secure and demand is well managed.  SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network.  SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Consultation on the Liquid Fuels Infrastructure Roadmap Report and identification of intervention projects.
				Nuclear		
Investigate the implications of nuclear energy, including its costs, financing options, institutional arrangements, safety, environmental costs, and benefits, localisation and employment opportunities, uranium enrichment, and fuel fabrication possibilities	2013–2014	Feasibility studies	Advise Cabinet	Outcome 4 – Decent employment through inclusive economic growth.  Outcome 6 – An efficient, competitive and responsive economic infrastructure network.	SOOG 1: Security of Supply – To ensure that energy supply is secure and demand is well managed.  SOOG 2: Infrastructure – To facilitate an efficient, competitive and responsive energy infrastructure network.  SOOG 3: Regulation and Competition – To ensure that there is improved energy regulation and competition.	Contribute towards ensuring the security of energy supply by leading, developing and overseeing the implementation of the nuclear energy expansion programme as guided by the Nuclear Energy Policy and the decision of NNEECC.  Facilitate process that will culminate in the finalisation of procurement decisions for the nuclear build programme.

## 1.1.7 Strategic Integrated Projects

Cabinet adopted an Infrastructure Plan that is intended to transform the economic landscape of South Africa, create a significant number of new jobs, strengthen the delivery of basic services to the population and support the integration of African

economies. 18 Strategic Integrated Projects (SIPs) have been developed and approved to support economic development and address service delivery in the poorest provinces.

The Department chairs one (1) of the projects and co-chairs two (2). The Department also participates in ten (10) projects

where it attends regular Inter-Governmental Forum meetings and provides inputs on specific parts of the SIP. The DoE has observer status in five (5) SIPs where it only attends meetings as and when required. The Department's involvement in the SIPs chaired/co-chaired can be categorised as follows:

SIP NO.	STRATEGIC INTEGRATED PROJECT	DEPARTMENTAL CONTRIBUTION
6	Integrated Municipal Infrastructure Project	This SIP is chaired by the Minister of Energy.  The main functions of this SIP are to address all maintenance backlogs and upgrades required in water, electricity and sanitation bulk infrastructure in the 23 least resourced district municipalities, covering 17 million people, in a project that is nationally managed but locally delivered.  The Department is contributing to this SIP through the following programmes:  Integrated National Electrification Plan; and  Solar Water Heating Programme.
8	Green Energy in Support of the South African Economy	This SIP is co-chaired by the Minister of Economic Development and the Minister of Energy.  The main functions of this SIP are to support sustainable green energy initiatives on a national scale through a diverse range of clean energy options as envisaged in the IPR 2010 and to support bio-fuel production facilities.  The Department is contributing to this SIP through the following programmes:  Independent Power Producer Programme;  Bio-fuels;  Clean Energy;  Solar Water Heating Programme; and
10	Electricity Transmission and Distribution for All	<ul> <li>This SIP is co-chaired by Minister of Public Enterprises and the Minister of Energy.</li> <li>The main functions of this SIP are:</li> <li>To accelerate the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development.</li> <li>To align the 10-Year Transmission Plan, the service backlogs, the national broadband roll-out and the freight rail line development to leverage off regulatory approvals, supply chain and project development capacity.</li> <li>The Department is contributing to this SIP through the following programmes:</li> <li>Integrated National Electrification Plan;</li> <li>Approach to Distribution Asset Management (ADAM); and</li> <li>Mini-ADAM (providing subsidies to nine (9) municipalities to address the maintenance, refurbishment and backlog concerns in order to improve the quality of electricity supply).</li> </ul>

#### 1.1.8 Taking Government to the People

In line with the Cabinet Decision of March 2010, the Department will implement the annual programme of 20 Izimbizo, whereby Ministers are provided with the opportunity to engage with communities on energy issues. Designed to offer quality and value to communities by sharing relevant information with the different target audiences of the Department, the DoE's Izimbizo Outreach Programme aims to be interactive in its engagement with communities in order to better understand their needs, concerns, and challenges. During the 2014/15 fiscal year, the Department will continue with the Izimbizo Programme which will be staged among communities in all nine (9) provinces. The focus areas will encompass the DoE's primary areas of delivery including developments in the Integrated National Electrification Programme, Renewable Energy Independent Power Producers Programme, Fuel Security and Pricing, Nuclear Build, Bio-fuels, Energy Efficiency, and the status of Energy Legislation, among others.

#### 1.1.9 Service Delivery Improvement Plan

The Department has developed a Service Delivery Improvement Plan (SDIP) for the period 1 April 2013 to 31 March 2016 which aims to:

- Outline the key services that the DoE provides;
- Identify the key services that the DoE will focus on improving during the next three years;
- Identify the beneficiaries that coincide with these key services; and
- Complete the DoE template, to ensure that the DoE is aligned with the norms and standards.

The SDIP working group adopted the following three-phased approach to compiling the SDIP:

	1 Establish a baseline model	2	Identify opportunities	3	Develop SPID for the Department
Key activities:	Determine the service delivery baseline model by conducting interviews and workshops in line with the following areas:  Services; Channels; Facilities; IT infrastructure; Organisational structure; Processes; and Customers.	•	Analyse data gathered; Prioritise improvement areas using data collected during interview and the baseline workshops; and Ensure alignment to the DOE Strategic Plan, APP and the NDP.	•	Develop draft SDIP for the Department to be reviewed at EXCO and MANCO meetings; and Link the SPID to Government and Department strategic objectives.
Key outcomes:	Baseline service delivery model	•	Prioritised service delivery improvement areas	•	Service delivery improvement plans

The following Service Delivery Improvement Priorities (SDIP) were identified during the SDIP prioritisation workshop:

- Improvement of the petroleum licensing process;
- Electrification of the country, in particular low cost residential housing; and
- Improvement of the nuclear licensing process.

Monitoring the implementation of the SDIP will be done by the DoE on a quarterly basis and will be reported to the DPSA annually. Additionally, the reporting cycles will be aligned with the MTEF period as stipulated by National Treasury. The SDIP will be reviewed on an annual basis as part of the strategic planning process.

The following tables from the SDIP are attached as Annexure A:

- Service levels and challenges experienced;
- Key services identified for improvement; and
- Improvement interventions in terms of the criteria determined by the templates provided by the DPSA.

## 1.2 Organisational Environment

#### **Funding**

Following a review of its organisational structure in 2013/14, the Department was allocated additional funding of R84 million to increase the approved establishment to 624 posts in 2014/15, in line with the resources required for the Department to carry out its mandate. As a result, expenditure on compensation of employees is expected to increase over the medium term, largely due to increased staff costs.

Training will be implemented according to the Training Plan and Workplace Skills Plan with an amount of R5.24 million being set aside for the financial year. Special attention will be given to the youth and women in management. Thirty interns will be appointed from 1 April 2014 for 12 months in line with the relevant prescripts which allow us to appoint interns equivalent to 5% of the total establishment. The Department will continue to implement the learnership programme sponsored by the Chemical Industries Education and Training Authority (CHIETA).

The Department of Energy commissioned a Culture Survey as the starting point for its Culture Change Journey in 2013/14. The Culture Survey was followed by Phase 2 that had one of its deliverables being the development of a Road Map (framework) for the Culture Change Journey.

The DoE has prioritised two (2) out of eight (8) strategies to be implemented this year, namely:

- Use of values to inform, engage and mobilise organisational energy for the Culture Change Journey; and
- Design and implement an intervention in each of the newly formed branches.

#### Vacancy Rate

The national annual target for the reduction of the vacancy rate within government is set at 15%. The DoE has continually exceeded this target and thus has set itself an annual vacancy rate target of below 10%. This has also been achieved, with an average vacancy rate of below 9% having been maintained throughout the year. Going forward, the Department will enhance its interventions to maintain the target at below 10%.

#### Persons with Disabilities

At the beginning of the 2013/14 fiscal year, the actual percentage of persons with disabilities employed by the Department was 0.54%. This percentage was significantly increased to 1.64% during the year, against the national target of 1.8%. The set target will be aligned with the national target for the ensuing fiscal years. The Department has adopted a policy decision to ensure that even at internship/learnership levels, a certain percentage of the intake will be set aside for persons with disabilities, as this will provide a feeder pipeline for future employment within departmental ranks.

#### Female Representation

At the start of the fiscal year, female representation at Senior Management Service (SMS) level was 39.44% and stood at 41.55% by year end. This achievement falls slightly short of the set target of 42.5% for March 2014, and the target will be further increased to align with the national target of 50%.





# SECTION 2: REVISIONS TO LEGISLATIVE AND OTHER MANDATES

The following legislation is scheduled for submission to Cabinet and Parliament:

NAME OF THE BILL	STRATEGIC FOCUS OF THE BILL	DATE FOR SUBMISSION OF BILL TO CABINET	DATE FOR SUBMISSION OF THE BILL TO PARLIAMENT	IMPACT
Independent System and Market Operator Bill	To encourage IPP participation in electricity generation through establishment of an independent buyer.	June 2012	March 2013	Subsequent to the resolution of the Portfolio Committee on Energy and the report of the Portfolio Committee on Public Enterprises on 15 July 2013, the Department held a stakeholder workshop with relevant stakeholders at Eskom and DPE to clarify areas of concern and map a way forward.
Electricity Regulation Amendment Bill (to amend the Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended)	To provide a regulatory framework that promotes IPP participation.	June 2012	March 2013	Extensive stakeholder engagement was undertaken on the Bill, which is now with the State Law Advisor for scrutiny and consideration. Pre-certification has been issued by the State Law Advisor for the Bill to be taken to Cabinet.  The DoE electricity team does not support the resubmission of the legislation to Cabinet, as Cabinet has already endorsed stakeholder consultation and further processing.  The team has since corresponded with the Cabinet Secretariat to get clarity and confirmation on the State Law Advisor's recommendation.
Energy Regulator Amendment Bill (to amend the National Energy Regulator Act, 2004 (Act No. 40 of 2004))	To promote efficient regulation of the energy sector.	March 2013	March 2013	Extensive stakeholder engagement was undertaken on the Bill, which is now with the State Law Advisor for scrutiny and consideration. Pre-certification has been issued by the State Law Advisor for the Bill to be taken to Cabinet.  The DoE electricity team does not support resubmission of the legislation to Cabinet, as Cabinet has already endorsed stakeholder consultation and further processing.  The team has since corresponded with the Cabinet Secretariat to get clarity and confirmation on the State Law Advisor's recommendation.



# 3.1 Expenditure Estimates

The Department's 2014/15 expenditure estimates and MTEF baseline are as follows:

# Summary

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK							
	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17			
PROGRAMMES	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline			
	Rand Thousand										
Administration	121 602	192 689	216 776	220 958	219 628	244 122	255 597	271 973			
Energy Policy and Planning	1 607 245	1 541 920	1 545 323	51 156	47 201	52 583	50 261	53 635			
Petroleum and Petroleum Products Regulation	24 082	27 173	44 389	68 404	68 806	82 745	79 767	83 615			
Electrification and Energy Programme and Project Management	2 772 123	3 274 483	3 115 950	3 924 088	3 952 537	4 199 212	5 890 333	6 203 097			
Nuclear Energy	612 344	642 266	643 228	709 992	708 798	850 502	682 304	718 675			
Clean Energy	367 990	495 731	1 093 318	1 623 574	1 506 274	1 986 475	1 030 329	1 053 889			
Total	5 505 386	6 174 262	6 658 984	6 598 172	6 503 244	7 415 639	7 988 591	8 384 884			



			BASELINE			MEDIUM-TERM	I EXPENDITURE	FRAMEWORK			
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17			
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline			
	Rand Thousand										
Current payments	233 860	341 174	371 693	468 829	460 307	518 334	529 999	562 308			
Compensation of employees	142 826	184 837	201 485	247 562	242 562	291 947	307 433	328 271			
Salaries and wages	123 913	162 738	177 273	215 065	210 407	251 075	264 395	282 316			
Social contributions	18 913	22 099	24 212	32 497	32 155	40 872	43 038	45 955			
Goods and services	91 034	156 337	170 208	221 267	217 745	226 387	222 566	234 037			
Administrative fees	1 997	2 331	2 267	2 994	2 994	3 037	3 233	4 010			
Advertising	2 594	2 703	3 481	8 124	8 014	7 731	7 972	28 474			
Assets less than the capitalisation threshold	753	230	125	2 439	2 769	6 036	6 343	4 440			
Audit cost: External	1 879	4 104	4 781	2 496	2 496	3 149	3 348	3 550			
Bursaries: Employees	416	837	793	1 030	1 607	871	918	966			
Catering: Departmental activities	1 435	1 623	1 477	1 699	1 699	2 022	2 074	2 389			
Communication Goods and Services (G&S)	4 236	5 826	6 539	7 172	7 172	9 719	10 077	11 645			
Computer services	2 834	6 598	7 428	13 462	8 823	7 209	8 062	8 522			
Consultants and professional services: Business and advisory services	9 791	35 563	15 358	18 383	17 909	34 857	30 197	30 317			
Consultants and professional services: Infrastructure and planning	-	-	-	1 800	1 800	-	-	-			
Consultants and professional services: Laboratory services	-	-	-	4 008	4 008	-	-	-			
Consultants and professional services: Legal costs	46	914	4 374	-	-	491	485	510			
Contractors	3 115	1 481	3 720	1 596	2 596	1 773	1 900	1 841			
Agency and support/outsourced services	416	374	357	10 404	10 035	2 510	2 613	926			

			BASELINE			MEDIUM-TERN	I EXPENDITURE	FRAMEWORK
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline
5					nousand			
Entertainment	83	114	57	115	115	174	181	208
Fleet services (including government motor transport)	-	-	162	-	-	708	746	786
Inventory: Clothing material and accessories	-	-	-	-	-	2	2	2
Inventory: Fuel, oil and gas	9	17	21	18	26	4	4	5
Inventory: Learner and teacher support material	49	2	2	314	314	-	2	-
Inventory: Materials and supplies	150	122	232	239	239	33	34	36
Inventory: Medical supplies	-	-	-	3	3	-	-	-
Inventory: Medicine	-	24	1	-	-	1	1	469
Medsas inventory interface	-	-	-	2	2	2	-	-
Inventory: Other supplies	95	402	491	288	288	300	314	91
Consumable supplies	-	-	-	-	30	815	859	906
Consumable: Stationery, printing and office supplies	1 692	2 452	2 476	5 204	5 204	4 032	4 260	4 605
Operating leases	17 284	25 830	28 575	41 308	36 747	36 914	38 909	40 881
Property payments	607	472	20 151	181	582	2 337	2 242	3 235
Transport provided: Departmental activity	-	-	-	3 839	3 839	4 238	4 302	538
Travel and subsistence	31 820	40 121	37 009	61 210	62 891	57 758	52 787	56 382
Training and development	1 323	2 522	2 095	290	1 192	5 239	5 518	5 807
Operating payments	3 447	13 463	23 989	5 496	5 896	6 664	7 027	8 912
Venues and facilities	4 963	8 210	4 237	27 153	28 455	27 334	27 706	13 110
Rental and hiring	-	2	10	-	-	427	450	474

00

			BASELINE			MEDIUM-TERM	I EXPENDITURE	FRAMEWORK
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline
				Rand Ti	nousand			
Transfers and subsidies	5 268 206	5 829 000	6 276 700	6 124 192	6 034 264	6 892 110	7 453 162	7 816 854
Municipalities	1 253 382	1 376 611	1 351 443	1 815 494	1 815 494	1 701 563	2 244 395	2 368 878
Departmental agencies and accounts	81 536	55 530	99 022	202 504	202 504	196 382	123 950	93 664
Foreign governments and international organisations	-	-	-	13 577	13 577	12 055	12 481	13 142
Public corporations	3 902 820	4 223 644	4 767 576	4 001 109	3 883 109	4 885 115	4 970 881	5 234 337
Private enterprises	30 389	173 051	58 328	91 152	119 224	96 621	101 067	106 424
Social benefits	57	134	327	356	356	322	333	351
Other transfers to households	22	30	4	-	-	52	55	58
Payments for capital assets	3 320	4 029	10 555	5 151	8 673	5 195	5 430	5 722
Transport equipment	736	1 259	350	-	-	-	-	-
Other machinery and equipment	2 584	2 770	9 590	5 151	8 673	5 195	5 430	5 722
Software and other intangible assets	-	-	615	-	-	-	-	-
Payments for financial assets	-	59	36	-	-	-	-	-
Total economic classification	5 505 386	6 174 262	6 658 984	6 598 172	6 503 244	7 415 639	7 988 591	8 384 884

## 3.2 Performance and Expenditure Trends

The spending focus over the medium term will continue to be on expanding the integrated national electrification programme to increase the number of households with a connection to the electricity grid and the number of non-grid connections, provide substation infrastructure, and promote energy efficiency through the continuation of the solar water geyser programme. Thus, over the medium term, 93.2% of the Department's budget is expected to be transferred to the implementing municipalities and agencies, and the state-owned company Eskom. Transfer payments for the Integrated National Electrification Programme (INEP), and the Energy Efficiency and Demand-Side Management Programme, constitute on average 67.4% and 15.5% of total expenditure over the medium term.

Established in 2001/02, the INEP aims to address electrification backlogs in line with the recommendations of the 1998 White Paper on Energy Policy. Over the past ten (10) years, the programme has electrified newly built households and informal settlements, and reduced backlogs. The new Household Electrification Strategy, which was approved by Cabinet in June 2013, has set a universal access target of 97% by 2025. The strategy focuses on the electrification of about 90% of households through grid connections, and the remainder through high quality non-grid solar home systems or other possible technologies based on cost effective options. The implementation of this strategy is evident in the increase in transfers and subsidies, as well as the Electrification and Energy Programme and Project Management Programme over the medium term. To increase the number of households connected to the electricity grid, spending in this programme increased by 12.5% between 2010/11 and 2013/14. In 2012/13, 193 492 connections were made, of which 166 130 were non-grid

connections and 9 343 were off-grid connections. Eskom made 142 872 of the grid connections, while municipalities made 50 620. Over the medium term, total expenditure is estimated to increase to R8.4 billion in 2016/17, mostly in transfers and subsidies, in order to provide for the expansion and acceleration of electrification programmes to meet the universal access target.

As government and Eskom have sought to make solar water heating technology more affordable and accessible to citizens, the Department rolled out the Solar Water Heating Programme in 2012/13, through its Clean Energy Programme. Thus expenditure in the programme increased significantly from R368 million in 2010/11 to R1.5 billion in 2013/14 due to the rollout of one (1) million solar water heating units. Over the medium term, expenditure is expected to decrease to R1.1 billion in order to match allocations with delivery.

The South African Nuclear Energy Corporation's SAFARI-1 nuclear reactor, which provides products and services to various market sectors including industry and medicine, receives 36% of the additional funding of R190 million over the medium term, through the Nuclear Energy Programme. The additional funding is to make improvements to the nuclear reactor, conduct research and development, and upgrade and refurbish the Pelindaba facilities in 2014/15.

Cabinet-approved budget reductions of R15 million in 2014/15, R10 million in 2015/16 and R5 million in 2016/17 are made to the Department's budget. These reductions will be implemented in the energy efficiency and demand side management grant paid to municipalities as a result of slow spending.

The significant increase in spending on compensation of employees between 2010/11 and 2013/14 was due to

additional funds for capacitating areas in the Department where critical skills are required, mainly in the Electrification and Energy Programme and Projects Management and Nuclear Energy Programmes. Over this period, the Department's filled posts increased to 616 in 2013/14, including 54 filled in addition to the approved establishment. Following a review of its organisational structure in 2013/14, the Department was allocated additional funding of R84 million to increase the approved establishment to 624 posts in 2014/15, in line with the resources required for the Department to carry out its mandate. As a result, expenditure on compensation of employees is expected to increase over the medium term.

#### Infrastructure Spending

#### Mega Project: Integrated National Electrification Programme

The Department makes transfer payments to Eskom and municipalities for the Integrated National Electrification Programme. These payments fund infrastructure for the electrification of households, and the building and upgrading of substations and electrical networks. Between 2010/11 and 2013/14, R12.4 billion was spent on electricity infrastructure, of which R4.6 billion was spent by municipalities. R7.5 billion by Eskom, and R315.3 million by non-grid service providers. The spending provided electricity connections to 508 989 households over the period. The non-grid electrification programme will in future be implemented throughout the country, including those parts outside concessionary areas and particularly those rural areas with low consumption households. In addition non-arid to high density urbanised informal areas are to be rolled out where it is unsafe to roll out gird electricity supply. A once-off allocation of R320 million in 2013/14 was distributed to nine (9) municipalities facing severe electricity distribution challenges, in order to improve their distribution asset condition.

Over the medium term, the spending on electrification infrastructure is expected to increase to R6.1 billion in 2016/17 to electrify one (1) million households over the medium term. 50 new substations will also be built, 32 by Independent Power Producers, while a total of 30 substations will be upgraded.

#### Mega Project: New Generation Capacity through Independent Power Producers

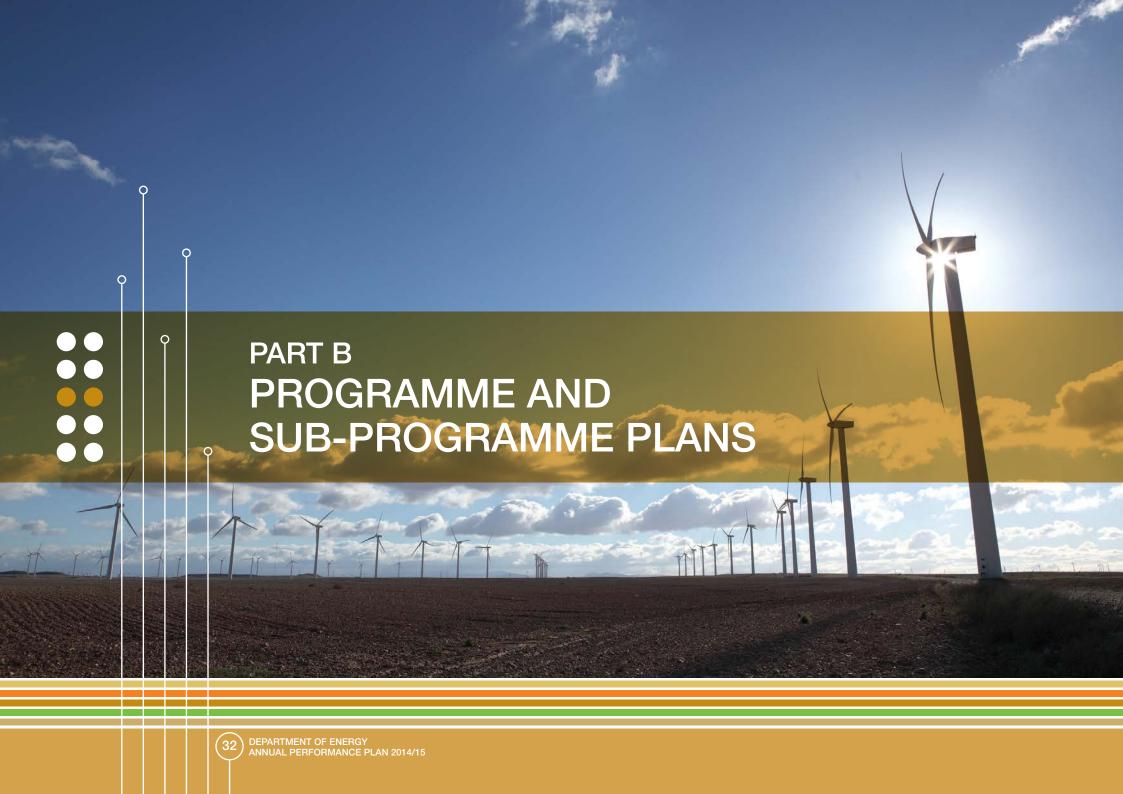
In line with the NDP the energy sector has developed sector plans: the Integrated Resource Plan (IRP) for Electricity, the Gas Utilisation Master Plan for gas, and the Plan for Liquid Fuels. The implementation of the IRP to ensure energy security involves the development of infrastructure, including power stations and transmission lines, by Eskom and Independent Power Producers. The Department has focused on introducing Independent Power Producers using renewable energy technologies such as wind, solar photovoltaic, concentrating solar power, biomass

and hydro, through bidding rounds, in terms of which project developers compete on the most attractive projects that yield the lowest cost to the electricity consumer while maximising local economic development. By September 2013, three bidding rounds under the Renewable Energy Independent Power Producers Procurement Programme had been concluded to contract for about 3 900 MW, which represents approximately R120 billion in direct investment in the green economy. Further bidding rounds in which bidders will be awarded contracts for generating 1 000 MW will be held each year until the capacity of 18 GW has been created, in line with the IRP.

In addition to their involvement in this Renewable Energy Programme, Independent Power Producers are due to be introduced to the Baseload Programme utilising coal, co-generation, gas, and imported hydro technologies. This is in parallel to the Baseload Programme executed by Eskom, in terms of which Medupi and Kusile power stations are being developed.









# 1.1 Purpose

Provide strategic support and management services to the Ministry and the Department.

# 1.2 Strategic Objectives

The Strategic Objectives (SOs) of Programme 1 are as follows:

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
SO 1.1 Finance and Supply Chain Management	To provide financial management, accounting, and supply chain and asset management services to the DoE.
SO 1.2 Corporate Support	To provide corporate support to the DoE.
SO 1.3 Governance and Compliance	To ensure good corporate governance and compliance by the DoE and state-owned entities (SOEs).
SO 1.4 International Co-ordination	To support the Minister, Deputy Minister, Director-General (DG), DoE and energy sector with their international engagements and obligations.

# 1.3 Cross-cutting Programme 1: Sub-programmes

# 1.3.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACTUAL PERFORMANCE (BASELINE)			ESTIMATED PERFORMANCE	N/IEI III		UM-TERM TARGETS	
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
SO 1.1 Finance and Supply Chain Management; SO 1.2 Corporate Support; SO 1.3 Governance and Compliance; and	Result of annual audit.	N/A – (Qualified audit report by the Auditor-General for 2009/10 for the former DME (DoE only established in May 2009)).	Unqualified audit report by the Auditor-General achieved for 2010/11.	Unqualified audit report by the Auditor-General achieved for 2011/12.	Unqualified audit report by the Auditor-General achieved for 2012/13.	Unqualified audit report by the Auditor-General achieved for 2013/14.	Unqualified audit report by the Auditor-General achieved for 2013/14.	Unqualified audit report by the Auditor-General achieved for 2013/14.	
SO 1.4 International Co-ordination									

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACTUAL PERFORMANCE (BASELINE)			ESTIMATED PERFORMANCE			
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 1.1 Finance and Supply Chain Management; SO 1.2 Corporate Support; SO 1.3 Governance and Compliance; and SO 1.4 International Co-ordination	Average score on the Management Performance Assessment Tool (MPAT).	MPAT only implemented in 2012/13 for self-assessment of 2011/12.	MPAT only implemented in 2012/13 for self-assessment of 2011/12.	Average MPAT score of 2.5 achieved for self-assessment of 2011/12:  KPA 1 - 3.0;  KPA 2 - 2.8;  KPA 3 - 2.4; and  KPA 4 - 2.0.	Average MPAT score of at least 2.8 achieved for moderated assessment of 2012/13; with at least the following sub-scores:  KPA 1 – 3.2;  KPA 2 – 3.0;	Average MPAT score of at least 3.1 achieved for moderated assessment of 2013/14; with at least the following sub-scores:  KPA 1 – 3.3;  KPA 2 – 3.2;	Average MPAT score of at least 3.5 achieved for moderated assessment of 2014/15; with at least the following sub-scores:  KPA 1 – 3.5;  KPA 2 – 3.5;	Average MPAT score of at least 3.75 achieved for moderated assessment of 2014/15; with at least the following sub-scores:  KPA 1 – 3.75;  KPA 2 – 3.75;
					<ul><li>and</li><li>KPA 4 – 2.4.</li></ul>	and • KPA 4 – 2.9.	<ul><li>and</li><li>KPA 4 – 3.5.</li></ul>	<ul><li>and</li><li>KPA 4 – 3.75</li></ul>

# 1.3.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME REPORTI		ANNUAL TARGET	QUARTERLY TARGETS						
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>			
Result of annual audit.	Annually (end of Second Quarter)	Unqualified audit report by the Auditor-General achieved for 2013/14.	No target set for this quarter.	Unqualified audit report by Auditor-General achieved for 2013/14.	No target set for this quarter.	No target set for this quarter.			
2. Average score on the Management Performance Assessment Tool (MPAT).	Annually (end of Third Quarter)	Average MPAT score of at least 3.1 achieved for moderated assessment of 2013/14; with at least the following sub-scores:  KPA 1 – 3.3;  KPA 2 – 3.2;  KPA 3 – 3.1; and	No target set for this quarter.	No target set for this quarter.	Average MPAT score of at least 2.5 achieved for moderated assessment of 2012/13; with at least the following sub-scores:  KPA 1 – 3.2;  KPA 2 – 3.0;  KPA 3 – 2.7; and	No target set for this quarter.			

### 1.4 Sub-programme 1.1: Ministry

(Chief Directorate: Ministerial and Parliamentary Services)

This sub-programme provides executive support to the Minister and Deputy Minister and provides a parliamentary service to the Minister, DoE and energy sector. No strategic objectives, performance indicators or targets were set for this sub-programme.

#### 1.5 Sub-programme 1.2: Departmental Management

(Chief Directorate: Office of the DG and Offices of Deputy Directors-General)

This sub-programme provides executive support to the DG and Deputy Directors-General (DDGs). No strategic objectives, performance indicators or targets were set for this sub-programme.

### 1.6 Sub-programme 1.3: Finance Administration

(Branch: Financial Management Services)

This sub-programme provides financial management, accounting, and supply chain management services to the DoE.

#### 1.6.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACTUAL PERFORMANCE (BASELINE)			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS			
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
SO 1.1 Finance and Supply Chain Management	1.3.1 Percentage of approved invoices paid within 30 days of receipt.	95% of creditors paid within 30 days.	100% of creditors paid within 30 days with exceptions with valid reasons.	100% rate of compliance with payments within 30 days with valid reasons for deviations.	100% approved invoices paid within 30 days of receipt.	100% approved invoices paid within 30 days of receipt.	100% approved invoices paid within 30 days of receipt.	100% approved invoices paid within 30 days of receipt.	

#### 1.6.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET	QUARTERLY TARGETS						
PERFORMANCE INDICATOR	DEDION 901/1/16	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>				
1.3.1 Percentage of approved invoices paid within 30 days of receipt.	Monthly	100% approved invoices paid within 30 days of receipt.	100% approved invoices paid within 30 days of receipt.	100% approved invoices paid within 30 days of receipt.	100% approved invoices paid within 30 days of receipt.	100% approved invoices paid within 30 days of receipt.			

# 1.7 Sub-programme 1.4: Audit Services

(Directorate: Audit Services)

This sub-programme provides an audit and support service to the DoE. No strategic objectives, performance indicators or targets were set for this sub-programme.

# 1.8 Sub-programme 1.5: Corporate Services

(Branch: Corporate Services and Branch: Governance and Compliance)

This sub-programme:

- Provides corporate support to the DoE; and
- Ensures good corporate governance and compliance by the DoE and SOEs.

## 1.8.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE INDICATOR	AUDITED/ACT	AUDITED/ACTUAL PERFORMANCE (BASELINE)			ESTIMATED MEDIUM-TERM TARGETS				
OBJECTIVE		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17		
SO 1.2 Corporate Support	1.5.1 Percentage of vacancy rate.	Vacancy rate reduced to 11.35% but rose again to 19.46%.	All funded vacancies were filled by 30 June 2011.	Vacancy rate below 15% maintained.	Vacancy rate reduced to at most 10%.	Vacancy rate below 10% maintained.	Vacancy rate below 10% maintained.	Vacancy rate below 10% maintained.		
	1.5.2 Percentage of people with disabilities employed.	N/A	N/A	*Rephrased target.	1.8% of people with disabilities employed.					
	1.5.3 Percentage of women in Senior Management Service (SMS) positions.	N/A	N/A	*Rephrased target.	42.5% of women in SMS positions.	50% of women in SMS positions.	50% of women in SMS positions.	50% of women in SMS positions.		
	1.5.4 Number of Izimbizo (Public Participation Programmes (PPPs)) conducted.	Ten (10) Ministerial PPPs conducted.	No data kept (no target in the Annual Performance Plan).	36 Ministerial PPPs conducted.	20 Izimbizo PPPs conducted.	20 Izimbizo PPPs conducted.	20 Izimbizo PPPs conducted.	20 Izimbizo PPPs conducted.		

# 1.8.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERI	QUARTERLY TARGETS							
PERFORMANCE INDICATOR	PERIOD	2014/15	1 <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>						
1.5.1 Percentage of vacancy rate.	Quarterly	Vacancy rate below 10% at least maintained.	Vacancy rate reduced to 15%.	Vacancy rate reduced to 13%.	Vacancy rate reduced to 11%.	Vacancy rate reduced to 10%.						
1.5.2 Percentage of people with disabilities employed.	Annually	1.8% of people with disabilities employed.	No target set.	No target set.	No target set.	1.8% of people with disabilities employed.						
1.5.3 Percentage of women in SMS positions.	Annually	42.5% of women in SMS positions.	No target set.	No target set.	No target set.	42.5% of women in SMS positions.						
1.5.4 Number of Izimbizo (Public Participation Programmes (PPPs)) conducted.	Quarterly	20 Izimbizo PPPs conducted.	Five (5) Izimbizo PPPs conducted.	Five (5) Izimbizo PPPs conducted.	Five (5) Izimbizo PPPs conducted.	Five (5) Izimbizo PPPs conducted.						

# 1.9 Sub-programme 1.6: Office Accommodation

(Branch: Corporate Services)

This sub-programme provides office accommodation and related support to the DoE. No strategic objectives, performance indicators or targets were set for this sub-programme.

# 1.10 Reconciling Performance Targets with the Budget and MTEF

## 1.10.1 Expenditure Estimates

The programme's 2014/15 expenditure estimates and MTEF baseline are as follows:

# Summary

			BASELINE			MEDIUM-TERM EXPENDITURE FRAMEWORK			
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17	
SUB-PROGRAMMES	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline	
		Rand Thousand							
Ministry	17 946	28 510	23 253	23 827	24 770	25 414	26 782	28 441	
Departmental Management	18 614	25 770	35 783	45 375	45 583	51 434	53 224	56 957	
Finance Administration	20 792	39 358	52 162	37 014	35 296	35 369	36 941	39 306	
Audit Services	2 346	4 471	5 863	5 364	5 293	5 530	5 800	6 188	
Corporate Services	54 834	69 320	74 098	73 369	77 238	91 127	95 702	101 992	
Office Accommodation	7 070	25 260	25 617	36 009	31 448	35 248	37 148	39 089	
Total	121 602	192 689	216 776	220 958	219 628	244 122	255 597	271 973	

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK							
	2010/11	2011/12	2012/13	201	2013/14		2015/16	2016/17			
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Adjusted Appropriation) Appropriation		Revised Baseline	Revised Baseline	Revised Baseline			
		Rand Thousand									
Current payments	118 209	188 472	206 014	215 701	210 879	238 553	249 779	265 842			
Compensation of employees	57 938	82 526	90 166	115 317	112 947	132 787	139 839	149 314			
Salaries and wages	50 958	72 706	79 606	100 179	98 281	114 197	120 262	128 411			
Social contributions	6 980	9 820	10 560	15 138	14 666	18 590	19 577	20 903			
Goods and services	60 271	105 946	115 848	100 384	97 932	105 766	109 940	116 528			

			BASELINE			MEDIUM-TERM	MEDIUM-TERM EXPENDITURE FRAMEWORK				
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17			
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline			
	Rand Thousand										
Administrative fees	1 279	1 130	1 335	1 355	1 355	1 144	1 211	1 271			
Advertising	1 848	1 363	1 089	3 233	3 233	1 679	1 637	1 725			
Assets less than the capitalisation threshold	739	198	124	260	590	3 098	3 260	3 430			
Audit cost: External	1 879	4 104	4 781	2 146	2 146	3 149	3 348	3 550			
Bursaries: Employees	416	837	793	30	675	871	918	966			
Catering: Departmental activities	1 131	1 304	663	759	759	637	670	709			
Communication (G&S)	2 995	4 532	5 016	4 327	4 327	6 640	7 013	7 402			
Computer services	2 830	6 598	7 427	3 000	1 500	5 743	7 480	7 761			
Consultants and professional services: Business and advisory services	2 460	20 064	4 638	5 5 1 6	5 186	3 966	3 923	4 122			
Consultants and professional services: Legal costs	46	914	4 374	-	-	491	485	510			
Contractors	1 012	1 387	3 020	1 211	2 211	1 347	1 422	1 496			
Agency and support/outsourced services	56	371	355	63	63	790	832	877			
Entertainment	61	114	57	115	115	169	175	184			
Fleet services (including government motor transport)	-	-	162	-	-	515	543	572			
Inventory: Clothing material and accessories	-	-	-	-	-	2	2	2			
Inventory: Fuel, oil and gas	9	16	20	8	16	4	4	5			
Inventory: Learner and teacher support material	11	-	1	19	19	-	-	-			
Inventory: Materials and supplies	150	121	228	238	238	33	34	36			
Inventory: Medicine	-	24	-	-	-	-	-	-			
Inventory: Other supplies	66	385	384	38	38	-	-	-			
Consumable supplies	-	-	-	-	30	340	359	380			

			BASELINE			MEDIUM-TERM	MEDIUM-TERM EXPENDITURE FRAMEWORK				
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17			
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline			
	Rand Thousand										
Consumable: Stationery, printing and office supplies	918	2 059	2 110	3 863	3 863	2 630	2 782	2 930			
Operating leases	16 186	25 829	28 575	41 254	36 693	36 858	38 851	40 881			
Property payments	607	472	20 147	181	582	2 307	2 211	2 328			
Transport provided: Departmental activity	-	-	-	-	-	16	17	18			
Travel and subsistence	19 069	24 214	22 041	24 296	24 499	22 922	21 764	23 638			
Training and development	1 283	2 058	1 396	225	1 147	5 239	5 518	5 807			
Operating payments	732	2 516	5 176	4 633	5 033	1 892	2 100	2 369			
Venues and facilities	4 488	5 334	1 936	3 614	3 614	2 931	3 009	3 167			
Rental and hiring	-	2	-	-	-	353	372	392			
Transfers and subsidies	79	129	179	356	356	374	388	409			
Households	79	129	179	356	356	374	388	409			
Payments for capital assets	3 314	4 029	10 548	4 901	8 393	5 195	5 430	5 722			
Transport equipment	736	1 259	350	-	-	-	-	-			
Other machinery and equipment	2 578	2 770	9 583	4 901	8 393	5 195	5 430	5 722			
Software and other intangible assets	-	-	615	-	-	-	-	-			
Payments for financial assets	-	59	35	-	-	-	-	-			
Total	121 602	192 689	216 776	220 958	219 628	244 122	255 597	271 973			

#### 1.10.2 Performance and Expenditure Trends

The Department embarked on a restructuring process in 2013/14 to achieve better alignment between the structure and its mandate. This included restructuring the regional offices to improve service delivery. The programme had provision for 282 posts in 2013/14 and five (5) posts were filled in addition to this provision. In 2013/14, the programme had 321 filled posts, the majority of which are in salary levels 7–10. Expenditure on

compensation of employees increased significantly over the medium term mainly due to additional funding of R29.5 million to improve the human resource capacity of the Department's support service structure in order to implement these and other objectives. This expansion in human resources is expected to result in an increase in expenditure on communication, training and development, and audit fees over the same period. Over the medium term, it is expected that the provision will increase to accommodate 329 posts, which also accounts for the strong

growth in the compensation of employees' budget to support human resource capacity in the line functions.

The Department relocated its Head Office during 2012/13 to Matimba House in Visagie Street to cater for the growing establishment. Thus, expenditure in the Office Accommodation sub-programme increased significantly in 2013/14. The relocation also accounts for a large increase in operating leases expenditure between 2010/11 and 2012/13.

## PROGRAMME 2: ENERGY POLICY AND PLANNING

### 2.1 Purpose

Ensure evidence-based planning, policy setting and investment decisions in the energy sector to improve energy security, through supply- and demand-side options, and increase competition through regulation.

# 2.2 Strategic Objectives

The Strategic Objectives (SOs) of Programme 2 are as follows:

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
SO 2.1 Energy Security	Improve energy security by:
	<ul> <li>Regulating demand and introducing a diversified mix of energy generation and energy efficiency technologies on an ongoing basis;</li> </ul>
	<ul> <li>Increasing competition in the energy sector by introducing Independent Power Producers utilising renewable technologies through a bidding process on an annual basis;</li> </ul>
	<ul> <li>Planning interventions to expand energy infrastructure through the development of a policy framework for the Integrated Energy Plan, the Integrated Resource Plan, the Liquid Fuels Infrastructure Roadmap, the Gas Utilisation Master Plan, the Transmission Development Plan, and the Major Distribution Infrastructure Plan, over the medium term; and</li> </ul>
	<ul> <li>Publishing an Annual Energy Statistics Report to facilitate information-based decision-making.</li> </ul>
SO 2.2 Approach to Distribution Asset Manageme	Address current and envisaged energy supply and distribution constraints by developing the planned Approach to Distribution Asset Management (ADAM) for the rehabilitation of critical municipal electricity distribution infrastructure by the end of June 2014

# 2.3 Sub-programme 2.1: Policy Analysis and Research

(Chief Directorate: Policy Analysis and Research)

This sub-programme develops key indicators and monitors the impact of energy sector policies, planning and interventions; analyses all energy policies and their impact on access to energy and on the security of energy supply; conducts research and analyses policies in relation to other countries; and carries out research and analyses national and international trends or developments that impact on the demand and supply of energy. In 2012/13, the Draft Integrated Energy Plan Report

was completed and circulated to the Integrated Energy Plan Steering Committee. It was also presented at an Integrated Energy Plan Colloquium before being forwarded to Cabinet for approval. The report was approved for public release by Cabinet and was subsequently published in the Government Gazette in 2013/14. By the end of September 2013, the first consultation workshop had been held in Johannesburg, with other provincial consultation workshops taking place in October and November 2013. This sub-programme had a staff complement of three (3) in 2013/14. There are no Programme Performance Indicators and Annual Targets for the Fiscal Years 2014/15 to 2016/17 for this sub-programme.

# 2.4 Sub-programme 2.2: Energy Planning

(Chief Directorate: Energy Planning)

This sub-programme develops and maintains various energy modelling tools to estimate future energy demand and explore alternative energy supply options; identifies energy supply constraints and addresses them through the Integrated Energy Plan; and manages the collection and maintenance of energy data and the dissemination of quality energy statistics and information. Over the medium term, the focus will be on developing tools to standardise the collection of similar data from disparate sources, centralising the storage of energy

data collected within the Department and disseminating energy statistics on a more frequent basis and through electronic media. The Department took over the collection and dissemination of fuel sales data from the South African Petroleum Industry Association (SAPIA) and since 2012

the data has been published on the Department's website and updated on a quarterly basis. The format and content of the energy price report has been enhanced to include more relevant price information, taking into account input from various stakeholders. Submission of various energy sector questionnaires continues to be submitted to various international organisations on a period basis as per multilateral agreements. This sub-programme had a staff complement of 23, including one (1) contracted intern, in 2013/14.

#### 2.4.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE	AUDITED/ACTUAL PERFORMANCE (BASELINE)				ESTIMATED MEDIUM-TERM TARGETS			ETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13		2013/14	2014/15	2015/16	2016/17
SO 2.1 Energy Security	2.2.1 Finalised Integrated Energy Plan (IEP) submitted to Cabinet for approval.	Significant work was done in developing the IEP, with the IEP methodology, the plausible futures and the IEP Strategy documents finalised. However, the IEP Strategy was not approved for publishing by Cabinet as was envisaged. The CSIR was contracted to develop the modelling system for the IEP and work on this commenced.	Work on the Plausible Futures, Policy Analysis Framework and Key Criteria upon which the outcomes of the IEP will be evaluated commenced and was shared with stakeholders at the Energy Planning Colloquium.	Draft IEP produced, including reports outlining model results.	1.	Draft IEP Report submitted to Cabinet for approval for public consultation.  Draft IEP published for public consultation.	Finalised IEP submitted to Cabinet for approval.	Target achieved in 2014/15.	Target achieved in 2014/15.

#### 2.4.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING ANNUAL TARGET		QUARTERLY TARGETS						
PERFORMANCE INDICATOR	PERIOD	2014/15	1 <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>			
2.2.1 Finalised Integrated Energy Plan (IEP) submitted to Cabinet for approval.	Quarterly/Annually	Finalised IEP submitted to Cabinet	Collate stakeholder comments on draft IEP and incorporate as appropriate.	Incorporate gas and electricity infrastructure plans into IEP.	Assess economic impact of IEP.	Finalised IEP submitted to Cabinet.			

# 2.5 Sub-programme 2.3: Hydrocarbon Policy

(Chief Directorate: Hydrocarbon Policy)

This sub-programme ensures a secure energy supply; well-managed demand; enhanced access to hydrocarbons, a transformed energy sector; and ensures that energy regulation and competition is improved through the development,

promulgation and maintenance of a statutory framework for petroleum, petroleum products, petroleum infrastructure, coal and gas. Between 2010 and 2013, Transnet's construction of the new multi-purpose pipeline from Durban to Johannesburg was monitored and reported on. In 2012/13, the final allocation of R1.5 billion was transferred to Transnet and an oversight visit to the Durban terminal was conducted. In 2013/14,

stakeholder comments were considered and incorporated into a Draft Gas Amendment Bill, which was then presented to the National Economic Development and Labour Council for analysis. This sub-programme had a staff complement of 20, including one (1) contracted intern, in 2013/14.

#### 2.5.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC PROGRAMME OBJECTIVE PERFORMANO		AUDITED/ACT	UAL PERFORMAN	ICE (BASELINE)	ESTIMATED PERFORMANCE	ME	ETS	
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 2.1 Energy Security	2.3.1 Finalised 20-Year Liquid Fuels Master Plan (20YRLFMP) submitted to Cabinet for approval and incorporated into the IEP.	No past data as the indicator is new.	No past data as the indicator is new.	No past data as the indicator is new.	Refinery audits completed.	Draft 20YRLFMP submitted to Cabinet for approval.	20YRLFMP incorporated into the IEP.	Target achieved in 2015/16.

#### 2.5.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME			QUARTERLY TARGETS						
PERFORMANCE INDICATOR	PERIOD	2014/15	1 <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>			
2.3.1 Finalised 20-Year Liquid Fuels Master Plan (20YRLFMP) submitted to Cabinet for approval and incorporated into the IEP.	Half yearly	Draft 20YRLFMP submitted to Cabinet for approval.	No target set.	Draft liquid fuels supply-demand report disaggregated into various load centres.	No target set.	Draft 20YRLFMP report submitted to Cabinet for approval.			

# 2.6 Sub-programme 2.4: Electricity, Energy Efficiency and Environmental Policy

(Chief Directorate: Electricity, Energy Efficiency and Environmental Policy)

This sub-programme ensures secure energy supply; well-managed demand and a transformed energy sector; and energy regulation and competition that is improved through

the development, promulgation and maintenance of a statutory framework for electricity over the medium term. A final Independent System and Market Operator Report was submitted to Parliament for consideration of options with, and without the incorporation of transmission assets. In 2012/13, the National Assembly considered the Independent System and Market Operator Bill, which provides for an independent, integrated system of power generation without transmission

assets. A draft report for the second phase of the South African Coal Roadmap was also developed. By the end of September 2013, the third window of the Renewable Energy Independent Power Producers Programme, during which bid documents were assessed, was completed, allowing for the selection of candidates prior to the start of construction work related to renewable energy technologies. This sub-programme had a staff complement of eight (8) in 2013/14.

# 2.6.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACT	UAL PERFORMAN	CE (BASELINE)	ESTIMATED PERFORMANCE	ME	DIUM-TERM TARG	BETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 2.1 Energy Security	2.4.1 Promulgated standard offer incentive scheme for solar water heaters and reducing energy in the building envelope.	Energy Efficiency and Demand Side Management (EEDSM) Standard Offer Policy was completed and signed off by the Minister on 20 May 2010. NERSA then published the rules for public comment.	Energy Conservation Scheme (ECS) rules were drafted but were pending approval. Energy Efficiency Accord with business revised and launched in the form of the Energy Efficiency Leadership Network.	Standard Offer Policy for Solar Water Heaters in place. Second review of National Energy Efficiency Strategy was approved by Cabinet for public consultation in October 2012. The draft National Energy Efficiency Action Plan (NEEAP) was completed and consultation in progress.	Promulgated policy for the standard offer scheme for solar water heaters.	Promulgated policy for the standard offer scheme for reducing energy in the building envelope.	Target achieved in 2014/15.	Target achieved in 2014/15.
SO 2.2 Approach to Distribution Asset Management	2.4.2 Norms and standards for municipal asset management set with the concurrence of the energy regulator and applied in all metropolitan municipalities.	No past data as the indicator is new.	No past data as the indicator is new.	No past data as the indicator is new.	No past data as the indicator is new.	Norms and standards for municipal asset management set with the concurrence of the energy regulator.	Norms and standards for municipal asset management applied in all metropolitan municipalities.	Target achieved in 2015/16.

# 2.6.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERL	Y TARGETS	
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>
2.4.1 Promulgated standard offer incentive scheme for solar water heaters and reducing energy in the building envelope.	Quarterly	Promulgated policy for the standard offer scheme for reducing energy in the building envelope.	Consultation on the standard offer scheme for reducing energy in the building envelope.	Promulgation of the standard offer scheme for reducing energy in the building envelope.	No target set for this quarter.	No target set for this quarter.
2.4.2 Norms and standards for municipal asset management set with the concurrence of the energy regulator and applied in all metropolitan municipalities.	Half yearly	Norms and standards for municipal asset management set with the concurrence of the energy regulator.	Stakeholder consultation on the draft norms and standards for asset management targeting metropolitan municipalities.	Stakeholder consultation on the draft norms and standards for asset management targeting eight (8) non-metropolitan municipalities.	Submission of norms and standards to energy regulator for approval.	Promulgation of norms and standards for municipal asset rehabilitation.

# 2.7 Reconciling Performance Targets with the Budget and MTEF

The 2014/15 expenditure estimates and MTEF baseline are as follows:

## Summary

2.7.1 Expenditure Estimates

			BASELINE			MEDIUM-TERM EXPENDITURE FRAMEWORK			
	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17	
SUB-PROGRAMMES	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline	
	Rand Thousand								
Policy Analysis and Research	69 739	3 443	11 895	8 596	3 827	4 425	4 078	4 339	
Energy Planning	20 546	17 120	14 876	22 556	21 740	25 356	23 815	25 306	
Hydrocarbon Policy	1 512 856	1 515 456	1 513 371	12 691	13 378	14 519	13 991	14 950	
Electricity, Energy Efficiency and Environmental Policy	4 104	5 901	5 181	7 313	8 256	8 283	8 377	9 040	
Total	1 607 245	1 541 920	1 545 323	51 156	47 201	52 583	50 261	53 635	

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK						
	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17		
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline		
	Rand Thousand									
Current payments	45 657	41 920	45 284	51 156	47 201	52 583	50 261	53 635		
Compensation of employees	31 340	30 390	33 403	34 200	30 629	35 495	37 375	39 909		
Salaries and wages	26 258	26 924	29 520	29 848	26 497	30 525	32 144	34 322		
Social contributions	5 082	3 466	3 883	4 352	4 132	4 970	5 231	5 587		



			BASELINE			MEDIUM-TERM	1 EXPENDITURE	FRAMEWORK		
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17		
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline		
	Rand Thousand									
Goods and services	14 317	11 530	11 881	16 956	16 572	17 088	12 886	13 726		
Administrative fees	289	259	252	665	665	485	512	539		
Advertising	318	159	299	73	73	450	475	499		
Assets less than the capitalisation threshold	11	22	1	47	47	33	36	38		
Catering: Departmental activities	124	74	36	532	532	189	199	210		
Communication (G&S)	460	235	432	341	341	794	669	706		
Computer services	-	-	-	-	-	27	28	30		
Consultants and professional services: Business and advisory services	5 025	6 681	5 928	2 123	1 979	1 107	1 267	1 334		
Contractors	2 076	-	172	8	8	109	114	120		
Agency and support/outsourced services	1	3	-	2 606	2 606	-	-	-		
Entertainment	2	-	-	-	-	-	-	-		
Inventory: Fuel, oil and gas	-	-	-	10	10	-	-	-		
Inventory: Learner and teacher support material	24	2	1	295	295	-	-	-		
Inventory: Materials and supplies	-	1	-	-	-	-	-	-		
Inventory: Other supplies	26	-	-	1	1	-	-	-		
Consumable supplies	-	-	-	-	-	1	1	1		
Consumable: Stationery, printing and office supplies	349	285	58	1 164	1 164	417	440	463		
Operating leases	13	1	-	-	-	-	-	-		
Travel and subsistence	3 829	3 334	3 776	9 037	8 817	9 171	5 202	5 634		
Training and development	40	123	136	23	3	-	-	-		
Operating payments	1 667	107	211	13	13	488	421	444		
Venues and facilities	63	244	579	18	18	3 817	3 522	3 708		

			BASELINE			MEDIUM-TERM EXPENDITURE FRAMEWORK				
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17		
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline		
	Rand Thousand									
Transfers and subsidies	1 561 582	1 500 000	1 500 031	-	-	-	-	-		
Departmental agencies and accounts	61 582	-	-	-	-	-	-	-		
Public corporations	1 500 000	1 500 000	1 500 000	-	-	-	-	-		
Households	-	-	31	-	-	-	-	-		
Payments for capital assets	6	-	7	-	-	-	-	-		
Other machinery and equipment	6	-	7	-	-	-	-	-		
Payments for financial assets	-	-	1	-	-	-	-	-		
Total	1 607 245	1 541 920	1 545 323	51 156	47 201	52 583	50 261	53 635		

#### 2.7.2 Performance and Expenditure Trends

The spending focus over the medium term will be on implementing the regulatory framework for the introduction of biofuels in the liquid fuels sector, completing the infrastructure plans for gas and liquid fuels, and revamping the legislative and regulatory frameworks for the sector. Key projects are expected to be finalised, such as the development of the energy modelling systems; the audit of refineries as an extension of scope under the 20-Year Liquid Fuels Infrastructure Road Map, which will look at unlocking bottlenecks in the supply value chain under the Energy Planning Sub-programme; and the Integrated Energy Plan (IEP) within the Policy Analysis and Research Sub-programme. The plan, which the Minister is mandated to review and publish annually in the Government Gazette, aims to prescribe an energy roadmap for the country. The plan will have integrated a number of other plans by the end of March 2014, including those relating to liquid fuels, gas,

energy efficiency and distribution, in order to provide policy direction in the energy sector in line with the developmental goals of the National Development Plan (NDP). Expenditure on goods and services, and particularly on consultants and professional services, is consequently expected to decrease over the medium term due to the completion of these plans.

In 2013/14, R6 million was earmarked for the review of the asset status of the electricity distribution industry, which is to be finalised in 2014/15. This resulted in a spike in expenditure on travel and subsistence in 2013/14, which continues in 2014/15. The pilot phase of asset rehabilitation, linked to this review, began in 2013/14, led by the Integrated National Electrification Programme in Programme 4 (Electrification and Energy Programmes and Projects Management).

The commissioning of the new multi-products pipeline between Durban and the inland market aims to reduce the constraints

in supplying liquid fuels to the inland market of Gauteng. Between 2010/11 and 2012/13, expenditure on transfers and subsidies grew significantly as a result of allocations to Transnet by the Hydrocarbon Policy Sub-programme for the construction of the pipeline, amounting to R4.5 billion. Expenditure in the sub-programme is consequently set to decrease significantly from 2013/14 onwards as a result of the conclusion of transfers to Transnet, in accordance with the grant funding agreement.

0 0

The programme had provision for 65 posts, and three (3) posts were filled in addition to this. As at 30 November 2013, 61 posts were filled. Expenditure on compensation of employees increased in 2012/13 due to the high number of filled posts as a result of the large number of interns and contract workers employed in that year. The number of posts is expected to decrease slightly over the medium term as fewer contract employees will be required.

#### PROGRAMME 3: PETROLEUM AND PETROLEUM PRODUCTS REGULATION

#### 3.1 Purpose

Manage the regulation of petroleum and petroleum products to ensure optimum and orderly functioning of the petroleum industry to achieve government's developmental goals.

### 3.2 Strategic Objectives

The Strategic Objectives (SOs) of Programme 3 are as follows:

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
SO 3.1 Compliance Monitoring and Enforcement	Ensure development and transformation of the liquid fuels industry and security of supply of petroleum products in the South African economy through monitoring and enforcing technical and economic compliance to legislation, specifications, standards and licence conditions in each year of the medium term.
SO 3.2 Petroleum Licensing	Facilitate participation of Historically Disadvantaged Individuals (HDIs) in the petroleum sector by enforcing compliance by wholesalers, manufacturers and retailers with the liquid fuels charter in the adjudication of licences on an ongoing basis.
SO 3.3 Fuel Price Regulation	Strengthen the regulatory framework in the liquid fuels petroleum industry by implementing the Regulatory Accounting System (RAS) to have a transparent fuel pricing mechanism that will reward investors in the liquid fuels sector throughout the value chain, by 2013/14.

# 3.3 Sub-programme 3.1: Petroleum Compliance, Monitoring and Enforcement

This sub-programme monitors compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. This includes compliance with import and export conditions as well as enforcement of the submission of data

by industry. The sub-programme also processes arbitration requests as well as promotion of access to information requests on behalf of the Controller of Petroleum Products, and assists in finalising appeals based on decisions of the Controller. On an annual basis, the sub-programme aims to conduct 1 500 retail site inspections for petroleum manufacturers, wholesalers and retailers to ensure compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions. In 2012/13, 1 717 site inspections were carried out. By the end of September 2013, 845 inspections had been conducted. 20 non-compliance issues were identified, six (6) were resolved immediately and 14 enforcement notices were issued. This sub-programme had a staff complement of 14 in 2013/14.

# 3.3.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACT	UAL PERFORMAN	ICE (BASELINE)	ESTIMATED PERFORMANCE	ME	DIUM-TERM TARC	GETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 3.1 Compliance Monitoring and Enforcement	3.1.1 Number of new petroleum retail site inspections per year.	3 360 retail site compliance inspections conducted.	1 500 retail site compliance inspections conducted.	1 500 retail site compliance inspections conducted.	1 500 retail site compliance inspections conducted.	2 000 retail site compliance inspections conducted.	2 500 retail site compliance inspections conducted.	3 000 retail site compliance inspections conducted.
	3.1.2 Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections.	No past data as the indicator is new.	No past data as the indicator is new.	No past data as the indicator is new.	Enforcement notices issued in 80% of cases where non- compliance was identified during routine compliance inspections.	Enforcement notices issued in 85% of cases where non-compliance is identified during routine compliance inspections.	Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections.	Enforcement notices issued in 90% of cases where non-compliance is identified during routine compliance inspections.
	3.1.3 Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during fuel sample testing.	No past data as the indicator is new.	No past data as the indicator is new.	No past data as the indicator is new.	Enforcement notices issued in 95% of cases where non-compliance was identified during routine fuel samples testing.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel samples testing.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel samples testing.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel samples testing.
SO 3.2 Petroleum Licensing	3.1.4 Percentage of arbitration requests finalised within the prescribed timeframes.	No past data as the indicator is new.	100% of arbitration notices issued for arbitration requests.	100% of arbitration notices issued for arbitration requests.	100% of arbitration requests finalised within the prescribed timeframes.	100% of arbitration requests finalised within the prescribed timeframes.	100% of arbitration requests finalised within the prescribed timeframes.	100% of arbitration requests finalised within the prescribed timeframes.

#### 3.3.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET	QUARTERLY TARGETS						
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>			
3.1.1 Number of new petroleum retail site inspections per year.	Monthly	2 000 retail site compliance inspections conducted.	500 retail site compliance inspections conducted.	1 000 retail site compliance inspections conducted (cumulative target).	1 500 retail site compliance inspections conducted (cumulative target).	2 000 retail site compliance inspections conducted (cumulative target).			
3.1.2 Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during routine compliance inspections.	Quarterly	Enforcement notices issued in 85% of cases where non-compliance is identified during routine compliance inspections.	Enforcement notices issued in 85% of cases where non-compliance is identified during routine compliance inspections.	Enforcement notices issued in 85% of cases where non-compliance is identified during routine compliance inspections.	Enforcement notices issued in 85% of cases where non-compliance is identified during routine compliance inspections.	Enforcement notices issued in 85% of cases where non-compliance is identified during routine compliance inspections.			
3.1.3 Percentage of cases where enforcement notices are issued in cases where non-compliance is identified during fuel sample testing.	Quarterly	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing.	Enforcement notices issued in 95% of cases where non-compliance is identified during routine fuel sample testing.			
3.1.4 Percentage of arbitration requests finalised within the prescribed timeframes.	Monthly	100% of arbitration requests finalised within the prescribed timeframes.	100% of arbitration requests finalised within the prescribed timeframes.	100% of arbitration requests finalised within the prescribed timeframes.	100% of arbitration requests finalised within the prescribed timeframes.	100% of arbitration requests finalised within the prescribed timeframes.			

# 3.4 Sub-programme 3.2: Petroleum Licensing and **Fuel Supply**

This sub-programme manages the adjudication of petroleum licence applications; regulates the permitting of the export and import of petroleum products; monitors fuel stock levels; and co-ordinates corrective actions to avoid fuel shortages. This entails conducting licence analyses, and ensuring permit and charter compliance and hydrocarbon supply. This entails adjudication on different licence types in accordance with the Petroleum Products Act. The Act prescribes that a licence application be adjudicated within 90 days. In an effort to contribute to job creation, the Department has made a commitment to reduce new-to-industry retail and site licence turnaround time to 60 days. In 2012/13, no fuel supply shortages were experienced and through regular meetings with the industry's heads of supply managers, corrective actions to avoid distribution shortages were implemented where necessary. By the end of September 2013, no fuel supply shortages had been experienced and 46 petroleum activity licence applications, excluding site and retail new-toindustry applications, were finalised within 90 days, against a target of 38. This sub-programme had a staff complement of 33 in 2013/14.

#### 3.4.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACTUAL PERFORMANCE (BASELINE)			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		BETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 3.2 Petroleum Licensing	3.2.1 Percentage of licence applications approved where BEE ownership is at least 50%.	No past data as the indicator is new.	No past data as the indicator is new.	No past data as the indicator is new.	Will only commence in 2014/15.	30% of licence applications approved have 50% BEE ownership.	40% of licence applications approved have 50% BEE ownership.	45% of licence applications approved have 50% BEE ownership.

#### 3.4.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING		QUARTERLY TARGETS						
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>			
3.2.1 Percentage of licence applications approved where BEE ownership is at least 50%.	Annually	30% of licence applications where BEE ownership is at least 50%.	No target set for this quarter.	No target set for this quarter.	No target set for this quarter.	30% of licence applications where BEE ownership is at least 50%.			

#### 3.5 Sub-programme 3.3: Fuel Pricing

This sub-programme regulates the pricing of petroleum products in accordance with the legislative framework. This entails the determination, review, update and maintenance of fuel levies and margins and the process of paying fuel levies. Fuel price administration includes developing, evaluating and monitoring price models; updating elements of the Basic Fuel Price (BFP); and ensuring secure audit services for the auditing of fuel

prices to ensure internationally competitive pricing of petroleum products, thereby enabling investment in the sector. This is a newly created sub-programme and its capacity will be built over the medium term. In 2012/13, the stakeholder consultation process on the fixed retail margin for illuminating paraffin was finalised, and a discussion document on the maximum refinery gate price was published. By the end of September 2013, the global energy information provider, Plats, had been consulted regarding elements to ensure internationally competitive

pricing in the administration of petroleum product pricing. The Department participated in the South African Petroleum Industry Association-Kellogg Brown Rood study on the review of the basic fuel price, and two reports on the implementation of the regulatory accounting system applicable to the adjustment of fuel margins and petrol attendants' wages were compiled and approved in 2013/14. The Regulatory Accounting System (RAS) was implemented in December 2013. This sub-programme had a staff complement of five (5) in 2013/14.

# 3.5.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACT	UAL PERFORMAN	CE (BASELINE)	ESTIMATED PERFORMANCE	ME	DIUM-TERM TARG	ETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 3.3 Fuel Price Regulation	3.3.1 Implement the Regulatory Accounting System (RAS).	"Rapid" RAS implemented (submission)	Progress reports on RAS implementation.	Progress reports on RAS implementation.	Progress reports on RAS implementation.	Implementation of RAS margins (submission).	Monitoring of RAS implementation.	Monitoring of RAS implementation.
	3.3.2 Determine  Benchmark Service  Station (BSS) asset base.	No past data as the indicator is new.	No past data as the indicator is new.	No past data as the indicator is new.	Conduct the service stations survey to determine the BSS asset base.	Conduct the service stations survey to determine the BSS asset base.	Adjust the BSS asset base using economic indices.	Adjust the BSS asset base using economic indices.
	3.3.3 Revised Magisterial District Zones (MDZ).	Quarterly	Promulgation and implementation of the MDZ system.	Appointment of a service provider to investigate the MDZ.	Progress Report on MDZ review.	Draft final report on MDZ review.	Implementation of the revised MDZ system.	Implementation of the revised MDZ system.
	3.3.4 Promulgation and implementation of bio-fuels pricing framework.	No regulatory framework to address bio-fuels pricing approach	Bio-fuels blending value and breakeven price studies completed and the final report approved by the Minister.	Published bio-fuels manufacturing support mechanism.	Gazette the bio-fuels pricing framework.	Gazette the bio-fuels pricing framework.	Implementation and monitoring of the bio-fuels pricing framework.	Implementation and monitoring of the bio-fuels pricing framework.
	3.3.5 Revised Basic Fuel Price (BFP) Working Rules.	BFP for diesel, illuminating paraffin and petrol based on import parity pricing.	The terms of reference for the review of BFP and MDZ have been finalised.	Conduct study on the BFP elements.	Conduct study on the BFP elements.	Publish the Discussion Document on the BFP review and consultation process.	Implementation and monitoring of the revised BFP.	Implementation and monitoring of the revised BFP.

#### 3.5.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERL	Y TARGETS	
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>
3.3.1 Implement the Regulatory Accounting System (RAS).	Quarterly	Progress reports on RAS implementation.				
3.3.2 Determine  Benchmark Service  Station (BSS) asset base.	Quarterly	Adjust the BSS asset base using economic indices.	Appointment of a service provider to undertake the study.	Progress report on the BSS asset base study.	Progress report on the BSS asset base study.	Implementation of the BSS asset base into the RAS margin calculations.
3.3.3 Revised Magisterial District Zones (MDZ).	Quarterly	Promulgation and implementation of the MDZ system.	Appointment of a service provider to investigate the MDZ.	Progress report on MDZ review.	Draft final report on MDZ review.	Implementation of the revised MDZ system.
3.3.4 Promulgation and implementation of bio-fuels pricing framework.	Quarterly	Implementation and monitoring of the bio-fuels pricing framework.	Implementation and monitoring of the bio-fuels pricing framework.	Implementation and monitoring of the bio-fuels pricing framework.	Implementation and monitoring of the bio-fuels pricing framework.	Implementation and monitoring of the bio-fuels pricing framework.
3.3.5 Revised Basic Fuel Price (BFP) Working Rules.	Quarterly	Promulgation and implementation of the revised BFP.	Stakeholder consultation report.	Stakeholder consultation report.	Consolidation of stakeholder inputs.	Published working rules.

# 3.6 Sub-programme 3.4: Regional Petroleum Regulation Offices

This sub-programme provides advice on integrated energy services, develops appropriate interventions to enhance and promote universal access to energy, and ensures economic and technical compliance with relevant legislation. In addition, all annual information submitted by licence holders is captured and analysed. In 2012/13, 13 licensing awareness campaigns relating to the Petroleum Products Act, 1977 (Act No. 120 of 1977) as amended, were conducted throughout the country to explain the legislation to the public. These campaigns

continued in 2013/14, with four (4) having been conducted by the end of September 2013. This sub-programme had a staff complement of 61 in 2013/14. There are no programme performance indicators or annual targets for the fiscal years 2014/15 to 2016/17 for this sub-programme.

# 3.7 Reconciling Performance Targets with the Budget and MTEF

## 3.7.1 Expenditure Estimates

The programme's 2014/15 expenditure estimates and MTEF baseline are as follows:

# Summary

			BASELINE			MEDIUM-TERM EXPENDITURE FRAMEWORK			
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17	
SUB-PROGRAMMES	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline	
				Rand Th	nousand				
Petroleum Compliance, Monitoring and Enforcement	2 607	1 240	4 488	14 876	13 662	16 277	17 635	17 384	
Petroleum Licensing and Fuel Supply	11 549	13 927	13 017	13 517	15 280	21 051	20 767	22 226	
Fuel Pricing	-	-	12 423	21 330	14 373	14 920	9 396	9 985	
Regional Petroleum Regulation Offices	9 926	12 006	14 461	18 681	25 491	30 497	31 969	34 020	
Total	24 082	27 173	44 389	68 404	68 806	82 745	79 767	83 615	

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK						
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17		
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline		
		Rand Thousand								
Current payments	24 082	27 159	44 379	68 404	68 806	82 745	79 767	83 615		
Compensation of employees	20 370	22 964	36 225	37 083	37 894	50 347	53 016	56 610		
Salaries and wages	17 758	19 994	31 090	32 154	33 164	43 299	45 594	48 686		
Social contributions	2 612	2 970	5 135	4 929	4 730	7 048	7 422	7 924		
Goods and services	3 712	4 195	8 154	31 321	30 912	32 398	26 751	27 005		
Administrative fees	93	195	216	421	421	383	403	426		

			BASELINE			MEDIUM-TERM	I EXPENDITURE	FRAMEWORK				
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17				
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline				
	Rand Thousand											
Advertising	46	150	378	822	782	1 104	1 163	1 224				
Assets less than the capitalisation threshold	3	5	-	36	36	197	208	219				
Catering: Departmental activities	41	33	327	187	187	489	465	541				
Communication (G&S)	177	260	366	1 389	1 389	710	749	789				
Computer services	-	-	-	1 200	1 200	1 111	209	222				
Consultants and professional services: Business and advisory services	1 617	287	1 743	2 309	2 309	14 784	10 415	9 445				
Consultants and professional services: Laboratory services	-	-	-	4 008	4 008	-	-	-				
Contractors	4	89	5	96	96	23	24	26				
Agency and support/outsourced services	1	-	2	6 118	5 749	8	9	9				
Entertainment	19	-	-	-	-	5	6	6				
Fleet services (including government motor transport)	-	-	-	-	-	192	202	213				
Inventory: Materials and supplies	-	-	1	1	1	-	-	-				
Inventory: Other supplies	-	8	6	9	9	82	87	91				
Consumable supplies	-	-	-	-	-	314	331	349				
Consumable: Stationery, printing and office supplies	29	43	176	68	68	92	97	102				
Property payments	-	-	4	-	-	30	31	33				
Transport provided: Departmental activity	-	-	-	-	-	47	50	53				
Travel and subsistence	1 658	2 760	3 970	14 310	14 310	8 230	7 585	8 290				
Training and development	-	97	537	5	5	-	-	-				
Operating payments	14	38	86	35	35	2 865	3 020	3 181				
Venues and facilities	10	230	327	307	307	1 658	1 619	1 704				
Rental and hiring	-	-	10	-	-	74	78	82				



			BASELINE	MEDIUM-TERM	MEDIUM-TERM EXPENDITURE FRAMEWORK						
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17			
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline			
	Rand Thousand										
Transfers and subsidies	-	14	10	-	-	-	-	-			
Households	-	14	10	-	-	-	-	-			
Payments for capital assets	-	-	-	-	-	-	-	-			
Payments for financial assets	-	-	-	-	-	-	-	-			
Total	24 082	27 173	44 389	68 404	68 806	82 745	79 767	83 615			

#### 3.7.2 Performance and Expenditure Trends

The spending focus over the medium term will be on monitoring and enforcing technical, economic, and legal compliance with legislation, specifications, standards and licence conditions by conducting fuel specification tests and issuing enforcement notices in cases where non-compliance is identified. The emphasis will be on the testing of fuel samples collected from licence holders, which explains the increase in expenditure on consultants and professional services for laboratory services in 2013/14. A service

provider is contracted to provide this service from 2014/15, which accounts for the increase in business and advisory services over the medium term.

Following a review of the Department's organisational and budget structure, the Department moved the Regional Petroleum Regulation Offices Sub-programme from the Electrification and Energy Programme and Project Management Programme to this programme. The move is expected to improve the alignment of the budget structure with the Department's mandate. Expenditure

on travel and subsistence increased significantly between 2010/11 and 2013/14 due to licensing awareness campaigns that were conducted throughout the nine (9) provinces.

The Department is also required to monitor compliance with the Petroleum Product Amendment Act, 1977 (Act No. 120 of 1977) with regards to the Liquid Fuels Charter; technical, legal and commercial aspects. The total number of inspections of retail and wholesale sites to be conducted during the fiscal year 2014/15 are 1 500.



### 4.1 Purpose

Manage, co-ordinate and monitor programmes and projects focused on access to energy.

# 4.2 Strategic Objectives

The Strategic Objectives (SOs) of Programme 4 are as follows:

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
SO 4.1 Integrated National Electrification Programme	Increase access to electricity by implementing and monitoring the Integrated National Electrification Programme, which aims to electrify an additional 890 000 (grid and non-grid) households by 2016/17.
SO 4.2 Project Management and Electricity Industry/	Ensure the efficient management of electricity supply by:
Infrastructure Transformation	<ul> <li>Enhancing the application of project management business principles to assist programme and project managers on an ongoing basis; and</li> </ul>
	<ul> <li>Continually co-ordinating, monitoring and reporting on the implementation of programmes and projects focused on the development, improvement and transformation of energy generation, refinement and transmission, and on the distribution industry and infrastructure.</li> </ul>
SO 4.3 Community Upliftment	Increase public awareness about energy issues while empowering disadvantaged and vulnerable groups by identifying, implementing, managing and co-ordinating upliftment programmes and projects on an ongoing basis.

# 4.3 Sub-programme 4.1: Integrated National Electrification Programme

This sub-programme oversees and manages the finance and implementation processes for the electrification programme; manages the annual planning processes including electrification

infrastructure plans; and manages and co-ordinates technical audits for the programme. In 2012/13, 202 835 connections were made, of which 193 492 were grid connections and 9 343 were non-grid connections. Eskom made 142 872 connections, while municipalities made 50 620. In addition, four (4) new substations were completed, five (5) were upgraded,

and 275 kilometres of new electrical lines were installed, while 85 kilometres were upgraded. By the end of September 2013, 172 428 new household connections had been achieved, including 7 684 non-grid connections. This sub-programme had a staff complement of 20, including two (2) contracted interns, in 2013/14.

# 4.3.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	OR IECTIVE PERFURIMANCE					MEDIUM-TERM TARGETS		
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 4.1 Integrated National Electrification Programme	4.1.1 Number of reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification of households	191 469 additional households electrified.	151 390 additional households electrified.	166 130 additional households electrified.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2012/13 target of 180 000 in the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrification towards the 2013/14 target of 200 000 in the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2014/15 target of 265 000 in the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2015/16 target of 275 000 in the electrification plan.
	projects per year in comparison to the electrification plan.				11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2013/14 target of 200 000 in the electrification plan.	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrification towards the 2014/15 target of 265 000 in the electrification plan.	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2015/16 target of 275 000 in the electrification plan.	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2016/17 target of 290 000 in the electrification plan.

STRATEGIC	STRATEGIC PROGRAMME PERFORMANCE					N	тѕ	
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	4.1.2 Number of reports on the allocation of funding and monitoring of progress on the building/ upgrading of electrification infrastructure projects per year.	Four (4) new bulk substations built.  Three (3) additional substations upgraded. 350 km new medium voltage (MV) power lines constructed. 200 km of existing MV power lines upgraded.	Seven (7) new bulk substations built. Ten (10) additional substations upgraded. 350 km new medium voltage power lines constructed. 200 km of existing MV power lines upgraded.	Four (4) new bulk substations built.  Five (5) additional substations upgraded.  275 km new medium voltage power lines constructed.  200 km of existing MV power lines upgraded.	One (1) annual report on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2012/13 target of:  Four (4) new bulk substations built;  Five (5) additional substations upgraded;  275 km new MV power lines constructed; and  200 km of existing MV power lines upgraded.	One (1) annual report on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2013/14 target of:  Six (6) new bulk substations built;  Ten (10) additional substations upgraded;  350 km new MV power lines constructed; and  220 km of existing MV power lines upgraded.	One (1) annual report on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2014/15 target of:  14 new bulk substations built;  Ten (10) additional substations upgraded;  350 km new MV power lines constructed; and  220 km of existing MV power lines upgraded.	One (1) annual report on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2015/16 target of:  16 new bulk substations built; Ten (10) additional substations upgraded; 450 km new MV power lines constructed; and 220 km of existing MV power lines upgraded.

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE	ANCE (BASELINE)			ESTIMATED PERFORMANCE	N	MEDIUM-TERM TARGETS			
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17		
					Three (3) quarterly reports on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2013/14 target of:	Three (3) quarterly reports on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2013/14 target of:	Three (3) quarterly reports on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2013/14 target of:	Three (3) quarterly reports on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2013/14 target of:		
					<ul> <li>Six (6) new bulk substations built;</li> </ul>	<ul> <li>14 new bulk substations built;</li> </ul>	<ul> <li>16 new bulk substations built;</li> </ul>	<ul> <li>20 new bulk substations built;</li> </ul>		
					<ul> <li>Ten (10) additional substations upgraded;</li> </ul>					
					<ul> <li>350 km new MV power lines constructed; and</li> </ul>	<ul> <li>350 km new MV power lines constructed; and</li> </ul>	<ul> <li>450 km new MV power lines constructed; and</li> </ul>	<ul> <li>450 km new MV power lines constructed; and</li> </ul>		
					<ul> <li>220 km of existing MV power lines upgraded.</li> </ul>	<ul> <li>220 km of existing MV power lines upgraded.</li> </ul>	<ul> <li>220 km of existing MV power lines upgraded.</li> </ul>	<ul> <li>220 km of existing MV power lines upgraded.</li> </ul>		
	4.1.3 Number of reports on the allocation of funding and monitoring of progress on the number of households electrified with non-grid electrification per year in comparison	No past data as the indicator is new.	No past data as the indicator is new.	9 343 non-grid connections.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2012/13 target of 10 000 in the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2013/14 target of 15 000 in the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2014/15 target of 15 000 in the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2015/16 target of 20 000 in the electrification plan.		

to the electrification plan.

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE	ERFORMANCE (BASELINE)			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
					11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2013/14 target of 15 000 in the electrification plan.	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2014/15 target of 15 000 in the electrification plan.	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2015/16 target of 20 000 in the electrification plan.	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2016/17 target of 25 000 in the electrification plan.

# 4.3.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERL	Y TARGETS		
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>	
4.1.1 Number of reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification per year in comparison	Annually	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2013/14 target of 200 000 in the electrification plan.	No target set for this quarter.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2013/14 target of 200 000 in the electrification plan.	No target set for this quarter.	No target set for this quarter.	
to the electrification plan.	Quarterly	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2014/15 target of 265 000 in the electrification plan.	Two (2) monthly reports (April and May) on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2014/15 target of 265 000 in the electrification plan.	Three (3) monthly reports (June to August) on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2014/15 target of 265 000 in the electrification plan.	Three (3) monthly reports (September to November) on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2014/15 target of 265 000 in the electrification plan.	Three (3) monthly reports (December to February) on the allocation of funding and monitoring of progress on the number of additional households electrified with grid electrification towards the 2014/15 target of 265 000 in the electrification plan.	

PROGRAMME	REPORTING ANNUAL TARGET			QUARTERL	Y TARGETS	
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>
4.1.2 Number of reports on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects per year.	Annually	One (1) annual report on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2013/14 target of:  Six (6) new bulk substations built;  Ten (10) additional substations upgraded;  350 km new medium voltage (MV) power lines constructed; and  220 km of existing MV power lines upgraded.	One (1) annual report on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2013/14 target of:  Six (6) new bulk substations built;  Ten (10) additional substations upgraded;  350 km new MV power lines constructed; and  220 km of existing MV power lines upgraded.	No target set for this quarter.	No target set for this quarter.	No target set for this quarter.
	Quarterly	Three (3) quarterly reports on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2014/15 target of:  14 new bulk substations built;  Ten (10) additional substations upgraded;  350 km new MV power lines constructed; and  220 km of existing MV power lines upgraded.	No target set for this quarter.	One (1) quarterly report (1st quarter) on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2014/15 target of:  14 new bulk substations built;  Ten (10) additional substations upgraded;  350 km new MV power lines constructed; and  220 km of existing MV power lines upgraded.	One (1) quarterly report (2nd quarter) on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2014/15 target of:  14 new bulk substations built;  Ten (10) additional substations upgraded;  350 km new MV power lines constructed; and  220 km of existing MV power lines upgraded.	One (1) quarterly report (3rd quarter) on the allocation of funding and monitoring of progress on the building/upgrading of electrification infrastructure projects towards the 2014/15 target of:  14 new bulk substations built;  Ten (10) additional substations upgraded;  350 km new MV power lines constructed; and  220 km of existing MV power lines upgraded.

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERI	Y TARGETS			
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>		
4.1.3 Number of reports on the allocation of funding and monitoring of progress on the number households electrified with non-grid electrification per	Annually	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2013/14 target of 15 000 in the electrification plan.	One (1) annual report on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2013/14 target of 15 000 in the electrification plan.	No target set for this quarter.	No target set for this quarter.	No target set for this quarter.		
year in comparison to the electrification plan.	Quarterly	11 monthly reports on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2014/15 target of 15 000 in the electrification plan.	Two (2) monthly reports (April and May) on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2014/15 target of 15 000 in the electrification plan.	Three (3) monthly reports (June to August) on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2014/15 target of 15 000 in the electrification plan.	Three (3) monthly reports (September to November) on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2014/15 target of 15 000 in the electrification plan.	Three (3) monthly reports (December to February) on the allocation of funding and monitoring of progress on the number of additional households electrified with non-grid electrification towards the 2014/15 target of 15 000 in the electrification plan.		

# 4.4 Sub-programme 4.2: Energy Regional Offices

This sub-programme provides advice on integrated energy services; develops appropriate interventions to enhance and promote universal access to energy; manages and co-ordinates regional electrification planning and ensures economic and technical compliance with relevant legislation. In 2012/13, the establishment of two (2) Integrated Energy Centres (IECs) was facilitated. These are one-stop shops that provide energy services and information to communities in Mbizana in Eastern Cape and Ulundi in KwaZulu-Natal. By the end of September 2013, three (3) IECs had been completed or were being built in Free State, Eastern Cape and Limpopo. This sub-programme had a staff complement of 19 in 2013/14.

# 4.5 Sub-programme 4.3: Programme and Projects Management Office

This sub-programme provides specialised assistance to programme and project managers, and management in general, to apply management principles, co-ordinate project information and report on projects. The focus will be on capacitating this sub-programme over the medium term through the development of a project management platform, the appointment and training of staff, and meeting with stakeholders to conduct planning sessions. In 2013/14, the requisite progress reports and dashboards were compiled and submitted to entities such as the Renewable Energy Independent Power Producer Procurement Programme's project office, and the Presidential Infrastructure Co-ordinating Commission secretariat. This sub-programme had a staff complement of six (6), including one (1) contracted

project integration manager, in 2013/14. There are no programme performance indicators and annual targets for the fiscal years 2014/15 to 2016/17 for this sub-programme is to establish another four (4) IECs.

# 4.6 Sub-programme 4.4: Energy Infrastructure/ Industry Transformation

This sub-programme oversees programmes and projects focused on the development, improvement and transformation of the electricity generation, transmission and distribution sector, and Independent Power Producers (IPPs). By the end of September 2013, the necessary strategic infrastructure project reports and a progress summary on all other project reports had been compiled and forwarded to the Presidential Infrastructure Co-ordinating Commission secretariat; a Strategic

Infrastructure Projects Business Plan had been compiled and was subsequently approved by the Minister; and contracts were finalised and signed with nine (9) municipalities facing significant

electricity distribution challenges as part of the Approach to Distribution Asset Management Pilot Project. All projects have since begun within these municipalities. The progress of these projects will be monitored by a steering committee of relevant stakeholders. This sub-programme had a staff complement of seven (7), including one (1) contract workers, in 2013/14.

## 4.6.1 Annual Targets per Strategic Objective Programme and Performance Indicator

OR JECTIVE PERFOR	PROGRAMME PERFORMANCE				ESTIMATED PERFORMANCE	ME	MEDIUM-TERM TARGETS		
	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
SO 4.2 Project Management and Electricity Industry/ Infrastructure Transformation	4.4.1 Number of reports on progress made with regards to the construction and operation phases of Independent Power Producer (IPP) projects.	No past data as the indicator is new.	No past data as the indicator is new.	No past data as the indicator is new.	One (1) annual report on progress made in 2012/13 with regards to the construction and operation phases of IPP projects.	One (1) annual report on progress made in 2013/14 with regards to the construction and operation phases of IPP projects.	One (1) annual report on progress made in 2014/15 with regards to the construction and operation phases of IPP projects.	One (1) annual report on progress made in 2015/16 with regards to the construction and operation phases of IPP projects.	
					Three (3) quarterly reports on progress made with regards to the construction and operation phases of IPP projects.	Three (3) quarterly reports on progress made with regards to the construction and operation phases of IPP projects.	Three (3) quarterly reports on progress made with regards to the construction and operation phases of IPP projects.	Three (3) quarterly reports on progress made with regards to the construction and operation phases of IPP projects.	

#### 4.6.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET	QUARTERLY TARGETS						
PERFORMANCE INDICATOR		2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>			
4.4.1 Number of reports on progress made with regards to the construction and operation phases of Independent	Annually	One (1) annual report on progress made in 2013/14 with regards to the construction and operation phases of IPP projects.	One (1) annual report on progress made in 2013/14 with regards to the construction and operation phases of IPP projects.	No target set for this quarter.	No target set for this quarter.	No target set for this quarter.			
Power Producer (IPP) projects.	Quarterly	Three (3) quarterly reports on progress made with regards to the construction and operation phases of IPP projects.	No target set for this quarter.	One (1) quarterly report (1st quarter) on progress made with regards to the construction and operation phases of IPP projects.	One (1) quarterly report (2 <sup>nd</sup> quarter) on progress made with regards to the construction and operation phases of IPP projects.	One (1) quarterly report (3 <sup>rd</sup> quarter) on progress made with regards to the construction and operation phases of IPP projects.			

# 4.7 Sub-programme 4.5: Community Upliftment Programmes and Projects

This sub-programme fulfils government's priorities for broad transformation in the work of the Department and the energy sector, and supports departmental special programmes and projects. This entails drafting youth and gender policies for the Department, as well as showcasing energy issues to the

public. Five (5) awareness campaigns were hosted in 2012/13, including a learner's focus week, which was attended by 250 learners from the coastal provinces, with a concentration of learners from rural areas. Fourteen were awarded bursaries to study in the science, technology, engineering and mathematics fields. In addition, the job summit in Ekurhuleni and various energy awareness exhibitions were held where youth and women in rural areas were informed of career opportunities

available within the energy sector, and given energy saving tips. In 2013/14, four (4) public awareness campaigns were conducted. In addition, a learner focus week was hosted targeting 300 grade 10 to 12 learners to make them aware of career opportunities in the energy sector. This sub-programme had a staff complement of six (6) in 2013/14.

#### 4.7.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE	AUDITED/ACTUAL PERFORMANCE (BASELINE)			ESTIMATED PERFORMANCE	MEDITION TO CELE		
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 4.3 Community Upliftment	4.5.1 Number of reports on progress made with regards to the establishment of new operational Integrated Energy Centres (IECs) per	Two (2) IECs established.	Two (2) IECs established.	Two (2) IECs established.	One (1) annual report on progress made in 2012/13 with regards to the establishment of two (2) IECs.	One (1) annual report on progress made in 2013/14 with regards to the establishment of two (2) IECs.	One (1) annual report on progress made in 2014/15 with regards to the establishment of two (2) IECs.	One (1) annual report on progress made in 2015/16 with regards to the establishment of one (1) IEC.
	year.				Three (3) quarterly reports on progress made in 2013/14 with regards to the establishment of two (2) IECs.	Three (3) quarterly reports on progress made in 2014/15 with regards to the establishment of two (2) IECs.	Three (3) quarterly reports on progress made in 2015/16 with regards to the establishment of one (1) IEC.	Three (3) quarterly reports on progress made in 2016/17 with regards to the establishment of one (1) IEC.

# 4.7.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	THE REPORTING		QUARTERLY TARGETS							
PERFORMANCE INDICATOR	PERIOD VIII//15	<b>1</b> ST	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>					
4.5.1 Number of reports on progress made with regards to the establishment	reports on on progress made in progress made with the establishment of two (2) regards to the lECs.	One (1) annual report on progress made in 2013/14 with regards to the establishment of two (2) IECs.	No target set for this quarter.	No target set for this quarter.	No target set for this quarter.					
of new, operational Integrated Energy Centres (IECs) per year.	Quarterly	Three (3) quarterly reports on progress made in 2014/15 with regards to the establishment of two (2) IECs.	No target set for this quarter.	One (1) quarterly report (1st quarter) on progress made in 2014/15 with regards to the establishment of two (2) IECs.	One (1) quarterly report (2 <sup>nd</sup> quarter) on progress made in 2014/15 with regards to the establishment of two (2) IECs.	One (1) quarterly report (3 <sup>rd</sup> quarter) on progress made in 2014/15 with regards to the establishment of two (2) IEC.				

# 4.8 Reconciling Performance Targets with the Budget and MTEF

# 4.8.1 Expenditure Estimates

The programme's 2014/15 expenditure estimates and MTEF baseline are as follows:

# Summary

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK				
	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17
SUB-PROGRAMMES	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline
				Rand Th	nousand			
Integrated National Electrification Programme	2 763 146	3 264 539	3 106 371	3 890 235	3 914 233	4 165 901	5 854 544	6 164 995
Energy Regional Office	5 734	6 080	5 127	7 314	11 881	7 831	8 246	8 805
Programme and Projects Management Office	-	-	-	13 882	13 273	8 994	10 120	10 717
Electricity Infrastructure/Industry Transformation	929	349	814	7 685	7 676	9 798	10 417	11 126
Community Upliftment Programmes and Projects	2 314	3 515	3 638	4 972	5 474	6 688	7 006	7 454
Total	2 772 123	3 274 483	3 115 950	3 924 088	3 952 537	4 199 212	5 890 333	6 203 097

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK							
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17			
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline			
	Rand Thousand										
Current payments	9 029	31 202	26 744	56 887	57 264	49 896	53 133	56 525			
Compensation of employees	7 344	22 711	19 685	35 322	35 838	35 343	37 216	39 740			
Salaries and wages	6 477	20 014	17 328	30 252	30 317	30 395	32 006	34 177			
Social contributions	867	2 697	2 357	5 070	5 521	4 948	5 210	5 563			
Goods and services	1 685	8 491	7 059	21 565	21 426	14 553	15 917	16 785			
Administrative fees	33	510	242	220	220	674	747	786			
Advertising	74	364	231	214	214	538	566	597			
Assets less than the capitalisation threshold	-	2	-	151	151	728	767	812			
Audit cost: External	-	-	-	350	350	-	-	-			
Catering: Departmental activities	11	107	337	137	137	616	650	685			
Communication (G&S)	102	435	299	197	197	653	688	724			
Computer services	-	-	1	9 250	6 111	316	333	351			
Consultants and professional services: Business and advisory services	-	-	2	-	-	-	-				
Consultants and professional services: Infrastructure and planning	-	-	-	1 800	1 800	-	-				
Contractors	19	3	51	-	-	-	-	-			
Fleet services (including government motor transport)	-	-	-	-	-	1	1	1			
Inventory: Fuel, oil and gas	-	1	1	-	-	-	-				
nventory: Materials and supplies	-	-	2	-	-	-	-				
nventory: Medicine	-	-	-	-	-	1	1	1			
nventory: Other supplies	3	1	101	30	30	-	-				
Consumable supplies	-	-	-	-	-	160	168	176			
Consumable: Stationery, printing and office supplies	254	27	13	15	15	856	902	950			
Transport provided: Departmental activity	-	-	-	-	-	105	111	117			
Travel and subsistence	855	6 149	4 192	5 375	7 073	8 5 1 6	9 521	10 045			

00

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK				
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline
				Rand Th	nousand			
Training and development	-	6	-	3	3	-	-	-
Operating payments	280	41	632	18	18	586	617	649
Venues and facilities	54	845	955	3 805	5 107	803	845	891
Transfers and subsidies	2 763 094	3 243 281	3 089 206	3 866 951	3 895 023	4 149 316	5 837 200	6 146 572
Municipalities	1 033 382	1 096 611	1 151 443	1 634 772	1 634 772	1 564 658	2 056 090	2 165 063
Public corporations	1 719 810	2 018 810	1 879 368	2 141 027	2 141 027	2 488 037	3 680 043	3 875 085
Private enterprises	9 902	127 860	58 328	91 152	119 224	96 621	101 067	106 424
Households	-	-	67	-	-	-	-	-
Payments for capital assets	-	-	-	250	250	-	-	-
Other machinery and equipment	-	-	-	250	250	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 772 123	3 274 483	3 115 950	3 924 088	3 952 537	4 199 212	5 890 333	6 203 097

#### 4.8.2 Performance and Expenditure Trends

The increased spending in the Integrated National Electrification Programme between 2010/11 and 2013/14 was due to additional allocations to municipalities and Eskom for their implementation of electrification projects to achieve universal access to electricity. 708 989 connections were achieved in this period.

The new Household Electrification Strategy, which was approved by Cabinet on 26 June 2013, aims to achieve universal access to electricity for 97% of all households by 2025. The focus over the medium term will therefore be on the continuation and expansion of the electrification programmes being implemented by Eskom and municipalities. Expenditure is expected to increase significantly over this period due to higher allocations, reaching R6.2 billion in 2016/17 in order to

expand electrification to 290 000 households in that year. The bulk of this allocation comprises transfer payments to Eskom, which are projected to increase to R4 billion in 2016/17. Within goods and services, expenditure on travel and subsistence is the major cost driver over the medium term and relates to the Department's responsibility to monitor progress and conduct technical audits of completed electrification projects.

The remainder of the allocation will focus on strengthening the Programme and Projects Management Office and the Independent Power Producers Unit, through the development of a project management platform, as well as the appointment and training of staff.

A number of initiatives will be undertaken to support the key strategies and objectives in this programme. These

include the development of reporting systems to enhance the electrification planning and monitoring processes, which accounts for the spike in spending on computer services in 2013/14.

The programme has provision for the funding of 103 posts, and 41 posts were filled in addition to this provision. Expenditure on compensation of employees in this programme increased to R35.8 million in 2013/14 due to the high numbers of interns that were employed. The total number of employees is expected to decrease over the medium term as fewer interns are expected to be employed, and more permanent workers are recruited over the medium term to increase capacity. Overall, this will result in the expenditure on compensation of employees growing to R39.7 million in 2016/17.

# PROGRAMME 5: NUCLEAR ENERGY



#### 5.1 Purpose

Manage the South African nuclear energy industry and control nuclear material in terms of international obligations, nuclear legislation and policies to ensure the safe and peaceful use of nuclear energy.

# 5.2 Strategic Objectives

The Strategic Objectives (SOs) of Programme 5 are as follows:

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
SO 5.1 Nuclear Security	Regulate the security of nuclear material, related equipment and facilities by developing, publishing, implementing and reviewing the statutory nuclear security framework on an ongoing basis.
SO 5.2 Nuclear Control and Accounting	Strengthen the control of, and accounting for, nuclear materials and related equipment by enforcing relevant regulations and statutory frameworks on an ongoing basis.
SO 5.3 Radioactive Waste Management	Ensure safe, secure and sustainable management and disposal of radioactive waste by facilitating the full operation of the National Radioactive Waste Disposal Institute (NRWDI), and establishing a waste disposal fund by 2015.
SO 5.4 Nuclear Energy Expansion Programme	Contribute towards ensuring the security of energy supply by leading, developing and overseeing the implementation of the nuclear energy expansion programme as guided by the Nuclear Energy Policy and the decision of the National Nuclear Energy Executive Co-ordination Committee (NNEECC) of October 2013, in accordance with timelines stipulated in the Integrated Resource Plan 2010–2030.
SO 5.5 Nuclear Compliance	Ensure compliance with international nuclear obligations by developing, maintaining and implementing an appropriate statutory framework for Nuclear Energy Policy by 2016.
SO 5.6 Nuclear Emergency Management	Ensure the readiness of all relevant stakeholders for the management of any nuclear emergency as part of the national disaster plan on an ongoing basis by:
	<ul> <li>Conducting an emergency preparedness review with the International Atomic Energy Agency in order to identify gaps in South Africa's nuclear infrastructure by 2014; and</li> </ul>
	• Developing an action plan to address such gaps to bring it in line with the National Nuclear Emergency Management Plan by 2015.

# 5.3 Sub-programme 5.1: Nuclear Safety and Technology

(Chief Directorate: Nuclear Safety and Technology)

This sub-programme manages and implements all matters related to nuclear safety and technology as required by legislation and international agreements; implements the Nuclear Energy Policy, which was approved in 2008 as a national nuclear programme in line with the Integrated Resource Plan (IRP) requirements; and administers all matters related to nuclear safety, liability and emergency management with the aim of improving the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. In 2012/13, and 2013/14, an integrated nuclear infrastructure review mission was conducted by the International Atomic Energy Agency (IAEA), after which an action plan to address the identified gaps was developed. Studies and strategies on nuclear financing and procurement

were completed and South Africa's self-assessment on nuclear emergency preparedness was also finalised. In addition, an emergency preparedness review pre-mission by the IAEA was hosted and a procurement framework benchmark proposal was submitted to the National Nuclear Energy Executive Co-ordination Committee (NNEECC). Finally, the Board of Directors for the National Radioactive Waste Disposal Institute (NRWDI) was established. This sub-programme had a staff complement of 11 in 2013/14.

#### 5.3.2 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE	AUDITED/ACTUAL PERFORMANCE (BASELINE)			ESTIMATED MEDIUM-TERM TARGETS			ETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 5.3 Radioactive Waste Management	5.1.1 Established National Radioactive Waste Disposal Institute (NRWDI).	No past data as the indicator is new.	Achieved and approved Business Plan and Budget.	Operationalise the NRWDI by establishing the Board of Directors.	Set up NRWDI office and implement section 30 (Transitional Arrangements) of NRWDI Act.	Fully operational NRWDI.	Target reached in 2014/15.	Target reached in 2014/15.
SO 5.4 Nuclear Energy Expansion Programme; and SO 5.6 Nuclear Emergency Management	5.1.2 Level of implementation of actions based on the approved action plan resulting from the Mission Report of nuclear infrastructure review conducted.	No past data as the indicator is new.	Integrated Nuclear Infrastructure Review (INIR) Self-assessment completed.	IAEA INIR Mission completed.	Self-assessment review completed and submitted to IAEA Emergency Preparedness Review for Mission Report.	Develop implementation plan based on the Mission Report and commence with implementation.	Implementation of actions based on the approved implementation plan.	Implementation of actions based on the approved implementation plan.

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE	AUDITED/ACT	UAL PERFORMAN	ICE (BASELINE)	ESTIMATED MEDIUM-TERM TARGETS			ETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 5.4 Nuclear Energy Expansion Programme	5.1.3 To commission an additional 9 600 MW of nuclear energy into the grid by 2030.	The commissioning of 9 600 MW of nuclear energy into the grid was confirmed with the adoption of the IRP in March 2011.	Cabinet approved the phased decision-making approach and establishment of the NNEECC on 9 November 2011.	Nuclear Energy Technical Committee (NETC) submission for nuclear procurement process specifications completed by March 2013.	Submit recommendations on the procurement process specifications to Cabinet and implementation of procurement process (if approved).	Implementation of procurement process (if approved).	Implementation of procurement process (if approved).	Implementation of procurement process (if approved).
	5.1.4 Strategy for Nuclear Fuel Cycle Infrastructure Development submitted to the decision-making structures.	No past data as the indicator is new.	Completed pre-feasibility studies.	Feasibility studies conducted.	Submission made to NNEECC on Nuclear Fuel Cycle Strategy.	Submission to NNEECC for approval of Implementation Plan to support Nuclear Fuel Cycle Strategy.	Target reached in 2014/15.	Target reached in 2014/15.

# 5.3.3 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	THE REPORTING ANNUALIABLE		QUARTERLY TARGETS						
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>			
5.1.1 Established National Radioactive Waste Disposal Institute (NRWDI).	Quarterly	Fully operational and funded NRWDI.	Oversee the process of developing and submitting the NRWDI Strategic Pan and APP to the Minister.	Oversee the NRWDI MTEF submission process and monitor progress on transitional arrangement as per section 30 of the NRWDI Act.	Oversee development of waste management strategies and plans from NRWDI.	Transferred Vaalputs disposal facility and related functions, assets and staff to the NRWDI and produce status report.			

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERL	Y TARGETS	
PERFORMANCE INDICATOR	PERIOD	2014/15	1 <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>
5.1.2 Level of implementation of actions based on the approved action plan resulting from the Mission Report of nuclear infrastructure review conducted.	Quarterly	Develop implementation plan based on the Mission Report and commence with implementation.	Developed implementation plan based on the Mission Report.	Consultation with stakeholders based on the developed implementation plan.	Incorporate inputs from stakeholders.	Implementation commenced.
5.1.3 To commission an additional 9 600 MW of nuclear energy into the grid by 2030.	Quarterly	Implementation of procurement process (if approved).	Implementation of procurement process (if approved).	Implementation of procurement process (if approved).	Implementation of procurement process (if approved).	Implementation of procurement process (if approved).
5.1.4 Strategy for Nuclear Fuel Cycle Infrastructure Development submitted to the decision-making structures.	Quarterly	Submission to Cabinet for approval of implementation plan to support Nuclear Fuel Cycle Strategy.	N/A	Incorporate NNEECC feedback into the Nuclear Fuel Cycle Strategy.	Nuclear Fuel Cycle Strategy implementation plan completed.	Submission to Cabinet for approval of implementation plan to support Nuclear Fuel Cycle Strategy.

# 5.4 Sub-programme 5.2: Nuclear Non-proliferation and Radiation Security

(Chief Directorate: Nuclear Non-proliferation and Radiation Security)

This sub-programme manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements.

This entails accounting for and control of nuclear material through authorisations; ensuring compliance by conducting inspections and audits; and regulating the security of nuclear material by implementing security measures during transportation, use and storage. Nuclear safeguards compliance inspections were successfully conducted. This sub-programme had a staff complement of nine (9) in 2013/14.

# 5.4.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACT	UAL PERFORMAN	CE (BASELINE)	ESTIMATED PERFORMANCE	MEI	DIUM-TERM TARG	ETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 5.2 Nuclear Control and Accounting	5.2.1 Accounting and control of possession, acquisition, transportation, importation and exportation of nuclear material through consideration of 100% of authorisation applications within eight (8) weeks.	No past data as the indicator is new.	100% of authorisations or denials for nuclear materials and related equipment issued within eight (8) weeks.	100% of applications for nuclear materials and related equipment concluded within the eight-week time period.	100% of authorisation applications considered within the eight-week time period.	100% of authorisation applications considered within the eight-week time period.	100% of authorisation applications considered within the eight-week time period.	100% of authorisation applications considered within the eight-week time period.
	5.2.2 Number of nuclear safeguard compliance reports submitted to the relevant decision-making structures.	No past data as the indicator is new.	Four (4) nuclear safeguards compliance inspections, audits and investigations conducted.	Four (4) nuclear safeguards compliance reports submitted to the relevant decision-making structures.	Four (4) nuclear safeguards compliance reports submitted to the relevant decision-making structures.	Eight (8) nuclear safeguards compliance reports submitted to the relevant decision-making structures.	Eight (8) nuclear safeguards compliance reports submitted to the relevant decision-making structures.	Eight (8) nuclear safeguards compliance reports submitted to the relevant decision-making structures.
	5.2.3 Number of nuclear safeguards compliance audit reports submitted to the relevant decision-making structures.	N/A	N/A	N/A	One (1) nuclear safeguards compliance audit submitted to the relevant decision-making structures.	Four (4) nuclear safeguards compliance audit submitted to the relevant decision-making structures.	Four (4) nuclear safeguards compliance audit submitted to the relevant decision-making structures.	Four (4) nuclear safeguards compliance audit submitted to the relevant decision-making structures.
	5.2.4 Number of nuclear security compliance reports submitted to the relevant decision-making structures.	N/A	N/A	N/A	N/A	Two (2) Nuclear security compliance reports submitted to the relevant decision-making structures.	Four (4) Nuclear security compliance reports submitted to the relevant decision-making structures.	Four (4) Nuclear security compliance reports submitted to the relevant decision-making structures.

# 5.4.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERL	Y TARGETS	
PERFORMANCE INDICATOR	PERIOD	2014/15	1 <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>
5.2.1 Accounting and control of possession, acquisition, transportation, importation and exportation of nuclear material through consideration of 100% of authorisation applications within eight (8) weeks.	Quarterly	100% of authorisation applications considered within the eight-week time period.	100% of authorisation applications considered within the eight-week time period.	100% of authorisation applications considered within the eight-week time period.	100% of authorisation applications considered within the eight-week time period.	100% of authorisation applications considered within the eight-week time period.
5.2.2 Number of nuclear safeguard compliance reports submitted to the relevant decision-making structures.	Quarterly	Eight (8) nuclear safeguards compliance reports submitted to the relevant decision-making structures.	Two (2) nuclear safeguards compliance report submitted to the relevant decision-making structures.	Two (2) nuclear safeguards compliance report submitted to the relevant decision-making structures.	Two (2) nuclear safeguards compliance report submitted to the relevant decision-making structures.	Two (2) nuclear safeguards compliance report submitted to the relevant decision-making structures.
5.2.3 Number of nuclear safeguards compliance audit reports submitted to the relevant decision-making structures.	Quarterly	Four (4) nuclear safeguards compliance audit submitted to the relevant decision-making structures.	One (1) nuclear safeguards compliance audit submitted to the relevant decision-making structures.	One (1) nuclear safeguards compliance audit submitted to the relevant decision-making structures.	One (1) nuclear safeguards compliance audit submitted to the relevant decision-making structures.	One (1) nuclear safeguards compliance audit submitted to the relevant decision-making structures.
5.2.4 Number of nuclear security compliance reports submitted to the relevant decision-making structures.	Quarterly	Two (2) Nuclear security compliance reports submitted to the relevant decision-making structures.	-	One (1) Nuclear security compliance reports submitted to the relevant decision-making structures.	-	Nuclear security compliance reports submitted to the relevant decision-making structures.

#### 5.5 Sub-programme 5.3: Nuclear Policy

This sub-programme develops and reviews policies as required by international agreements and governance of the nuclear

sector in South Africa; undertakes research and development; and reviews and monitors nuclear safety, nuclear technology, nuclear non-proliferation and nuclear radiation security policies, and provides advice accordingly. The National Nuclear Regulator

Act, 1999 (Act No. 47 of 1999) is currently being amended. The review process has commenced and will be finalised in 2015/16. This sub-programme's staff complement will increase from one (1) in 2013/14 to four (4) in 2014/15.

0 0

# 5.5.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC	PROGRAMME PERFORMANCE	AUDITED/ACT	UAL PERFORMAN	CE (BASELINE)	ESTIMATED PERFORMANCE	ME	EDIUM-TERM TARGETS		
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
SO 5.5 Nuclear Compliance	5.3.1 Promulgated National Nuclear Regulator Amendment Act.	No past data as the indicator is new.	Rescheduled due to dependency on procurement process.	National Nuclear Regulator Act amendment proposal submitted to Cabinet.	Submission to Chief State Law Advisor.	Consultation with and presentation to the Forum of South African Directors- General (FOSAD) Cluster.	Submission to Cabinet for public consultation (if approved by the FOSAD Cluster)	Public consultation process concluded and Amendment Bill revised taking stakeholder comments into consideration.	
	5.3.2 Promulgated Nuclear Energy Amendment Act.	No past data as the indicator is new.	Rescheduled due to dependency on procurement process.	Rescheduled to 2013/14.	Rescheduled to 2014/15.	Consultation with and presentation to the Forum of South African Directors- General (FOSAD) Cluster.	Submission to Chief State Law Advisor. Submission to Cabinet for public consultation (if approved by the FOSAD Cluster).	Public consultation process concluded and Amendment Bill revised taking stakeholder comments into consideration.	
	5.3.3 Funding provisions legislated for Radioactive Waste Management.	No past data as the indicator is new.	No past data as the indicator is new.	Rescheduled to 2013/14.	Rescheduled to 2014/15.	Consult with the FOSAD Cluster and present the Radioactive Waste Management Fund Bill.	Radioactive Waste Management Fund Bill sent to the Chief State Law Advisor. Submission to Cabinet for public comment.	Public consultation process concluded and Radioactive waste Management Fund Bill revised, taking stakeholder comments into consideration. Bill gazetted.	

STRATEGIC:	PROGRAMME PERFORMANCE	AUDITED/ACTUAL PERFORMANCE (BASELINE)			ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS		
	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 5.4 Nuclear Energy Expansion Programme	5.3.4 Demystifying nuclear energy through the number of public awareness campaigns and the number of community outreach events per annum.	No past data as the indicator is new.	One (1) community outreach event held.	Three (3) community outreach events held and one (1) media campaign.	Four (4) public awareness campaigns and community outreach events held.	Five (5) public awareness campaigns and community outreach events held.	Five (5) public awareness campaigns and community outreach events held.	Five (5) public awareness campaigns and community outreach events held.

# 5.5.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERL	Y TARGETS	
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>
5.3.1 Promulgated National Nuclear Regulator (NNR) Amendment Act.	Quarterly	Submission to Cabinet for public consultation (if approved by the FOSAD Cluster).	Draft version of the NNR Amendment Act consulted with stakeholders.	Draft version of the NNR Amendment Act submitted to the Chief State Law Advisor.	Incorporated feedback from Chief State Law Advisor.	Presentation to the FOSAD Cluster.
5.3.2 Promulgated Nuclear Energy Amendment Act.	Quarterly	Submission to Cabinet for public consultation (if approved by the FOSAD Cluster).	Draft version of the NNR Amendment Act consulted with stakeholders.	Draft version of the NNR Amendment Act submitted to the Chief State Law Advisor.	Incorporated feedback from Chief State Law Advisor.	Presentation to the FOSAD Cluster.
5.3.3 Radioactive Waste Management Fund Bill.	Quarterly	Submission to FOSAD Cluster).	Engagements with with National Treasury to address Fund Bill comments.	Submission of the memorandum of objects to Directorate Legal.	Submission of Draft Fund Bill to the Chief State Law Advisor for comments.	Draft Fund Bill consulted with FOSAD Cluster.
5.3.4 Demystifying nuclear energy through the number of public awareness campaigns and the number of community outreach events per annum.	Quarterly	Five (5) public awareness campaigns and community outreach events held.	One (1) community outreach event held.	One (1) public awareness campaign held.	One (1) community outreach event held.	Two (2) public awareness campaigns held.

# 5.6 Reconciling Performance Targets with the Budget and MTEF

#### 5.6.1 Expenditure Estimates

The programme's 2014/15 expenditure estimates and MTEF baseline are as follows:

#### Summary

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK							
SUB-PROGRAMMES	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17			
SUB-F NOGRAWINES	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline			
		Rand Thousand									
Nuclear Safety and Technology	607 314	637 985	638 698	693 280	694 456	832 246	663 772	699 228			
Nuclear Non-proliferation and Radiation Security	2 550	519	3 846	7 874	5 504	7 338	7 611	8 155			
Nuclear Policy	2 480	3 762	684	8 838	8 838	10 918	10 921	11 292			
Total	612 344	642 266	643 228	709 992	708 798	850 502	682 304	718 675			

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK						
ECONOMIC CLASSIFICATION	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17		
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline		
		Rand Thousand								
Current payments	18 280	20 781	32 732	36 073	34 879	44 072	44 098	46 645		
Compensation of employees	11 356	7 522	8 686	12 898	11 772	20 100	21 165	22 600		
Salaries and wages	10 150	6 690	7 726	11 534	10 375	17 286	18 202	19 436		
Social contributions	1 206	832	960	1 364	1 397	2 814	2 963	3 164		

			BASELINE			MEDIUM-TERM	1 EXPENDITURE	FRAMEWORK
FOONOMIC OLABOLFICATION	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline
				Rand Th	nousand			
Goods and services	6 924	13 259	24 046	23 175	23 107	23 972	22 933	24 045
Administrative fees	201	139	170	213	213	225	228	817
Advertising	139	150	1 327	205	205	219	218	5 3 1 6
Assets less than the capitalisation threshold	-	-	-	1	1	1	1	-
Bursaries: Employees	-	-	-	1 000	932	-	-	-
Catering: Departmental activities	47	35	88	70	70	76	75	110
Communication (G&S)	399	104	151	187	187	188	189	1 746
Computer services	4	-	-	12	12	12	12	-
Consultants and professional services: Business and advisory services	12	495	2 738	8 435	8 435	9 735	9 042	8 695
Contractors	3	2	305	1	1	1	1	-
Agency and support/outsourced services	357	-	-	1 617	1 617	1 712	1 772	40
Entertainment	1	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	1	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	468
Inventory: Other supplies	-	8	-	210	210	218	227	-
Consumable: Stationery, printing and office supplies	42	-	59	67	67	4	5	81
Transport provided: Departmental activity	-	-	-	-	-	-	-	350
Travel and subsistence	4 666	1 408	1 750	5 219	5 219	5 899	5 556	4 518
Training and development	-	236	26	34	34	-	-	-
Operating payments	743	10 624	17 065	27	27	28	27	41
Venues and facilities	310	58	366	5 877	5 877	5 654	5 580	1 863

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK					
ECONOMIC CLASSIFICATION	2010/11	2010/11 2011/12 2012/13 2013/14		2014/15	2015/16	2016/17			
Economic CEACCH TOATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline	
		Rand Thousand							
Transfers and subsidies	594 064	621 485	610 496	673 919	673 919	806 430	638 206	672 030	
Departmental agencies and accounts	19 954	35 430	42 912	68 160	68 160	33 697	34 887	36 736	
Foreign governments and international organisations	-	-	-	13 577	13 577	12 055	12 481	13 142	
Public corporations	574 110	586 034	567 579	592 182	592 182	760 678	590 838	622 152	
Households	-	21	5	-	-	-	-	-	
Payments for capital assets	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	
Total	612 344	642 266	643 228	709 992	708 798	850 502	682 304	718 675	

#### 5.6.2 Performance and Expenditure Trends

The spending focus over the medium term continues to be on funding the Department's public entities to carry out their mandates on behalf of the Minister. Thus, transfers and subsidies are projected to be the most significant item of expenditure over the medium term and comprise transfers to the nuclear departmental agencies, such as the South African Nuclear Energy Corporation (Necsa) and the National Nuclear Regulator (NNR). The activities these transfers fund are governed by the Nuclear Energy Policy, which was approved by Cabinet in June 2008. The policy

provides a framework within which prospecting, mining, milling, the use of nuclear materials, and the development and use of nuclear energy for peaceful purposes, is to take place. The transfer to Necsa is projected to increase over the medium term due to a once-off Cabinet approved additional allocation of R190 million in 2014/15. The additional allocation provides for the upgrading, replacement and refurbishment of the Pelindaba site infrastructure; the replacement and upgrading of the SAFARI-1 nuclear reactor research and development facilities as part of the ageing management programme; upgrading liquid effluent management services to comply with licensing and regulatory requirements; and

sustaining critical investment in the entity's analytical and calibration capabilities.

The transfer to the National Nuclear Regulator increased between 2010/11 and 2013/14 to allow the entity to upgrade its Information and Communication Technology (ICT) infrastructure, cater for staff retention due to a skills shortage and weakness in areas such as governance compliance, and upgrade the Emergency Preparedness Centre. In the same period, transfers to the National Radioactive Waste Disposal Institute (NRWDI) increased between 2010/11 and 2013/14 following the establishment of the entity.

The National Nuclear Energy Executive Co-ordination Committee (NNEECC), which comprises ministers from various departments and is chaired by the President, is responsible for taking strategic decisions on the implementation of the nuclear energy policy. Cabinet endorsed several decisions taken by this committee, such as the phased decision-making approach for implementing the nuclear programme, and the reaffirmation of Eskom as the owner-operator for the future nuclear power plants. In preparation for the new nuclear build programme and in order to learn from international experience on nuclear procurement, spending on

consultants increased significantly due to a once-off allocation in 2012/13 for research and studies relating to the nuclear build programme. Over the medium term, expenditure on consultants will be focused on the development of an implementation plan based on the mission report of the nuclear infrastructure review, implementation of the nuclear procurement process, finalisation of plans to support the nuclear fuel cycle strategy, and the implementation of the Nuclear Fuel Cycle Strategy. Consultants are used to perform highly specialised work for which the Department does not have the requisite skills.

This programme had a staff complement of 29 in 2013/14, which is expected to increase to 34 by 2014/15, due to the additional funding allocated to the Department for specialised nuclear human resource capacity. The programme capacity is strengthened in line with the Department's mandate on Nuclear Energy Policy. Expenditure on compensation of employees is expected to grow significantly over the medium term to support the increase in personnel numbers.

#### **PROGRAMME 6: CLEAN ENERGY**

# • •

#### 6.1 Purpose

Manage and facilitate the development and implementation of clean and renewable energy initiatives, as well as energy efficiency and demand side management initiatives.

#### 6.2 Strategic Objectives

The Strategic Objectives (SOs) of Programme 6 are as follows:

STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
SO 6.1 Climate Change and Environment	<ul> <li>Manage climate change and environmental matters by:</li> <li>Developing and implementing Climate Change policies;</li> <li>Developing the green economy and mitigating the risk of adverse environmental impact on an ongoing basis; and</li> <li>Publishing climate change strategies and plans by 2014/15.</li> </ul>
SO 6.2 Energy Efficiency and Demand Side Management (EEDSM)	Promote and facilitate EEDSM by:  Planning and developing interventions to increase energy savings on an ongoing basis;  Developing policies to increase the impact of EEDSM Strategies by 2015; and  Developing incentive schemes like the energy efficiency tax incentive by 2014/15.
SO 6.3 Energy Management Plan	Improve Demand Side Management by facilitating the development of an Energy Management Plan by 2014/15.
SO 6.4 Renewable Energy	Ensure the integration of renewable energy into the mainstream energy supply of South Africa by planning and co-ordinating initiatives and interventions focused on the development and improvement of the renewable energy market through:  • Facilitating the incorporation of the Renewable Energy Policy into the Integrated Energy Plan by 2014; and  • Implementing awareness campaigns from 2013/14 onwards.

# 6.3 Sub-programme 6.1: Energy Efficiency

This sub-programme advances Energy Efficiency (EE) in South Africa by planning and co-ordinating initiatives and interventions focused on developing and improving the EE market and ensures integration and co-ordination of EE initiatives and interventions with relevant associated institutions. In 2012/13, the regulations on the allowance for energy efficiency savings were promulgated and formally presented to stakeholders.

These regulations will provide South African Revenue Service tax incentives for energy efficiency improvements for businesses, based on independently measured and verified energy savings through registration with the South African National Energy Development Institute. Businesses will have to intensify energy efficiency improvement measures in order to fully benefit from this tax incentive. Linked to the regulations for income tax allowance for energy efficiency savings, is the private sector Energy Efficiency Project, which was launched in December 2013

in collaboration with the lead implementer, National Business Initiative. This project will provide commercial and industrial companies with various services to assist them in identifying energy efficiency savings measures. The sub-programme had a staff complement of nine (9) in 2013/14, which is expected to increase to 12 over the medium term, with the increases occurring amongst the higher 13 to 16 salary levels. This will result in expenditure on compensation of employees growing by 37.1% over the medium term.

# 6.3.2 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE	FORMANCE		CE (BASELINE)	ESTIMATED PERFORMANCE	MEI	DIUM-TERM TARG	ETS
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
SO 6.2 Energy Efficiency and Demand Side Management (EEDSM)	6.1.1 Number of terawatt hours (TWh) per hour of energy savings realised from EEDSM projects.	No past data as the indicator is new.	1 TWh of energy savings realised and verified from EEDSM projects.	2.5 TWh of energy savings realised and verified from EEDSM projects.	1.5 TWh of energy savings realised and verified from EEDSM projects.	Planning and developing projects to achieve 1.5 TWh of energy savings per annum.	Planning and developing projects to achieve 2.5 TWh of energy savings per annums.	Planning and developing projects to achieve 2.5 TWh of energy savings per annum.
	6.1.2 Number of municipalities for which energy consumption baselines have been developed.	No past data as the indicator is new.	Energy Efficiency Campaign Strategy was developed and launched at COP17.	Strategies and plans for various energy efficiency interventions.	Developed energy consumption baselines for ten (10) municipalities.	Developed energy consumption baselines for additional 30 municipalities.	Developed energy consumption baselines for additional 80 municipalities.	Developed energy consumption baselines for all municipalities.
	6.1.3 Promulgated National Energy Efficiency (NEE) Strategy document.	No past data as the indicator is new.	No past data as the indicator is new.	Public consultation process on the NEE Strategy and Plan document completed.	NEE Strategy and Plan document promulgated.	Promulgation of NEE Strategy and Plan document (if approved by Cabinet).	Target achieved in 2014/15.	Target achieved in 2014/15.

#### 6.3.3 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERL	Y TARGETS	
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> <sup>ST</sup>	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>
6.1.1 Number of terawatt hours (TWh) per hour of energy savings realised from Energy Efficiency And Demand Side Management (EEDSM) projects.	Quarterly	1.5 TWh of energy savings realised and verified from EEDSM projects.	Energy efficiency interventions identified in the residential, commercial or industrial sectors.	Business plans in respect of the various interventions developed.	Implementation of the various interventions commenced.	1.5 TWh of energy savings realised from EEDSM projects (cumulative).
6.1.2 Number of municipalities for which energy consumption baselines have been developed.	Quarterly	Developed energy consumption baselines for additional 30 municipalities.	Stakeholder engagement process with additional 30 target municipalities.	Piloting of the baseline development approach.	No target set for this quarter.	Developed baseline energy profiles for additional 30 municipalities.
6.1.3 Promulgated National Energy Efficiency (NEE) Strategy document.	Annually	Promulgation of NEE strategy document (if approved by Cabinet).	No target set for this quarter.	No target set for this quarter.	No target set for this quarter.	Promulgation of NEE Strategy document (if approved by Cabinet).

#### 6.4 Sub-programme 6.2: Renewable Energy

This sub-programme ensures the integration of renewable energy into South Africa's mainstream energy supply by planning and co-ordinating initiatives; interventions focused on the development and improvement of the renewable energy market; and the integration and co-ordination of renewable energy initiatives and interventions with relevant associated institutions. The largest spending item, constituting 95.7% of expenditure, is on transfers to the South African National

Energy Research and Development Institute (SANEDI) for operational expenditure, and research and development into projects such as Carbon Capture and Storage (CCS). In 2012/13, an umbrella memorandum of understanding was completed and signed with the Central Energy Fund and the Northern Cape Provincial Government for the development of a solar park, which included the land access agreement for a site in Upington. To raise awareness, solar energy articles were published in various media outlets nationally. By the end of 2013/14, the solar park corridor development feasibility

studies report will be submitted to Cabinet for approval. The corridor consists of six (6) sites, while the geotechnical and environmental impact studies, which commenced in 2012/13, focused on Upington and Prieska. The sub-programme had a staff complement of nine (9) in 2013/14, which is expected to increase to 12 over the medium term, with the increases occurring amongst the higher 13 to 16 salary levels. This results in expenditure on compensation of employees growing by 37.1% over the medium term.

#### 6.4.1 Annual Targets per Strategic Objective Programme and Performance Indicator

STRATEGIC OBJECTIVE	PROGRAMME PERFORMANCE	AUDITED/ACT	UAL PERFORMAN	ICE (BASELINE)	ESTIMATED PERFORMANCE	MEDIUM-TERM TARGETS			
OBJECTIVE	INDICATOR	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
SO 6.4 Renewable Energy	6.2.1 Number of solar water heating units installed in residential and commercial sectors per year.	55 000 solar water heating units installed in residential and commercial sectors.	242 000 solar water heating units installed in residential and commercial sectors.	353 188 solar water heating units installed in residential and commercial sectors.	129 679 solar water heating units installed in residential and commercial sectors.	485 000 solar water heating units installed in residential and commercial sectors.	215 000 solar water heating units installed in residential and commercial sectors.	100 000 solar water heating units installed in residential and commercial sectors.	

#### 6.4.2 Quarterly Targets for the Fiscal Year 2014/15

PROGRAMME	REPORTING	ANNUAL TARGET		QUARTERI	Y TARGETS	
PERFORMANCE INDICATOR	PERIOD	2014/15	<b>1</b> ST	2 <sup>ND</sup>	3 <sup>RD</sup>	4 <sup>TH</sup>
6.2.1 Number of solar water heating units installed in	Quarterly	485 000 solar water heating units installed in residential and	Contracts for locally manufactured products placed.	Installations commenced in identified municipalities.	Installations commenced in identified municipalities.	485 000 solar water heating units installed in residential and
residential and commercial sectors per year.		commercial sectors.	Training and capacity building of installation teams in identified municipalities completed.			commercial sectors.

# 6.5 Sub-programme 6.3: Climate Change and Designated National Authority

This sub-programme ensures that climate change and environment response measures, in terms of mitigation and adaptation, are implemented within the energy sector. It also ensures the fulfilment of international energy commitments and obligations under the United Nations Framework Convention on Climate Change pertaining to the Kyoto Protocol. This sub-programme will

develop an Energy and Climate Change Strategy, and measure and report on energy related carbon emission reductions. In 2012/13, 68 clean development mechanism applications were processed. Fifty-seven (57) clean development mechanism projects were submitted and registered with the United Nations Framework Convention on Climate Change. In 2012/13 and 2013/14, the sub-programme received awards from the United Nations in recognition of work done to raise awareness of the Clean Development Mechanism Programme activities.

The award in 2012/13 was for the best performer among developing countries with ten (10) or more registered clean development mechanism projects, while the award in 2013/14 was for the best performer globally. The sub-programme also participated in the 19<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change (COP19), and held workshops with stakeholders on promoting the clean development mechanism methodology. This sub-programme had a staff complement of eight (8) in 2013/14.

# 6.6 Reconciling Performance Targets with the Budget and MTEF

#### 6.6.1 Expenditure Estimates

The programme's 2014/15 expenditure estimates and MTEF baseline are as follows:

#### Summary

			BASELINE			MEDIUM-TERM EXPENDITURE FRAMEWORK			
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17	
SUB-PROGRAMMES	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline	
				Rand Th	nousand				
Energy Efficiency	339 327	418 839	1 025 376	1 478 285	1 358 631	1 810 348	927 135	981 893	
Renewable Energy	25 790	73 618	64 340	140 786	140 364	168 437	95 105	63 363	
Climate Change and Designated National Authority	2 873	3 274	3 602	4 503	7 279	7 690	8 089	8 633	
Total	367 990	495 731	1 093 318	1 623 574	1 506 274	1 986 475	1 030 329	1 053 889	

			BASELINE	MEDIUM-TERM EXPENDITURE FRAMEWORK							
ECONOMIC CLASSIFICATION	2010/11	2011/12	2012/13	2013/14		2014/15	2015/16	2016/17			
	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Adjusted Appropriation)		Revised Baseline	Revised Baseline	Revised Baseline			
		Rand Thousand									
Current payments	18 603	31 640	16 540	40 608	41 278	50 485	52 961	56 046			
Compensation of employees	14 478	18 724	13 320	12 742	13 482	17 875	18 822	20 098			
Salaries and wages	12 312	16 410	12 003	11 098	11 773	15 373	16 187	17 284			
Social contributions	2 166	2 314	1 317	1 644	1 709	2 502	2 635	2 814			

			BASELINE			MEDIUM-TERM	1 EXPENDITURE	FRAMEWORK		
	2010/11	2011/12	2012/13	201	3/14	2014/15	2015/16	2016/17		
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline		
	Rand Thousand									
Goods and services	4 125	12 916	3 220	27 866	27 796	32 610	34 139	35 948		
Administrative fees	102	98	52	120	120	126	132	171		
Advertising	169	517	157	3 577	3 507	3 741	3 913	19 113		
Assets less than the capitalisation threshold	-	3	-	1 944	1 944	1 979	2 071	-59		
Catering: Departmental activities	81	70	26	14	14	15	15	134		
Communication (G&S)	103	260	275	731	731	734	769	278		
Computer services	-	-	-	-	-	-	-	158		
Consultants and professional services: Business and advisory services	677	8 036	309	-	-	5 265	5 550	6 721		
Contractors	1	-	167	280	280	293	339	199		
Agency and support/outsourced services	1	-	-	-	-	-	-	-		
Entertainment	-	-	-	-	-	-	-	18		
Inventory: Learner and teacher support material	14	-	-	-	-	-	2	-		
Inventory: Medical supplies	-	-	-	3	3	-	-	-		
Inventory: Medicine	-	-	1	-	-	-	-	-		
Medsas inventory interface	-	-	-	2	2	2	-	-		
Consumable: Stationery, printing and office supplies	100	38	60	27	27	33	34	79		
Operating leases	1 085	-	-	54	54	56	58	-		
Property payments	-	-	-	-	-	-	-	874		
Transport provided: Departmental activity	-	-	-	3 839	3 839	4 070	4 124	-		
Travel and subsistence	1 743	2 256	1 280	2 973	2 973	3 020	3 159	4 257		
Training and development	-	2	-	-	-	-	-	-		
Operating payments	11	137	819	770	770	805	842	2 228		
Venues and facilities	38	1 499	74	13 532	13 532	12 471	13 131	1 777		

			BASELINE			MEDIUM-TERM	1 EXPENDITURE	FRAMEWORK			
	2010/11	2010/11 2011/12 2012/13 2013/14		2014/15	2015/16	2016/17					
ECONOMIC CLASSIFICATION	Audited Outcome	Audited Outcome	Audited Outcome	Voted (Main Appropriation)	Adjusted Appropriation	Revised Baseline	Revised Baseline	Revised Baseline			
		Rand Thousand									
Transfers and subsidies	349 387	464 091	1 076 778	1 582 966	1 464 966	1 935 990	977 368	997 843			
Municipalities	220 000	280 000	200 000	180 722	180 722	136 905	188 305	203 815			
Departmental agencies and accounts	-	20 100	56 110	134 344	134 344	162 685	89 063	56 928			
Public corporations	108 900	118 800	820 629	1 267 900	1 149 900	1 636 400	700 000	737 100			
Private enterprises	20 487	45 191	-	-	-	-	-	-			
Households	-	-	39	-	-	-	-	-			
Payments for capital assets	-	-	-	-	30	-	-	-			
Other machinery and equipment	-	-	-	-	30	-	-	-			
Payments for financial assets	-	-	-	-	-	-	-	-			
Total	367 990	495 731	1 093 318	1 623 574	1 506 274	1 986 475	1 030 329	1 053 889			

00

#### 6.6.2 Performance and Expenditure Trends

The spending focus over the medium term will be on improving the implementation of energy efficiency and clean energy technologies through the provision of financial subsidies and tax incentives in support of the Department's mandate to promote the development and use of clean and renewable energy resources. Expenditure in the Renewable Energy Sub-programme increased between 2010/11 and 2013/14 due to an increase in transfer payments to the South African National Energy Development Institute to fund its operational activities, as well as the research and development it conducted on key projects such as Carbon Capture and Storage (CCS). It is envisaged that the CCS Programme will be transferred to the Council for Geosciences to conduct a test injection of carbon in 2016. The Department will accelerate the national energy efficiency and demand side management programme being implemented by Eskom and municipalities. The programme will also focus on the full establishment of the energy efficiency target monitoring system, which will be critical in the accurate reporting of achievements of the National Energy Efficiency Strategy.

Expenditure on consultants saw a spike in 2011/12 when the Department contributed towards the implementation of the Renewable Energy Market Transformation (REMT) Project as co-founders of the grant agreement. The project is an initiative

funded by the World Bank's global environmental facility to overcome barriers to the development and implementation of technical, regulatory and economic aspects of renewable energy in South Africa, with a special focus on solar water heating and renewable power generation. The REMT Project is being phased out.

The programme had provision for the funding of 25 posts and one (1) post filled in addition to this provision. An increase in the number of posts is expected over the medium term due to additional capacity required for the Climate Change and Designated National Authority sub-programme to fulfil its mandate. This accounts for the 14.2% average growth in expenditure on compensation of employees over the medium term.

The Energy Efficiency Sub-programme is tasked with contributing to the country's efforts to reduce energy demand and carbon emissions, and to address the impacts of climate change. The efficient use of energy in South Africa is a key element in mitigating the challenge of increased energy demand caused by our growing economy. Expenditure in the Energy Efficiency Sub-programme thus increased between 2010/11 and 2013/14 as a result of the introduction of the Energy Efficiency and Demand Side Management Programme, implemented by both Eskom and selected municipalities, and spending on the Solar Water Heating Programme. A total of 730 188 solar water heaters were installed over that period.

The spending focus over the medium term will be on strengthening the implementation of various energy efficiency implementation tools, such as the implementation of the Solar Water Heating Programme and the promulgation of the National Energy Efficiency Strategy, by the start of 2014/15. Over the medium term, expenditure is expected to decrease, as allocations earmarked for the National Energy Efficiency and Demand Side Management Programme, and transfers to Eskom for the installation of solar water heaters, are reduced. This is the result of amendments to the Solar Water Heating Programme in 2013/14 to enforce the subsidisation of only products with a high local content. The Solar Water Heating Programme will also stimulate the green economy by localising the associated value chains. The programme monitors the mandatory requirement of local content for those systems that benefit from government subsidies, requiring a minimum of 70%. The programme helps to cushion the poor from high electricity prices. The Department expects to install 383 637 solar units over the medium term and realise 7.5 terawatt hours (TWh) per hour in energy savings.

One item of expenditure under goods and services that is expected to increase significantly over the medium term is advertising. This will be necessary in order for the Department to facilitate a series of energy efficiency awareness campaigns across the country.





# SECTION 1: LINKS TO LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

The Department of Energy (DoE) is leading Strategic Integrated Project (SIP) 6 – Municipal Infrastructure and co-chairs SIP 8 – Green Economy Programmes, as well as SIP 10 – Electricity Transmission and Distribution for All. In addition, the DoE is directly or indirectly involved in another 15 SIPs. The expenditure on long-term infrastructure and other capital plans is summarised as follows:

PROJECT NAME	SERVICE DELIVERY	TOTAL CURRENT PROJECT		ADJUSTED OUTCOME			ADJUSTED APPROPRI- ATION	MEDIUM-TERM EXPENDITURE ESTIMATE		
PROJECT NAME	OUTPUTS	PROJECT STAGE	COST	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
						Rand	Million			
Infrastructure trans	sfers to other spheres, agencies	and departmer	nts							
Integrated National Electrification Programme: Eskom	Provision of capital subsidies to Eskom to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure and rehabilitate electrification infrastructure.	Various	-	1 719.8	1 737.8	1 879.4	2 141.0	2 948.0	3 680.0	3 875.1
Integrated National Electrification Programme: Municipalities	Provision of capital subsidies to municipalities to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure and rehabilitate electrification infrastructure.	Various	-	1 033.4	1 096.6	1 151.4	1 314.8	1 104.7	2 056.1	2 165.1
Petronet: Transnet Pipelines	Construction of petroleum pipeline, branch lines and storage facilities.	Various	-	1 500.0	1 500.0	1 500.0	-	-	-	-
Integrated National Electrification Programme: Non-grid	Provision of capital subsidies to non-grid electrification service providers to address electrification backlogs	Various	-	9.9	127.9	58.3	119.2	96.6	101.1	106.4
Total			-	4 263.1	4 462.3	4 589.1	3 575.0	4 149.3	5 837.2	6 146.6



# **SECTION 2: CONDITIONAL GRANTS**

The Department administers conditional grants with regard to the National Electrification Programme, the Energy Efficiency Demand Side Management Programme and the Solar Water Heating Programme. These conditional grants are summarised as follows (details provided in the Division of Revenue Act, 2014):

			ADJUSTED APPROPRI- ATION	MEDIUM-TER	M EXPENDITUR	RE ESTIMATE	
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
				Rand Thousand			
Conditional grants to municipalities							
Electrification and Energy Programme and Project Management							
Integrated National Electrification Programme Grant	1 033 382	1 096 611	1 151 443	1 314 772	1 104 658	2 056 090	2 165 063
Integrated National Electrification Programme – Approach to Distribution Asset Management	-	-	-	320 000	-	-	-
Clean Energy							
Energy Efficiency and Demand Side Grant	220 000	280 000	200 000	180 722	136 905	188 305	203 815
Total	1 253 380	1 376 611	1 351 443	1 815 494	1 241 563	2 244 395	2 368 878

#### **SECTION 3: PUBLIC ENTITIES**

The Minister of Energy is responsible for overseeing five state-owned entities (SOEs) and their subsidiaries, which are either classified as Schedule 2 or as 3A institutions according to the Public Finance Management Act (PFMA). They are: the National Nuclear Regulator (NNR); the Central Energy Fund (CEF) Group of companies under CEF (Pty) Ltd; the South African Nuclear Energy Corporation of South Africa (Necsa); the National Energy Regulator of South Africa (NERSA) and the South African National Energy Development Institute (SANEDI). The enabling legislation requires that the Minister appoint members of the board for all SOEs reporting to him or her. Boards are ultimately accountable and responsible for the performance of their respective entities. They give strategic direction in line with the DoE's strategy within their respective mandates, and implementation is undertaken by management.

The following table depicts the mandate, objectives, current annual budget and date of next evaluation of these entities:

NAME OF PUBLIC ENTITY	MANDATE	OBJECTIVES	OUTPUTS	CURRENT ANNUAL BUDGET 2014/15	DATE OF NEXT EVALUATION
NERSA	<ul> <li>NERSA is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004).</li> <li>Objectives</li> <li>1. Regulatory environment facilitates investment in energy infrastructure.</li> <li>2. Supply is certain and secure for current and future user needs.</li> <li>3. Fair competition exists within the energy industry.</li> <li>4. Ensure existence of regulatory certainty within the energy industry.</li> <li>5. Energy is accessible and affordable for all citizens.</li> <li>6. NERSA is established and positioned as a credible and reliable regulator.</li> </ul>	<ol> <li>Facilitate security of energy supply to support sustainable economic development in South Africa.</li> <li>Facilitate investment in infrastructure in the energy industry to support sustainable economic development in South Africa.</li> <li>Promote competitive and efficient functioning of the energy industry to sustain economic development in South Africa.</li> <li>Facilitate affordability and accessibility in the energy industry to balance economic interests of all stakeholders in support of economic development.</li> <li>Position and establish NERSA as a credible and reliable regulator in support of regulatory certainty.</li> </ol>	Refer to NERSA's 2014/15 APP for details regarding the specific outputs planned by NERSA for the period 2014/15 to 2016/17.	R324.076 million NERSA's total budgeted revenue comes from levies from regulated industries.	As needed.

NAME OF PUBLIC ENTITY	MANDATE		OBJECTIVES	OUTPUTS	CURRENT ANNUAL BUDGET 2014/15	DATE OF NEXT EVALUATION
NNR	<ul> <li>The NNR is a regulatory authority established as a juristic person in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999).</li> <li>Objectives</li> <li>In terms of the Act, the regulator is mandated to:</li> <li>1. Provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices;</li> <li>2. Exercise regulatory control related to safety over the setting, design, construction, operation, manufacture of component parts, and decontamination, decommissioning and closure of nuclear installations;</li> <li>3. Exercise regulatory control through the granting of nuclear authorisations;</li> <li>4. Provide assurance of compliance with the conditions of nuclear authorisations by implementing a system of compliance inspections;</li> <li>5. Fulfil national obligations in relation to international legal instruments governing nuclear safety; and</li> <li>6. Ensure that provisions for nuclear emergency planning are in place.</li> </ul>	2. 3. 4. 5. 5. 7.	Effective regulatory oversight and framework to assure nuclear safety and security.  To strengthen stakeholder relations and enhance the corporate image of the NNR.  To create a high performance culture.  Ensure financial viability and sustainability of the organisation to ensure that it remains a going concern.  Develop and maintain sound organisational infrastructure.  Enhance good corporate governance.  Ensure effective human capital management.	Refer to the NNR's 2014/15 APP of for details regarding the specific outputs planned by the NNR for the period 2014/15 to 2016/17.	R170.944 million The NNR's total budgeted revenue comes from:  Authorisation fees – R137.247 million; and Fiscal grant allocation – R33.697 million.	As needed.

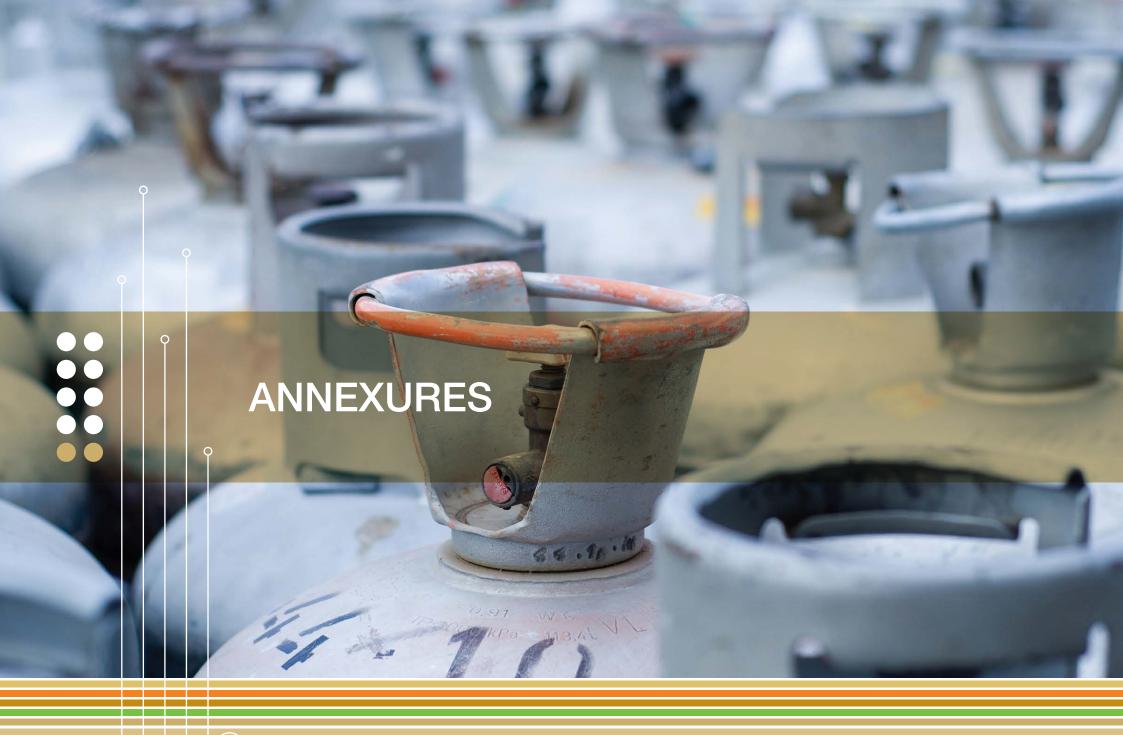
NAME OF PUBLIC ENTITY	MANDATE		OBJECTIVES	OUTPUTS	CURRENT ANNUAL BUDGET 2014/15	DATE OF NEXT EVALUATION
SANEDI	SANEDI is an applied energy research institute established in terms of section 7(1) of the National Energy Act, 2008 (Act No. 34 of 2008).  Objectives  1. Enable well-informed and high confidence energy planning, decision-making and support policy development.  2. Accelerated transformation to less energy and carbon intensity.  3. Foster a culture of energy efficiency and more rational energy use.	2. 3. 4. 5. 6. 7.	Promote the green economy and job creation in the country.  Develop solutions for sustainable development in the future.  Conduct research to inform government policy and its strategic energy plan.  Address the country's rising energy demands in areas such as energy efficiency, green transport and advanced fossil fuels.  Develop smarter grids to provide better services to South Africans.  Help South Africa move towards a low carbon economy, as it is among the world's highest carbon gas emitters.  Enable well informed and high confidence energy planning, decision-making and policy development.  Support accelerated transformation to an economy that is less energy and carbon intensive. and  Foster a culture of greater efficiency and more rational use of energy.	Refer to SANEDI's 2014/15 APP for details regarding the specific outputs planned by SANEDI for the period 2014/15 to 2016/17.	R319.684 million This includes a fiscal grant allocation of R223.566 million.	As needed.

NAME OF PUBLIC ENTITY	MANDATE	OBJECTIVES	OUTPUTS	CURRENT ANNUAL BUDGET 2014/15	DATE OF NEXT EVALUATION
Necsa	<ul> <li>Necsa is a state-owned entity established in terms of section 3(1) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999).</li> <li>The Act provides for the commercialisation of nuclear and related products and services, and delegates specific responsibilities to the corporation, including the implementation and execution of national safeguards and other international obligations.</li> <li>The Nuclear Energy Policy of 2008 reinforced Necsa's mandate relating to Research and Development (R&amp;D) and nuclear fuel cycle responsibilities.</li> <li>Objectives</li> <li>Nuclear Power Cluster that undertakes nuclear fuel development and production, as well as projects and services in support of the SA Nuclear Power Programme.</li> <li>Radiation Science and Applications Cluster delivers radiation sciences research services and develops products and services for the industry, including isotopes for the medical sector.</li> <li>Necsa, as host of the Nuclear Programmes Cluster, refers to Necsa's services to house nuclear programmes, due to its unique integrated Safety, Health, Environment and Quality (SHEQ) system, licensed nuclear infrastructure and specialised supporting services.</li> </ul>	<ol> <li>Maintain and develop the capability to house nuclear programmes.</li> <li>Develop a strategy for the industrialisation of nuclear and associated technology.</li> <li>Provide R&amp;D support to the nuclear power cluster, specifically relating to uranium process chemistry.</li> <li>Develop the production and commercial utilisation of radiation products and services.</li> </ol>	Refer to Necsa's 2014/15 APP for details regarding the specific outputs planned by Necsa for the period 2014/15 to 2016/17.	R2.238 billion  Necsa's total budgeted revenue comes from:  Budgeted sales revenue – R1.569 billion;  Fiscal grant allocation – R537.213 million; and  Other income – R132.278 million.	As needed.

NAME OF PUBLIC ENTITY	MANDATE		OBJECTIVES	OUTPUTS	CURRENT ANNUAL BUDGET 2014/15	DATE OF NEXT EVALUATION
CEF	The Central Energy Fund (CEF) Group of Companies (SOC) Ltd was initially established as a private company, in terms of the Companies Act, 1973 (Act No. 61 of 1973).  The Central Energy Fund Act, 1977 (Act No. 38 of 1977) brought CEF under its ambit, and effectively reintroduced CEF as a wholly state-owned company.  The group operates in the energy sector and manages defined energy interests with commercial, strategic, licensing, and developmental roles on behalf of the South African Government, and more recently, with a special focus on renewable and cleaner alternative energy sources.  Objectives  1. To effectively and efficiently manage the energy business for the benefit of all South Africans.  2. CEF will play an active role in the governance and planning of all its subsidiaries, and will strategically co-ordinate the long-term future of the group.  3. To improve energy security of supply through diversifying sources and by building and managing strategic energy stocks and an energy infrastructure.  4. To develop and invest in renewable and alternative energy sources and in energy efficiency  5. To develop human capacity and invest in relevant R&D.  6. To manage and optimally exploit local strategic energy and related resources.  7. To mitigate environmental impacts and maximise sustainable development.	governr Minister  2. Ensure fund.  3. Invest ir technolor of life for more af  4. Manage ensure of  5. Contribution renewal  6. Improve diversify managing energy if  7. Continu	perations and activities with ment's key outcomes and the r's delivery agreement obligations. The long-term profitability of the alternative and cleaner energy ogies that will improve the quality or low income households through fordable and safer energy sources. The investments in subsidiaries to good governance and sustainability. The towards South Africa's ble energy targets. The energy security of supply by ying sources and by building and ng strategic energy stocks and infrastructure. The to develop projects in the clean newable energy sector.	Refer to CEF's 2014/15 APP of for details regarding the specific outputs planned by CEF for the period 2014/15 to 2016/17.	R23.511 billion  Own funds including:  PetroSA – R23.028 billion (including iGas – R416.500 million);  SFF – R177.072 million;  AE – R286.426 million;  PASA – 57.681 million; and  CE. (SOC) Ltd – R14.591 million.	As needed.

# **SECTION 4: PUBLIC-PRIVATE PARTNERSHIPS**

No public-private partnerships exist between the Department of Energy (DoE) and other stakeholders.





# 1. Service Levels and Challenges

MAIN SERVICE	PLANNED STANDARD	ACTUAL PERFORMANCE (2012/13)	KEY CHALLENGES	HOW CHALLENGES WILL BE ADDRESSED
New multipurpose pipeline from Durban to Johannesburg	Monitor and report on implementation of the agreement for completion of the trunk line.	The grant funding was transferred to Transnet in terms of the Grant Funding Agreement.  Oversight visit was conducted to the Durban terminal under construction.	Lack of investment in the associated infrastructure remains a concern, because bottlenecks within the supply value chain are yet to be resolved.	The 20-Year Liquid Fuels Infrastructure Roadmap will provide recommendations in this regard.
Inclining Block Tariff (IBT) for prepaid metering	Extend IBT to cover prepaid meters in more municipal areas.	70% of municipalities have converted to IBT.	Could only be undertaken once the Third Multi-Year Price Determination (MYPD3) had been finalised.	The MYPD3 was finalised in February 2013.
Petroleum licensing	100% compliance rate by the Controller on finalising all applications within 90 days, excluding site and retail new-to-industry (NTI) applications.	1 050 licence applications (excluding site and retail NTI) were received. 712 licence applications (excluding site and retail NTI) were finalised by the Controller. This resulted in a compliance rate of 67.8%. 576 licence applications from previous years were also finalised by the Controller during the period.	576 outstanding licence applications from previous years had to be prioritised.	Timeframe will be prescribed for applicants to submit additional information, failing which their applications will be finalised without the requested information so that the Controller is able to comply with the prescribed timeframe for finalising each application.
	90% compliance rate by the Controller on finalising site and retail NTI applications within 60 days.	30 site and 30 retail NTI licence applications were received. 26 site and 26 retail NTI licence applications were finalised within 60 days, resulting in a compliance rate of 86.7%.	The remaining applications could not be finalised within 60 days due to late submission of the required documents by the applicants.	Public awareness campaigns will be conducted in all the nine provinces on the Petroleum Products Act, licence process and requirements. Enforcement of adherence to Standard Operating Procedures (SOPs) at Regional Offices.
Compliance with the Petroleum Product	1 500 Compliance Inspections conducted at sites.	1 717 inspections conducted.	Target achieved.	N/A
Act	1 080 fuel samples and tests conducted.	Target deferred due to unavailability of funds.	Target deferred due to unavailability of funds.	Target deferred due to unavailability of funds.
Fuel stock levels and corrective actions	Fuel stock levels monitored and corrective action taken to avoid distribution shortages.	Meetings held throughout the fiscal year with Logistics Planning Team (LPT) and Heads of Supply Managers.	Target achieved	N/A



MAIN SERVICE	PLANNED STANDARD	ACTUAL PERFORMANCE (2012/13)	KEY CHALLENGES	HOW CHALLENGES WILL BE ADDRESSED
Nuclear safeguards compliance inspections, audits and investigations	Four (4) nuclear safeguards compliance inspections and one (1) audit conducted.	Three (3) nuclear safeguards inspections conducted.	Insufficient capacity/skills shortages.	The Department has instituted skills development interventions and will compile a detailed inspection and audit plan, and build sufficient capacity to ensure achievement of the target.
Nuclear radiation security	Enhance security measures at strategic points.	Standard operating procedures were developed to enhance security measures at ports of entry.	Target achieved.	N/A
Energy Efficiency (EE) Incentive Scheme	EE Incentive Scheme implemented.	The regulations for the EE Incentive Scheme (i.e. allowance on energy efficiency savings) were completed. The regulations are to be promulgated by the Minister of Finance in terms of the Income Tax Act and the Tax Laws Amendment Act.	Target achieved.	N/A
Solar water heating (SWH) units in residential and commercial sectors	500 027 SWH units installed.	353 188 SWH units installed (cumulative).	There are gaps regarding the local content of the systems, maintenance arrangements and the independent verification of the number of installations.	A new local content verification standard (SABS: SATS 1286) has been adopted as the basis for verifying that installed systems have at least 70% local content. In addition, a web-based monitoring system has been introduced, to allow the geographical mapping and monitoring of all installations.
Clean Development Mechanism (CDM) projects	100% of all CDM project applications processed within the set timeframes (45 working days for Project Design documents and 30 working days for Project Information notes).	<ul> <li>68 CDM project proposals were received, including:</li> <li>64 Project Design documents; and</li> <li>Four (4) Project Information notes.</li> </ul> 64 Letters of approval for Project Design documents and four (4) Letters of No Objection for Project Information notes were issued.	Target achieved.	N/A

MAIN SERVICE	PLANNED STANDARD	ACTUAL PERFORMANCE (2012/13)	KEY CHALLENGES	HOW CHALLENGES WILL BE ADDRESSED
Universal access to energy	<ul> <li>A minimum of 180 000 households electrified per annum:</li> <li>170 000 grid connections; and</li> <li>10 000 off-grid connections.</li> </ul>	A total of 202 835 connections were made:  193 492 grid connections, of which:  50 620 were municipal connections;  142 872 were Eskom connections;  and  9 343 non-grid connections.	Implementation of grid connections in some municipalities started late due to the municipal fiscal year being July–June. Municipalities therefore generally set their targets to be achieved by June.  Delays were experienced with the conclusion of contracts with service providers for nongrid connections.	For the Grid Programme, most of the connections were reported at the end of the municipal fiscal year end, which is June. The misalignment of fiscal years between national and local government has resulted in underperformance of the Grid Programme.  For the Non-Grid Programme, a request for roll-over of funds to 2013/14 has been submitted to National Treasury and if approved, the shortfall will be addressed in 2013/14.
	Two (2) Integrated Energy Centres (IECs) established and operational.	Two (2) IECs were successfully established, one at Mbizana in the Eastern Cape and the other at Ulundi in KwaZulu-Natal.	Target achieved.	N/A
Authorisations or denials for nuclear materials and related equipment	100% of all nuclear licence applications processed within eight (8) weeks.	77% of all nuclear licence applications processed within eight (8) weeks.	In some cases government- to-government assurances led to delays.	The Department is developing an electronic management tool to track delayed applications.

# 2. Key Services Identified for Improvement

SERVICE DELIVERY IMPROVEMENT PRIORITIES	SERVICE BENEFICIARIES	CURRENT STANDARD 2012/2013	2013/2014	DESIRED STANDARD 2014/2015	2015/2016
Electrify the country, in particular low cost residential housing.	The South African public in general, but in particular the poorer communities that currently have no electricity.	Total of 175 473 connections were achieved:  166 130 grid; and 343 non-grid.	Electrify 225 000 households through grid and 15 000 through non-grid connections.  Total of 240 000 connections.	Electrify 240 000 households through grid and 25 000 through non-grid connections.  Total of 265 000 connections.	Electrify 250 000 households through grid and 30 000 through non-grid connections.  Total of 280 000 connections.

SERVICE DELIVERY IMPROVEMENT	SERVICE BENEFICIARIES	CURRENT STANDARD	DESIRED STANDARD		
PRIORITIES	SERVICE BENEFICIANIES	2012/2013	2013/2014	2014/2015	2015/2016
Improvement of the petroleum licensing process with a constant focus on turnaround times.	<ul> <li>The South African population.</li> <li>Manufacturers, wholesalers and retailers.</li> <li>Industry associations across the value chain.</li> <li>Oil companies.</li> <li>Parliament and various government departments.</li> </ul>	1 050 licence applications (excluding new-to-industry site and retail applicants) were received. 712 licence applications (excluding new-to-industry site and retail applicants) were finalised by the Controller. This resulted in a 67.8% compliance rate. 576 licence applications from previous years were also finalised by the Controller during 2012/13.	95% compliance rate by the Controller in finalising all applications within 90 days (excluding new-to-industry site and retail applicants).  90% compliance rate by the Controller in finalising new-to-industry site and retail applications within 60 days.	98% compliance rate by the Controller in finalising all applications within 80 days (excluding new-to-industry site and retail applicants).  90% compliance rate by the Controller in finalising new-to-industry site and retail applications within 60 days.	100% compliance rate by the Controller in finalising all applications within 70 days (excluding new-to-industry site and retail applicants).  90% compliance rate by the Controller in finalising new-to-industry site and retail applications within 60 days.
Improvement of the nuclear licensing process.	Nuclear industry and energy users.	77% of all nuclear licence applicants processed within eight (8) weeks.	100% of all nuclear licence applicants processed within eight (8) weeks.	100% of all nuclear licence applicants processed within eight (8) weeks.	100% of all nuclear licence applicants processed within eight (8) weeks.

# 3. Improvement Plan: Electrification of the Country, in Particular Low Cost Residential Housing

	CURRENT STANDARD		DESIRED STANDARD	
	2012/13	2013/14	2014/15	2015/16
Quantity	TARGETS:  To electrify 170 000 households through grid connections and 10 000 households through non-grid connections throughout the country.	To electrify 200 000 households through grid connections and 15 000 households through non-grid connections throughout the country.  To build six (6) new substations	To electrify 200 000 households through grid connections and 15 000 households through non-grid connections throughout the country.  To build six (6) new substations	To electrify 230 000 households through grid connections and 30 000 households through non-grid connections throughout the country.  To build six (6) new substations
	To build ten (10) new substations throughout the country.	throughout the country.  To upgrade ten (10) substations throughout the country.	throughout the country.  To upgrade ten (10) substations throughout the country.	throughout the country.  To upgrade ten (10) substations throughout the country.
	ACTUAL PERFORMANCE:  193 492 grid and 9 343 non-grid connections were achieved.			
Quality	Six (6) new and ten (10) upgrade substations were built.	-	_	_

	CURRENT STANDARD	DESIRED STANDARD			
	2012/13	2013/14	2014/15	2015/16	
Professional standards	SANS, IEC, ISO and Eskom	Maintain the standards (SANS, IEC, ISO and Eskom).	Maintain the standards (SANS, IEC, ISO and Eskom).	Maintain the standards (SANS, IEC, ISO and Eskom).	
Legal standards	Electricity Act and Electrification Policies, Standard Operating Procedures (SOPs), Memorandums of Agreement (MoAs) with municipalities and non-grid service providers.	Review of Electrification Policies, SOPs and MoAs.	Review of Electrification Policies, SOPs and MoAs.	Review of Electrification Policies, SOPs and MoAs.	
Consultation	Due to established protocols, consultation is done through local municipalities who then convey messages within their structures to the communities.	Due to established protocols, consultation is done through local municipalities who then convey messages within their structures to the communities.	New and improved communication forums will be established in line with recommendations of the new Electrification Roadmap (Quarterly, District Energy Forums).	New and improved communication forums will be established in line with recommendations of the new Electrification Roadmap (Quarterly, District Energy Forums).	
Access	Regional offices exist to support beneficiaries with information, resolution of queries and general electrification assistance; access to the Head Office is also possible at all times.	Regional offices exist to support beneficiaries with information, resolution of queries and general electrification assistance; access to the Head Office is also possible at all times.	Regional offices exist to support beneficiaries with information, resolution of queries and general electrification assistance; access to the Head Office is also possible at all times.	More service centres must be established by municipalities and Eskom to assist beneficiaries.	
Courtesy	Previously predominantly the responsibility of municipalities.	Facilitation of social upliftment through the Electrification Programme (e.g. contractors giving back through employment of members of the community or donations to organisations within the communities in which these programmes are rolled out).	Facilitation of social upliftment through the Electrification Programme (e.g. contractors giving back through employment of members of the community or donations to organisations within the communities in which these programmes are rolled out).	Expanded Public Works Programme statistics are recorded and presented to a forum with the Department of Public Works (DPW).	
Openness and transparency	Limited openness and transparency became evident during crises (e.g. during service delivery protests).	Be proactive in communicating electrification plans, what is in the pipeline and when electrification will actually happen, based on the plans.	Be proactive in communicating electrification plans, what is in the pipeline and when electrification will actually happen, based on the plans.	Be proactive in communicating electrification plans, what is in the pipeline and when electrification will actually happen, based on the plans.	
Information	The channel of communication starts from the Department of Energy, which liaises with municipalities, who in turn liaise with the general public. The information communicated to beneficiaries includes anything of concern to the communities regarding electrification (e.g. with regards to electrification plans, etc.).	Improved branding of the Department.	Improved branding of the Department.	Improved branding of the Department.	

	CURRENT STANDARD	DESIRED STANDARD			
	2012/13	2013/14	2014/15	2015/16	
Redress	There was previously no means to ensure redress.	Drafting of the Strategic Electrification Master Plan to address the issues	Review and monitoring of Strategic Electrification Master Plan.	Review and monitoring of Strategic Electrification Master Plan.	
		identified.  Capacity building within the Department and at municipalities.	Capacity building within the Department and at municipalities.	Capacity building within the Department and at municipalities.	
Value for money	Thorough electrical network analysis was previously not conducted during electrification planning and/or when funds were disbursed for electrification.	Capacity building within the DoE to ensure that thorough network analysis is conducted prior to disbursement of funds.	Capacity building within the DoE to ensure that thorough network analysis is conducted prior to disbursement of funds.	Capacity building within the DoE to ensure that thorough network analysis is conducted prior to disbursement of funds.	
Time	Typically 12–24 months (building new or upgrading substations and building new or upgrading lines, to ensure that new connections for electrification can be made).	Typically 12–24 months (building new or upgrading substations and building new or upgrading lines, to ensure that new connections for electrification can be made).	Typically 12–24 months (building new or upgrading substations and building new or upgrading lines, to ensure that new connections for electrification can be made).	Typically 12–24 months (building new or upgrading substations and building new or upgrading lines, to ensure that new connections for electrification can be made).	
Cost	Poor management of funds – previously funds would be depleted during the fiscal year prior to completion of projects.	Introduction and application of management accounting principles to the budgeting process (e.g. forecasting, monitoring spending patterns vs. the budget, etc.).	Review and monitoring of newly introduced management accounting principles.	The Integrated National Electrification Programme (INEP) grant for 2012/13 was R3.2 billion (but changes each year).	
Human resources	Limited technical expertise at regions and Head Office.	Review of whether the current skills, knowledge, structure and personal development are aligned with what the Chief Directorate is required to deliver.	Review of whether the current skills, knowledge, structure and personal development are aligned with what the Chief Directorate is required to deliver.	Review of whether the current skills, knowledge, structure and personal development are aligned with what the Chief Directorate is required to deliver.	
		Removal of existing, limited technical expertise from regions to Head Office so that they can be shared between all regions as a temporary solution.	Removal of existing, limited technical expertise from regions to Head Office so that they can be shared between all regions as a temporary solution.	Removal of existing, limited technical expertise from regions to Head Office so that they can be shared between all regions as a temporary solution.	

## 4. Improvement Plan: Petroleum Licensing Process with a Constant Focus on Turnaround Times

	CURRENT STANDARD		DESIRED STANDARD	
	2012/13	2013/14	2014/15	2015/16
Quantity	1 050 licence applications (excluding new-to-industry site and retail) were received. 712 licence applications (excluding new-to-industry site and retail) were finalised by the Controller during 2012/13. This resulted in a 67.8% compliance rate.  576 licence applications from the previous years were also finalised by the Controller during the 2012/13 fiscal year.	95% compliance rate by the Controller on finalising all applications within 90 days (excluding new-to-industry site and retail).  90% compliance rate by the Controller on finalising new-to-industry site and retail applications within 60 days.	98% compliance rate by the Controller on finalising all applications within 80 days (excluding new-to-industry site and retail).  90% compliance rate by the Controller on finalising new-to-industry site and retail applications within 60 days.	100% compliance rate by the Controller on finalising all applications within 70 days (excluding new-to-industry site and retail).  90% compliance rate by the Controller on finalising new-to-industry site and retail applications within 60 days.
Quality	-	-	-	-
Professional and legal standards	Petroleum Products Amendment Act, 2003 (Act No. 58 of 2003).  Regulations: Site and Retail, (1977).  Companies Act, 2008 (Act No. 71 of 2008).  Record of Decision of the environmental authorities in accordance with the Environmental Conservation Act, 1989 (Act No. 73 of 1989), permitting retailing operations on the site.  The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996, as amended).  The Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000).  Environment Conservation Act, 1989 (Act No. 73 of 1989).  National Environmental Management Act, 1998 (Act No. 107 of 1998).  The Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended).	Provide inputs to the Energy Policy and Planning Branch for the review of the Power Purchase Agreement (PPA) to address deficiencies within the Act.  Collaboration between the Department of Environmental Affairs, the South African Bureau of Standards (SABS) (for petroleum licence manufacturing applications), the South African National Roads Agency SOC Limited (SANRAL) and the Department of Trade and Industry (the dti) to ensure alignment.  Implementation, monitoring, update and constant review of regulations.	Collaboration between the Department of Environmental Affairs, SABS (for petroleum licence manufacturing applications), SANRAL and the dti to ensure alignment.  Implementation, monitoring, update and constant review.	Collaboration between Department of Environmental Affairs, SABS (for petroleum licence manufacturing applications), SANRAL and the dti to ensure alignment.

	CURRENT STANDARD		DESIRED STANDARD	
	2012/13	2013/14	2014/15	2015/16
Professional and legal	Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).			
standards (continued)	National Archives and Records Service of South Africa Act, 1996 (Act No. 43 of 1996).			
	Standard Operating Procedures were developed for the Branch.			
Consultation	Targeted public awareness campaigns on the Petroleum Products Amendment Act, scheduled every year, one in each	One targeted public awareness campaign on the Petroleum Products Amendments Act per province.	Two targeted public awareness campaigns on the Petroleum Products Amendment Act per province.	Three targeted public awareness campaigns on the Petroleum Products Amendment Act.
	province.	Regular engagement with oil companies, independent consultants and industry associations were introduced.	Continue regular engagement with oil companies, independent consultants and industry associations.	
		Local radio broadcasting.	Local radio broadcasting.	
		Engage with tribal authorities to reach	Continue to engage with tribal authorities to reach outlying areas.	
		outlying areas.	Monitor and evaluate the use of video	
		Some of the events are <i>ad hoc</i> but others are scheduled monthly and quarterly.	and social media content.	
		Compile a "How to comply with the conditions for petroleum licences" video, to be posted on the DoE and social media websites.		
Access	DoE website.	DoE website.	DoE website.	DoE website.
	Regional representation at DoE workshops/road shows.	Regional representation at DoE workshops/road shows.	Regional representation at DoE workshops/road shows.	Regional representation at DoE workshops/road shows.
	Provision of mobile services.	Provision of mobile services.	Provision of mobile services.	Provision of mobile services.
Courtesy	complir quarter	Introduce a complaints and compliments register and review it quarterly.  Introduce name tags for customer-	Exploit advanced ICT – improve online channel and introduce technology to improve customer interaction with the Call Centre.	Exploit advanced ICT – improve online channel and introduce technology to improve customer interaction with the Call Centre.
		facing officials, particularly at regional	Record Call Centre information.	Record Call Centre information.
		level.	Petroleum Controller's e-mail should be active, monitored and feedback given to the customer.	Petroleum Controller's e-mail should be active, monitored and feedback given to the customers.

	CURRENT STANDARD		DESIRED STANDARD	
	2012/13	2013/14	2014/15	2015/16
Openness and	Developed Standard Operating	Approve and publish SOPs.	Monitor and review SOPs.	Monitor and review SOPs.
transparency	Procedures (SOPs) (not yet approved).		Develop, approve and publish guidelines for acceptance and analysis criteria.	Develop, approve and publish guidelines for acceptance and analysis criteria.
Information	Pamphlets available and workshops conducted on the licensing process (English only).	Pamphlets and workshops on the licensing process (including other official languages).	Website, pamphlets, workshops (including other official languages), seminars.	Website, pamphlets, workshops (including other official languages), seminars.
	Provided a business plan template for licensing applications.	Business plan template has led to improvement in the quality of business plans submitted by applicants.	Regional representation, more collaboration with stakeholders, helpdesk.	Regional representation, more collaboration with stakeholders, helpdesk.
Redress	Conducted audit to assess compliance with the Petroleum and Liquid Fuels Charter.	Prioritise compliance with, monitoring of and enforcement of Petroleum and Liquid Fuels Charter.	Prioritise compliance with, monitoring of and enforcement of Petroleum and Liquid Fuels Charter.	Prioritise compliance with, monitoring of and enforcement of Petroleum and Liquid Fuels Charter.
	Published audit outcomes.	Implement recommendations.	Implement recommendations.	Implement recommendations.
Value for money	No measure.	Ongoing efforts (as listed above) to inform the public about the licensing process.	Ongoing efforts (as listed above) to inform the public about the licensing process.	Ongoing efforts (as listed above) to inform the public about the licensing process.
		Ongoing engagements with stakeholders within the petroleum	Ongoing engagements with stakeholders within the petroleum	Ongoing engagement with stakeholders within the petroleum industry.
		industry.	industry.	Ongoing training of Branch officials
		Introduce training of Branch officials on how to operate a filling station to enhance official's industry knowledge.	Ongoing training of Branch officials on how to operate a filling station to enhance official's industry knowledge.	on how to operate a filling station to enhance official's industry knowledge.
Time	90 days for petroleum licences (excluding new-to-industry site and retail applications).	90 days for petroleum licences (excluding new-to-industry site and retail applications).	80 days for petroleum licences (excluding new-to-industry site and retail applications).	80 days for petroleum licences (excluding new-to-industry site and retail applications).
	60 days for new-to-industry site and retail applications.	60 days for new-to-industry site and retail applications.	60 days for new-to-industry site and retail applications.	60 days for new-to-industry site and retail applications.
Cost	R12.3 million	R14.5 million	±R17 million	R22 million
Human resources	53	53	53 currently funded plus 32 (currently unfunded).	53 currently funded plus 32 (currently unfunded).

## 5. Improvement Plan: Nuclear Licensing Process

	CURRENT STANDARD	DESIRED STANDARD			
	2012/13	2013/14	2014/15	2015/16	
Quantity	<ul> <li>80% of all nuclear authorisation applications processed within eight (8) weeks.</li> <li>Total authorisation issued – 90:</li> <li>72 issued within eight (8) weeks; and</li> <li>18 issued after eight (8) weeks.</li> </ul>	100% of all nuclear authorisation applications processed within eight (8) weeks.	100% of all nuclear authorisation applications processed within eight (8) weeks.	100% of all nuclear authorisation applications processed within eight (8) weeks.	
Quality	-	-	-	-	
Professional standards	N/A	N/A	N/A	N/A	
Legal standards	Nuclear Energy Act	Nuclear Energy Act	Nuclear Energy Act	Nuclear Energy Act	
Consultation	All authorisation holders attend an annual meeting to ensure compliance with authorisation conditions.	All authorisation holders attend an annual meeting to ensure compliance with authorisation conditions.	All authorisation holders attend an annual meeting to ensure compliance with authorisation conditions.	All authorisation holders attend an annual meeting to ensure compliance with authorisation conditions.	
	Quarterly reports are submitted to the Department by authorisation holders.	Quarterly reports are submitted to the Department by authorisation holders.	Quarterly reports are submitted to the Department by authorisation holders.	Quarterly reports are submitted to the Department by authorisation holders.	
	Initial meetings are held with applicants if the Department requires clarity.	Initial meetings are held with applicants if the Department requires clarity.	Initial meetings are held with applicants if the Department requires clarity.	Initial meetings are held with applicants if the Department requires clarity.	
		Report back to individual authorisation holders on a quarterly basis regarding compliance issues.	Report back to individual authorisation holders on a quarterly basis regarding compliance issues.	Report back to individual authorisation holders on a quarterly basis regarding compliance issues.	
		Deliver training to the South African Police Service (SAPS) regarding the basics of nuclear energy – this will enable better enforcement of compliance with the Nuclear Energy Act.  Deliver training to the South African Revenue Service (SARS) Border Control on Nuclear Commodity Identification.	Deliver training to SAPS regarding the basics of nuclear energy – this will enable better enforcement of compliance with the Nuclear Energy Act.  Deliver training to SARS Border Control on Nuclear Commodity Identification.	Deliver training to SAPS regarding the basics of nuclear energy – this will enable better enforcement of compliance with the Nuclear Energy Act.  Deliver training to SARS Border Control on Nuclear Commodity Identification.	

	CURRENT STANDARD		DESIRED STANDARD	
	2012/13	2013/14	2014/15	2015/16
Access	Contact with the DoE is currently made via the website, e-mail, telephonically or physical consultation.	Enhance the website to include information regarding the process and the repercussions of non-compliance.	Enhance the website to include information regarding the process and the repercussions of non-compliance.	Enhance the website to include information regarding the process and the repercussions of non-compliance.
	Advertisements through newspapers are used to direct beneficiaries to the Department.	Contact with the DoE made via the website, e-mail, telephonically or physical consultation.	Contact with the DoE made via the website, e-mail, telephonically or physical consultation.	Contact with the DoE made via the website, e-mail, telephonically or physical consultation.
Courtesy	Customer complaints are currently	Customer complaints will continue to be	Develop a customer satisfaction survey.	Develop a customer satisfaction survey.
	handled during consultation sessions.	handled during consultation sessions.	Depending on resources available, develop a track and trace system that will allow customers to determine the status of their application.	Depending on resources available, develop a track and trace system that will allow customers to determine the status of their application.
Openness and transparency	If there are challenges with a specific authorisation the Department communicates well in advance of the eight-week deadline to ensure openness with the client.	If there are challenges with a specific authorisation the Department will communicate well in advance of the eight-week deadline to ensure openness with the client.	Depending on resources available, develop a track and trace system that will allow customers to determine the status of their application.	Depending on resources available, develop a track and trace system that will allow customers to determine the status of their application.
	All other information is available on the departmental website.	All other information will be made available on the departmental website.		
Information	Information available on the departmental website.	Enhance the departmental website to include information regarding the process and the repercussions of noncompliance.	Enhance the departmental website to include information regarding the process and the repercussions of noncompliance.	Enhance the departmental website to include information regarding the process and the repercussions of noncompliance.
		Develop pamphlets on authorisation of nuclear material – to be distributed at nuclear functions.	Develop pamphlets on authorisation of nuclear material – to be distributed at nuclear functions.	Develop pamphlets on authorisation of nuclear material – to be distributed at nuclear functions.
Redress	Specifically for non-compliance	To be included on the website.	To be included on the website.	To be included on the website.
	(possessing nuclear material without authorisation): currently being addressed via advertisements in	Advertise annual meetings in local newspapers.	Advertise annual meetings in local newspapers.	Advertise annual meetings in local newspapers.
	newspapers.  Non-compliant applicants are referred to law enforcement (SAPS) for	Develop pamphlets specifically related to non-compliance with the Nuclear Energy Act.	Develop pamphlets specifically related to non-compliance with the Nuclear Energy Act.	Develop pamphlets specifically related to non-compliance with the Nuclear Energy Act.
	contravening the Nuclear Energy Act.	Non-compliant applicants referred to law enforcement agency (SAPS) for contravening the Nuclear Energy Act.	Non-compliant applicants referred to law enforcement agency (SAPS) for contravening the Nuclear Energy Act.	Non-compliant applicants referred to law enforcement agency (SAPS) for contravening the Nuclear Energy Act.

	CURRENT STANDARD			
	2012/13	2013/14	2014/15	2015/16
Value for money	-	-	-	-
Time	Administrative work – currently seven (7) days.  Consultation with applicant and other law enforcement agencies – currently two (2) weeks.  Approval process – not standard.	Optimise and standardise the approval process.	Optimise and standardise the approval process.	Optimise and standardise the approval process.
Cost	N/A – utilise internal resources.	N/A – utilise internal resources.	N/A – utilise internal resources.	N/A – utilise internal resources.
Human resources	Currently three (3) members of staff process the applications.	Three (3) members of staff process the applications.	Three (3) members of staff process the applications.	Three (3) members of staff process the applications.
	Within the law enforcement area there are three (3) members of staff.	Within the law enforcement area, four (4) members of staff.	Within the law enforcement area, four (4) members of staff.	Within the law enforcement area, four (4) members of staff.



# 1. Strategic Objectives

	EXISTING		AMENDED
STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
	PROGRAMME 1:	ADMINISTRATION	
SO 1.1 Finance and Supply Chain Management	To provide financial management, accounting, and supply chain and asset management services to the DoE.	SO 1.1 Finance and Supply Chain Management	To provide financial management, accounting, and supply chain and asset management services to the DoE.
SO 1.2 Corporate Support	To provide corporate support to the DoE.	SO 1.2 Corporate Support	To provide corporate support to the DoE.
SO 1.3 Governance and Compliance	To ensure good corporate governance and compliance by the DoE and state-owned entities (SOEs).	SO 1.3 Governance and Compliance	To ensure good corporate governance and compliance by the DoE and SOEs.
SO 1.4 International Co-ordination	To support the Minister, Deputy Minister, DG, DoE and energy sector with their international engagements and obligations.	SO 1.4 International Co-ordination	To support the Minister, Deputy Minister, DG, DoE and energy sector with their international engagements and obligations.
	PROGRAMME 2: ENERGY	POLICY AND PLANNING	
SO 2.1 Demand Management	To improve energy security by regulating demand and introducing a diversified mix of energy generation technologies.	SO 2.1 Energy Security	Improve energy security by:  Regulating demand and introducing a diversified mix of
SO 2.2 Competition	To improve energy security by improving efficiency through competition in the energy sector.		<ul> <li>energy generation technologies on an ongoing basis;</li> <li>Increasing competition in the energy sector by introducing independent power producers utilising renewable technologies, through a bidding process on an annual basis:</li> </ul>
SO 2.3 Energy Policy	To improve energy security by developing key indicators to effectively monitor the energy sector policies on an ongoing basis.		<ul> <li>Planning interventions to expand energy infrastructure through the development of a policy framework for the IEP, the IRP, the Liquid Fuels Infrastructure Roadmap, the Gas Utilisation Master Plan, the Transmission Development</li> </ul>
SO 2.4 Energy Planning	To improve energy security by planning interventions to expand energy infrastructure by developing a policy		Plan, and the Major Distribution Infrastructure Plan, over the medium term; and
	framework for the Integrated Energy Plan (IEP), the Integrated Resource Plan (IRP), the Liquid Fuels Infrastructure Roadmap, the Transmission Development Plan and the Major Distribution Infrastructure Plan over the medium term.		<ul> <li>Publishing an Annual Energy Statistics Report to facilitate information-based decision-making.</li> </ul>
SO 2.5 Energy Publications	To improve energy security by publishing an Annual Energy Statistics Report to facilitate information-based decision-making.		



	EXISTING	AMENDED		
STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	
SO 2.6 Approach to Distribution Asset Management Plan	To improve energy security by addressing current and envisaged energy supply and distribution constraints by developing the Approach to Distribution Asset Management (ADAM) Plan for the rehabilitation of critical municipal electricity distribution infrastructure.	SO 2.2 Approach to Distribution Asset Management	Address current and envisaged energy supply and distribution constraints by developing the planned Approach to Distribution Asset Management (ADAM) for the rehabilitation of critical municipal electricity distribution infrastructure by the end of June 2014.	
SO 2.7 Liquid Fuels Infrastructure Plan	To improve energy security by developing and implementing the Liquid Fuels 20-Year Infrastructure Plan over the medium term to improve liquid fuels energy security.	SO 2.3 Liquid Fuels Infrastructure Plan	Improve liquid fuels energy security by developing and implementing the Liquid Fuels 20-Year Infrastructure Plan over the medium term.	
	PROGRAMME 3: PETROLEUM AND P	PETROLEUM PRODUCTS RE	EGULATION	
SO 3.3 Compliance Monitoring and Enforcement	To ensure compliance with the Liquid Fuels Charter and technical, legal and commercial licensing conditions.	SO 3.1 Compliance Monitoring and Enforcement	Ensure development and transformation of the liquid fuels industry and security of supply of petroleum products in the South African economy by monitoring and enforcing technical and economic compliance with legislation, specifications, standards and licence conditions in each year of the medium term.	
SO 3.2 Sector Transformation	To facilitate the improved participation of Historically Disadvantaged Individuals (HDIs) in the petroleum sector by awarding 25% of all petroleum licence applications to HDIs in each year of the medium term.	SO 3.2 Petroleum Licensing	Facilitate the improved participation of Historically Disadvantaged Individuals (HDIs) in the petroleum sector by enforcing compliance by wholesalers, manufacturers and retailers with the Liquid Fuels Charter in the adjudication of licences, on an ongoing basis.	
SO 3.4 Petroleum Licensing	To regulate the petroleum industry (manufacturing, wholesaling and retailing) through licence adjudication.			
SO 3.1 Regulatory Accounting System (RAS)	To strengthen the regulatory framework in the petroleum products industry by implementing the RAS to have a transparent reimbursement framework for rewarding investment in the liquid fuels sector by 2013/14.	SO 3.3 Regulatory Accounting System	Strengthen the regulatory framework in the liquid fuels petroleum industry by implementing the RAS to ensure a transparent fuel pricing mechanism that will reward investors in the liquid fuels sector throughout the value chain, by 2013/14.	
SO 3.5 Fuel Price Regulation	To regulate fuel prices.			
	PROGRAMME 4: ELECTRIFICATION AND ENERG	GY PROGRAMME AND PRO	DJECT MANAGEMENT	
SO 4.1 Universal Access	To manage, co-ordinate, monitor and report on programmes and projects to promote/enhance universal access to energy.	SO 4.1 Integrated National Electrification Programme	Increase access to electricity by monitoring the implementation of the Integrated National Electrification Programme, which aims to electrify an additional 890 000 (grid and non-grid) households by 2016/17.	

	EVICTING		AMENDED
	EXISTING		AMENDED
STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
SO 4.2 Electricity Distribution Asset Management	To improve the quality of electricity distribution by addressing the rehabilitation of municipal electricity distribution assets through ongoing monitoring and evaluation of distribution asset management.	SO 4.2 Project Management and Electricity Industry/ Infrastructure Transformation	<ul> <li>Ensure the efficient management of the electricity supply by:</li> <li>Enhancing the application of project management business principles to assist programme and project managers on an ongoing basis; and</li> <li>Continually co-ordinating, monitoring and reporting on</li> </ul>
SO 4.3 Project Management	To ensure the efficient management of projects by enhancing the application of project management business principles to assist programme and project managers on an ongoing basis.		the implementation of programmes and projects focused on the development, improvement and transformation of energy generation, refinement and transmission, and on the distribution industry and infrastructure.
SO 4.4 Electricity Infrastructure/Industry Transformation	To co-ordinate, monitor and report on the implementation of programmes and projects focused on the development, improvement and transformation of the energy generation, refinement, transmission and distribution industry and infrastructure.		
SO 4.5 Community Upliftment	To identify, implement, manage and co-ordinate programmes/ projects aimed at the mainstreaming/upliftment/empowerment of disadvantaged/vulnerable groups and increase public awareness on energy issues.	SO 4.3 Community Upliftment	Increase public awareness about energy issues while empowering disadvantaged and vulnerable groups by identifying, implementing, managing and co-ordinating upliftment programmes and projects on an ongoing basis.
SO 4.6 Regional Information, Inspections and Liaison	To obtain information relevant to planning, do physical inspections on the execution of access to energy projects and liaise between beneficiaries of projects, service providers and the DoE.	-	-
	PROGRAMME 5: N	NUCLEAR ENERGY	
SO 5.1 Nuclear Security	To regulate the security of nuclear material and facilities by adhering to nuclear security obligations, developing and publishing appropriate regulations by 2013/14.	SO 5.1 Nuclear Security	Nuclear Security regulate the security of nuclear material, related equipment and facilities by developing publishing, implementing and reviewing the statutory nuclear security framework on an ongoing basis.
SO 5.2 Nuclear Control and Accounting	To strengthen the control of and accounting for nuclear materials and related equipment by enforcing the relevant legislation, regulations and facilitating the installation of monitoring equipment at identified ports of entry in conjunction with the South African Revenue Service (SARS) by 2013/14.	SO 5.2 Nuclear Control and Accounting	Strengthen the control of, and accounting for, nuclear materials and related equipment by enforcing relevant regulations and statutory frameworks on an ongoing basis.
SO 5.3 Radioactive Waste Management	To promote the safe management and disposal of radioactive waste by establishing and ensuring the full operation of the National Radioactive Waste Disposal Institute (NRWDI), as provided for in the Radioactive Waste Management Policy and Strategy, by 2014/15.	SO 5.3 Radioactive Waste Management	Ensure safe, secure and sustainable management and disposal of radioactive waste by facilitating the full operation of the NRWDI, and establishing a waste disposal fund by 2015.

	EXISTING		AMENDED
STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT
SO 5.4 Nuclear Energy Expansion/Infrastructure Development	To develop and ensure the implementation of a framework for nuclear energy expansion/infrastructure development.	SO 5.4 Nuclear Energy Expansion Programme	Contribute towards ensuring the security of energy supply by leading, developing and overseeing the implementation of the Nuclear Energy Expansion Programme as guided by nuclear energy policy and the decision of the National Nuclear Energy Executive Co-ordination Committee of November 2013, in accordance with timelines stipulated in the Integrated Resource Plan 2010–2030.
-	-	SO 5.5 Nuclear Compliance	Ensure compliance with international nuclear obligations by developing, maintaining and implementing an appropriate statutory framework for a Nuclear Energy Policy by 2016.
-	-	SO 5.6 Nuclear Emergency Management	Ensure the readiness of all relevant stakeholders for the management of any nuclear emergency as part of the national disaster plan on an ongoing basis by:
			<ul> <li>Conducting an emergency preparedness review with the International Atomic Energy Agency in order to identify gaps in South Africa's nuclear infrastructure; and</li> </ul>
			<ul> <li>Developing an action plan to address such gaps to be in line with the National Nuclear Emergency Management Plan by 2015.</li> </ul>
	PROGRAMME 6:	CLEAN ENERGY	
SO 6.1 Climate Change and Environment	To manage climate change and environmental matters through regulations and monitoring to mitigate the risk of environmental impact by:  Publishing strategies and plans by 2014/15; and  Developing a regulatory framework that supports Carbon Capture and Storage (CCS) test injection by 2016.	SO 6.1 Climate Change and Environment	<ul> <li>Manage climate change and environmental matters by:</li> <li>Developing and implementing Climate Change Policies;</li> <li>Developing the green economy and mitigating the risk of adverse environmental impact on an ongoing basis; and</li> <li>Publishing Climate Change Strategies and Plans by 2014/15.</li> </ul>
SO 6.2 Energy Efficiency (EE) and Demand Management	<ul> <li>To promote and facilitate EE and demand management by:</li> <li>Monitoring and reporting on energy savings on an ongoing basis;</li> <li>Co-ordinating, monitoring and reporting on the progress and impact of EE and demand management strategies by 2015; and</li> <li>Reviewing the EE tax incentive and energy conservation schemes by 2014/15.</li> </ul>	SO 6.2 Energy Efficiency and Demand Management	<ul> <li>Promote and facilitate energy efficiency and demand management by:</li> <li>Monitoring and reporting on energy savings on an ongoing basis;</li> <li>Co-ordinating, monitoring and reporting on the progress and impact of EE and Demand Management Strategies by 2015; and</li> <li>Reviewing the EE tax incentive and energy conservation schemes by 2014/15.</li> </ul>

	EXISTING	AMENDED		
STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	STRATEGIC OBJECTIVE	OBJECTIVE STATEMENT	
SO 6.3 Energy Management Plan	To improve demand management by facilitating the development of an Energy Management Plan by 2014/15.	SO 6.3 Energy Management Plan	Improve demand management by facilitating the development of an Energy Management Plan by 2014/15.	
SO 6.4 Renewable Energy	To ensure the integration of renewable energy into the mainstream energy supply of South Africa by planning and co-ordinating initiatives and interventions focused on the development and improvement of the renewable energy market through:	SO 6.4 Renewable Energy	Ensure the integration of renewable energy into the mainstream energy supply of South Africa by planning and co-ordinating initiatives and interventions focused on the development and improvement of the renewable energy market through:	
	<ul> <li>Improving the generation capacity of renewable energy to at least 4% in 2030;</li> </ul>		<ul> <li>Facilitating the incorporation of the Renewable Energy Policy into the Integrated Energy Plan by 2014; and</li> </ul>	
	<ul> <li>Facilitating approval of the Renewable Energy White Paper by 2013/14;</li> </ul>		<ul> <li>Implementing awareness campaigns from 2013/14 onwards.</li> </ul>	
	<ul> <li>Implementing awareness campaigns from 2013/14 onwards; and</li> </ul>			
	• Installing one (1) million solar water heating (SWH) units by 2015/16.			

# **ACRONYMS AND ABBREVIATIONS**

ADAM AMA APP AI AU AT BFP BS BSS BC C3E CC CCS CC CDM CC CEF CC CEM CC COGTA DC COGT	Annual Performance Plan African Union Basic Fuel Price Benchmark Service Station Clean Energy, Education and Empowerment Carbon Capture and Storage Clean Development Mechanism Central Energy Fund Clean Energy Ministerial Department of Cooperative Governance and Traditional Affairs Conference of Parties Deputy Director-General Director-General Department of Mineral Resources Department of Public Enterprises Department of Public Works Department of Rural Development and Land Reform Energy Conservation Scheme Energy Efficiency Energy Efficiency and Demand Side Management Estimates of National Expenditure Executive Management Committee Free Basic Electricity	HDI IAEA IBT ICT IEC IEP INEP INIR IPP IRENA ISMO LNG LPG MDZ MOA MPAT MTEF MTSF MYPD Necsa NEE NEEAP NERSA NETC NDP NNEECC NNR NPC NRWDI	Historically Disadvantaged Individual International Atomic Energy Agency Inclining Block Tariff Information and Communication Technology Integrated Energy Centre Integrated Energy Plan Integrated National Electrification Programme Integrated Nuclear Infrastructure Review Independent Power Producer International Renewable Energy Agency Independent System and Market Operator Liquefied Natural Gas Liquefied Petroleum Gas Magisterial District Zones Memorandum of Agreement Management Performance Assessment Tool Medium-Term Expenditure Framework Medium-Term Strategic Framework Multi-Year Price Determination South African Nuclear Energy Corporation National Energy Efficiency National Energy Efficiency Action Plan National Energy Regulator of South Africa Nuclear Energy Technical Committee National Nuclear Energy Executive Co-ordination Committee National Nuclear Regulator National Planning Commission National Radioactive Waste Disposal Institute	NTI PFMA PPA PPP PV R&D RAS RE-IPP  REMT SABS SADC SANEDI  SANRAL  SAPIA  SAPP SAPS SARS SDIP SHEQ SIP SMES SO SOE SOOG SOP SWH the dti	New-To-Industry Public Finance Management Act Power Purchase Agreement Public Participation Programme Photovoltaic Research and Development Regulatory Accounting System Renewable Energy Independent Power Producers Renewable Energy Market Transformation South African Bureau of Standards Southern African Development Community South African National Energy Development Institute South African National Roads Agency SOC Limited South African Petroleum Industry Association Southern African Power Pool South African Police Service South African Revenue Service Service Delivery Improvement Plan Safety, Health, Environment and Quality Strategic Integrated Project Senior Management Service Strategic Objective State-Owned Entity Strategic Outcomes Oriented Goals Standard Operating Procedure Solar Water Heating The Department of Trade and Industry
--	--	---	--	---	---





#### **DEPARTMENT OF ENERGY ENQUIRIES:**

Physical Address:

Matimba House 192 Visagie Street

Corner Paul Kruger and Visagie Street

Pretoria

Postal Address:

Private Bag X96 Pretoria 0001 Contact Numbers: +27 12 406 8000

+27 12 406 7300

**General Enquiries:** info@energy.gov.za

Website:

www.energy.gov.za

ISBN: 978-0-621-42503-1

**RP:** 45/2014