

PRESENTATION LAYOUT


PART A - 2015-2020 DoE Strategic Plan

- ☐ Introduction
- ☐ The Department of Energy – Who we are
- ☐ Organisational Structure
- ☐ Planned Policy Initiatives
- ☐ Entities Reporting to the Minister
- ☐ Amendment to the Revised Strategic Plan

Part B - 2018/19 Annual Performance Plan

- ☐ Performance Indicators, Annual and Quarterly Targets per Programme


☐ **Part C - 2018/19 Budget Vote**



energy
Department
of Energy
REPUBLIC OF SOUTH AFRICA

3

PART A: 2015-2020 DoE STRATEGIC PLAN



energy
Department
of Energy
REPUBLIC OF SOUTH AFRICA

4

INTRODUCTION

- ❑ **Established** in May 2009 – outcome of the split of the Department of Minerals and Energy into Department of Energy and Department of Mineral Resources
- ❑ **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.
- ❑ **MISSION:** To regulate and transform the energy sector for the provision of secure, sustainable and affordable energy
- ❑ **VISION 2025:** Improving our energy mix by having 30% of clean energy by 2025.



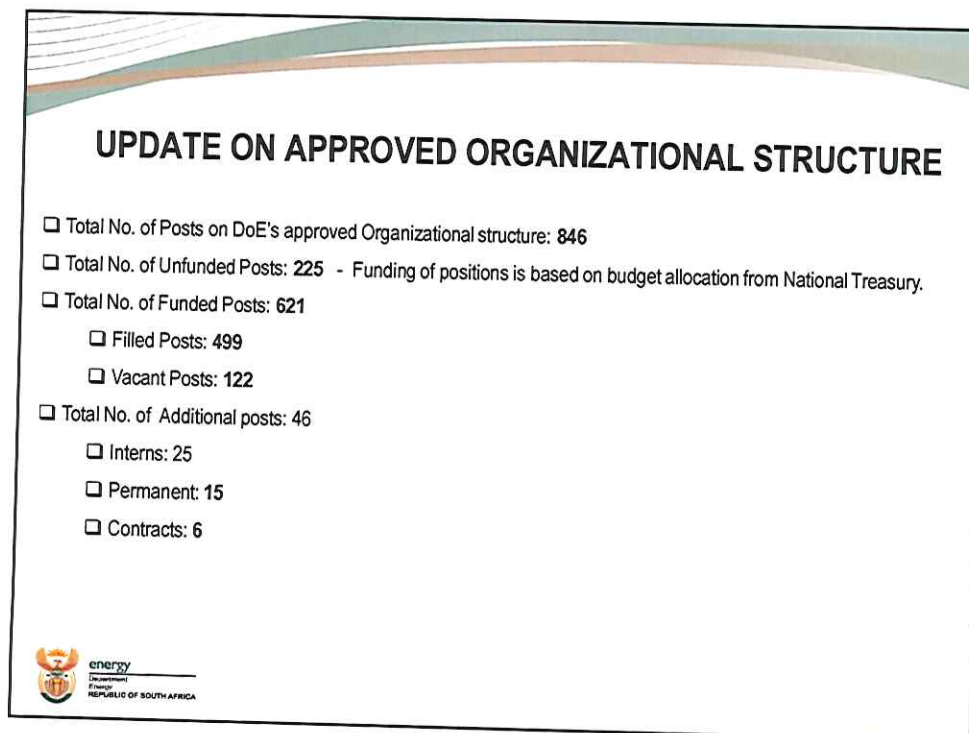
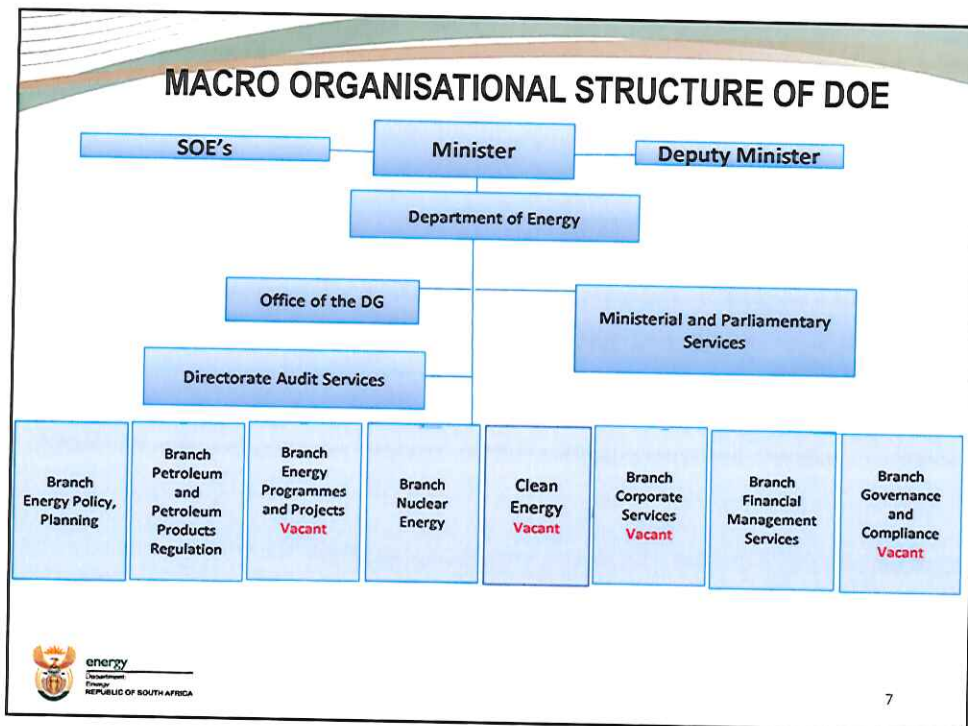
5

WHO ARE WE

- The core business of the Department is premised amongst others on the Energy White Paper of 1998 as well as the National Energy Act, 2008 (Act No. 34 of 2008) which, amongst others mandates the Department to ensure that diverse energy resources are available, in sustainable quantities and at affordable prices, to the South African economy in support of economic growth and poverty alleviation, while taking into account environmental management requirements and interactions amongst economic sectors.
- In carrying out this mandate, the Department develops legislation; undertakes programmes and projects; and in some instances, transfer resources to various implementing agencies and state owned entities (SOEs).



6



ENTITIES REPORTING TO THE MINISTER OF ENERGY

- National Nuclear Regulator (NNR)
- National Energy Regulator of South Africa (NERSA)
- South African National Energy Development Institute (SANEDI)
- South African Nuclear Energy Corporation, (SOC) Ltd (NECSA)
- CEF (SOC) Ltd ("CEF" Group)-
- National Radioactive Waste Disposal Institute (NRWDI).

REVISION OF LEGISLATIVE AND OTHER MANDATES

Name of the Bill	Strategic Focus of the Bill	Date for Submission of the Bill to Cabinet	Date for Submission of the Bill to Parliament	Impact
National Energy Regulator Amendment Bill	To establish a National Energy Regulator, for the regulation of the electricity, piped gas and petroleum pipelines industries	Before the end of the 2018/19 Financial Year	Dependent of the Portfolio Committee	To ensure an energy sector that promotes social equity through expanded access to electricity at affordable tariffs and through targeted sustainable subsidized for needy households.
Gas Amendment Bill	To facilitate gas infrastructure development and investment; to promote Broad-Based Black Economic Empowerment; and to provide for socio-economic and environmentally sustainable development	Before the end of the 2018/19 Financial Year	Dependent on the Portfolio Committee	To provide for the construction of infrastructure to import liquified natural gas (LNG), as well as for increasing exploration to find domestic gas feedstock

PART B: 2018/19 DoE APP

2018/19 Branch Strategic Objectives/ Performance Indicators and Targets.

Programme 1 : Administration

- ☐ The Programme purpose is to provide strategic leadership, management and support services to the Department.
- ☐ The programme include the following sub-programmes, but only the International Coordination targets were reviewed:
 - Ministry
 - Departmental Management
 - Finance Administration
 - Audit Services
 - Corporate Services
 - Office Accommodation

Programme 1 : Administration


Sub-Programme 1.1: Ministry

- ☐ This sub-programme provides overall management and administration of the DoE and ensures that SOEs that report to the Department comply with good governance principles, norms and standards, and that their corporate plans are aligned with the strategic objectives of the DoE.
- ☐ This sub-programme is also geared to support high-level policy prioritisation of the Department through the following:
 - Conduct political oversight and accountability to Parliament.
 - Providing guidance and direction for the development of strategic plans and annual performance plans for the Department and its public entities.
 - Supporting and ensuring good corporate governance practices by entities reporting to the Department.
 - Coordinating engagement programmes with entities through the established management structures.

Programme 1 : Administration

Sub-Programme 1.1: Ministry (continues.....)

- Submitting /tabling strategic plans, annual performance plans and annual reports for the Department and its public entities in Parliament.
- Ensuring effective communication between the Department and its key stakeholders, and creating awareness of the Department's key objectives and activities through community engagement sessions.



energy
Department
of Energy
REPUBLIC OF SOUTH AFRICA

9

Programme 1 : Administration

The 2018/19 Planned Targets for the Chief Directorate of International Relations are :

- Facilitate the coordination/hosting and participation into BRICS Energy initiatives to be held in 30 August 2018.
- Facilitate the coordination/hosting and participation into SADC Energy initiatives to be held in 30 June 2018.



energy
Department
of Energy
REPUBLIC OF SOUTH AFRICA

9

Programme 2 : Energy Policy and Planning

- The programme seeks to ensure evidence-based planning, policy setting and investment decisions in the energy sector to improve the security of energy supply, regulation and competition.
- Programme's strategic objectives as per Medium Term Strategic Framework:
- Improved energy security.
- Improved Liquid Fuels energy security.
- Policy and Regulations to ensure security of supply.
- Bulk electrical infrastructure required for universal access to electricity.

Programme 2 : Energy Policy and Planning Performance 2018/19 Targets

- Gas demand/supply analysis including Gas-to-Power
- Gas Infrastructure Master Plan (including bulk transportation).
- Regional Gas Master Plan.
- Regulation to support implementation of Gas Amendment Act developed.
- Proposal on new oil refinery implementation framework developed.
- Proposal on Clean Fuels 2 implementation framework developed.
- Pilot Biofuels Programme implemented in line with Cabinet approval.
- Final proposals regarding the 'end-state' electricity sector approved

Programme 2 : Energy Policy and Planning Performance 2018/19 Targets

- Electricity pricing policy reviewed
- Proposal on the National Energy Regulator Bill, taking into account comments by Cabinet.
- Municipal Assets Management Programme roll-out framework developed.
- Inter-governmental agreements with transmission line transit countries concluded.

Programme 3: Petroleum and Petroleum Products Regulation

The Programme's aims to regulate the petroleum and petroleum products industry to ensure the optimal and orderly functioning of the petroleum industry to achieve government's developmental goals.

- The programme include the following sub-programmes:
 - Petroleum Compliance monitoring and enforcement
 - Petroleum Licensing and fuel supply.
 - Fuel Pricing
 - Regional Petroleum Regulation Offices

Programme 3: Petroleum and Petroleum Products Regulation

Programme's strategic objectives as per Medium Term Strategic Framework:

- Compliance monitoring and enforcement in the petroleum sector.
- Petroleum and Liquid Fuel Sector Transformation
- Promote Petroleum Licensing.

Programme 3: Petroleum and Petroleum Products Regulation 2018/19 Targets

- 1500 Retail Site Compliance Inspections conducted
- 1080 Fuel Samples tested
- Publication of Audit Report of B-BBEE in the Petroleum Retail Sector.
- Publication of Petroleum and Liquid Fuel Sector Code.
- 50% of licence applications approved have a minimum of 50% HDSA ownership.

Programme 4: Electrification and Energy Programme and Project Management

Programme purpose is to manage, coordinate and monitor programmes and projects focused on access to energy.

The programme include the following sub-programmes:

- Integrated National Electrification Programme.
- Energy Regional Offices
- Programme and Project Management Office
- Electrification Infrastructure/ Industry Transformation/ Community Upliftment programmes and projects.

Programme 4: Electrification and Energy Programme and Project Management

Programme's strategic objectives as per Medium Term Strategic Framework:

- Access to Electricity by Households.
- Enhancement Programme and Project Management.
- Energy Infrastructure Development Monitored

Programme 4: Electrification and Energy Programme and Project Management 2018/19 Targets

- 4 Quarterly reports on additional households to be electrified with grid electrification towards the 2018/19 target of 200 000 in the National Electrification Plan.
- 4 Quarterly reports on building/ upgrading of electrification infrastructure projects towards the 2018/19 targets, as contracted with Eskom and municipalities.
- 4 Quarterly reports on additional households to be electrified with non-grid electrification towards the 2018/19 target of 20 000 in the National Electrification Plan.
- 4 Quarterly reports and one annual report regarding the development of the rural leC's

2018/19 ESKOM PLANS


PROVINCE	HOUSEHOLDS (R'000)	PLANNED CONNECTIONS
Eastern Cape	745 371	46 500
Free State	29 504	3 000
Gauteng	156 297	11 000
Kwazulu Natal	625 457	47 000
Limpopo	421 781	26 000
Mpumalanga	256 506	17 000
North West	258 695	17 000
Northern Cape	74 323	3 000
Western Cape	98 325	9 500
TOTAL	2 666 259	180 000



energy
Department
Energy
REPUBLIC OF SOUTH AFRICA

2018/19 MUNICIPAL PLANS

PROVINCE	HOUSEHOLDS (R'000)	PLANNED CONNECTIONS
Eastern Cape	332 990	21 924
Free State	21 382	1 660
Gauteng	146 047	8 528
Kwazulu Natal	477 546	25 790
Limpopo	227 247	14 174
Mpumalanga	101 134	6 504
Northern Cape	84 258	3 860
North West	27 469	3 719
Western Cape	80 423	5 247
TOTAL	1 498 435	91 607



energy
Department
Energy
REPUBLIC OF SOUTH AFRICA

Programme 5: Nuclear Energy

Purpose of the branch is to manage the South African nuclear energy industry and control nuclear material in terms of international obligations, nuclear legislation and policies to ensure the peaceful use of nuclear energy.

The programme include the following sub-programmes:

- Nuclear Safety and Technology
- Nuclear Non-Proliferation and Radiation Security
- Nuclear Policy

18

Programme 5: Nuclear Energy

The following are the programme's strategic objectives as per Medium Term Strategic Framework:

- Improved Security of Energy Supply.
- To Strengthen the Control of Nuclear Material and Equipment
- Improved Nuclear Safety and Security

Programme 5: Nuclear Energy 2018/19 Targets

- 70% of authorisation applications processed with the 8 week time period.
- Decommissioning and Decontamination Policy produced.
- Submit National Nuclear Regulatory Amendment Bill to obtain Cabinet approval for public consultation.
- Draft Radioactive Waste Management Fund Bill send to Chief State Law Advisor.

Programme 6: Clean Energy

The Programme seeks to manage and facilitate the development and implementation of clean and renewable energy initiatives, as well as Energy Efficiency and Demand-Side Management (EEDSM) initiatives.

The programme include the following sub-programmes:

- Energy Efficiency
- Renewable Energy
- Climate Change Response, Environmental Compliance and Designated National Authority



21

Programme 6: Clean Energy

The following are the Programme's strategic objectives as per Medium Term Strategic Framework:

- Implementation of the EEDSM measures across all sectors coordinated and monitored
- Renewable Energy
- Implementation of Energy Related Climate Change Response measures and Environmental Compliance coordinated and monitored.
- Measurement, Reporting and verification system of climate change parameters.



21

Programme 6: Clean Energy Performance 2018/19 Targets

- 0.5 Twh of energy savings realised and verified from EEDSM projects.
- Post 2015 National Energy Efficiency Strategy finalised and promulgated.
- Draft Renewable Energy Technology Roadmap (RETRM) drafted and completed.
- Solar Water Heater Programme implementation monitored and 4 quarterly progress reports submitted.
- Annual Compliance Report on the 3rd Environmental Management Plan Edition approved.

Programme 6: Clean Energy Performance 2018/19 Targets

- Carbon Offset registry for listing offsets credits linked to carbon offset administration system developed and implemented.

PART C- 2018/19 - FINANCIAL INFORMATION

2018/19 - FINAL ENE ALLOCATION - per ECONOMIC CLASSIFICATION

VOTE 26 - ENERGY	2017/18	2018/19			
	Final Budget Allocation	Indicative Baseline	Final Allocation	Variance	
Economic Classification	R'000	R'000	R'000	R'000	%
Compensation of Employees	333,247	331,900	360,517	28,617	8.62
Goods and Services	239,400	279,438	252,306	-27,132	-9.71
Transfers and Subsidies	7,568,489	7,854,066	6,427,655	-1,426,411	-18.16
Capital Assets	4,286	4,539	4,539	0	0
Total	8,145,422	8,469,943	7,045,017	-1,424,926	-16.82

2018/19 - FINAL ENE ALLOCATION – OVERVIEW per Economic classification

- The Department is appropriated R7.045 billion for the 2018/19 financial year, with 91.24% allocated to transfer payments and the remaining balance of 8.76% for operational purposes.
- The 2018/19 budget allocation reduced by R1.100 billion, translated as 13% compared to 2017/18 budget allocation of R8.145 billion.
- The final budget allocation reflects an overall budget reduction of R1.425 billion translated as 16.82% in comparison with the indicative baseline.
- Changes in the final allocation are attributable to:
 - Compensation of Employees** was adjusted upwards by R28.62 million from an indicative baseline of R331.9 million to R360.52 million being 8.62% increase.
 - The additional funds will enable augmentation of budget shortfall of R6.02 million for current head count which has been recurring from prior year due to budget reduction by National Treasury and avail R 22.6 million in estimated funding to fill priority positions.
 - Goods & Services** A net-reduction of R27.13 million being 9.71% was implemented from the indicative baseline of R279.44 million to final allocation of R252.31 million.
 - The above net-reduction is due to a decrease of R41.07 million in the budget of SWHP and an increase of R13.93 million in the budget for property payments and operating leases.
 - Transfer Payments** – Final budget is R6.43 billion with a net-reduction of R1.43 billion being 18.16% of the baseline made up of:
 - R700 million budget reduction on the INEP-Eskom grant,
 - R300 million reduction on the INEP-Municipalities grant,
 - R434.93 million reduction on the SWHP, resulting in nil earmarked funds
 - R19.98 million budget reduction on NECSA's operational funding.
 - Budget increases were simultaneously implemented for NRWDI R12.53 million, SANEDI R7 million and additional funding of R8.97 million for International membership fees.



energy
Department
of Energy
REPUBLIC OF SOUTH AFRICA

35

2018/19 - FINAL ENE ALLOCATION - per PROGRAMME

PROGRAMMES	2017/18 Final ENE Allocation R'000	Indicative Baseline R'000	2018/19		
			ENE Allocation R'000	Variance R'000	%
<i>Rand thousand</i>					
Administration	264,245	245,948	282,638	36,690	14.92
Energy Policy and Planning	47,300	49,509	53,078	3,569	7.20
Petroleum & Petroleum Products Regulation	81,723	85,541	87,132	1,591	1.86
Electrification & Energy Prog & Prog Man	6,219,021	6,432,399	5,435,400	-996,999	-15.50
Nuclear Energy	789,973	821,395	816,586	-4,809	-0.59
Clean Energy	743,160	835,151	370,183	-464,968	-55.67
TOTAL	8,145,422	8,469,943	7,045,017	-1,424,926	-16.82
Administration					
Ministry	39,294	26,334	33,272	6,938	26.35
Departmental Management	63,576	60,598	73,165	12,567	20.74
Financial Management Services	36,051	36,429	39,338	2,909	7.99
Audit Services	6,076	6,340	8,454	2,114	33.34
Corporate Services	83,437	81,004	79,232	-1,772	-2.189
Office Accommodation	35,811	35,243	49,177	13,934	39.54
TOTAL	264,245	245,948	282,638	36,690	14.92



energy
Department
of Energy
REPUBLIC OF SOUTH AFRICA

36

2018 - MTEF: TRANSFER PAYMENTS SCHEDULE

DETAILS	2017/18	2018/19	2019/20
	ENE Allocation	ENE Baseline	ENE Baseline
	R'000	R'000	R'000
<i>Rand Thousand</i>			
Households	454	480	507
SETAs	1,108	1,170	1,234
International Membership fees	27,915	29,478	31,099
Prg 4 - INEP Non-Grid	201,649	212,941	224,653
Prg 4 - INEP Eskom	3,262,031	3,432,453	3,621,488
Prg 4 - INEP Municipalities	1,904,477	2,127,928	2,244,964
Prg 5 - NECSA	682,714	720,224	759,851
Prg 5 - NNR	16,510	43,096	45,467
Prg 5 - NRWDI	45,532	43,499	39,397
Prg 6 - SANEDI	70,241	74,151	78,215
Prg 6 - SWHP	-	-	-
Prg 6 - EEDSM: Municipalities	215,024	227,065	239,554
Total	6,427,655	6,912,485	7,286,429

End