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MINI PLENARY SESSION – NATIONAL ASSEMBLY

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PROCEEDINGS OF MINI-PLENARY SESSION – NATIONAL ASSEMBLY CHAMBER

Members of the mini-plenary session met in the National Assembly Chamber at 14:03.

House Chairperson Mr C T Frolick took the Chair and requested members to observe a moment of silence for prayer or meditation.

APPROPRIATION BILL

Debate on Vote No 26 – Energy:

The MINISTER OF ENERGY: Hon House Chairperson, hon Members of Parliament, Cabinet colleagues, Deputy Minister of Energy Ambassador Majola, members of the Portfolio Committee on Energy, led by the hon chairperson Mr Fikile Majola, Director-General of the department Thabane Zulu, officials of the Department of Energy, chairpersons and chief executive officers, CEOs, of

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Energy entities, invited guests, ladies and gentlemen, I have the honour to table this Budget Vote for the Department of Energy for the financial year 2018-19.

Our department is mandated to ensure the secure and sustainable provision of energy for the socioeconomic development of our land. In this centenary year, we are celebrating the life and achievements of Nelson Mandela and Mama Albertina Sisulu, the icons of our struggle for freedom and democracy.

As we celebrate, we should take time to reflect on whether we have done justice to their vision for the people, which is also the vision of our Constitution, to transform South Africa into a more equitable, integrated and just society.

This vision is the foundation on which we are renewing and reviving our country and our democracy. President Nelson Mandela said: "It always seems impossible until it's done." Now is the time to reinvigorate our efforts and focus on delivering his ideals for our people. Until it is done, we as a nation deserve nothing less.

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Lenin is remembered for many things he did and said but one he is usually forgotten for is that he espoused that socialism is Soviet power plus electrification. This basic statement remains true to this day in so far as its underlying message goes, namely that no industrial power can exist without developing its energy apparatus in general and expanding its electrification programme in particular.

Statistically, this has been proved and reproved over and over again since the 1950s under Jánossy's famous electricity law - one of the best established in the system of national accounts - according to which growth in a country's gross domestic product, GDP, is the quadratic average of the electricity that it produces.

We as South Africans are pleased to witness a continued growth in our country's commerce and manufacturing, and expect that this will increase demand on key energy assets. This economic growth is projected to continue and will increase demand, for example we expect energy transportation consumption alone to increase by 74% between 2020 and 2050.

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His Excellency, President Ramaphosa, has set us all a target to attract US\$100 billion of investment into the economy. This cannot be possible without appreciating the role of a plurality of generational choices being open to South Africa. We would like the energy sector to contribute, as a minimum, a quarter of this ambitious target. This ambitious goal that we are setting as Energy could be reached in the energy sector with several initiatives that could include:

Firstly, securing strategic stock through investment in new fuel tanks and in infrastructure required for South Africa to become a major shale-gas producer;

Secondly, promoting natural gas by designing and building infrastructure that is required to transport natural gas and liquefied natural gas, LNG;

Thirdly, driving towards cleaner fuels by improving our refinery assets to meet world-class emission standards; and

Finally, supporting transition towards the electrification of transport through key strategic partnerships.

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We understand that this is an ambitious goal but we know we can do this because we have successfully done it before, especially in the renewables sector.

From 2014 to 2016, through the Renewable Energy Independent Power Producer Procurement Programme, our country was able to secure investment of US\$10,8 billion into the renewables sector. This was significantly more than any other African state in the same period, and more, through the recent signing of the independent power producer, IPP, agreements, securing R56 billion of investment into 27 new projects.

Today, at a time that we and the rest of the world are responding to profound resource and technology changes in the energy sector, as well as the sector's contribution to and impact of climate change, it is time that we remind ourselves of our collective commitments and obligation to all our citizens, especially the poor.

Globally, gas is the fastest-growing fossil fuel and it is expected to catch up with coal over the next 20 years. It is emerging as the main hydrocarbon component of a more sustainable

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mix to power the world's economy. Being increasingly accessible due to technological advancements and enhanced market liquidity, gas will see its demand steadily growing across the world. In our country, natural gas – whether imported via regional pipelines or liquefied natural gas terminals at strategic port locations – should be prioritised as it could play a very key role in transitioning us to a low carbon economy. This direction will establish a game-changing demand platform for the future exploration and utilisation of South Africa's latent shale-gas resources to the benefit of security of supply for future generations, as my colleague Minister Mantashe said in his Budget Vote yesterday.

It should be noted that the price of electricity is a very important component of our economy. Therefore, the IPP programme provides the much-needed competition in power generation with a view of providing lower prices to the economy but most importantly to indigent households.

The Gas to Power programme was started two years ago and substantial work has been done in relation to the required studies at the different ports, most importantly, in the port in

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Richards Bay as well as Coega – the port of Ngqura. I have instructed the IPP office to resuscitate the programme and take a lead in engaging with the different stakeholders ... that the country is working towards a single goal.

The initial phase of the Gas to Power programme will utilise imported LNG whilst looking at the options related to regional gas and domestic shale gas in the long term. The result will be to stimulate the development of gas demand in our country whilst providing a market for the expected domestic shale gas.

On the 8th of May this year I committed to the portfolio committee that the department will open the revised Integrated Energy Plan, IEP, and Integrated Resource Plan, IRP, for consultation with all key stakeholders and the public with an aim of submitting all the policies – IEP, IRP, Liquid Fuels and Gas Master Plan – by mid-August 2018 for approval by Cabinet.

This I believe will bring much-needed certainty on our country's energy infrastructure build programme and will also restore confidence that our country requires, and prepare to supply reliable energy to grow this economy.

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Refineries are significant contributors to our economy and the issue of the sustainability of the current refineries is of utmost concern. The refining sector is facing major challenges which include the provision of cleaner fuels, adhering to minimum emission standards and meeting the bunker fuel oil sulphur cap of 2020. Our refineries are not equipped to produce the latest fuels required by modern vehicle engines to reduce vehicle emissions and improve efficiency.

These challenges are not insurmountable but require significant investment with long lead times within the context being set by the regulatory regime. To this end, we intend to finalise the regulatory framework to provide policy certainty to the industry by the end of 2018. In so doing, we will engage the industry in a constructive and comprehensive way over the next few months in order to develop a plan that delivers on these objectives in the best national interest of our country. In line with the National Development Plan, NDP, our government will provide a detailed plan that will be made available by the end of November 2018.

To effect radical economic transformation, which is about decisive steps of placing this economy on a qualitatively

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different path that eliminates poverty; creates jobs and sustainable livelihoods; reduces inequality; and deracialises the economy, the department, together with relevant stakeholders in the liquid fuels industry, is aligning the Petroleum and Liquid Fuels Charter with the Department of Trade and Industry's Broad-Based Black Economic Empowerment Act and its policy frameworks.

We will release the long-overdue petroleum retail audit results before the end of the 3rd quarter of this financial year and that will provide the system of allocation of licenses provided for by section 2(e) of the Petroleum Products Act, as amended.

The gradual rise in the oil price means that oil companies will start to have an appetite for gas and oil exploration.

Consequently, our country must be ready to capture this opportunity and finalisation.

We will have a series of meetings with BRICS Energy Ministers in order to ensure that we are part of the BRICS working group to bring about energy to all our economies.

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Reform of state enterprises is one of the major themes that the President underlined in his state of the nation address. The President has stressed the need for our government to restore state-owned enterprises, SOEs, as drivers of economic growth and social development.

On the restructuring of the Central Energy Fund, CEF, we will refocus its mandate, uplift its technical capabilities, rebalance its portfolio and set it up with a clear governance structure to make quick and decisive decisions. This turnaround will enable it to create a significant positive impact on South Africa's energy landscape.

With regard to PetroSA, the turnaround will include improving key capabilities that will stabilise this company. This turnaround will involve making sure critical projects are delivered on time and on budget, any liabilities are properly managed, operations are made more efficient and effective and commercial capabilities are uplifted to capture greater profits.

With regard to the Nuclear regulatory Corporation of SA, we want to strategically reposition it to further entrench our global

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leadership position in medical radioisotopes through the subsidiary of NTP.

Our department is appropriated just over R7 billion in this current financial year. Operational funding to execute our mandate remains a challenge. Our operational budget is allocated R617 million which is about 8,76% of the total appropriation while about R6 billion is given to other entities such as Eskom, the Integrated National Electrification Programme, INEP, nongrid and transfers to municipalities to ensure that we do things right.

Addressing the human capital challenge of the department is our priority. Before I sit down, I want to assure members that in the next three months we will fill all critical vacant positions in the department.

I would like to take this opportunity to acknowledge the key role that my deputy, Ambassador Majola, has played and her support, guidance and valuable contribution in the achievement of the objectives of the department; including the director-general and all executives of SOEs. I also want to thank all my

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predecessors – I think I counted about five in the last eight years – for the solid foundation they laid and the many achievements that have been made thus far. Last but not least, my family, my wife Bridgette, my children and grandchildren.

Chairperson, I commend to this House the budget of the Department of Energy. I thank you. [Applause.]

Mr F MAJOLA: Hon Chairperson, Minister and Deputy Minister of Energy or shall I say Acting President, Ministers and Deputy Ministers present, hon members, ladies and gentlemen, comrades and friends, the ANC rises to support the Budget Vote 2018-19 of the Department of Energy.

Chairperson, on 9 May 1994, Mama Albertina Sisulu stood up in this House to nominate Tata Nelson Mandela as the President of our country. So, it is fitting that in this year in which we celebrate the centenary of their births, that I stand on this podium dedicating this speech in their eternal honour and memory. On his return to Alexandra, a place he called home from home and where he cut his political teeth in the 1940s, Madiba said Alexandra was known as the Dark City because of the

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complete lack of electricity amidst the sparkling lights in the surrounding suburbs and what later became Sandton.

In finding Alexandra still plunged in darkness 50 years later, Madiba pledged that our immediate challenge is to electrify the whole township and transform it into the city of light, indeed to transform the whole of the country. Today, none can contradict us when we say that the ANC has lived up to Madiba's pledge, as 86% of households have access to electricity ...[Applause.] ... in line with the 2014 Manifesto commitments and that we are indeed on course to achieving 97% of households by 2025, through grid and off-grid solutions.

Despite these giant strides, the portfolio committee notes with concern the challenges that may have an adverse bearing on our flagship Integrated National Electrification Programme towards electrifying 1,25 million more households by 2019. These challenges include the swelling demand because of the accelerating urbanisation amidst the 13% fiscal draw down. The budget has been cut from R8,1 billion to R7 billion in 2018-19. Similarly, the portfolio committee is concerned about the aging transmission and local distribution infrastructure. This is

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against the background of our struggling municipalities, with limited financial resources and technical personnel. Therefore, the portfolio committee recommends that a more comprehensive programme, equivalent to the Integrated National Electrification Programme, Inep, programme be developed to address the backlog and maintenance challenges in this regard.

We are almost at the end of the Fifth Parliament and this portfolio committee wishes to ensure that there are clear deliverables on key areas that need to be rounded off. Hence some of the key recommendations of this committee to you, hon Minister; on the generation and distribution of electricity are as follows: Firstly, ensure that the committee receives the Inter-Ministerial Task Team Report on the Electricity Distribution Industry.

Secondly, with regard to electricity generation, as a committee, we would like an update on the Nuclear New Build Programme and on the Intergovernmental Memorandum of Understanding with the transit countries involved in the Grand Inga Project. Thirdly, the committee is also concerned about the state of business at Eskom and indeed we expect an update on the governance

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challenges and the status of the coal power stations, in the 3rd quarter of this financial year. Finally, the end state of electricity report must be presented to this committee before the end of the 4th quarter.

On key policy and legislative interventions, the portfolio committee welcomes the Minister's decisiveness in his intention to eliminate obstacles in the policy implementation process; indeed this is what is required to stimulate our economy. The first Integrated Resource Plan of 2011 gave our country direction in dealing with the economy's requirements with regard to electricity generation and thus it enabled and guided the development of key intervention programmes that resulted in enhanced energy security and most importantly work and economic opportunities for scores of our people.

As you indicated, hon Minister, key policy interventions such as the revised Integrated Resource and Integrated Energy Plans are needed so as to provide policy certainty and direction to stimulate the much needed investment in our economy. Such policy certainty and direction generate the necessary confidence for investment in the development of the sector and the wider

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economy. Therefore, the portfolio committee recommends that the Minister present to the committee the finalised Integrated Resource Plan by the 4th quarter of 2018-19.

This too, applies to the necessary legislation that needs to be expedited. These include the Electricity Industry Structure Bill and the Electricity Regulation Amendment Bill which we believe would generate the necessary confidence and encouragement of investment in electricity generation that is needed for economic growth. Similarly, the Gas Plan and the Gas Amendment Bill are critical for gasification of the economy. This speaks to the entire value chain from importation and storage infrastructure, all the way to distribution and safe usage of gas. The investment in this sector will result in the expansion of a key sector of the energy economy resulting in substantial investment, job creation and energy security.

Chairperson, the committee welcomes the fact that the Minister has made the filling of vacant posts within the department a priority, and indeed we would appreciate an update once these positions are filled. As indicated by the ANC on the occasion of its 106th Anniversary, our vision is an economy that encourages

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and welcomes investment, offers policy certainty and addresses barriers that inhibit growth and social inclusion. Our commitment is to build strong partnerships in which efficient and accountable government agencies, responsible citizens and businesses, effective trade unions and civil society work together for the common good.

With regard to the Solar Water Heater Programme, the portfolio committee acknowledges the progress made in terms of the 80 000 units manufactured and that the installation is now to be managed by the Independent Power Producer, IPP, office and the Central Energy Fund. The programme has installed 400 000 units since 1994 resulting in a substantial number of homes having access to hot water, some of them for the first time. We cannot forget what Comrade President, Cyril Ramaphosa, mentioned in his state of the nation address earlier this year that, there are nearly a million children in early childhood development facilities and that, let's make sure that they have the luxury of washing their hands in warm water, and that they have access to running hot water when needed.

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We need to ensure that our Solar Water Heater Programme delivers on the goal of providing access to running hot water to our more than 3,5 million indigent households. Therefore, the committee expects to be updated on the Solar Water Heater Implementation Plan, including transfer of the installation phase to the Central Energy Fund, in the 4th quarter of this financial year.

Hon Chair, the ANC government recognises that we all need to save electricity. Hon Chair, as stated in the 20 Year Presidential Review, the Integrated Resource Plan for energy was developed to guide future energy investments, guarantee the security of supply and reduce carbon emissions. The plan identified the need to accelerate efforts to tap into the country's solar, wind and hydropower resources, while responsibly exploiting fossil fuels and mineral resources.

It is true that electricity generation in South Africa is largely dependent on coal, but South Africa has made a commitment to reducing our greenhouse gasses. Hence, the portfolio committee welcomes the signing of the 27 Renewable Energy Independent Power Producer Programme projects on 4 April 2018. This brings the total determinations to 14 725 megawatts

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of renewable energy capacity procured since 1994 through this programme. The injection of the R56 billion and the creation of 58 000 jobs, especially amongst the youth in our economy is a welcome relief in these tough economic times.

There are also other positive spin-offs from this programme as it would further contribute R9,8 billion to socioeconomic development initiatives. Clearly, the ANC government is delivering on its mandate in line with the 2014 Manifesto that said that solar and wind power will feed into the electricity grid to increase our generation capacity and promote environmental sustainability.

The portfolio committee also notes the concerns raised by civil society organisations and trade unions, especially around consultation and the effect the programme will have on jobs in the coal industry. The portfolio committee is strongly of the opinion that proper consultation with all stakeholders is needed going forward. It is our view that the two sources of energy should not be counter-posed as if they were mutually exclusive. What is needed is careful and balanced planning in the long term.

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With regard to petroleum, the sale of Strategic Fuel Stocks has been a major concern of the portfolio committee and as such we welcome the decision by the Central Energy Fund, CEF, Group to file court papers seeking a declaratory order to invalidate the sale.

Part of the national planning initiatives is the proposed construction of a refinery. Hon Minister, we hope to be updated soon with regard to the decision that government makes in this regard.

Lastly, we wish to condemn in the strongest terms possible the massacre perpetrated by the apartheid Israeli regime on the people of Palestine. It is now time to act. Let us boycott this in best and impose sanctions on Israel. Let us stand up and say, Thuma Mina [send me]. The ANC supports the budget. I thank you.
[Applause.]

Ms T QADA: Chairperson, greetings to our visitors in the gallery. Nuclear energy has been promoted as the most cost-effective base load option for providing energy in the future. This has mainly been through nuclear proponents and the previous

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Zuma administration which had its eyes on a lucrative procurement deal linked to the Guptas and the Russians. All of this came to a head with the change of President in February 2018. Nuclear generation is, however, dependent on an updated Integrated Resource Plan and this has been delayed and moved from pillar to post. With the delays in the approval of a new Integrated Resource Plan, IRP, the new nuclear programme has been on the back-burner. The old IRP advocated for 9,6 megawatts of nuclear power and is the current yardstick for energy procurement.

Looking into the historical anecdotes, there was great concern that an agreement had already been signed with the Russian government and a Russian company, Rostrom, to build nuclear plants and that it was only a matter of time before nuclear plants were underway. The Minister said in his speech to the portfolio committee on 8 May 2018 that the Department of Energy is to address the issue raised by the Western Cape High Court judgment of 26 April 2017. The court declared the nuclear co-operation agreement signed between the South African and Russian governments to be unconstitutional and unlawful. Consequently, the way forward on the nuclear new build programme will be

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determined by the IRP once it is finally promulgated by mid August 2018 – let's hope, Minister. What the Minister failed to answer in committee was whether the nuclear deal is going ahead, yes or no?

Subsequent to that, on 14 of May 2018, the President, hon Cyril Ramaphosa, appointed the Deputy President, hon David Mabuza, as his special envoy to Russia. The President must explain the appointment of Mabuza. With this appointment, it appears that Ramaphosa is following the former President Jacob Zima's lead ... [Interjections.]

Mr B A RADEBE: I am rising on Rule 82. The Deputy President is a member of this House and he must be referred to as honourable not as Mabuza.

The HOUSE CHAIRPERSON (Mr C T FROLICK): It is correct, hon member, we can't refer to each other on first name or surname terms. Only refer to the hon Deputy President in the appropriate way. You may continue.

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Ms T QADA: Hon Mabuza. That culminated in the revamping of the IRP to try and force in nuclear despite the CSIR and Eskom concluding that it was too expensive. The ANC government has irrationally pursued nuclear for a long period of time, beginning with the signing of the controversial intergovernmental agreements linked to the potential R1,2 trillion nuclear deal. Let me also remind South Africans that in March 2018, President Ramaphosa's Cabinet was reconsidering the IRP. Mr President himself even agreed with the DA that the country has no money to go for a nuclear new build programme which he conveyed at the World Economic Forum in January this year. The country cannot afford nuclear energy and the DA supports cleaner and cheaper alternatives as part of the country's energy mix.

The DA also notes with great concern the budget cut for the National Solar Water Heater programme from R394 million last year to zero in the 2018/2019 financial year and the forthcoming years. Chairperson, for the past four years, the Portfolio Committee on Energy has been raising concerns about the slow pace in the implementation of the solar water heater programme. Initially, the Programme had a target of installing 1 million

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solar water heaters by 2014, and that target was never realised, so far, the programme has installed just over 400 000 units, meaning the target was never realised. Despite the failure to meet the 1 million target, the current administration has set a cumulative target of 1,75 million solar water heater programme installations by 2019 – I am not sure whether this is election campaign – and further established a long-term target through the National Development Plan, which is accumulative target of 5 million solar water heaters by 2030.

In an effort to address the slow pace in implementing the programme, a new contracting model was devised and was approved by Cabinet. The other contributing factor to the failure of this programme is that it is being moved around. Originally, the programme was managed by Eskom and was targeted at private and commercial installations that already had geysers and electricity with the aim of reducing the demand by electric geysers on the grids. The rollout of low pressure heaters was handled by municipalities supported by Eskom with full subsidies. Guess what? In May 2015, Eskom ceased to be involved in the programme and officially handed it over to the Department of Energy, DoE. The new programme is managed by the DoE and it

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is separated into supply and installation programme. According to the department, there has been great progress made with implementation of the supply programme. Since the programme has been moved from Eskom to DoE, over 80 000 units have been manufactured, however, there is no progress on installation. Now the department has taken a decision to move the installation phase of the programme to the Central Energy Fund, CEF, which is going to be more problematic because CEF has its own challenges.

I fail to see how practical it is for CEF to implement the installation phase of the programme. Additionally, for the installation phase, memorandum of understanding will have to be signed with implementing municipalities. This is too much of a risk as City of Cape Town is doing the same. The question we need to ask is, who suffers in the end? Our poor people will suffer because the price of electricity is too high to afford and now the programme that was meant to benefit them, the ANC government is not taking it seriously. Chairperson, the reduction of this budget has serious implications for our economy and our people. We should also bear in mind that without the rationale and communication behind the cutting of the Solar Water Heater Programme budget, companies are being seriously

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affected. Chairperson, as part of my oversight role, I met with three of the seven companies who have been granted permission by the department to manufacturer these solar water heaters.

They have designed their scope of work in accordance with the original documents they have signed with the DoE, these companies have invested a lot of money, into this programme. With the lack of communication and clarity from the department, these companies will likely close down. The closure of companies such as these is something the country can ill afford. With some 9,5 million unemployed South Africans, programmes like these will cause people to lose jobs. [Interjections.] Chairperson, at the end of the day the 80 000 solar units there is a solution to that. The Department of Energy ... [Time expired.]

Ms N K F HLOTYANA: Hon House Chair, we want to welcome the decision by government not to continue with the nuclear deal that was going to be nothing but looting and corruption at the industrial scale. A strong message must go out to all political, administrative and in the private sector to say; we are not going to allow the opportunism because we need energy to industrialize, provide renewable, affordable and reliable

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electricity and give our people especially the poor, pensioners and people with vulnerability electricity. The message must also go out to those who think Independent Power Producer, IPPs, will not be scrutinized because we know of serious colluding that is taking place with multiple companies used to secure contracts, avoiding taxes, using subsidiary in Netherlands and fronting to score Black Economic Empowerment, BBE, points.

As the EFF, we also welcome the announcement by the President, Cyril Ramaphosa, to initiate the process to review the size of Cabinet and restructure some of the departments. In efforts to build state capacity, there is a need to realign the relationship between a department that is responsible for management of South Africa's energy sources and Eskom. That relationship cannot continue to exist at a distance but it must be much more coordinated manner. Minister, in 2016 we wrote to the previous minister about communities in the North West, Eastern Cape and Limpopo provinces demanding electricity for our people and a promise was made. In North West province, Ward 34 Nkaneng, Ward 22 Popo Molefe informal settlement, Ward 19 Rockville and Ward 37 Sondela informal settlement do not have electricity.

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In Limpopo province, people of Ward 24 Litshelani, Ward 22 Jerome, Ward 21 Jimmy Dlozi, Ward 31 in Ha-Muinga do not have electricity. In Eastern Cape, people of Ward 21 phase 6 in Mqanduli village do not have electricity. Our people cannot continue to wait 24 years after democracy for electricity while politicians fight each other over tenders at Eskom. The state must build capacity of scientist, engineers, artisans and planners to develop its own renewable energy power stations instead of relying on private individual power producers.

Renewable energy has a serious potential for industrialization, job creation and environmental benefits but these cannot be achieved if production of renewable energy is done for profit.

We must transition from fossil fuel powered sources of energy to renewables. This is not a choice but we are moving fast to a world where the value of energy is not in resources but the technology is the resources itself. However, as long as the technology comes for the purpose of profit our people will not benefit and exploitation will continue. Therefore, the EFF rejects the budget vote.

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Mr J A ESTERHUIZEN: House Chair let me start at an offset that the IFP will support this vote. This is mostly because of the commitment of the Chairperson of this committee who engages all parties and even calls people back when we don't agree.

[Applause.] There are so many concerns and I am going to name a few.

Overwhelming Overwhelming reports and disclosures of maladministration, allegations of corruption and governance failures, have seriously affected and undermined the Department of Energy's reputation.

Chairperson, the move towards a more sustainable energy future cannot happen unless energy efficiency and reductions in electricity demand are realised. What is not being properly examined are the economic consequences of overstating projected demand. The budget dropped from R8,6 billion to just over R7 billion.

Employee numbers grew by 46%, employee benefits increased by 13,2% to R24 billion. Operating expenses for the entity of Eskom have increased to 26,3% to just under R30 billion. With an 83%

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drop in profits, R3 billion in spending that flouted the rules of the Public Finance Management Act, spiking debt financing cost that are set to worsen. Despite an increase in revenue of 8%, the company's profits slumped from more than R5 billion, that's R5000 million to just under plus minus R880 million, that's 83%.

With the benefit of hindsight and the massive overreach on costs, the decision to build two of the largest coal-fired generators in the world now looks very decidedly and ill-considerate.

The cost of Medupi for one, which should have been R49,8 billion stands at R86,5 billion. Kusile's R57 billion stands at R83 billion and neither of these power stations are anywhere near completion. Net finance costs rose from R8 billion to R14 billion this year which is an increase of 82%. All those are excluding the capitalised finance cost for work that still under construction. So, Medupi and Kusile are not are not even there. What is going to happen when that comes on the budget? So, there's much more pain in store for Eskom.

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Eskom and the Department of Energy's historic practices led us to believe that Eskom will not reform and become an efficient entity in the current environment. This is predominantly because their pricing model is fundamentally flawed and that pricing must increase to fund expenses instead of focusing on reducing costs and quantify increasing their efficiencies. Furthermore, the lack of policy coherence and program alignment in the Department of Energy is a big constraint on the South African economy. I have just now said ... but we will never even discuss it as there was no public participation. Everyone will be forced to register to solar panels, generators and all private energy system and you will be taxed on that which is unlawful, this cannot happen. This will be collapsing and devastating on foreign investment. I thank you.

The DEPUTY MINISTER OF ENERGY: Hon House Chair, hon Minister Radebe, Acting President in absentia, hon Ministers and Deputy Ministers present here, Chairperson of the Portfolio Committee on Energy, Fikile Majola and members of the committee, senior officials of the Department of Energy and government, leadership of state-owned entities, our guests in the gallery, CEOs and entrepreneurs, learners from the Learners' Focus Week, members

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of the media, fellow South Africans, you are all welcome and good afternoon.

Let me start by paying homage to our struggle stalwarts, the late Mama Winnie Madikizela-Mandela and Dr Zola Skweyiya. These two stalwarts who passed on not so long ago, were respected veterans of the ANC, parliamentarians, and dedicated servants of our people. We have also lost other notable freedom fighters and cadres of our movement like Bra Willie Kgositsile, Bra Hugh Masekela, and Ambassador Faith Radebe, among others.

Sesotho:

A ba robale ka kgotso.

English:

I stand here today in this House as a proud product and recipient of teachings of some of these veterans. As we present this Budget Vote, the country and the world are celebrating the centenary of the birth of Isithwalandwe, the late President Nelson Mandela, the first democratically-elected President of this country, and the icon of our movement, the country and the world. As part of the celebrations in honour of Madiba, Mamelodi

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Sundowns will be playing Barcelona FC tonight in a Mandela Centenary Cup match. We know who will win, hey.

It is also the centenary celebration of the life of a struggle veteran and a leader of the Mass Democratic Movement and of our people, uMama Albertina Sisulu. She was a steadfast leader of our struggle against the brutal system of apartheid, and a fierce defender of women's rights, as human rights. She never accepted the fallacy that women are less capable than men.

May is a very busy month for us because it is also the month of workers, many of whom struggle to make ends meet and are continuously striving for a living wage. I am happy to say that we have made a very good start in that we now have a minimum wage. Thanks to the ANC-led government. We would also want to pay homage to the peoples and nations of the African continent during this Africa month. The continental body ...

Afrikaans:

... wag asseblief!

English:

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... the African Union, and its predecessor, the Organisation of African Unity played a critical role in the struggle for the total liberation of Africa, and of South Africa in particular. The Frontline States bore the brunt of the murderous military incursions of the SADF that led to massive loss of life, destruction of social and economic infrastructure while people lived with the constant threat of attacks from the regime because of their support for our just cause for freedom and dignity. We will forever be indebted to this great continent and its peoples.

It is therefore incumbent upon all of us to ensure that we play our role in line with our foreign policy that places Africa at the centre, and enjoins us to ensure that the rich and diverse resources of our region are exploited in a responsible manner for sustainable universal access to energy, and to facilitate industrial development through energy-related infrastructure projects. Over 600 million Africans face energy poverty, which stunts economic growth and adversely impacts the nations' fight against poverty, and access to health and education. We trust that the Pan African Parliament will prioritise energy.

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The National Development Plan outlines the need for an energy sector that promotes economic growth, development and social equity through expanded access to energy services that are sustainable, and contribute to the reduction of pollution and mitigation of the effects of global warming. The mandate of the department is to ensure access to secure, sustainable, accessible and affordable energy for all.

The ANC Manifesto identified access to reliable supply in all its forms, as a priority. It is in line with the NDP that we are working tirelessly to ensure universal access to electricity by 2025. During the last financial year, we delivered over 292 700 connections, exceeding the set target of 235 000. During this year, the electrification programme of both grid and nongrid envisages connections to 200 000 households around the country.

Parallel to that, the department will also be addressing challenges related to bulk infrastructure, such as rehabilitation and building of substations and transmission lines, especially in rural areas. This will enable seamless process of energising these connections. To further increase basic electricity services, the nongrid programme will not only

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focus on the rural and inaccessible areas, but will also be rolled out in informal settlements in urban areas.

May is indeed busy as it is also our Energy Month, whereby we take the opportunity to make sure that all of us as South Africans are conscious and aware of the issues of energy efficiency in their daily lives. I again take this opportunity to make a call to the nation to be energy smart at all times by using energy efficiently and within the safety boundaries.

There are a number of women with us today in the gallery, who have made inroads into the energy sector and deserve our continued support. Among those making inroads are Ms Hart, who is the Managing Director and Founder of Africa Energy Indaba, Ms Chili, CEO of Makwande Energy Trading, Products and Supply focusing on Petroleum products, and Ms Nyker, CEO of Biotherm Energy focusing on Wind and Solar Projects.

IsiZulu:

Malibongwe!

AMALUNGU AHLONIPHEKILE: Igama la makhosikazi.

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English:

The Department of Energy in collaboration with its entity, the SA National Energy Development Institute, Sanedi, has been developing and piloting the concept of smart grids in South Africa. The programme mainly focuses on technology as an enabler for change in the municipal environment. Municipalities are currently under huge financial pressure largely as a result of poor revenue collection and incorrect tariff designs. The Enhanced Revenue Management projects piloted in six municipalities have been designed to assist municipalities with this challenge.

The Sanedi's Cleaner Mobility programme, with support from the United Nations Industrial Development Organisation, Unido, has been actively engaging with the Department of Transport as well as various cities to explore and introduce cleaner mobility options. Sanedi has been instrumental in doing applied research and demonstration regarding the use of electric vehicles and charging batteries using solar PV with great success.

Sanedi is also a hosting agency and partner to the Renewable Energy and Energy Efficiency Partnership, Reep. It is also

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involved in the Climate Change, Clean Energy and Urban Water in Africa project which promotes market-based deployment of clean energy technologies and services in municipalities. The three-year project is funded by the European Union, implemented by Unido and executed by Reep and seeks to catalyse commercial activity to improve energy and water efficiencies in municipal water and waste infrastructure. Besides saving energy, these solutions targeted will also help municipalities save water, improve water quality, service delivery and realise cost savings. However, much more needs to be done to ensure innovation and increased localisation which will require additional budgetary support for Sanedi.

The application of radioactive materials and radiation provides numerous benefits for people and society, and plays a significant role in everyday life. When you drink from a carton of Long Life Milk, you know that nuclear has been there to make sure that it remains fresh. This includes scientific, medical, agricultural and industrial applications. It is a natural consequence of these applications that radioactive waste is generated. Against this backdrop, the management and disposal of radioactive waste in a technically-sound, socially-acceptable,

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environmentally-responsible and economically-feasible manner is an apex priority for the government and the department to ensure that no undue burden is placed on future generations due to our past, present and future involvement in nuclear energy applications.

Low-level waste, which represents 95% of all radioactive waste generated, has been disposed since 1986 at our National Waste Disposal Facility for low-level waste, Vaalputs, in the Northern Cape. The disposal operations and waste acceptance criteria there are in line with international best practise and as a country we should be proud that the International Atomic Energy Agency has identified Vaalputs as a global leader in the disposal of low-level waste in the world. The National Radioactive Waste Disposal Institute, NRWDI, requires more support from us through funding and in order to meet the funding gap this financial year, priority will be given to the draft Bill to establish the radioactive waste management fund for the collection of levies and imposition of penalties on waste generators which is based on the polluter-pays-principle.

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Globally, the energy sector is going through a transition which encompasses changes to the fuels and technologies employed, the services provided, and the environmental impact. The provision of energy services is therefore not dependent on any one fuel or technology. While many developed countries are making progress in the transitioning of their energy mix, many challenges remain, especially so for developing countries. Energy transition is not an overnight activity, but long-term. The transition must take into account the economic and social impact. It must be just and should therefore leave no one behind. Sustainability is a core value that should serve as a unifying framework to meet our economic, social, and environmental goals.

At an international level and at forums such as the G20, there is recognition and acceptance that the energy transition is different for each country, and will depend mainly on local circumstances. It is not a one-size-fits-all. For us here in South Africa, the discussion needs to go beyond technology preferences. We need to agree on a just transition path that is environmentally sustainable, affordable and ensures job creation and security.

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With regard to demand side interventions, the government spends millions on solar water heaters – as you have heard – energy efficiency and nongrid electrification on an annual basis. These programmes provide an opportunity for localisation and job creation. Local content in the development of small and medium enterprises is key. While there are challenges, some progress has been made to ensure increased local content in solar water heaters. Similar initiative will be rolled out for energy efficiency and nongrid electrification to ensure technology localisation and job creation for the previously-marginalised, in particular youth and women.

Even though we live in an era of technology where information is readily available at the click of a button, it is not all youth that have the luxury to enjoy this technological advancement. In this regard, the Department initiated a Learner Focus Programme aimed at disadvantaged learners studying the Stem subjects, science, technology, engineering and maths from township and rural schools, and exposes these learners to various career opportunities that can be pursued within the energy sector.

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During the programme various companies are invited to come and present on their respective value chains and expose learners to how the industry functions. In addition, site visits are conducted where learners get to experience and interact with the operations of respective companies. We have here some of those learners who come from non-fee-paying schools who are now on bursaries from some of our partners and are at university. Please give them a hand. [Applause.] They are up there. They can stand up. [Applause.] Furthermore, some of the learners are awarded bursaries to further their studies in any science, engineering, technology and related fields. The programme also contributes towards building a skills base for the energy industry and the South African economy in general.

Some of these learners will get an opportunity to work for the companies that sponsor them. These one have been sponsored by Molilo whose CEO is here with us. To date 159 scholarships have been awarded valued at over R63 million, and it is envisaged that 300 learners will be attending this year's edition. In our midst I would like to recognise some of the beneficiaries of this programme – as I said and will just mention their names: Mr V Ntoyakhe, Ms G Lekgetho and Mr E Mokaedi. [Applause.]

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It is acknowledged globally that the creation of a conducive environment for small businesses to operate ...

IsiZulu:

Ningahlala phansi.

English:

... present good opportunities and platforms for people to participate in the economies of their respective countries. In this regard, we are also presenting opportunities to our people to participate in the economy.

We have partnered with various oil companies and municipalities to establish Integrated Energy Centres, IEC across the country to enhance access to energy and affordability particularly in rural areas, create jobs, alleviate poverty and stimulate the rural economy. Amongst the IECs that we have today are the ones from QwaQwa and Mbizana. They are in the gallery.

In conclusion I would to take this opportunity to welcome our brand new Minister Radebe to team energy and also assure him of our commitment to bettering the lives of our people through the

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provision of sustainable and reliable energy. We trust he will be with us for a while. Let me also take the opportunity to thank the Portfolio Committee on Energy for keeping us on our toes and ensuring oversight. My sincere gratitude to my hard-working staff in office and to team energy in general. We remain committed to continue contributing to the building of a democratic, nonracial, nonsexist and prosperous South Africa as team energy.

Setswana:

Ke a leboga. [Legofi.]

Prof N M KHUBISA: Hon Chairperson, hon members, hon Ministers, Deputy Minister and guests in the gallery, the Deputy Minister has just shown us a few examples of those of us, young people and women, in particular, who are now exposed to energy. I remember quite vividly that in the 1970s and 1980s, when we went to university, it was very uncommon for students to be exposed to energy and even now, there is still a challenge, especially in rural areas and townships. It is still something that is alien to them. In the past, if you went to university, it was a question of doing BSC in Botany, Physics, Chemistry and it was

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very rare for students to enter into Microbiology and other areas. So, it is really exciting to see that we have a few. It is a drop in the ocean when we consider the fact that we are 23 years into democracy.

As we speak today, there are learners in rural areas who don't know anything about energy, petroleum, biofuels, etc. The more we expose them to these areas of study, the better. It would be a way of also ensuring that we alleviate poverty and ensure economic growth, if we put them into those areas.

This department has a mandate to ensure the secure and sustainable provision of energy in support of socioeconomic development. It has to develop a consolidated energy plan for the entire energy sector, and regulate energy industries, and promote investment, in accordance with one integrated resource plan for electricity. Key legislation that regulates the industry is the National Energy Act, the Petroleum Products Act, and the Electricity Regulation Act. The department also has entities through which it works.

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The NFP is concerned about the decrease in the Budget, when we look at issues that are very pertinent and that relate to electricity. Electricity is very important to our people and for the country, as a whole.

The NFP is also concerned about the critical posts that have not been filled, especially at the senior management level. It is however, encouraging to hear that an additional 625 000 households are expected to be connected to the electricity grid and nine additional substations were upgraded over the MTEF period.

We also hope that the department will ensure that all outstanding work at Medupi, Ingula, Kusile Power Stations will be finalised, working with the Department of Public Enterprises and Treasury.

As we know, the matter of the nuclear deal was a matter that eventually went to court and later set aside. As part of unlocking the energy sector, the department indicated to Parliament that it would submit seven pieces of legislation, but

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only two were carried over in 2017-18 and no explanation was given for the failure to submit or carry over others.

IsiZulu:

Sihlalo, kusebusika manje, abantu bawudinga ngempela ugesi ngoba uma ukhuluma emakhaya abawazi lama temu amakhulu o-energy. Bazi ukuthi ugesi ukuze ubakhanyisele, bapheke, baphekele izingane ezikoleni bese kuthi osomabhizinisi bakwazi ukuqhubeka namathuba emisebenzi. Kuyishwa ngempela ukuthi emnyakeni eminingi kangaka kunabantu abangenawo ugesi kodwa imizamo eyenziwayo ukuthi abantu bawuthole ugesi sifanele ukuthi siyincome. Kusekuningi okumele sikwenze ukuthi abantu bawuthole ugesi. Kuyajabulisa futhi nalokhu okushiwo nguNgqongqoshe

English:

It is exiting. Yesterday, we heard the Minister of Public Enterprises saying that there will be no load-shedding because that is an issue of the past.

The NFP will definitely support this Budget, hoping that a lot more will be done. We support alternative energy like solar, biofuels, etc. The Budget is supported. Thank you.

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Adv A D ALBERTS: Chairperson, Minister, a long, long time ago, South Africa burnt only coal and was able to produce the cheapest energy in the world. Those days are now gone. We have to serve many more people and we have to make sure that we help the poor. So, how will we do it, while also protecting the environment?

Afrikaans:

Die goeie nuus is dat ons feitlik weer geëposisioneer is om voordeel uit 'n ander energiebron te trek, naamlik die baie sonskyn in ons land, deur middel van sonpanele en baie storingsmeganismes. Dan is daar ook ander natuurlike kragbronne soos windkragopwekkers en talle ander ontwikkelende tegnologieë wat omgewingsvriendelik is.

Die vraag is egter of die regering se beleid korrek geëposisioneer is dat ons werklik van hierdie ekonomiese dividend gebruik kan maak? Die geskiedenis leer ons ongelukkig dat dit nie heeltemal die geval is nie, veral weens druk van Eskom.

Daarom is dit verblydend om te verneem dat die Minister tans werk aan die nuutste geïntegreerde hulpbrongplan en, dat met

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rolspelers gekonsulteer sal word, rakende die tegniese verslag wat die plan gaan onderlê.

English:

The right policy for this plan would be to open the electric grid for any producer who meets safety and quality standards under the auspices of an independent grid operator. If the roof of every factory, house, farm shed and shopping center is covered with solar panels; if every farm has a flock of solar panels along the flock of sheep; if this is spread all over the east-west line of our country, it will largely reduce the dependence on coal. For a sense of scale, 40 000 hectares of solar panels will duplicate Eskom's total generation capacity.

Afrikaans:

Verbeel u net dat bykans elke nuwe laekostehuis wat gebou word, ook sonpanele en bergingsmeganismes insluit. Hierdie stelsel word gekoppel aan die plaaslike en nasionale kragnetwerk. Arm families sal dan enige oorskot elektrisiteit aan die stadsraad of aan enige streeks- of nasionale verskaffers kan verkoop. Sodoende word 'n passiewe inkomste gegenereer wat nie net armes

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sal help nie, maar ook die ekonomie in elke dorp, asook nasionaal sal stimuleer.

English:

There is, however, one large stumbling block to the creation of this possibility of helping the poor, and it is called Eskom. Against any logic, it wants to remain the only power supplier and keep control of the distribution network. Why? Well, I guess this attitude can be expected from an institution that is backed by the fiscus that allowed them the freedom to participate in state capture in the past, that buys coal from BBBEE suppliers at hugely inflated prices, thus harming the whole economy, and that actually requests their clients to stop using their product and afterwards complains when their clients do not wish to return.

We can then also understand that they want to ensure that regulations see the light of day that will require all power generations of less than 1 megawatt to be licensed.

Afrikaans:

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In werklikheid, wat gaan gebeur is dat al hoe meer individue en besighede selfhelp kragopwekkingsvermoëns gaan skep en dat, soos die geval met die Gautengse e-tolstelsel, hulle net nie ag gaan slaan op_lisensieringsvereistes nie. Die VF Plus beskou die monopolie wat Eskom op die oomblik het, as ongrondwetlik en onvolhoubaar.

Enige persoon het die reg om self krag op te wek. Hierdie vryheid baat armes die meeste wat nie Eskom se krag kan bekostig nie.

English:

Therefore Minister, the envisioned new integrated resource plan must plan for the deregulation of the power industry and Eskom must prepare to be broken up and sold off. A new power market competition from various power suppliers will ensure that electricity becomes cheap again and that individual households can create an income by selling their excess electricity.

Finally, Minister, we ask you to ignore Minister Mantashe's idea of shale gas drilling. He must also forget about going ahead with any nuclear power plans. We have enough sunshine in this

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country to make sure everybody gets access to cheap electricity.

Thank you.

Mr H S MBUNYANE: Hon Chair, hon Ministers, hon Deputy Ministers, hon members, fellow South Africans, good afternoon. As May is energy month, the ANC wishes to reflect the importance of this budget to our economy and the people of South Africa. This month, as the Minister of Energy, Comrade Jeff Radebe stated, is a month where we would like to take the opportunity to make South Africans conscious and aware of the issues of energy efficiency in their daily lives.

In our document, Ready to Govern, we stated that, to improve the quality of life of our people, stimulate the economy and reduce pollution levels, the ANC will launch a national electrification programme. We will investigate the appropriate regulatory framework, structure and operation of major energy parastatals such as Eskom, the Atomic Energy Corporation, Sasol and Mossgas, with a view of re-orientating them towards national economic and development goals that are protective of the environment.

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As the ANC-led government, we have stuck by these resolutions and know we will go over and beyond this mandate with the aims of gaining radical socio economic transformation. The Independent Power Producer, IPP, is a critical tool in gaining the socioeconomic transformation. The ANC, in its 54th National Conference, resolved that the government should intensify the use of state concessions as a policy tool for economic development and transformation, including in minerals, petroleum, fishing, spectrum, land, water and energy.

This will help in the strengthening of Broad-Based Black Economic Empowerment, BBEE, Commission. Renewables will still be a key role in the aim of achieving our mandate of energy security. We are proud to note the signing of the 27 IPP, projects on 4 April 2018. This did not come without any obstacles where the Minister had to ensure that he respects the decision of the North Gauteng High Court.

However, following Judge Fourie's decision, the Minister was able to conclude the signing of these 27 IPP projects. As stated by the Minister in his statement:

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This is a major milestone in our renewable programs as this process alone shall unlock over R56 billion of investment into the country's economy as well as add over 2 300 Mega Watts into the grid in the next three to five years.

These projects bring major advantages to our country and the economy, which include shareholding by our people and job creation especially in rural communities. On shareholding, the 27 projects are making a significant contribution to government's commitment to meaningful black ownership participation and economic transformation.

It is our responsibility to ensure that the environment in which the 27 projects find themselves in is conducive in order for all 27 projects to thrive. South Africans own the majority share of 57,8% which is R11,9 billion in the 26 project under Bid Window 4. Of the 57,8% South African Shareholdings, an average of 64,2% which is R7,64 billion is held by black shareholders. This is a great achievement in dealing with triple challenge of poverty, inequality and unemployment. It may not be the complete eradication of these challenges, but it is definitely a leap in the right direction.

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Black shareholders will own 42,9% which is R58 million of the concentrated solar project in Bid Window 3.5. The local shareholding total equity in the 27 projects, amount to 4,4% which is R1 billion). Shareholding by black South Africans have also been secured across the value chain. It should be noted that renewable energy does not replace coal, therefore, this does not reduce the number of jobs in the coal industry.

A total of 61 000 full time equivalent jobs are expected to be created of which 58 419 full time equivalent jobs are for South African citizens. The bulk of the jobs will be created during the construction period. The most jobs for South African citizens will be created in the Northern Cape where they will have 6 wind projects, 8 solar projects and one concentrated solar projects which will create around 35 000 full time equivalent jobs.

In the Eastern Cape, four wind projects will create about 9 000 jobs whilst the North West with four solar projects will create about 8 000 jobs. The projects committed to spend R22 billion to local suppliers and of that, 40% will be spent on black enterprises. Black participants will have a major role to play

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in these projects. Achievements such as involvement of black participation during the construction phase, including commitments for skills transfer to the black participants, which will enable their participation and transformation of the sector within the first five years of the operation phase.

The Renewable Energy Independent Power Producer Procurement Programme rollout is done with private sector and is raising much of the capital for the project for infrastructure, land availability as well as technical studies. This brings us closer to achieving our policy objectives which include increasing energy access, energy efficiency, localisation and skills development. With a great amount of focus, thorough planning, mobilising of available resources from all government departments and their entities, it is possible to achieve the targets set out before us through the financial constraints. The ANC support the Budget.

Mr N T GODI: Chairperson, Comrades and hon member, Comrade Minister in absentia, congratulations on your new responsibilities. The APC fully supports the Budget of the department. You are indeed correct that Vladimir Lenin did say

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that, communism is soviet power and electrification, emphasizing therefore the centrality of access to electricity in the development of society and the liberation of man from backwardness.

However, there is one issue I need clarity on, to free me from the burden of political nightmares and worry. At the beginning of the year in Davos, President Cyril Ramaphosa declared that, Eskom is producing surplus electricity and there was therefore no need for the nuclear deal, but also that our fiscus couldn't support it. That is the nuclear deal.

But immediately after your appointment to this portfolio, you signed the IPP contracts for the next 20 years. Why and how come? If it was an absolute necessity, why sign contracts that are so expensive at about 90 cents per kilowatt hour? Why did you rush to sign without negotiating a cheaper deal? Senegal has signed similar deals at about 50 cents per kilowatt hour.

At this price, South Africa will pay an estimated R100 billion more than Senegal. Have we considered how this will affect Eskom's balance sheet, which is already weak or the price of

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electricity? Was the opposition to nuclear merely part of a geopolitical tussle between Russia and North Atlantic Treaty Organisation, NATO? I'm asking this because I see that the key investors on the Independent Power Producer, IPP, are Western companies plus some locals like Shanduka, Patrice Motsepe and others.

Why were the Black Economic Empowerment, BEE, requirements so low? What are prospects for technology transfer at such low BEE levels? And with a life span of about 20 years, what will we do with these things when the Western investors exited? Comrade Mnister, if I recall that you spent years on Robben Island with my leaders, Zeph Mothopeng, Japhta Masemola and others. To what end? To hang your country by its neck with the IPPs? The APC finds this unacceptable.

Lastly, on this Africa month, we remember the fighters for the cause of Africa. Our late President, Zephania Mothopeng who served time on Robben Island in the 1960s, and was sent back after the 1976 Uprisings, taught us never to take the road of least resistance. "UPoqo akabethwa." This slogan infused us with a spirit of no surrender. We remember him! Thank you.

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Mr M H MATLALA: Protect me, hon Chair; I'm under attack here by the opposition.

ACTING CHAIRPERSON (Ms N GINA): You are protected, hon member, continue.

Mr M H MATLALA: Hon Chair, hon Members of Parliament, hon Minister of Energy in absentia, the Deputy Minister, colleagues of the portfolio committee, Ministers and Deputy Ministers who are present here with us, the Chairperson of the portfolio committee, Comrade Majola, the ANC Chief Whip, Comrade Jackson Mthembu who is here with us today and fellow South Africans ... [Applause.] ... Since 2009, following the inauguration of the fourth term of this administration, government has been appropriating funds for the solar water heater with the objectives of reducing electricity demand and greenhouse gas emissions; pursue socioeconomic imperatives such as job creation and widening access to hot water; and facilitate the creation of a robust local manufacturing industry with higher levels of local production and content.

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The administration had set a cumulative target of over 1,7 million solar water heater installations by 2019, and further pronounced a long-term target through the National Development Plan of a cumulative target of 5 million solar water heater by 2030. Pursuant Cabinet's decision of 2016-17 financial year, to note the revised national Solar Water Heater programme contracting model with respect to the implementation, the department appointed service providers to manufacture, supply, delivery and warehousing of solar water heater baseline systems for a period of three years commencing 2015-16 financial year. The new revised implementation model recognises the roles and responsibilities of all key stakeholders such as municipalities, other sector departments and training institutions such as water and energy as well as construction of Sector Education and Training Authority, Setas. Also important it's the partnership and involvement of the private sector particularly the key role played by insurance companies on geyser replacement.

This programme, the Solar Water Heater programme is guided by the resolve of this administration to among other objective: Reducing electricity demand from the grid to renewable energy source, that is solar; cushioning the poor from the rising

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electricity tariffs; facilitating the creation of a sustainable local manufacturing industry; harness jobs across the solar water heating value chain; and mitigation of adverse climate change through an environmentally technology for water heating.

In terms of the roll-out the department developed an implementation plan in terms of which the department entered into framework agreements with municipalities. As outlined in the framework agreements, the role of municipalities is to identify areas for installation, provide information on repair and replace areas in instances where some systems require replacement.

The most critical part is the fact that municipalities give preferences to residential areas that are wholly or largely characterised as low income and low-to-medium income, economically depressed and underresourced in so far as the provision of municipal infrastructure or municipal services. This is important because this demonstrates the resolved of this administration to specifically address challenges that our poorest of the poor face on a daily basis. In order to address the issues of localisation, the threshold for the manufacturers

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is in place at 70% local content. This has been ensured through the appointment of the of SA Bureau of Standards to check, assess and verify the requirements of the local content as specified in the threshold.

In view of the reality of inadequate capacity in municipalities the project management skills in this sector within the Solar Water Heater programme implementation model, the Department of Energy shall procure the undertaking of technical feasibility assessment in order to determine whether such identified residential area should qualify to be approved as a designated installation area.

This shall include the procurement of the social facilitation services to ensure that the beneficiaries fully understand the benefits of the programme have buy in and receive regular updates on the progress and status of the programme at all times and what interventions are being implemented to resolve any challenges identified along implementation phase. In addition, the Department of Energy shall provide project management support to all municipalities for the whole implementation of the programme.

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To date over 87 000 solar geysers have been procured across the country and ready for installation in the current financial year. These units have been assessed and verified by the SA Bureau of Standards, SABS, to ensure that they have met the required local content of 70% on both tanks and collectors. An implementation plan mapping all the phases have been developed and currently being implemented. The plan takes into account all the concerns and challenges identified during the initial implementation phases in which most systems units didn't have either local content or the required technical specifications to withstand durability. The implementation model has also factored into the training of local personnel, especially the youth and women, from which job creation can be enabled. The installers are compelled to employ, train the locals people, that is: the youth, women and people with disabilities to realise empowerment objectives.

This will prevent the appointed installers to bring support teams from other provinces or outside the municipal jurisdiction area from which the services needed could still be done by other semi or unskilled labour in areas of installation. The department has appointed the central energy fund to undertake

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the repair and replacement component of the programme to address all the inefficient and dysfunctional solar geysers. To improve efficiency in communication on the implementation of the Solar Water Heater programme by all stakeholders, the department is looking at communication plan for this programme to enable all to see and always be updated on the performance and status of the programme.

Hon Chair, hon members and Minister as the ANC, we are mindful of the challenges the programme has had, but we commend the Department of Energy under the leadership of hon Minister Jeff Radebe, the director-general and the team energy to swift intervention to bring back this project to its strategic location of proper implementation. Thank you, hon Chair. [Time expired.] [Applause.]

Mr W M MADISHA: Chairperson, this debate takes place as South Africans are subjected to a record-high petrol price of almost R15 per litre. According to economists it looks set to rise by another 70 cents per litre in June this year. And with the value of the rand likely to decrease and the price of crude oil to

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increase, some economists are suggesting that we may hit a price of R20 per litre by the end of the year.

Hon Chair, it was the kingpin of state capture, disgraced former ... permit me to say Cedar President that split the Department of Minerals and Energy into two separate departments and Ministries. This was done, according to Mr Zuma, because he wanted a structure that would enable the achievement of visible and tangible socioeconomic development within the next five years. Hindsight now tells us that, a rather more sinister move was afoot – a silent coup – to capture this department and repurpose it for looting and for the Russian Nuclear purpose.

The betrayal of promise report alleges that the Russians bankrolled the ANC's local government elections as part of the deal. This allegation has never been denied by the ANC. I call upon Minister today to categorically state whether or not this allegation is true.

We thank Mesdames Makoma, Lekalakala and Liz McDaid for the key role they played in derailing the "Russian nuclear deal".

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Nonetheless, we call upon Minister to categorically state as to whether nuclear energy is still on the table – and if so, why.

The bad governance and the “state capture” of the Department of Energy does not stop with the Nuclear Issue – PetroSA has also been abused, looted and mal-administered. It no longer fosters socioeconomic development, but rather, it hinders our developmental objectives. It is no longer an asset, but rather a liability that drains resources from our fiscus.

COPE is also concerned at the goings on at our world leading Nuclear medicine supplier, NTP Radio scopes and attempts by the South African Nuclear Energy Corporation, NECSA, to capture the financial reserves of NTP. We need some reassurance in this matter and would advise the Minister that this attempt at capture is impacting on the availability of the oncology related products supplied by NTP. In the circumstances, and until the truth is laid bare, and those guilty of wrongdoing held to account and that they face consequences, we are hesitant to approve this budget vote.

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I must further that where I am coming from now I was addressing the other debate the other side, we indicated that in South Africa who ... I want repeat that are there in Cabinet and R4 billion is spent unnecessary. And this has got to be dealt with! [Time expired.]

Mr K J MILEHAM: Chairperson, it seems that some ANC members lack the energy for this debate. I noticed Minister Mantashe having a nice nap there but, I see he has left now. Maybe it is past his bed time.

South Africa desperately needs a reliable, stable source of electricity. We need to ensure that our businesses, residents and municipalities are able to operate effectively and without fear that their service would be disrupted. And that means that we need multiple sources of supply.

Eskom's monopoly of supply has had serious consequences for our economy. We all remember the dark days of load-shedding and we welcome Minister Gordhan's commitment yesterday that the utility will not experience this during the 2018 winter season.

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But we need to accelerate and accommodate increased competition, especially in the renewable energy sector. A decentralised supply structure will reduce the risk to both the national grid and consumers. It will decrease political interference, and provide employment to thousands of South Africans. With 9,5 million South Africans unemployed, every job we can create, particularly in new and growing industries, is a win for our country.

It is common cause, that increased competition results in lower prices and better service, and the electricity supply sector is no different. Therefore, we call on the Minister to aggressively address the backlog in Independent Power Producer contracts. Our country has enormous natural resources, sun, wind, surf - that can be utilised in this regard. It requires a bold vision, and strong political will.

It is interesting to note that a few months ago there was a mad rush to complete the review of the Integrated Resource Plan, only for it to come to a grinding halt. It's on - then it's off, then it's on again... it seems to be back on again according to hon Majola. Which leads me to the government's continued

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vacillation on the position of nuclear. Let's be very clear, South Africa cannot afford nuclear. South Africa does not need nuclear. South Africa does not nuclear. And we certainly don't want to open the door for more corruption on the scale of Modupi and Kusile or the likes of Tegeta and Optimum. So, Minister; Wait! He is gone. I thought it was his first budget speech.

But anyway, ok Deputy Minister just say "no" to the continued pressure to award this to the Russian oligarchs. Make it clear that South Africa is not for sale, and certainly not for nuclear. What we do need, Deputy Minister is to innovate our energy-saving programmes. We need to support local supply, such as solar, that allows consumers self-sustainability. The last thing we need or desire is the proposed National Energy Regulator tariff for small-scale generation.

We should be pushing for minimum levels of energy self-sustainability in all new builds, not charging people for their efforts to be self-sufficient. It is no business of ours if a citizen decides to put a solar panel on their roof, or a generator in their garage.

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While on the topic of National Energy Regulator, of South Africa, NERSA, allow me to congratulate them on the professional manner in which they deal with the annual electricity tariff increases to municipalities. This has to be one of the best-run public participation processes in the country and it is a shining example of how public input can and indeed should influence government policy. The pressure to increase charges to consumers - both the municipal tariffs and the regulatory "clawback" by percentages well in excess of inflation - can only have a negative effect on our economy. We urge NERSA and the department to keep this in mind while considering the matter.

A conversation we need to begin is that of climate change and its impact on energy supply and demand. Changes in temperature, precipitation, sea level and the frequency and severity of extreme events will affect how much energy is produced, delivered, and consumed. It is likely that any increase in average temperature will see an increase in demand for electricity.

Decreased precipitation and heat waves are also expected to influence negatively the cooling process of power plants. South

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Africa must start planning now, so that the issue of climate change does not catch us by surprise.

The ever-increasing fuel price is a further cause of concern. An increased fuel price, for example, results in an increase in the taxi fare of the worker getting to work. It causes the cost of the loaf of bread – and indeed every single product that she buys at the supermarket to rise. It has an inflationary impact on every single aspect of the economy. When you add in the fact that roughly 40% of the price of every litre is paid to the government in taxes, and fuel becomes increasingly unaffordable to the man in the street.

Deputy Minister, we need to review our fuel price determination model. We need to smooth out these radical monthly shifts in price. We need to rebuild our strategic reserves – yes, the same ones that Tina Joemat-Pettersson sold off at bargain basement prices a couple of years ago – so that when there are massive crude oil price spikes or the exchange rate goes through the floor, we have sufficient fuel on hand to ameliorate the impact on the consumer. While we are talking about that, what is the status of the investigation into the Strategic Fuel Reserve?

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Will you provide Parliament with an update, Deputy Minister?

In conclusion, we have an opportunity right now to rebuild our country's energy security. We have an opportunity to position South Africa as a leading light in the renewable energy market. We have an opportunity to have a positive impact on the economy by addressing fuel pricing. But we can only do this, Chairperson, if we take the bold steps that the DA has outlined here today. Thank you.

Ms Z C FAKU: Hon Chairperson, hon Ministers and Deputy Ministers, hon Members of Parliament, the Director-General of the Department of Energy and senior officials, the leaders of the COEs, distinguished guest, ladies and gentlemen.

Let me add my voice to salute our mother Mrs Albertina Sisulu, our icon and architect of democracy and our father who is the icon of the movement and that of the country.

State-owned entities of the Department of Energy, DoE, play a vital role in ensuring that the department delivers affordable, enough reliable and safe energy in our country. In the crafting

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of energy policy for South Africa, the ANC committed and deliberated in its discussion documents that energy resources will be used in a manner that promotes environmental sustainability and ensure that policies advance the use of more efficient energy usage and the substitution of more appropriate fuels.

These entities also promote the Freedom Charter's 1955 call for all other industry and trade shall be controlled to assist the well-being of the people. Protecting the environment through the work done by the entities of the DoE is crucial to safeguarding the well-being of our people.

The state-owned entities that bare reference includes the: National Nuclear Regulator, NNR; Central Energy Fund, CEF; South African Nuclear Energy Corporation, Necs; National Radioactive Waste Disposal Institute, NRWDI; National Energy Regulator of South Africa, Nersa; South African National Energy Development Institute, Sanedi.

Together, the DOE entities contribute to and facilitate the following initiatives in the energy sector: research and

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development, energy management and regulation and the protection of the environment.

Our environment, our country and our people will be protected through the National Radioactive Waste Disposal Institute (NRWDI). Once the Radioactive Waste Management Fund has been enacted, the Fund will ensure the sustainable funding of the National Radioactive Waste Disposal Institute to execute its legislative mandate and all functional activities as per section 5 of NRWDI Act

The ANC emphasises the importance of research and development into the development of energy efficient capital equipment and resources. To this end, the Central Energy Fund finances and promotes research into the acquisition of research into oil, gas and renewable energy products. The exploitation of the Shale Gas discoveries in the Karoo will be a game changer for the South African economy and energy mix.

To fulfil the need of research and development in the energy sector, the South African National Energy Development Institute is allocated R174 million of the department's 2018-19 Budget.

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This allocation will allow SANEDI to execute its essential research role into energy development by promoting green energy and energy efficiency in South Africa.

Some of the ground-breaking discoveries that have occurred are the conversion of carbon dioxide from vehicles and power industries into heat energy. This discovery led to a young Mandisa Xaba to win an award at the Beijing International Award.

We invite other brilliant young minds to enter the 2018 South African Nation Energy Association Awards. This is a platform for the youth to display their genius whilst contributing to our country having a smaller carbon footprint and continue being a progressive partner in the Congress of the Parties.

The ANC believes that the R720 million allocated to the South African Nuclear Energy Corporation in the 2018-19 financial year will assist it implementing innovative radiation products and executing national safeguards and international obligations that relate to nuclear energy?

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Energy management and regulation is crucial within the energy sector. As a result, the National Nuclear Regulator, NNR, is one of the authorities which stipulate safety standards and practices which regulates nuclear in South Africa. The NNR is allocated R228 million in the 2018-19 financial year in order to protect our people, properties and the environment from nuclear damage.

The National Energy Regulator of South Africa, Nersa, has been allocated R343 million in order to continue its work of regulating electricity, piped-gas and petroleum pipelines in terms of specified legislation. The Nersa has been instrumental in regulating and ensuring compliance industries such PG Group, Autocast South Africa, Eskom, PetroSA and Sasol Gas in the previous financial year?

In conclusion, the energy innovation and management initiatives and efficient energy use advanced by the entities of the Department of Energy are key to economic development and maintaining a clean environment in South Africa. The work done by these entities also contributes to the mitigation of the negative impact of unclean energy and safeguarding our

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environment. The Budget of the Department of Energy's entities is supported and their work must continue in order to secure and sustain the well-being of our people, our country and the globe. The ANC supports the budget.

I would like to respond to my colleague hon Qada and his colleagues who are so obsessed with the nuclear built program. Nuclear is not about the massive nuclear built program. You should have visited the Phelindaba centre where there are radioisotopes that can cure cancer. I think you are out of touch and left behind and you need to catch up.

To hon Madisha, all you did here was to come with conspiracy theories. You didn't debate about energy. I thank you. The ANC supports the Budget.

The DEPUTY MINISTER OF ENERGY: House Chairperson,

IsiXhosa:

Andikuvanga ...

English:

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May be it is a good thing. I think the colleagues have responded to most of the issues but may be I just want to reiterate a small thing. The department has initiated - it is the one that initiated the Renewable Energy Independent Power Producer Procurement Programme. WE have done so because we also made a commitment in terms of the Paris Agreement in terms of our carbon footprint. Therefore, there is no question over us starting to plan, we planned long ago. May be you should come to the committee we can really share this information with you. The planning has been happening for a long time, it is underway.

What we all need to understand is that because we are very clear that we need to transform, we need an inclusive economy is that we cannot continue to have a sustainable energy industry which imports most of the components and then just assembles them. We need to create the industries in South Africa. Until we have the had that inclusive process, we will continue to make sure just - listen that if we have to pause to take our people along that is what we will do.

The second aspect that we need to do is to make sure that, we also do not go around listening to rumours without substance. In

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the gallery here we have the National Energy Regulator; the National Energy Regulator is flabbergasted about this issue of course for licensing for small generators; let is not have rumours let us have an issue. We have - listen - to have a licensing - listen- because we have to ensure energy security, we must know what the demand is; what is the supply, it cannot be a free for all. That is our responsibility. Therefore we will license. This is not about liberal, it will happen. That is something you will have to deal with.

In terms of some- just listen ...

IsiXhosa:

... wena mani.

English:

Hon Godi, on the issue of the independent power producers, IPPs, as I have said we really do want to localise a lot of these issues, but unfortunately for all of us because we must leave up to the commitments that we have made. Those 27 projects had already been committed. There was no way out of them; we had to actually have that signing going ahead. What we are working

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towards is to making sure as we go through other processes we will have much more local content and local participation because in the last six year, we have trained engineers, artisans and a lot of people but they are not finding space within this IPP programme that is happening so we keep on importing skills that we have in South Africa. We must look after those skills that we have created in the country. Therefore, if we have to pause to it better that is what we will do.

On the other issue in terms of the Solar on the Russian deal I think it is just an obsession, the Minister addressed it this morning, he did say what is happening we will be guided by a technically sound IRP and EIP, so when you keep on going on about this if you want a meeting, you with put in because you seem to dream about him please we can facilitate that for you. There is no problem around that. I think right now, you should be more worried about what will be coming from the United States which is much more a threat to the world and to the country.

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On the issue, hon Madisha, of the size of Cabinet, I am not quite sure how that fits in within the Department of Energy but I am sure that is something that ...

IsiXhosa:

... baqalile, naba.

IsiZulu:

... baloyilwe ke laba.

English:

That is all, we will make sure since this is recorded, I am sure the hon President will be looking at those issues. In terms of the seven companies that you raised, hon Ggada.

[Interjections.]

IsiZulu:

Sisi ungimamele ,angithi wena.

English:

Thos companies are companies that we ourselves are worried about but as I said because we have to make sure that we do certain

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things in a correct manner. However, we are engaging with them; we have not let it go because every job loss is a concern to us. In terms of the issues raised by the EFF I don't think they actually need a response because I actually ensuing our hon member for the first time here today she has never sat foot in the committee. So, you are welcome to come so that we can actually share some information and knowledge with yourself. I thank you, hon members.

Debate concluded

The Mini-Plenary was adjourned at 16:03