

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 2453**

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**2453. Mr G Mackay (DA) to ask the Minister of Public Enterprises:**

(1) What are the detailed relevant reasons for suddenly and completely aborting the

Mmamabula Power Purchase Agreement (PPA) drafted between Eskom and the independent power producer, CIC Energy, which allowed for a potential electricity supply of 4 800MW and the proposed Mmamabula Energy project;

(2) has she found that (a) the project could have contributed to preventing the occurrence

of load-shedding and (b) aborting this project was a mistake;

(3) who were the key decision-makers responsible for aborting this project?

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**Reply:**

(1) An intergovernmental agreement was signed between the governments of the Republic of South Africa (RSA) and Botswana in 2006. Further to this an MOU was signed between Botswana Power Corporation (BPC) and Eskom in 2006 giving effect to PPA discussions. Following this, the PPA negotiations commenced between Eskom and CIC Energy. CIC Energy presented a commercial offer to Eskom in March 2009. Eskom indicated that it would defer its decision on the offer until such time as an appropriate enabling environment had been created and the funding model resolved. These events were then superseded by the gazetting of the Integrated Resources Plan 2010 (IRP 2010) and the Regulations on New Power Generation projects by the Department of Energy (DoE). This put the onus of procurement on DoE. The Honorable Member is therefore advised to redirect this particular question to the Minister of Energy.

(2)(a) This is unknown. As an example the new and smaller Moropule B power plant in Botswana is experiencing significant time delays and performance issues. Assuming the construction of Mmamabula was concluded on time and performed reliably, the level of reduction in load shedding would have been commensurate with the capacity purchased by the RSA. Therefore, load shedding may not have been possible to prevent even with this project in commercial operation at this time.

(2)(b) I am not in a position to respond on the entire project as the power to stop or commence with the project lies with the developer. Eskom is not aware of whether or not the developer engaged with the DoE regarding advancing the project further. The Honorable Member is advised to redirect the question to the Minister of Energy.

(3) The Honorable Member is advised to redirect the question to the Minister of Energy.