

**MINISTRY OF ENERGY**

REPUBLIC OF SOUTH AFRICA

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 **Memorandum from the Parliamentary Office**

**National Assembly: 328**

Please find attached a response to Parliamentary Questionfor ***written reply*** asked **by Mr K J Mileham** to ask the **Minister of Mineral Resources and Energy.**

**Mr. Ompi Aphane**

**Deputy Director-General: Energy Policy and Planning**

**………………/………………/2020**

Recommended / Not Recommended

**Mr. Thabane Zulu**

**Director General: Department of Energy**

**………………/………………/2020**

Approved / Not Approved

**Mr. S.G Mantashe**

**Minister of Mineral Resources and Energy**

**………………/………………/2020**

**328. Mr K J Mileham (DA) to ask the Minister of Mineral Resources and Energy:**

1. Whether the proposal as stated by him at the 26th Investing in African Mining Indaba that the Government seeks to establish an alternative power generation entity outside of Eskom has been (a) discussed and (b) approved by the Cabinet; if not, why not; if so, on what date did this discussion and approval take place;
2. Where did the specified proposal originate from;
3. What is the proposed (a) structure, (b) mandate and (c) time line for the establishment of the new entity;
4. What are the relevant details of the envisaged reporting line of the entity to the national executive? NW482E

**Reply:**

1. The single buyer model cannot be sustained, in respect of which Eskom is the sole aggregator and dispatcher of all the energy generated in the interconnected power system. This is due to Eskom’s poor balance sheet and its inability to carry the risks relating to long term power purchase agreements with other generators, without further encumbrance of the national revenue fund.

In the circumstances, it has become critical to find alternative models for the delivery of new generation capacity as required under the integrated resource plan. The entity that the Minister referred to at the Mining Indaba is aimed at complimenting the role that Eskom is unable to fulfil, in relation to new generation capacity. It is noteworthy that the entity could play the role of Buyer as well as developer of new power capacity, with or without private sector partners.

1. (a) (b)(c) work in regard to the structure has not been finalized and it would be premature to answer questions like mandate and timelines.
2. See (4) above