**MINISTRY OF ENERGY**

**REPUBLIC OF SOUTH AFRICA**

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Memorandum from the Parliamentary Office

**National Assembly: 81**

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

**Ms Mokgadi Modise
Acting Deputy Director-General: Clean Energy**24/02/2020 **Recommended/not recommended

Mr. Thabane Zulu**

**Director General: Department of Energy**
25/02/2020

Approved

**Mr SG Mantashe
Minister of Mineral Resources and Energy
Date Submitted**: 27/02/2020

**81. Mr K J Mileham (DA) to ask the Minister of Mineral Resources and Energy:**(1) Noting the problems reported at the National Solar Water Heater Programme during the annual report presentation by his department in 2019, (a) what number of solar water heaters (i) have been installed in the current financial year.

**Reply:** In 2019/20 financial year, the Department has not installed any Solar Water Heaters.
However,it can be reported that the installation companies were appointed in December 2019. The Department is currently finalising the internal audit on the bidding process to enable the finalisation of the contractual arrangements with the appointed Service Providers from which installation will commence; and

(ii) **are still in storage;

Reply:** The Department procured 87 206 SWH Baseline Systems from Bid Number DOE 008/2015/16 from which 150 systems were installed in Sol Plaatje Municipality on a repair and replace programme in 2018/19 FY whilst 200 systems where installed in 2018/19 FY at a pilot project in Nelson Mandela Bay Municipality. The remaining systems are stored, some at SoEs, municipalities and Suppliers/ Manufacturers storage facilities.

The systems are currently being moved to the identified municipalities' storage facilities. As such, to date delivery of the systems is in progress to various municipalities since February 2020.

(b) **what is the monthly cost of storage;

Reply:** The monthly storage varies depending on the number days in a month. For a 30 days month, the storage costs amount to **R 7, 923, 828.00** whilst in a 31 days month, the storage costs amount to **R 8, 187, 956.53.** The variance is due to the fact that the additional storage costs charged by each supplier is per unit per day instead of a fixed or standardised rate on a floor area coverage measured in square meters. These amounts reported on are after the Department had removed some systems to the SoEs' storage facilities.

In terms of the Supply Agreement for the Supply of Solar Water Heaters under Bid Number DOE 008/2015/16 entered in to between the Department and Suppliers, the Department had both financial and contractual obligations to settle additional storage costs in line with the extension of time on taking delivery of the manufactured goods. The prolonged period was attributable to the participating municipalities' delay in concluding the Framework Agreements with the Department in accordance with the Intergovernmental Framework Act (IGRA) owing to the project being implemented across the different spheres of government and the need to clearly outline the roles and responsibilities as well as obligations of each sphere during the implementation of the programme. Ensuring that governance structures are in place prior to the commencement of the programme will ultimately enable the level of accountability required from each sphere and or party.

As result, the delay in concluding the institutional arrangements impacted negatively on the planning and implementation of the programme which among others required municipalities to prepare the storage facilities (i.e. Central Storage) to take delivery of the goods and also enable the other critical path activities such Social Facilitation, Technical Feasibility Assessment and installation phase to be fast tracked.

(2) what steps has his department taken to rectify the major problem of the shortage of qualified installers?

**Reply:** The Department of Minerals Resources and Energy (the then DoE) partnered with the Department of Labour and Employment and the Central Energy Fund to facilitate the training of installer assistants. In all participating municipalities, it is estimated that 2644 installer assistants will be trained. However this number will reduce slightly due to Ndlambe Municipality's council resolution putting the programme on hold due to water challenges. As a result, the programme will not be rolled out in this municipality including training thereof. The Department of Labour and Employment has committed R36 million for this training of installation assistants. Energy and Water Sector Education Training Authorities has been contracted to oversee adherence to all the training requirements in line with its accreditation.

In addition, through the Supply Agreement entered between the Department and the Suppliers/Manufacturers, installers will be provided with product specific training by the manufacturers to make sure that all installations are done in line with their respective installation procedures.
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