


Department of Energy

PRESENTATION TO THE PARLIAMENTARY
PORTFOLIO COMMITTEE ON ENERGY


ANNUAL REPORT 2009/10

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Presentation

1. Introduction
2. Strategic Planning Process
3. Key/ Strategic Objectives
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5. 2009/10 Programme Performance Review
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INTRODUCTION

- Departmental strategic planning session was held in November 2008 under the DME umbrella;
- The split of the Department of Minerals and Energy was effected on 1 April 2010 (split of support services - human and finance resources);
- Some of the activities/projects that were identified during the November 2008 strategic planning session had to be either delayed/abandoned to prepare for the split, especially in support services; and
- Less changes were experienced in the line function activities.




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INTRODUCTION

- Challenges facing the implementation of the 2009/10 strategic plan:
 - The split of the Department of Minerals and Energy;
 - Resource constraints (both financial & human);
 - Aging electricity generation infrastructure, electrification backlogs, bulk infrastructure;
 - Liquid fuels infrastructure, supply challenges;
 - Preparations and hosting of the Confederations Cup and the 2010 Soccer World Cup; and
 - Global economic downturn .




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STRATEGIC PLANNING PROCESS


- Introduction of the Balance Scorecard methodology of planning during 2008 by DME;
- Poor understanding of the process by management – when cascading to lower levels of planning;
- Challenges of alignment with the format of DG's performance agreement as prescribed by DPSA; and
- Way forward – postponement of the BSC methodology by DoE.



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MANDATE, MISSION, VISION


DME	DOE
<p>MANDATE: Provision of services for the effective transformation and governance of minerals and energy industries for economic growth and development.</p> <p>MISSION: To regulate and promote the minerals and energy sectors for the benefit of all.</p>	<p>MANDATE: Ensure secure and sustainable provision of energy for socio-economic development</p> <p>MISSION: To regulate and transform the (energy) sector for the provision of secure, sustainable and affordable energy.</p>



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MANDATE, MISSION, VISION

DME	DOE
VISION: World-class minerals and energy sectors through sustainable development	VISION: A transformed and sustainable energy sector with universal access to modern energy carriers for all....

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KEY OBJECTIVES

STRATEGIC OBJECTIVES TO SUPPORT THE MANDATE, VISION AND MISSION

- Promote and regulate the minerals and energy sectors;
- Ensure effective service delivery through efficient organisational processes;
- Promoting and maintaining a learning organisation; and
- Ensure efficient, effective and economic use of financial resources.

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PROGRAMMES COVERED IN THE ANNUAL REPORT

The activities of the DME were organised in the following seven programmes:

- Programme 1: Administration;
- Programme 2: Promotion of MHS;
- Programme 3: Mineral Regulation;
- Programme 4 : Mineral Promotion;
- Programme 5: Hydrocarbons & EP;
- Programme 6 : Electricity, Nuclear & Clean Energy;
- and
- Programme 7: Associated Services



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PROGRAMMES continued.....

- With the split of the DME in October 2009, the two energy line function programmes were delineated from the Mineral Resource functions, with a direct reporting to the DG of Energy;
- Support Services functions were for the transitional phase, shared between DMR and DOE under the hosting Accounting Officer of DMR.
- Today's presentation will therefore focus on the performance of the two line function specific branches, namely
 - Hydrocarbons and Energy Planning as well as -
 - Electricity, Nuclear and Clean energy.



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PROGRAMME 5


HYDROCARBONS AND ENERGY PLANNING

- **Hydrocarbons**
 - Develops policy and regulation to manage petroleum, coal and natural gas sectors.
 - Petroleum controller – Controller of Petroleum Products administers and issues petroleum licences, and monitors and enforces licence conditions.
- **Energy Planning**
 - Promotes the sustainable use of energy resources through integrated energy planning




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PROGRAMME 5 Cont....

- **Implementation of the PPAA**
 - 15 198 license applications received, 12 453 processed, balance 2 745.
 - Inspectors from the Compliance and Monitoring Unit undertook 2309 site inspections for the year.
- ***Import and export of fuel products***
 - 1200 import and export permits were issued during the reporting period. South Africa exports petrol and diesel to neighbouring countries, hence the export permits.



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PROGRAMME 5 Cont....

Safe Illuminating Paraffin (IP) Pilot Project

- 1000 IP safe stoves were distributed by the Department to households in Gauteng (350 stoves), Western Cape (350 stoves), KwaZulu Natal (150 stoves) and Eastern Cape (150 stoves) Provinces to promote use of safer appliances.
- The project has resulted in prevention of fires.
- The higher cost of stoves remains a challenge.



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PROGRAMME 5 Cont...

National Integrated Energy Modeling System (NIEMS)

- User requirement specifications for the development of NIEMS were finalized.
- Due to funding constraints alternative approaches to developing the modeling system were evaluated and certain recommendations were made.

Integrated Energy Planning Strategy (IEPS)

- Draft IEPS completed.



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PROGRAMME 5 Cont...

Energy Data

- The Energy Digest was finalised in December 2009
- The Energy Price Report was compiled and finalised
- The Energy Balance for 2006 was finalized and published on the Department's website

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PROGRAMME 5 Cont....

FIFA World Cup Task Team

- A task team was set up by the DoE to ensure adequate supply of jet fuel and other petroleum products during WC2010.
- Operational plans were developed in conjunction with the oil industry and Transnet.

LPG

- The Draft Regulations and the associated Draft Working Rules were published in the Government Gazette for public comment in November 2009.

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PROGRAMME 5 Cont...

Regulatory Accounts

- One aspect in the regulatory accounts project namely, the Benchmark Service Station (BSS) model was completed and discussed with relevant stakeholders. The project will be completed during 2010/11 financial year.

Funding mechanism for New Multi Product Pipeline (NMPP)

- A security of supply levy of 7.5 cents per litre was determined by the Minister of Finance to contribute funds towards the construction of the NMPP.



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PROG 5 PERFORMANCE

Cleaner Fuels

- A draft Position Paper and Roadmap was developed, having engaged the two key stakeholders, namely the South African Petroleum Industry Association (SAPIA) and National Association of Automobile Manufacturers (NAAMSA)
- The Department also engaged SAPIA on their proposal on Clean Fuels



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PROG 5 PERFORMANCE

Integrated Energy Centres (IeCs)

IeCs under development during the 2009/10 financial year include:

- Three IeCs, namely Ulundi (KwaZulu Natal), Qunu and Mbizana (both in the Eastern Cape) were at advanced stages of their Environmental Impact Assessments.
- A sod-turning ceremony for the Qunu IeC was held in February 2010
- The establishment and registration of the Mbizana and Qunu cooperatives with the Department of Trade and Industry in the Eastern Cape was completed
- Two energy needs assessment surveys were done in Western Cape and Limpopo
- Information sessions on energy safety and energy education were organized in seven Provinces, namely Western Cape, Eastern Cape, Kwazulu-Natal, North West, Mpumalanga, Gauteng and Limpopo).



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PROGRAMME 6

ELECTRICITY, NUCLEAR AND CLEAN ENERGY

- **Electricity**
 - Provide the policy and regulatory framework for the electricity sector.
 - Ensures energy security, universal access, diversification of primary energy sources and the promotion of clean and efficient technologies.
- **Integrated National Electrification Plan (INEP)**
 - Overall management of the electrification programme, electrification planning in the quest to achieving universal access to electricity.
- **Nuclear Sector**
 - Improve governance of the nuclear sector.
- **Clean Energy**
 - Facilitate implementation of renewable energy and energy efficiency.



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PROGRAMME 6 Cont..... KEY /POLICY DEVELOPMENTS.



- Review of the 2003 Renewable Energy White Paper.
- 17th Constitutional Amendment.
- 2nd Amendment to Electricity Regulation Act.
- Development of the country's first Integrated Resource Plan (IRP1).
- Development of New Generation Capacity Regulation.
- Development of Standard Offer Policy for Energy Efficiency and Demand Side Management.
- Nuclear energy implementation strategy.
- The National Radioactive Waste Disposal Institute Act, 53 of 2008, was promulgated during the past financial year.



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PROGRAMME 6 Cont....



- **Electricity**
 - Integrated Resource Plan (IRP1) gazetted.
 - New Generation Capacity Regulations promulgated.
 - 17th Constitutional Amendment released from DoE to lead department (DoJ) for Cabinet.
 - Standard Offer Policy gazetted.
- **INEP – Integrated National Electrification Programme**
 - Targeted household connections 150 000 achieved 167 119. Challenge to be discussed under the Auditor General's report
- **Solar Water Heating (EEDSM)**
 - Detailed project implementation plans developed.
 - Joint implementation with Municipalities, CEF and Eskom.



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PROGRAMME 6 Cont...

• Nuclear Energy

- Research and Development (R&D) agreement signed with USA, anticipate more next year
- The development of the business case to list the entity is underway, as well as the appointment of a Board of Directors

• Renewable energy

- Held a successful Renewable Energy Summit to review the Renewable Energy Policy
- The revised White Paper, which will be finalised before the end of 2010 financial year



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MTEF ALLOCATION INEP

INEP ALLOCATION	2009/10 ALLOCATION (R'000)	YTD ACTUAL TRANSFERS (R'000)	VARIANCE	% VARIANCE
Municipal Allocation	932,957	914,413	18,543	3.6%
Eskom Allocation	1,467,365	1,467,365	0	0%
Eskom Special Schools Allocation	148,950	148,950	0	0%
Non-Grid Allocation (appointed service providers)	84,000	1,290	82,710	98%
Total Allocation	2,633,272	2,532,018	101,253	



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