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Department:
Minerals and Energy
REPUBLIC OF SOUTH AFRICA

RENEWABLE ENERGY SUMMIT 2009

SUMMIT RESOLUTIONS

6 April 2009

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1. INTRODUCTION

On 19 and 20 March 2009, more than 400 delegates attended the “2009 Renewable Energy Summit” at Swan Lake Conference Centre, Pretoria, Republic of South Africa. The aim of the Summit was to undertake a mid-term review on the progress made since approval of the White Paper on Renewable Energy in 2003 and agree on a new set of resolutions, policy direction and action plans to rapidly scale up and streamline the application of renewable energy in South Africa.

Delegates who attended the Summit included representatives of the organising partners, namely, the Department of Minerals and Energy (DME), Central Energy Fund (CEF), and EDI Holdings, as well as representatives from the Parliament of the Republic of South Africa, Department of Public Enterprises (DPE), Department of Environmental Affairs and Tourism (DEAT), Department of Science and Technology, Eskom, Department of Provincial and Local Government (DPLG), Gauteng local government, Association of Municipal Electrical Undertakings (AMEU), National Energy Regulator of South Africa (NERSA), organised labour, organized business, civil society, professional associations and independent consultants.

- 1.1. The Summit was held under the theme “Towards a Sustainable Renewable Energy Sector in South Africa-Policy Review.”
- 1.2. The Summit was addressed by the Chairperson of the Portfolio Committee on Minerals and Energy, Dr. Eugene Ngcobo, the Minister of Minerals and Energy, Ms Buyelwa Sonjica; the Director-General of the DME Advocate Sandile Nogxina, the Chairperson of EDI Holdings Board, Mr Duma Nkosi and the Parliamentary Pillar Head of the National Union of Mineworkers (NUM), Mr Fred Gona. Minister Sonjica invited stakeholders to provide

guidance on possible revision of the 2013 target set with regard to renewable energy and determination of appropriate new targets. On his part Dr. Ngcobo encouraged boldness, saying “it is not the time to be timid,” adding that, “In the bigger picture... renewable energy is not expensive – it is a necessary investment.” The Director-General Adv. Nogxina declared: “Now is the time for implementation and we will fine-tune the details as we go along.”

1.3. In support of the opening addresses and recognizing that renewable energy is not only modern and sustainable energy, but is also the quickest option we have, to deal with the negative impact of climate change and global warming, the Summit reconfirmed its support for the development of a sustainable renewable energy industry in South Africa. The majority of participants highlighted successful international experience in both developing and industrialized countries and called for the rapid implementation of the renewable energy support mechanisms including feed-in tariffs, Clean Development Mechanism, Renewable Energy Certificates, Solar Water Heating subsidies and other financial support mechanisms to support the rapid implementation of renewable energy options in South Africa.

2. CONTEXT

2.1. In deliberating the proposals before the Summit, the delegates reviewed the extent to which the 2003 White Paper on Renewable Energy policy positions were implemented and expressed. The Summit recognized the potential competitive advantage that South Africa’s world highest solar resources offer. The Summit raised concerns about the slow pace of implementation, especially the widening gap in terms of access to modern energy services for households and businesses and the risks to South Africa’s economy of committing almost 100% of the national investments in energy infrastructure to carbon-encumbered technologies.. Other contextual issues include the potential for large scale rollout of solar water heaters and enlistment of renewable energy Independent Power Producers (IPPs) to contribute to the diversification of the energy supply mix. These concerns were raised particularly in the light of the current electricity supply shortage and the opportunity costs of skills, jobs, economic growth, optimal utilization of available energy resources and climate change mitigation that are inherent in the renewable energy industry.

2.2. The Summit agreed that the current constraints in the renewable energy sector resulting from inadequate legal and regulatory frameworks, inadequate research and development, limited funding instruments, low

electricity tariffs, lack of technical capacity and lack of clarity on the appropriate level of national ambition pose risks to increasing diversification of the energy mix. The Summit also agreed that all stakeholders need to work collectively to address challenges hampering the deployment of renewable energy technologies and projects.

In order to increase utilisation of renewable energy technologies and development of projects, the Summit resolved therefore as reflected in the following paragraphs.

3. POLICY AND REGULATORY ENVIRONMENT

- 3.1. In order to enhance the renewable energy industry, there is a need for proactive, decisive, ambitious, streamlined and progressive policy, legislative and regulatory frameworks that are based on sustainable development principles.
- 3.2. There should be a clear and unambiguous championing and leadership in order to drive policy and legislative alignment and harmonization between the three spheres of government.
- 3.3. There must be clearly defined, ambitious and specific national targets in line with the LTMS, including a setting of a nominal target for a percentage of electricity generation in 2018 to be derived from renewable energy resources.
- 3.4 There is an urgent need to finalize institutional arrangements for transparent governance, implementation and rapid scaling up of renewable energy programmes.
- 3.5 The policy, legal and regulatory frameworks should allow for differentiated but specific targets, parameters and tariffs for all renewable energy technology options (wind, hydro, solar PV, CSP, landfill gas, biomass and biofuels).

4. MULTILATERAL CONSIDERATIONS

- 4.1 There must also be a clear, unambiguous policy, and legislative alignment with multilateral renewable energy and climate change imperatives, to which

South Africa subscribes, including South Africa's international commitment that the national greenhouse gas emissions will peak and plateau between 2020 and 2025 and decline in absolute terms after a decade thereafter.

5. FINANCIAL INSTRUMENTS

- 5.1. There is a need for the development of a comprehensive funding mechanism that harmonizes funding support from the state, donor agencies and the private sector.
- 5.2 There is a need to introduce innovative approaches for the establishment of sustainable structures and financing mechanisms for delivering renewable energy including the strengthening of Renewable Energy Finance and Subsidy Office (REFSO) and other development finance institutions that fund the renewable energy projects.
- 5.3. There is a need to introduce and strengthen the existing support funding options such as Clean Development Mechanism (CDM) and Tradable Renewable Energy Certificates (TREC).
- 5.4. There is an urgent need to facilitate the pricing of carbon at national level and facilitate the harnessing of greenhouse gas remittance, and
- 5.5. There is a need to increase funding for Research and Development (R&D) including exploring the use of proceeds from the carbon taxation system.

6. LEGAL INSTRUMENTS

Noting that legal instruments play a crucial role in providing a strong and progressive framework for the establishment of an enabling environment within which the renewable energy sector may develop and thrive, the summit resolved that:

- 6.1. There is a need to develop legislation and regulatory mechanisms and associated guidelines to govern and promote the development of the renewable energy sector through inter-alia easy access to the national grid and wheeling of green electricity, licensing applications and grid connection protocol.

- 6.2. There must be a rapid establishment of mandatory targets that must be achieved from each technology over time in such a way that this will facilitate the establishment of a thriving renewable energy industry sector.
- 6.3. There is a need to develop a standard Power Purchase Agreement (PPA), based on successful international and local best practice that is favourable both to off-takers and Independent Power Producer (PPA).
- 6.4. There is a need to provide renewable energy IPP's and other developers with access to suitable grid network information to assist them during in the planning and location of projects in order to support the national network and integrate them into the existing electricity system.
- 6.5. There is a need to set up targets and mandatory number of tradable renewable energy certificates to be purchased by the polluters.
- 6.6. Regulations to govern the promotion and development of the biofuels industry including the sustainable feedstocks to be used by the country based on scientific outcomes and international best practice and experience, blending levels etc, must be finalized.
- 6.7. Regulations for biofuels must provide for a medium term transitioning (i.e. a bridging strategy) from a fossil fuel based transport sector to a low carbon transport sector, and
- 6.8. Biofuels regulations and guidelines must the development of appropriate projects, taking into account the constraints of the macro-economic environment (water resources, land productivity, food security, job creation and sustainable livelihoods).

7. TECHNOLOGY DEVELOPMENT

With regard to Technology Development, the Summit resolved that there is a need:

- 7.1. to enhance collaboration between the private sector, government and research institutions to accelerate national research and development in renewable energy technologies.
- 7.2. for the promotion and facilitation of investment in local renewable energy technologies manufacturing facilities.

7.3. for the development and implementation of appropriate standards, guidelines and codes of practice for the appropriate and safe usage of renewable energy technology, without introducing barriers to investment, and .

7.4. to facilitate the development, deployment and trade of local renewable energy technologies.

8. ENERGY DEVELOPMENT PLANNING

8.1. There is a need for the implementation of the provisions of the White Paper on Energy Policy (1998) and the National Energy Act (2008) for Integrated Energy Planning with stakeholders' participation and taking account of external costs over the full project life-cycle for all energy infrastructure investments.

8.2. All key strategies and plans, including Eskom's new build programme, the Integrated Energy Plan (IEP) and the National Integrated Resource Plan (NIRP) should consider the Government's stated commitment to move towards a low carbon economy,.

9. EMPLOYMENT CREATION

With regard to employment creation the Summit resolved that there is a need:

9.1. to create a renewable energy sector that enhances sustainable job creation (decent jobs), and

9.2. for increased investment in programmes and projects that will create large numbers of "green" and decent jobs.

10. SKILLS DEVELOPMENT, TRAINING AND EDUCATION

10.1. There is a need to focus and improve skills development and training in the Renewable Energy sector working together with formal academic institutions, professional training bodies and the Energy Sectoral Education and Training Authority (ESETA) **by amongst others:**

- 10.1.1. Raising awareness, capacity building and education targeting particularly the youth, women, entrepreneurs and other vulnerable groups.
 - 10.1.2. Increasing skills and technology transfer particularly to young people, women and other vulnerable groups.
 - 10.1.3. Undertaking awareness campaigns to promote knowledge of renewable energy options and thereby promoting the increase in their usage.
 - 10.1.4. Focus on balanced skills development targeting both technical and policy making components.
- 10.2. Recognizing that there is a need to implement skills development and training in the renewable energy sector- government, the private sector, tertiary institutions and industry associations should work together to develop and implement appropriate programmes to grow a sustainable skills base in South Africa.
- 10.3. There is a pressing need to sensitize and train officials at local and provincial government levels, for they are the people who will have to ensure that renewable energy and energy efficiency strategies are implemented and that regulations are adhered to.
- 10.4. ESETA should urgently develop skills development programmes in the various renewable energy streams in partnership with industries and institutions involved in the sector.

11. MONITORING AND EVALUATION

- 11.1. Baseline studies on renewable energy should be conducted in order to set appropriate benchmarks for renewable energy deployment.
- 11.2. Knowledge management must be enhanced to ensure that information and data is available for use by the public and other stakeholders for decision-making purposes. Such public information should include details regarding the renewable energy resource base and the full extent of social costs and benefits of the different energy supply options.
- 11.3. An ambitious national renewable energy target must be set and

communicated to the public

11.4. Regular monitoring and evaluation systems, processes and mechanisms be put in place to ensure that targets that are set are ultimately achieved.

11.5. A review of policy frameworks should be undertaken to enhance effectiveness and efficiency of delivery.

12. WAY FORWARD

Underscoring the urgent need for ensuring a comprehensive, consultative and transparent policy review process

The Summit resolved that:

- 12.1. A participatory process, with strict timetables be set for the finalization of the Renewable Energy Policy review, including adoption of new targets and strategies for implementation by the end of 2009/2010 financial year. Timetable for the taking the reviewed White Paper to the Carbinet and approval will be advised.
- 12.2. the details of the finalization of the policy review will be done by the DME in consultation the stakeholders' group to be constituted and chaired by the DME.
- 12.3. the Draft Resolutions to be circulated for response by Wednesday 25th March 2009 and the DME to revert to all stakeholders by Friday 27th March 2009 with a revised copy of the resolutions for further inputs.

13. POLICY REVIEW TIMELINES

ACTIVITIES	RESPONSIBILITY	TIMELINES
Final summit resolution	DME and stakeholders' group	27 March 2009
Constitution of the RE stakeholder's group	DME	23 April 2009
Draft Summit Report for Delegates Inputs	DME and stakeholders' group	21 May 2009
Final Summit Report	DME and stakeholders' group	18 June 2009
Stakeholder Consolidation Workshop 1	DME and stakeholders' group	20 August 2009
DME approval of Draft RE policy review published for public comments	DME	17 September 2009
Cabinet approval for release for Public comments	DME and stakeholders' group	15 October 2009
Consolidation of Public comments	DME and stakeholders' group	19 November 2009
Stakeholder Consolidation Workshop 2	DME and stakeholders' group	10 December 2009
Consolidation of Stakeholder comments	DME and stakeholders' group	14 January 2010
Intergovernmental Review and Alignment	DME	11 February 2010
DME approval of Draft RE Policy	DME	25 February 2010
Cabinet approval	DME	18 March 2010
Revised White Paper on Renewable Energy (2010) published	DME	31 March 2010