

(19 December 2012 - to date)

## ELECTRICITY REGULATION ACT 4 OF 2006

*Government Notice 660 in Government Gazette 28992, dated 5 July 2006. Commencement date: 1 August 2006 – unless otherwise indicated [Proc. R30, Gazette No. 9057, dated 21 July 2006].*

### IPP PROCUREMENT PROGRAMME 2012

#### DETERMINATION UNDER SECTION 34(1) OF THE ELECTRICITY REGULATION ACT 4 OF 2006

*Government Notice 1074 in Government Gazette 36005 dated 19 December 2012. Commencement date: 19 December 2012.*

#### PART A

The Minister of Energy ("the Minister"), in consultation with the National Energy Regulator of South Africa ("NERSA"), acting under section 34(1) of the Electricity Regulation Act 4 of 2006 (as amended) (the "ERA") and the Electricity Regulations on New Generation Capacity (published as GNR. 399 in *Government Gazette* No. 34262 dated 04 May 2011) ("Regulations"), has determined as follows:

1. that renewable energy generation capacity needs to be procured to contribute towards energy security and to facilitate achievement of the renewable energy targets of the Republic of South Africa, accordingly, 3200 megawatts (MW) should be procured to be generated from renewable energy sources as described in more detail in paragraph 2 below, which is in accordance with the capacity allocated to certain renewable energy technologies, under the heading "New build", for the years 2017 to 2020, in Table 3 of the Integrated Resource Plan for Electricity 2010-2030 (published as GN 400 of 06 May 2011 in *Government Gazette* No. 34263) ("IRP 2010-2030");
2. the new generation capacity determined to be necessary as per paragraph 1 above ("the new generation capacity"), shall be generated from one or more of the following sources (each a "technology"), notwithstanding that the IRP 2010-2030 does not refer to the sources referred to in paragraphs 2.4, 2.5, 2.6 and 2.7 below:
  - 2.1. CSP;
  - 2.2. wind;
  - 2.3. solar PV;
  - 2.4. biogas;
  - 2.5. biomass;

Prepared by:



In partnership with:



- 2.6. landfill gas;
- 2.7. small ( $\leq 40$  MW) hydro; and
- 2.8. small projects ( $\leq 5$  MW based on any of the sources referred to in paragraphs 2.1 to 2.7 above);
3. electricity produced from the new generation capacity ("the electricity"), shall be procured through one or more tendering procedures which are fair, equitable, transparent, competitive and cost-effective and shall constitute IPP procurement programmes as contemplated in the Regulations ("procurement programmes"), which procurement programmes may include the IPP Procurement Programme initiated by the Department of Energy during August 2011;
4. the procurement programmes shall target connection to the Grid for the new generation capacity as soon as reasonably possible taking into account all relevant factors including the time required for procurement, according to a schedule that may differ from the timetable set out in Table 3 of the IRP 2010-2030;
5. the target allocation of MW per technology shall be as set out in the table below this paragraph 5, provided that the procurer designated in paragraph 7 below shall be entitled to re-allocate the MW available amongst the technologies, during the course of the procurement programmes:

<b>Technology</b>	<b>MW</b>
Onshore wind	1470
CSP	400
Solar Photovoltaic	1075
Small Hydro ( $\leq 40$ MW)	60
Biomass	47.5
Biogas	47.5
Small Projects:	100
<b>TOTAL</b>	<b>3200</b>

6. the electricity may only be sold to the entity designated as the buyer in paragraph 9 below, and only in accordance with the power purchase agreements and other project agreements to be concluded in the course of the procurement programmes;
7. the procurer in respect of the procurement programmes will be the Department of Energy;
8. the role of the procurer will be to conduct the procurement programmes, including preparing any requests for proposals and/or all related and associated documentation, negotiating the power

purchase agreements, facilitating the conclusion of the other project agreements, and facilitating the satisfaction of any conditions precedent to financial close which are within its control;

9. the electricity must be purchased by Eskom Holdings SOC Limited or by any successor entity to be designated by the Minister of Energy, as buyer (off-taker); and
10. the electricity must be purchased from independent power producers.

## **PART B**

The Minister, in consultation with NERSA, acting under section 34(1) of the ERA and the Regulations, also hereby determines that the description of the new generation capacity to be procured in terms of the Determination made on 1 August 2011 in respect of renewable energy generation capacity, should be and hereby is amended as follows:

1. the definition of "small hydro" used in paragraph 2.7 of the 1 August 2011 Determination as " $\leq 10\text{MW}$ " is amended to "less than or equal to  $40\text{MW}$ "; and
2. the term "small projects", as it is defined in paragraph 2.8 of the 1 August 2011 Determination, is amended to read:

"small projects ( $\leq 5\text{MW}$  based on the sources referred to in paragraph 2.1, 2.3, 2.4, 2.5, 2.6 and 2.7)".

*Concurrence to this Determination given by the National Energy Regulator of South Africa on the below mentioned date:*

*(Signed)*

**SIGNATURE:** \_\_\_\_\_

**MS CECILIA KHUZWAYO**

**CHAIRPERSON: NERSA**

**DATE: 18/10/12**

*Determination made by the Minister of Energy on the below mentioned date:*

*(Signed)*

**SIGNATURE:** \_\_\_\_\_

**MS DIPUO PETERS, MP**

**MINISTER: ENERGY**

**DATE: 12/12/12**