

MINUTES OF THE BUSA ENERGY SUB-COMMITTEE MEETING HELD ON 23 JULY 2019, 10:00 – 12:00 AT BUSA OFFICES

ATTENDANCE

SURNAME & NAME	ORGANISATION	ATTENDANCE
Baart, Kevin	SAPIA	Attended
Bengu, Dumisani	FASA	Attended
Booyesen, Walter	DELOITTE	Attended
Collins, Dave	MAC CONSULTING	Attended
De Lange, Martin	NAACAM	Attended
Human, Jaco	IGUG-SA	Attended
Kingston, Martin	ROTHSCHILD	Attended
Levington, Mike	SAREC	Attended
Long, Dave	SAIPPA	Attended
Lotter, Laurraine	BUSA	Attended
Mahanyele, Vuvu	AMCHAM	Attended
Manzi, Muzi	AFSA	Attended
Morris, Jarredine	BUSA	Attended
Seane, Masego	SASOL	Attended
Teffo, Christian	MCSA	Attended
Tshuma, Wilfred	SACCI	Attended
Van Staden, Piet	EIUG	Attended
Venter, Pierre	BASA	Attended
Wait, Requier	AGRISA	Attended

APOLOGIES

SURNAME & NAME	ORGANISATION	APOLOGY
Ade, Michael	SEIFSA	Apology
Bangerezako, Portia	SANLAM	Apology
Bold, Gerhard	DELOITTE	Apology
Bomela, Dumisani	HASA	Apology
Chibanguze, Taffi	MCSA	Apology
Corcoran, Marc	SAVRALA	Apology
Crawford, June	BARSA	Apology
Derby, Portia	NAACAM	Apology
De Klerk, Mark	HYPROP	Apology
Douglas, Giles	ROTHSCHILD	Apology
Dykes, Dennis	BASA	Apology
Ganto, Mlu	CAIA	Apology
Grant, David	SABMILLER	Apology
Hamman, Christoff	ROTHCHILD	Apology
Hiestermann, Rudi	SASOL	Apology
Kruger, Marique	SEIFSA	Apology
Langenhoven, Henk	MCSA	Apology
Lawrence, Michael	MCRFSA	Apology
Leyden, Siobhan	RA	Apology
Macleod, Steve	SAEFA	Apology
Magafeda, Siganeke	SAPIA	Apology
Makhetha, Tebele	BLSA	Apology
Maneschijn, Raynard	DELOITTE	Apology

REGISTRATION NUMBER: 2014/042417/08

PRESIDENT: Siphon M Pityana VICE PRESIDENT: Martin Kingston NEDLAC CONVENOR: Kaizer Moyane

DIRECTORS: Busi Mavuso, Cas Coovadia, Christopher Campbell, Deidre Penfold, Gwarega Mangozhe, Joe Mwase, Maurice Radebe, Roger Baxter, Stavros Nicolaou, Vusi Khumalo

SURNAME & NAME	ORGANISATION	APOLOGY
Manga, Nobuzwe	SATMC	Apology
Maphumulo, Sam	SASA	Apology
Marais, Gerhard	RFA	Apology
Mitchelson, Marcel	SASOL	Apology
Molony, Jane	PAMSA	Apology
Moola, Mumtaz	SAPOA	Apology
Moothilal, Renai	NAACAM	Apology
Mosiah, Lerato	HFA	Apology
Mpofu, Portia	SASA	Apology
Mthombeni, Tsakani	EIUG	Apology
Nafte, Desiree	SAPOA	Apology
Naaidoo, Shamini	RFA	Apology
Netshifhefhe, Constance	PPC Ltd	Apology
Nicolaou, Stavros	ASPEN	Apology
Nijikelana, Sisa	SAIIA	Apology
Nkosi, Brenda	SASOL	Apology
Ntseoane, Sandile	SAVRALA	Apology
Ntuli, Ndiphiwe	BARSA	Apology
Nyatsumba, Kaiser	SEIFSA	Apology
Ojo, Olatunde	BCC	Apology
Penfold, Deidre	CAIA	Apology
Pierini, Claudio	BCC	Apology
Pretorius, Herman	EIUG	Apology
Pretorius, Rudolf	SASOL	Apology
Purchase, John	AGBIZ	Apology
Radebe, Maurice	SASOL	Apology
Rohrs, Sue	PAMSA	Apology
Roytowski, Talph	AMSA	Apology
Saayman, Gerhard	SASOL	Apology
Schoeman, Jan	RMI	Apology
Seaka, Steve	ABSA CAPITAL	Apology
Serrao, Olivier	BUSA	Apology
Shaw, Tom	IGUG-SA	Apology
Shunmugam, Raj	CLENCAROL	Apology
Sibanda, Tyson	BUSA	Apology
Swart, Izak	DELOITTE	Apology
Theron, Paul	AMSA	Apology
Umanah, Tebogo	TBCSA	Apology
Valasis, Vera	FASA	Apology
Vallabhjee, Bhavtik	ABSA CAPITAL	Apology
Williams, Ross	SAEFA	Apology
De Wet, Liesl	RFA	Apology
Yawitch, Joanne	NBI	Apology

MINUTES

Key: Table = decision for follow-up:



1. OPENING AND WELCOME

Martin Kingston in the Chair opened the meeting and welcomed those present.

2. SAFETY BRIEFING

Jarredine Morris from BUSA gave the safety briefing.

3. ATTENDANCE AND APOLOGIES

Attendance and apologies are captured above.

4. DECLARATION OF INTEREST

There were no declarations of interest recorded on the attendance register.

5. ADOPTION OF THE AGENDA

The agenda was adopted with the following amendments:

Addition of “Eskom” under section 8.

6. ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING HELD ON 22 MAY 2019

The minutes were adopted with a correction on page 7, item 11.13:

Eskom reported good progress on 2 points of the 9-point plan (coal and ~~maintenance~~ diesel stocks), however...

7. MATTERS ARISING

There were no matters arising.

8. ENERGY POLICY AND PRICING

8.1. IRP Nedlac Process

- 8.1.1. Laurraine Lotter, as the Nedlac lead, requested clarity on the mandate in respect of “other” and “distributed generation” categories in the IRP.
- 8.1.2. These categories are important as they inform the decisions taken by the Minister and the Regulator in respect of licencing and registration of embedded generation activities.
- 8.1.3. The meeting agreed that there should be no limit on cogeneration in the IRP and this should be explicit in the plan.

- 8.1.4. The meeting agreed that in respect of “distributed generation” the limit should be increased to 1000MW to have sufficient scope for Ministerial Determinations of Exemptions to be granted to address any short-term crises that arise, i.e. load shedding. This number should be reviewed annually.
- 8.1.5. There must be a mechanism in the IRP to lead with the short-term separate to the long-term plan.

Action (1)

It was agreed that there must be no limit for cogeneration, and this should be explicit in the IRP.

It was agreed that the limit for distributed generation should be raised to 1000MW with an annual review.

It was agreed that there must be a short-term mechanism in the IRP.

- 8.1.6. Government and Labour have held bilateral meetings resulting in a draft text for the inclusion of nuclear in the energy mix.
- 8.1.7. Business has seen this draft text and is not happy with the proposal.
- 8.1.8. Business position is the IRP must be premised on a least-cost base case.
- 8.1.9. Business and Labour were to have had a bilateral meeting on 18 July 2019, however Labour cancelled this meeting in favour of a meeting with the Minister. A new date for this bilateral has not been agreed.
- 8.1.10. Other areas that Business has concerns with include the carbon emissions constraint and the impact of the new Air Quality Act Framework requirements.

Action (2)

It was agreed that the basis of the IRP must be least-cost.

- 8.1.11. Martin Kingston reported that following a session hosted by Business Leadership South Africa (BLSA) on 22 July 2018, he and other Board members met with Minister Patel for a frank discussion regarding the state of the economy and policy inhibitors to investment.
- 8.1.12. Eskom and the energy sector more broadly were part of these discussions.
- 8.1.13. It was agreed that Business must formulate a list of the priorities that must be addressed to ensure that policy enables sustainable economy growth. It was also agreed that Labour should be part of these discussions.
- 8.1.14. That Nedlac was dysfunctional currently was part of these discussions and noted by the Minister of Labour, who was also present.
- 8.1.15. The IRP and the restructuring of Eskom fit into the list. It was agreed that this subcommittee must mandate issues to take into this process.

Action (3)

It was agreed that this subcommittee must mandate issues, including the IRP and Eskom, to feed into a list of policy priorities for the Minister Patel.

8.2. Eskom

- 8.2.1. The Ministers of Dti and DPE have both committed to the restructuring of Eskom. It is understood that the RFI has been issued looking for financial advisors to work with them on the implications of such restructuring.
- 8.2.2. The dysfunctionality and lack of capacity in Eskom is not the only issue, these concerns are equally important in respect of Municipalities who supply electricity.
- 8.2.3. Agreed that BUSA must request a meeting with the Ministers regarding Eskom and link this to the list of issues as per 8.1.13 above, including the municipal constraints, and also linking to the relevant initiatives in the Job Summit, for example the Negotiated Price Agreements (electricity price).

9. STATUS REPORTS FOR DISCUSSION

9.1. REIPPP

- 9.1.1. Karin Breytenbach has been asked to leave the IPP Office. Business is concerned what the implications of this are in respect of the capacity for the Office.
- 9.1.2. It is understood that Government did not feel that the socio-economic objectives that they wanted from the process are being achieved. There is also a perception that the IPP Office means only renewable energy and renewable energy means privatisation.
- 9.1.3. It is also understood that DBSA would like a broader focus to include infrastructure development.

9.2. SMALL SCALE EMBEDDED GENERATION

- 9.2.1. NERSA has not responded to BUSA's request to meet in our submission sent in May 2019.
- 9.2.2. The inaction from the Department and the Regulator is untenable and is forcing the industry to be non-compliant.
- 9.2.3. Addressing these categories in the IRP is only one part of this challenge.
- 9.2.4. Agreed that Martin Kingston will write to NERSA to request a meeting.

Action (4)

It was agreed that Martin Kingston will write to NERSA to request a meeting.

9.3. REDZ

- 9.3.1. The final recommendation includes mining areas in Witbank and Klerksdorp, as well as in the Northern and Western Cape.
- 9.3.2. There is a strong push that these developments are considered in the context of enabling a Just Transition.

9.4. GAS

- 9.4.1. Agreed that Transnet should come to the next meeting to present on their Natural Gas Networks Project.
- 9.4.2. The Department is establishing a task force to look at gas development in the country.
- 9.4.3. The development of LNG terminals at Coega are the most expensive option. Agreed that BUSA must develop a position on this development. IGUG-SA will circulate their paper on this to help develop the BUSA position.
- 9.4.4. As a country, we are about 6/7 years behind where we ought to be in gas infrastructure development. The most economical option is pipeline gas from Mozambique. Agreed that BUSA must engage Government and reignite work on this.
- 9.4.5. The Constitutional Court has ruled against NERSA in respect of the maximum gas pricing methodology.

Action (5)

It was agreed that BUSA must develop a position on the development of an LNG Terminal at Coega. IGUG-SA will share their document to help inform this.

10. STAKEHOLDER ENGAGEMENTS

- 10.1.1. Agreed that BUSA must develop a clear stakeholder engagement strategy, including on:
 - the IRP;
 - the IEP;
 - Gas Development;
 - Eskom; and
 - Municipalities.
- 10.1.2. BUSA to request a written update on the TAMDEV Initiative.

Action (6)

Agreed that BUSA must develop a clear stakeholder engagement strategy on Energy.



11. ANY OTHER BUSINESS

None

12. MEETING CLOSURE

12.1.1. Agreed that 5 November is too late for the next meeting. Agreed to move the meeting to the end of September – date to be confirmed.

Action (7)

Agreed to move the meeting to the end of September 2019.

The meeting closed at 12:00 am