

MINUTES OF THE BUSA ENERGY SUB-COMMITTEE MEETING HELD ON 22 MAY 2019, 10:00 – 12:00 AT BUSA OFFICES

22 May 2019

ATTENDANCE

SURNAME & NAME	ORGANISATION	ATTENDANCE
Ade, Michael	SEIFSA	Attended
Baart, Kevin	SAPIA	Attended
Collins, Dave	MAC CONSULTING	Attended
Derby, Portia	NAACAM	Attended
Dykes, Dennis	BASA	Attended
Ganto, Mlu	CAIA	Attended
Human, Jaco	IGUG-SA	Attended
Kingston, Martin	ROTHSCHILD	Attended
Kruger, Marique	SEIFSA	Attended
Levington, Mike	SAREC	Attended
Long, Dave	SAIPPA	Attended
Makhetha, Tebele	BLSA	Attended
Maneschijn, Raynard	DELOITTE	Attended
Maphumulo, Sam	SASA	Attended
Morris, Jarredine	BUSA	Attended
Ntseoane, Sandile	SAVRALA	Attended
Philip, Xolisa	BUSA	Attended
Purchase, John	AGBIZ	Attended
Radebe, Maurice	SASOL	Attended
Rohrs, Sue	PAMSA	Attended
Seane, Masego	SASOL	Attended
Serrao, Olivier	BUSA	Attended
Teffo, Christian	MCSA	Attended
Tshuma, Wilfred	SACCI	Attended
Valasis, Vera	FASA	Attended
Van Staden, Piet	EIUG	Attended
Venter, Pierre	BASA	Attended
Wait, Requier	AGRISA	Attended
Yawitch, Joanne	NBI	Attended

APOLOGIES

SURNAME & NAME	ORGANISATION	APOLOGY
Bangerezako, Portia	SANLAM	Apology
Bold, Gerhard	DELOITTE	Apology
Bomela, Dumisani	HASA	Apology
Chibanguze, Taffi	MCSA	Apology
Cohen, Tanya	BUSA	Apology
Corcoran, Marc	SAVRALA	Apology
Crawford, June	BARSA	Apology
De Klerk, Mark	HYPROP	Apology
De Lange, Martin	NAACAM	Apology
Douglas, Giles	ROTHSCHILD	Apology
Govender, Marilyn	SASA	Apology
Grant, David	SABMILLER	Apology

REGISTRATION NUMBER: 2014/042417/08

PRESIDENT: Siphon M Pityana VICE PRESIDENT: Martin Kingston CEO: Tanya Cohen 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
Hamman, Christoff	ROTHCHILD	Apology
Hiestermann, Rudi	SASOL	Apology
Hlokwe, Jeniffer	UBU HOLDINGS	Apology
Langenhoven, Henk	MCSA	Apology
Lawrence, Michael	MCRFSA	Apology
Leyden, Siobhan	RA	Apology
Lotter, Laurraine	BUSA	Apology
Macleod, Steve	SAEFA	Apology
Magafeda, Siganeke	SAPIA	Apology
Mahanyele, Vuvu	AMCHAM	Apology
Manga, Nobuzwe	SATMC	Apology
Marais, Gerhard	RFA	Apology
Mitchelson, Marcel	SASOL	Apology
Molony, Jane	PAMSA	Apology
Moola, Mumtax	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
Nel, Shaun	EIUG	Apology
Netshifhefhe, Constance	PPC Ltd	Apology
Nicolaou, Stavros	ASPEN	Apology
Nijikelana, Sisa	SAIIA	Apology
Nkosi, Brenda	SASOL	Apology
Ntuli, Ndiphiwe	BARSA	Apology
Nyatsumba, Kaiser	SEIFSA	Apology
O'Brien, Carol	AMCHAM	Apology
Ojo, Olatunde	BCC	Apology
Pearson, Shevaughn	EIUG	Apology
Penfold, Deidre	CAIA	Apology
Pierini, Claudio	BCC	Apology
Pretorius, Herman	EIUG	Apology
Pretorius, Rudolf	SASOL	Apology
Roytowski, Talph	AMSA	Apology
Saayman, Gerhard	SASOL	Apology
Schoeman, Jan	RMI	Apology
Seaka, Steve	ABSA CAPITAL	Apology
Shunmugam, Raj	CLENCAROL	Apology
Sibanda, Tyson	BUSA	Apology
Swart, Izak	DELOITTE	Apology
Theron, Paul	AMSA	Apology
Umanah, Tebogo	TBCSA	Apology
Vallabhjee, Bhavtik	ABSA CAPITAL	Apology
Williams, Ross	SAEFA	Apology
De Wet, Liesl	RFA	Apology



MINUTES

Key: Table = decision for follow-up:



1. OPENING AND WELCOME

Martin Kingston in the Chair opened the meeting, initiated a round of introductions 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:

Inclusion of "Gas" as a standing item under section 9.

Inclusion of a "System Status Update" from the Industry Energy and Tariff Forum Meeting – 21 May 2019 under "Any other business".

Also, under "Any other business" noting of the establishment of the Eskom Leadership Task Team under NEDLAC.

6. ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING HELD ON 19 FEBRUARY 2019

The minutes were adopted with corrections to the date of the meeting (still reflected 31 October 2018) and the footer with the same error.

7. MATTERS ARISING

There were no matters arising.

8. ENERGY POLICY AND PRICING

8.1. IRP Nedlac Process

8.1.1. Government tabled the revised IRP on 6 March 2019 at Nedlac.

- 8.1.2. The task team has met twice since then. Meetings have focussed on the merits, costs and assumptions of the technologies allocated capacity in the IRP.
- 8.1.3. Labour is strongly of the view that Nuclear should be included in the IRP. Business has agreed to a bilateral with Labour to discuss the IRP at a date to be confirmed.
- 8.1.4. The Minister of Energy has indicated that he will not table the IRP for Cabinet until the Nedlac process is complete. There is no sense of urgency in the Nedlac process to complete this work.
- 8.1.5. This subcommittee endorses an accelerated process – this must be stated in the Nedlac process. Social partners should engage in bilateral meeting and with the new Minister to ensure an accelerated process.

Action (1)

It was agreed that the Nedlac process must be accelerated and that social partners should engage bilaterally and with the new Minister to ensure an accelerated process.

8.2. Structure of Engagement with Government on Eskom

- 8.2.1. The proposed structure for engagement (Annexure 2) was circulated to this Subcommittee and Econpol for amendment and approval and has been approved.
- 8.2.2. The document should be read with the TAMDEV document circulated separately. The TAMDEV initiative was agreed under the Presidential Job Summit Framework.
- 8.2.3. NBI will run this programme once the framework has been agreed by Government.
- 8.2.4. This structure is critical for the credibility of Business with Government and must be submitted to Minister Gordhan urgently with a covering letter referencing the meeting held on 3 April 2019.

Action (2)

It was agreed that the proposed structure must urgently be sent to Minister Gordhan with a covering letter referencing the meeting held on 3 April 2019.

8.3. Submission to the President on alternative sources of electricity supply

- 8.3.1. This document (Annexure 3) was also circulated to this Subcommittee and Econpol for amendment and approval and has been approved.
- 8.3.2. However, this has been overtaken by the NERSA Consultation Paper on the Licensing Exemption and Registration Notice for Small Scale Embedded Generation published earlier in May (see item 9.2 below).
- 8.3.3. This submission informed the basis and background of BUSA's submission to NERSA.

9. STATUS REPORTS FOR DISCUSSION

9.1. REIPPP

- 9.1.1. The sector is awaiting the announcement of the next round of the REIPPP programme.
- 9.1.2. The Minister should be able to proceed with a Determination on the expedited round without the updated IRP being approved by Cabinet, but it is understood that there are concerns this will be challenged.

9.2. NERSA CONSULTATION PAPER ON THE LICENSING EXEMPTION AND REGISTRATION NOTICE FOR SMALL SCALE EMBEDDED GENERATION

- 9.2.1. This notice was published on 9 May 2019 and circulated to the Subcommittee for initial comments.
- 9.2.2. The submission deadline is 24 May 2019.
- 9.2.3. It is understood that because of the court ruling regarding public consultation in respect of the Nuclear procurement process, NERSA and DoE understand that the requirement for concurrence by the Regulator means that NERSA should publish the Notice for Public Comments.
- 9.2.4. The schedule published in the Government Gazette in November 2017 currently stands.
- 9.2.5. The DoE published a revision of this schedule mid-2018 for public comment and apparently around December 2018 passed the schedule to NERSA for concurrence.
- 9.2.6. NERSA has now published a consultation paper on the schedule.
- 9.2.7. The process to follow is understood as – 1. NERSA considers comments on its consultation paper and these help inform comments that the Regulator then sends to DoE; 2. DoE makes any necessary changes to the schedule and the Minister then gazettes the final revised schedule.
- 9.2.8. If the schedule is materially different from the draft published mid-2018, the DoE may be required to publish for further public comment and the whole process would repeat.
- 9.2.9. It is not known what the timelines are from the submission deadline to NERSA to gazetting of the final schedule. BUSA will write to DoE to request clarity.
- 9.2.10. In the meantime, the Minister has written to NERSA granting a blanket consent to deviation [from the IRP] for all current licencing applications sitting with NERSA for consideration.
- 9.2.11. The requirement for Ministerial Consent to Deviation was a significant stumbling block for those applying for a licence, so this is helpful.
- 9.2.12. This is a separate matter from the exemption schedule which applies to those installations that would, under the criteria in the schedule, be exempt from the licencing requirements.

Action (3)

It was agreed that the BUSA will write to DoE to clarify the process and timeframes for the gazetting of the revised schedule.

It was agreed that BUSA will provide a summary of the process as explained in this meeting to members.

9.3. REDZ

- 9.3.1. Phase 2 is underway.
- 9.3.2. The CSIR is consulting with affected Municipalities.
- 9.3.3. There will be a final recommendation by the end of this month.
- 9.3.4. Expectation is that phase 2 REDZ will be gazetted by August 2019 and will include mining areas in Witbank and Klerksdorp.

9.4. GAS

- 9.4.1. This subcommittee must have a standing item on the agenda for gas.
- 9.4.2. There are several initiatives in respect of gas infrastructure and industrialisation outside of BUSA.
- 9.4.3. Gasification of the SADC is taking place.
- 9.4.4. Dti is also doing a lot of work around gas industrialisation.
- 9.4.5. BUSA did engage in the NEDLAC process on the Gas Amendment Bill which concluded in January this year.
- 9.4.6. BUSA also has representation on the Regional Gas Task Force.
- 9.4.7. The gas utilisation master plan (GUMP) is long outstanding.
- 9.4.8. IGUG-SA believes that the gas crisis is looming in the next 4 years unless there is some action.

Action (4)

It was agreed that "Gas" should be a standing item on the agenda for this subcommittee.

10. STAKEHOLDER ENGAGEMENTS

BUSA representatives had an engagement with the President and the Minister's of Public Enterprises on 3 April 2019 to discuss the Eskom challenges.

This engagement was an action item from resolutions taken at Econpol and this subcommittee.

The operations, structural and financial challenges of Eskom were discussed.

It was agreed that there must be a much higher level of coordination and a structured interface between business and government.

It was further agreed that there must be a more responsible approach to communication of the challenges that Eskom is dealing with and that the problems were being clearly articulated.



It was agreed at this meeting that Business would submit a proposed structure for engagement (see 8.2 above).

This subcommittee agreed to request a copy of the report that the Minister of Public Enterprises gave to the Minerals Council of South Africa.

It was further agreed by this subcommittee that BUSA should engage with Eskom's Executive Team.

Action (5)

It was agreed that the BUSA will request a copy of the report given to MCSA.

It was agreed that BUSA should engage with Eskom's Executive Team.

11. ANY OTHER BUSINESS

- 11.1. BUSA attended the quarterly Industry Energy and Tariff Forum meeting on 21 May 2019.
- 11.2. This forum consists of Eskom, EIUG, AMEU, MCSA and now BUSA.
- 11.3. The purpose is to update key customers and stakeholders on Eskom's system status, build programme, 9-point plan, maintenance, tariffs and pricing and so forth.
- 11.4. The system operator stated that Eskom has a comfortable prognosis for the winter months and anticipates no load shedding for winter.
- 11.5. Eskom is performing well against its winter plan.
- 11.6. The demand profile is different for winter, allowing Eskom to only use OCGT's and pumped storage at peak and to replenish the dams during the day. Overall the system is not as stressed in winter.
- 11.7. Eskom also stated that the plants generally perform better in the cold weather.
- 11.8. There are currently 4 non-commercial units from Medupi and Kusile supporting the grid. One of these is expected to achieve commercial operation in July 2019.
- 11.9. Units have also returned from maintenance, therefore the availability has marginally improved.
- 11.10. The renewables continue to assist in alleviating pressure on the system.
- 11.11. The coal stores have improved, with currently only 4 stations below grid code required stock levels, up from 11 at the end of 2018. Eskom expects full recovery at all stations by the end of 2019.
- 11.12. Likely that the additional costs incurred for new coal contracts and excessive use of the OCGTs will come through in next year's Regulatory Clearing Account (RCA).
- 11.13. Eskom reported good progress on 2 points of the 9-point plan (coal and maintenance), however the remaining 7 points showed little or no progress which is concerning – especially with respect to the appointment of power station managers.



11.14. Although there have been improvements, the EAF is still at around 68% and boiler tube leaks are still a significant problem. Come September, the system could be in trouble again. The ship is far from turned around.

Action (6)

It was agreed that BUSIA would share the presentations from the forum with the Subcommittee Members on receipt.

The meeting closed at 11:33 am