

MINUTES OF THE BUSA ENERGY SUB-COMMITTEE MEETING HELD ON 30 OCTOBER 2018, 10:00 – 12:00 AT BLSA OFFICES

Key: Table = decision for follow-up:



1. OPENING AND WELCOME

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

2. ATTENDANCE AND APOLOGIES

Attendance and apologies are captured under annexure 1 of the minutes.

3. ADOPTION OF THE AGENDA

The agenda was adopted with the following amendments:

Inclusion of the request for comment on the NRS048-9 protocol under item 7.

4. ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING HELD ON 31 OCTOBER 2017

The minutes were adopted without amendment.

5. MATTERS ARISING

There were no matters arising.

6. NOMINATION OF THE DEPUTY CHAIR

Nominations were received for:

- Maurice Radebe
- Jevon Martin
- Muzi Dlamini

Objection was raised regarding the short notice of the call for nominations (24 hours). The request for nomination should have been sent at the same time as the invite and agenda. This was noted for future.

The urgency of the nomination was stated in the context of the pressure and the number of engagements that are anticipated and have already taken place, it is therefore urgent that this position is filled.

A strong senior leader from business is needed to support the Chair in this time.

Majority vote in favour of Maurice Radebe who accepted the nomination.

Thanks was given to the EIUG for their nominations.

Action (1)

It was agreed that longer notice should be given for future nominations.

Action (2)

Maurice Radebe nominated as Deputy Chair.

7. ENERGY POLICY AND PRICING

7.1. IRP Nedlac Process

- 7.1.1. Process was suspended in December until the revised IRP was tabled incorporating the public comments.
- 7.1.2. Significant challenge with Labour – they are conflating this process with the Eskom challenge – they see the IRP as an instrument that will make a difference to Eskom. They are making irregular and unreasonable requests that take a lot of time in the process.
- 7.1.3. At the last meeting, Government tabled the purported public comments, however not all Business comments are recognisable in this document.
- 7.1.4. Government has committed to providing the revised IRP on 4 March; social partners are given two weeks to review.
- 7.1.5. Business needs to put pressure on the Minister for the conclusion to the IRP – important for investment etc. and other energy policies, and cc Minister of DPE highlighting the role of Eskom in this space but be careful how this is captured.

Action (3)

It was agreed that BUSA should engage with the responsible Ministers for the updated IRP and the conclusion of the IRP process, highlighting the role in Eskom in this space.

7.2. ESI Discussion

7.2.1. Engagement with the Presidential Task Team on Eskom held in January 2019. The consolidated Business brief was sent to the Presidential Task Team on Eskom. The Chair has also shared it with DPE, and it was agreed that it should be shared more broadly.

Action (4)

It was agreed that the consolidated Business brief to the Presidential Task Team on Eskom should be shared more broadly in with stakeholders.

7.2.2. Actions to be taken on load shedding -

Refer to draft distributed at the meeting. This document does not address the broader issues that are covered in the submission to the Presidential Task Team on Eskom.

This document covers several short-term interventions that can be undertaken. This document looks at the technical and operational challenges that Eskom is facing. Business must be more proactive in offering solutions.

The document will be circulated for editorial inputs after this meeting once the discussion from this meeting has been incorporated.

This document will form the basis of engagements on these matters.

Noted that the Minister of DPE called an engineer meeting last week and asked the CEO of Electrical Engineers to come up with a plan. It was agreed that all such streams should be coordinated centrally rather than a piecemeal approach.

Action (5)

BUSA to distribute the updated draft action plan following the incorporation of the discussion at this meeting.

Action (6)

It was agreed that all interventions from the private sector should be centrally coordinated.

7.2.3. Eskom's Restructuring (SONA Announcement)

President announced the split of Eskom into 2 divisions. This proposal has been met with some opposition from organised labour. Further details of assistance to Eskom and the restructuring are expected in the Budget Speech later this week.

7.3. Eskom Tariff Increases

- 7.3.1. The BUSA MYPD4 Submission and Technical report have been submitted to NERSA and circulated to members.
- 7.3.2. The BUSA presentation at the Public Hearings has also been shared with members and was well reported in the media.
- 7.3.3. NERSA appears deeply unsympathetic to the motivations tabled by Eskom. It is unlikely that Eskom will be granted their application in full. Government support is expected to be outlined in the Budget Speech later this week.

7.4. Gas Amendment Bill Update

- 7.4.1. The Nedlac process is complete, awaiting the report for review. Some key areas of disagreement remain, including Ministerial powers and the level of penalties. The Bill will undergo the Parliamentary public process next, though it is uncertain when. It is important the Business engages at this time given the level of discomfort with the Bill.
- 7.4.2. BUSA also has representation in the NEPAD / SADC regional gas master plan development.

7.5. NMD and MEC Rules Amendment

- 7.5.1. NERSA has requested comments. This is following the Consultation Paper issued last year on whether the rules should be reviewed. This consultation is now on the revised rules. This is important as this is used to determine the level of demand and in the tariff setting process.
- 7.5.2. BUSA has circulated the first draft to members for further comment by 22 February 2019.
- 7.5.3. Comments are due 28 February 2019.

7.6. NRS048-9 Protocol

- 7.6.1. NERSA has released the NRS048-9 protocol for public comment. This is the document that governs the triggers and protocols to be followed for load shedding.
- 7.6.2. This has been circulated to members for inputs.
- 7.6.3. Comments are due by 18 March 2019.



8. STATUS REPORTS FOR DISCUSSION

8.1. REIPPP

- 8.1.1. The announcement from DPE that the department wants to renegotiate contracts with Rounds 1&2 has caused concern in the sector.
- 8.1.2. DoE is not communicating clearly on future bid rounds.
- 8.1.3. Round 4.5 contracts (27) nearly concluded; just over half have been concluded. These are expected to be providing power to the grid by 2020.
- 8.1.4. RE generators are ready to bid and build; policy certainty is needed from Government.
- 8.1.5. There are also several projects underway in the private sector, though regulatory blockages remain a challenge.

8.2. Small-scale Embedded Generation

- 8.2.1. In December 2018, NERSA released a consultation paper on the registration fee for small-scale embedded generation registrations.
- 8.2.2. Several registrations are held-up because no fee was prescribed.
- 8.2.3. BUSA submitted comments which have been shared with members. BUSA argues that there should be no fee, and this should not have been a barrier to concluding registrations. SSEG installations could have mitigated some of the pain of the recent load shedding and these regulatory barriers must be removed as a matter of urgency.
- 8.2.4. Understood that the revised Schedule 2, dealing with exemptions for Licencing and Registration will be published soon, along with NERSA's rules thereon.

8.3. REDZs

- 8.3.1. The current projects have a particular focus on mining areas and will be gazetted August this year.

9. STAKEHOLDER ENGAGEMENTS

Covered in 7.2 and 7.3 above.

10. ANY OTHER BUSINESS

See 7.6 above.



11. CLOSURE

- 11.1. BUSA highlighted a conflict between the schedule of these meetings and the Industry Energy and Tariff Forum, which is an informative engagement with Eskom. It was agreed that the BUSA meetings will be shifted to accommodate this conflict.
- 11.2. The Chair adjourned the meeting.

Action (7)

It was agreed that the BUSA Energy SC Meetings will be moved for the remainder of the year to accommodate the Industry Energy and Tariff Forum meeting.