

**OPENING REMARKS AND BRIEF ORGANISATIONAL OVERVIEW FOR SAIPPA
ManCom MEETING – 13TH APRIL 2015**

Focus of the organisational overview will more local and internal. A global overview will be prepared for the general members meeting in June.

RECENT DEVELOPMENTS

- **Implementation of the Stabilisation Plan and War Room Process**

Recent and current developments in ESKOM have been less than inspiring albeit they are internal issues. The R4Bn loan from kFw for modernisation of ESKOM grid is an indication of probabilities of more financing for the entity in future though one may not clear of the adequacy. There is fluctuation in progress regarding load shedding vis-a-vis progress in maintenance of the current fleet of power stations.

However the NERSA public hearings indicate ESKOM's reluctance to embrace embedded generation. Whilst there may be progress on EEDSM unfortunately such information has not yet been shared if there is in any case. This may appear as part of normal activities however it has a strong potential to contribute to mitigation efforts against the current crisis.

With regards to the diesel to gas conversion initiative there is some movement though the source of information is media only.

- **Growth of membership**

Whilst the recent growth of membership from 36, in January, to close to 50 currently may be exciting, it comes with expectations from the new members. But Cresco and Suzlon have cancelled their membership – this needs to be addressed by appropriate engagement with their leadership! We need to increase membership more than losing it. These are new challenges that we have to address carefully and promptly.

It is on such basis that we have to develop a strategy for the following:

- Introduction and "induction" of new members
- A Membership Recruitment Team, comprised of Silas Mzingeli Zimu, Glossop, Wayne, Portia Mpofu, is proposed for about 12 months to focus on further developing and implementing the above

- **STAKEHOLDER ENGAGEMENT**

- **Special focus on War Room Process and implementation of Stabilisation Plan**

Formal inputs on the engagement with the Presidency will be appropriate and welcome. Recently I was invited by the Department of Energy as part of follow up to our engagement with the Presidency on the 17th of March. After explaining the nature of the engagement, which was beyond SAIPPA only, it was decided to arrange a broader meeting that will include all members of the IPP Platform.

The recent engagement between the Deputy President and various stakeholders is an indication of growing commitment by the Presidency to harness all resources to address the current crisis. However the fragmented approach has yet to be addressed since key players are not coordinated at the same time.

- **Consolidation of working relations with BUSA**

- SAIPPA has to discuss the issue of consolidation of working relations with BUSA at this Management Committee meeting by addressing my representation attached hereto. Currently we are just taking snippets of it at this stage.
- I was assigned to meet with the BUSA leadership but I still have to get the contacts of whom to contact in BUSA. Maybe it was good I did not have a meeting with BUSA so that we, as SAIPPA leadership, we have a clear consensus on how to develop and manage working relations with BUSA.
- At the previous SAIPPA Breakfast Session differences of opinion, on how to relate with BUSA vis-a-vis the War Room, suddenly emerged in the public unexpected!
- I trust we shall be sensitive on how important it is to ensure formal organisational positions on crucial matters and not just discuss them through emails only but formally in meetings.

- **Conferences, roundtables and workshops attended**

1. African Energy Indaba
2. 18th Annual Power and Electricity World Africa Conference 2015 taking place from 24 to 25 March 2015

3. The FFF 2nd conference on the current electricity crisis brought to the fore an interesting dimension i.e. what guides SAIPPA to commit itself in resolutions and declarations that will be taken in various events. SAIPPA participated in various forms in all the above events.
 - There has been an informal suggestion by Prof. Elmissiry – Head of Energy Programme in NEPAD – to establish a MOU between the two institutions.

WORKING GROUPS

The current Working Groups (except the Coal-based Load WG) have been active and submissions have been made by the WG on Wheeling, to NERSA, as well as the SSREG & Municipalities at the NERSA public hearings on the 10th of this month. I trust Convenors are alert to ensuring all members are contributing because one senses the load and intensity of work is growing.

The formation of a Gas Working Group is hereby proposed given the general growth of interest and SAIPPA members who are keen on the technology. I also propose Brian van Oerle be appointed as a Convenor of the Gas Working Group.

The consolidation of guidelines on Working Groups has to be formally finalised in this meeting so that we have formidable guidelines on how to establish and manage activities of Working Groups.

The appointment of ordinary members as Convenors of Working Groups has to be provisionally endorsed should there be a need to set up other Working groups in future.

There is a school of thought that argues that competitive issues should not prevent the Coal Base Load WG from getting started given we are always bound by the confidentiality and competition legislation. I therefore suggest the Coal Base Load WG convenes at its earliest to start setting up itself and the ManCom can assess thereafter whether there are real risks for it to be active.

There is a need for clarification from NERSA on Generation License Requirements for Own Generation – see attached annexures B and C for reference. The Network Access WG has to address this matter.

DEVELOPMENT OF POLICIES

Guidelines for development of policies are quite essential given the escalation of SAIPPA activities which have to be guided by policies notwithstanding. Activities such as engagement with foreign companies, regional, continental and global bodies, affiliation by foreign companies, marketing of products, services or

technologies to SAIPPA, attendance to events (conferences, symposia, roundtables, workshops, etc.), are glaring instances that have prompted this need. The importance of generation of policies to guide the above activities of the association and conduct of leadership as well as the very process and procedure of formulating the policies are fairly evident.

ADMINISTRATION

I trust the Remuneration Policy for Office Bearers and full-time staff members shall be concluded in this meeting because the load and intensity of volunteer work.

The proposed IPP Information Hub including procurement of data, information subscriptions, etc., if endorsed will serve as the facility for sharing information and thus empowering members – a function that needs to be optimally enhanced.

Annual Plan and Annual Budget for 2015/16 as one of the most important instruments for the programmes and all activities of SAIPPA has to receive its deserved and urgent attention. It is on such basis that I have invited a financial expert from Cennergi to guide us in formulating the budget.

As an update on future events there are a number of invitations including the Africa Utility Week and Power Gen Africa and Distribute Africa in May, FFF workshop in July.

CHALLENGES IN THE IPP INDUSTRY – UPDATE

Whilst the STPPP contracts, it does not seem this matter has had an adequate response let alone that we still need to have the MTPPP contracts addressed as well. At least some partial response has been made for now.

The cogeneration RFP has not been issued within March as committed – another delayed. Obviously this has to be raised at the follow up meeting.

The Deputy President has met the business leaders recently – an initiative worth commendation – however organisations such as SAIPPA have to wait for a third person relay to get an update on the proceedings. Communication on the War Room Process and mitigation efforts is still a thorny issue that needs refinement.

GENERAL

An outcome of the Reputation study for SAIPPA, conducted by Wayne Glossop, is hereby tabled with utmost gratitude to him. I strongly proposed it constitutes one

of the source documents for the envisaged Strategic Review Session for SAIPPA in the near future.

Whilst every member would like SAIPPA to grow strong, gain a better profile both within the IPP industry and in the country, efforts to realise such goals are not even actively supported by the Management Committee itself. Evidence is clear in the low participation in social media.

Requests for information from non-members are steadfastly growing and there are expectations that SAIPPA should just share information.

Partnership building amongst member companies without tempering with the competition legislation needs some attention. Whether this is far-fetched or alarmist we need to make a pronouncement on it.

Lack or poor internal policy guide has a potential to compromise the gains we are making.

It is increasingly becoming difficult to monitor and guide all activities of SAIPPA through a volunteer system and practice.

Public engagements, engagement with media including press statements are beginning to be a regular feature. This obviously goes with assumptions and expectations that we can operate like a formidable and a well-resourced organisation.

PROGNOSIS

The engagement with the Presidency, the positive response to the proposed IPP Platform and visible growth of membership since January are encouraging developments that should serve as propellants for consolidation of SAIPPA.

A humble reminder that we need to start arrangements for a week-end Strategic Session for SAIPPA as soon as we practically can. I suggest a 3-person Task Team for Preparation of the Strategic Session, with the Secretariat providing administrative support, be established. The proposed programme is attached hereto.

CONCLUSION

The phenomenal increase of SAIPPA activities, especially those of the Workgroups, visible growth of membership, has brought to dawn the need to strengthen management of SAIPPA activities. We have to manage emerging expectations as well – both internal and external.

The recent developments are both encouraging – stakeholder engagements, extension of STPPP contracts, NERSA public hearings on SSREG, etc., and some still trigger a cause for concern i.e. delay in cogeneration RFP, no response on MTPPP contracts, poor communication, etc.. Support for positive responses from

government is appropriate and firmness on areas where we are not satisfied is just as vital.

Let me congratulate Mnumzana Brian Day in successful bid to join the IPP Office. Such will definitely assist in strengthening bridges between IPP's and the IPP office in particular, and government in general. It is such a pity that he will be resigning from SAIPPA. Not only do we wish him a productive and successful tenure during his 3 years at the IPP Office.