



MANAGEMENT COMMITTEE MEETING

MINUTES

Date: 29 April 2013 **Time:** 14h00 **Venue:** SAIPPA Offices

Mr Thomas Garner	Chairman	Cennergi	Apology
Mr Doug Kuni	CEO	Exxaro	Present
Mr Thibaud Vibert	Member	Tenesol	Apology
Mr Egmont Ottermann	Co-opted Member	Pretoria Portland Cement	Present
Mr Thabani Myeza	Co-opted Member	Sembcorp Silulumanzi	Apology
Mr Dave Long	Co-opted Member	Individual member	Apology
Ms Thandi Mazibuko	Co-opted Member	Individual member	Apology
Mr Paul van Niekerk	Secretariat	Secretariat	Present
Mr Jean Venter	Secretariat	Administrator	Present

1. WELCOME AND APOLOGIES

Mr Kuni welcomed members present and noted the apologies listed above.

2. READING AND CONFIRMATION OF MINUTES

The members confirmed the minutes of the meeting that was held on 5 February 2013.

3. INTERNATIONAL FINANCIAL REPORTING STANDARDS

Mr Ottermann advised that International Financial Reporting Standards now require generation plants provided to a company by a third party, but for their exclusive consumption, to be included as an asset in the balance sheet of the company. This particular requirement causes many companies to reconsider new plant projects. The requirement does not apply if the generation is not exclusive to the company or if the supply contract allows for the third party to retain ownership of the assets if the supply contract is cancelled at a future date.

[Bulletin Item: Dion Abrahams]

4. ELECTRICITY SUPPLY SITUATION

Members expressed concern that the generation plant maintenance and unplanned outages levels of Eskom power stations are reaching critical levels as we enter winter. Load shedding at energy intensive users are absorbing the problem but the economic impact of this level of load shedding is not widely known.

[Bulletin Item: Dion Abrahams]

5. DEPARTMENT OF ENERGY CONSULTATIONS WITH INDUSTRY

Mr Kuni advised that he has drafted a letter to the national energy regulator to ask for a process of regular consultation with the IPP industry. **[Bulletin Item: Dion Abrahams]**

6. FINANCIAL STATEMENTS

The committee noted year to date financial statements.

7. MEMBERSHIP REGISTER & MEMBER PARTICIPATION

The committee reviewed a list of members with their membership dues payment statuses. Mr Kuni advised that invoices for the 2012 and 2013 membership fees for Exxaro is being processed currently and payment should be made soon. The committee then reconfirmed the objectives and value proposition of the association to be the platform for member companies where they can participate in the regulatory policy making processes effecting independent power producers in South Africa. Following the ministerial determination of 19 December 2012, regarding coal, hydro and gas base load procurement by the state, the value that members can expect from the association is likely to increase. It was noted that the upcoming department of finance workshop that will be hosted by the association will provide good opportunity to rally new members.

AGREED to:

- a. limit events of the association to members only on a free to member's basis.(MJ)
- b. Reposition the website around the subject of policy formation.(JV/BT/DA)
- c. Expedite the distribution of invitations to the May DoF workshop on procurement.(DK)
- d. Invite EIUG members to the May workshop. (JV/MJ)
- e. Publish a monthly bulletin styled as the "IPP Procurement Bulletin". (JV/DA/DK)
- f. The bulletin to take a strategic and analytical view of IPP procurement and regulation.
- g. Forward the daily Eskom generation status reports to members. (PvN)

[Doug Kuni / Jean Venter / Marisa Jacobs / Dion Abrahams / Paul van Niekerk]

8. SAIPPA POSITIONS ON KEY ISSUES

National Energy Regulator – The Energy Regulatory Bill being considered at the moment provides for the regulator to be reporting to the department of energy. Saippa would prefer the regulator to be an independent regulator reporting to parliament.

[Bulletin Item: Dion Abrahams]

Approval of Generation Licenses – The regulator will normally approve new generation that is added onto old plants but when generation is not associated with old plants the application has to be approved by the minister in terms of regulations which is considerably slowing down the licencing process. Saippa would prefer a streamlining of the licencing processes and if ministerial approval is required this should be included in legislation rather than regulation.

[Bulletin Item: Dion Abrahams]

Base-load Procurement – Noting that the implementation of the IRP2010 is being eclipsed by deterioration in the actual generation capacity of Eskom and new gas discoveries, Saippa is in favour of a re-evaluation of both the IRP2010 and of the total process to licence and procure new generation.

[Bulletin Item: Dion Abrahams]

9. DATE OF THE NEXT MEETING

29 July 2013 14:00 to 17:00

10. CLOSURE

Mr Kuni thanked members and closed the meeting.

Chairman

Date