

GUIDELINES FOR THE DEVELOPMENT OF RENEWABLE ENERGY PROJECTS IN SOUTH AFRICA

BACKGROUND

South Africa is well-endowed with renewable energy resources. There is huge scope to harness these resources as a modern energy supply to meet the current and future energy needs. South Africa is one of the world's best potential countries for solar, biomass, micro hydro and wind resources despite the fact that less than 1% of the total electricity generated in South Africa is based on renewable energy resources (DME, Energy statistics, 2006). This document provides all the necessary and required information for the development of the Renewable Energy Projects. In South Africa, the following permits/authorisations are required to develop the renewable energy projects:

1. ENVIRONMENTAL AUTHORIZATION REQUIREMENTS

***Custodian: Department of
Environmental Affairs and Tourism
(DEAT)***

The construction of facilities or infrastructure, including associated structures or infrastructure for the generation of electricity are listed activities and as such requires an environmental authorization from the competent authority. Some applications are subject to a Basic Assessment while others are subject to Scoping and Environmental Impact Assessment (EIA) depending on the nature and scale of the activity. In order to comply with the EIA regulations, an applicant must appoint an Environmental Assessment Practitioner (EAP) at own cost to manage the application. Basic Assessment must be

applied to an application if the authorization applied for is in respect of an activity listed in government notice number R 386, while Scoping must be applied to an application if the authorization applied for is in respect of an activity listed in Government Notice No. R387.

2. GENERATION LICENSE

***Custodian: National Energy Regulation
of South Africa (NERSA)***

***What are the processes of obtaining
generation license?***

- Prior to submitting a formal licence application to the Regulator, it is recommended that potential applicants should contact the NERSA (Head of Department: Licensing and Compliance) to determine the level of information required in the application. It is advised that the applicant receives

expert advice, and should indicate the type of license being applied and nature of business activities undertaken or to be undertaken by the applicant.

- NERSA will then undertake the public hearing process. Public notice should be published in the National/Provincial/Local newspaper. The aim of public hearing is to receive public comments about license application and to use those comments as part of decision making processes.
- An applicant is required to publish a notice of a license application in at least two newspapers on at least three different days in each newspaper, circulating in the area of the proposed activity in any official languages. Where application is made for a generation license in excess of 100 MVA installed capacity, or an import or export license, newspapers with national coverage should be used.
- Application form should be accompanied by all documents indicated in the application form. It is the responsibility of the applicant to make sure that their application complies with all the requirements. Application form can also be obtained at NERSA website:

http://www.nersa.org.za/electricity_licences.htm

3. POWER PURCHASE AGREEMENT (PPA)

Custodian: Municipalities, Eskom or any buyer such as big electricity consumer industry

What are the processes of securing a PPA?

The Independent Power Producer (IPP) should enter into negotiation with the potential buyer and reach an agreement. No government involvement in the negotiation and IPP are advised to consult municipalities or Eskom for further information regarding negotiations of the electricity tariff.

4 SECURING LAND OR AREA FOR THE RENEWABLE ENERGY POWER PLANT

Custodian: Land Owners

What are the processes for securing land or area for hydropower plant?

The IPP should enter into negotiation with the land owner, but can get assistance from the Department of Land Affairs, Municipalities, Local Government and Traditional Authority and Tribal Council.

5. WATER LICENSE (FOR HYDROPOWER PROJECTS)

Custodian: Department of Water Affairs and forestry (DWAF)

What are the processes of obtaining water license?

- Applications are obtained and submitted in the DWAF regional offices
- The regional office will assess the applications and advise on the requirements. The Regional office will further make a recommendation to the delegated official
- The regional office will then submit the application to the Head Office: Chief Directorate: Water Use for further handling
- The Chief Directorate: Water Use will reviews the license application for compliance with the Policy
- The Chief Director: Water Use will then make recommendations for the Minister to take a decision.

- Applicants may appeal the decisions to the Water Tribunal.

It should also be noted that the Department of Water Affairs and Forestry have developed a strategy which provide further guidance on hydropower project development. For more information on the strategy, please contact DWAF (contact person).

6. INCENTIVES FOR HYDRO POWER GENERATION

6.1 Government financial assistance (Once off capital subsidy such as REFSO)

6.2 Other financial assistance (DBSA, Commercial Banks)

6.3 Central Energy Fund (equity)

6.4 Foreign/Donor funds

7. CONTACT DETAILS

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