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Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA



Green Industries  
Portfolio Committee- Trade and Industry – 11 March 2015



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# Status Report – Solar and Wind Industries

The status of interventions implemented as part of the IPAP, in particular:

- Solar water heaters
- The development of the Solar and Wind industries.

The impact of these interventions on your industry, if any.

Any outstanding challenges that remain for your industry.

Any recommendations in relation to the IPAP.



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# Solar Water Heaters

- On 17 August 2011, a cabinet memorandum was submitted jointly by the **Ministers of Economic Development, Public Enterprises and Energy**. Cabinet approved the accelerated implementation of the national rollout of Solar Water Heaters (SWH).
- EDD was tasked with the coordination and leadership of the accelerated roll-out activities.





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# Renewable Energy

- The Department of Economic Development (EDD) convened and chaired the inter-departmental steering committee
- The Department of Trade and Industry was tasked with:
  - Amending the **National Building Regulations** to accommodate the replacement of conventional electric geysers with solar water heaters in new buildings
  - **Designation** of solar water heater components to support local manufacturing





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# Solar Water Heaters

- The amended building regulations were promulgated on **9 November 2011**. In terms of the National Building Regulations and Building Standards Act, No 103 of 1977.
- On **19 July 2013** the dti finalized the instruction note designating solar water heater components at a specified minimum threshold of 70 per cent local content for the collector and the tank and this was issued by the National Treasury, with an effective **5 August 2013**.



# Solar Water Heaters – Market Segments

- New houses – building regulations
- Low cost housing is dependent on subsidies
- Insurance industry – replace failed electrical geysers
  - Short term subsidy
  - Deal with insurance industry





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# Solar Water Heaters - Challenges

- DoE planned to roll-out 1 million SWH systems by the close of the 2014/15 financial year with another 4 million SWH systems anticipated to be installed by 2030 through the National Solar Water Heater Programme (NSWHP).
- According to the Medium Term Budget Policy Statement (MTBPS) and Adjusted Estimates of National Expenditure (AENE), the **Department of Energy reported zero solar water heater systems installed by mid-2014/15**. The Department cited poor quality installations resulting in reputational damage, and unreliable verification relating to the number and location of installed systems, due to the lack of systematic reporting and independent verification.
- Interpretation and compliance with designation instrument





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# SOLAR AND WIND RENEWABLE ENERGY – dti Interventions

- The dti active in:
  - Market facilitation
  - Local manufacturing and industry upgrading incentives
  - Local content requirements



# MARKET DEVELOPMENT AND IPP FACILITATION

- A rolling procurement Programme of 3725 MW was announced in 2011.
- The Minister of Energy announced the second determination for procurement of 3200 MW of renewable Energy by 2020
- By November 2013, 3916MW was already awarded to 64 projects





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# Industry Development – Local Content

Local Content						
Technology	First Bid Submission Date		Second Bid Submission Date		Third Bid Submission Date	
	Current Threshold	Current Target	Threshold	Target	Threshold	Target
Onshore Wind	25%	45%	25%	60%	40%	65%
Solar Photovoltaic	35%	50%	35%	60%	45%	65%
Solar CSP Without Storage	35%	50%	35%	60%	45%	65%
CSP with storage	25%	45%	25%	60%	40%	65%
Biomass	25%	45%	25%	60%	40%	65%
Biogas	25%	45%	25%	60%	40%	65%
Landfill gas	25%	45%	25%	60%	40%	65%
Small scale hydro	25%	45%	25%	60%	40%	65%
	25%	45%	25%	60%	40%	65%





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# Localisation to Date

	Total MW Allocated	Total Project Cost (R'Mil)	Total Local Content Value (R'Mil)	Total Construction Jobs	Total Operations Jobs
BW 1	1416 MW	R46 026	R11 419	13 420	419
BW2	1044 MW	R29 321	R11 787	7 059	316
BW3	1456 MW	R44 956	R16 228	7 915	18 229 (Person Months)
Total	3916 MW	R120 303	R39 434	28394	735 (BW1 & BW2)& 18229 (BW3 in person months)





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# LOCAL MANUFACTURING AND INDUSTRY UPGRADING INCENTIVES

- the Green Industries Sector Desk and the Green Economy Directorate under TISA promotes investment in renewable energy manufacturing:
  - Manufacturing Competitiveness Enhancement Programme
  - Local content requirements
  - IDC





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# Local Content Commitments

Technology	Average local content W1	Average Local Content W2	Average Local Content W3
Onshore wind	21.7%	36.7%	46.9%
Solar PV	28.5%	47.5%	53.8%
Solar CSP	21%	36.5%	44.3%
Biomass	N/A	N/A	40%
Biogas	N/A	N/A	N/A
Landfill gas	N/A	N/A	41.9%
Small hydro	N/A	N/A	N/A
Small scale renewable energy	N/A	66.7%	





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# TRADE AND INVESTMENT SUPPORT AND FACILITATION

- **DCD Wind Energy – Wind Turbine Towers**
  - Project Value: R300million Job Creation Potential: 250
- **ILB Helios - PV Panels**
  - Project Value: R220million Job Creation Potential: 250
- **Gestamp Renewable Industries (GRI)**
  - Project Value: R236.8 Mil Job Creation Potential: 160
- Significant interest has been generated for local assembling of solar PV panels (about 5 companies are planning to set up local manufacturing facilities)





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# Challenges

- intermittent demand created by the nature of the bidding period
- currently there is no financial incentive for green-field investments in sector
- Although the dti acknowledges the good working relationship with the Department of Energy's IPP office, with regards to setting local content requirements, there are still some challenges that need to be addressed.





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# Thank you

Gerhard Fourie

Chief Director

Green Industries

[Gfourie@thedti.gov.za](mailto:Gfourie@thedti.gov.za)

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