

# Department of Energy

## PRESENTATION ON THE INTEGRATED ENERGY CENTRE (IeC) PROGRAMME



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Presentation Outline

- **BACKGROUND**
  - WHAT IS AN INTEGRATED ENERGY CENTRE (IeC)?
  - OBJECTIVES
  - POLICY CONTEXT
- **ESTABLISHED IeCs**
- **IeCs IN THE PIPELINE**
- **REALISED BENEFITS**
- **CHALLENGES**
- **INITIATIVES TO ADDRESS CHALLENGES**
- **WAY FORWARD**
- **CONCLUSION**



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Background

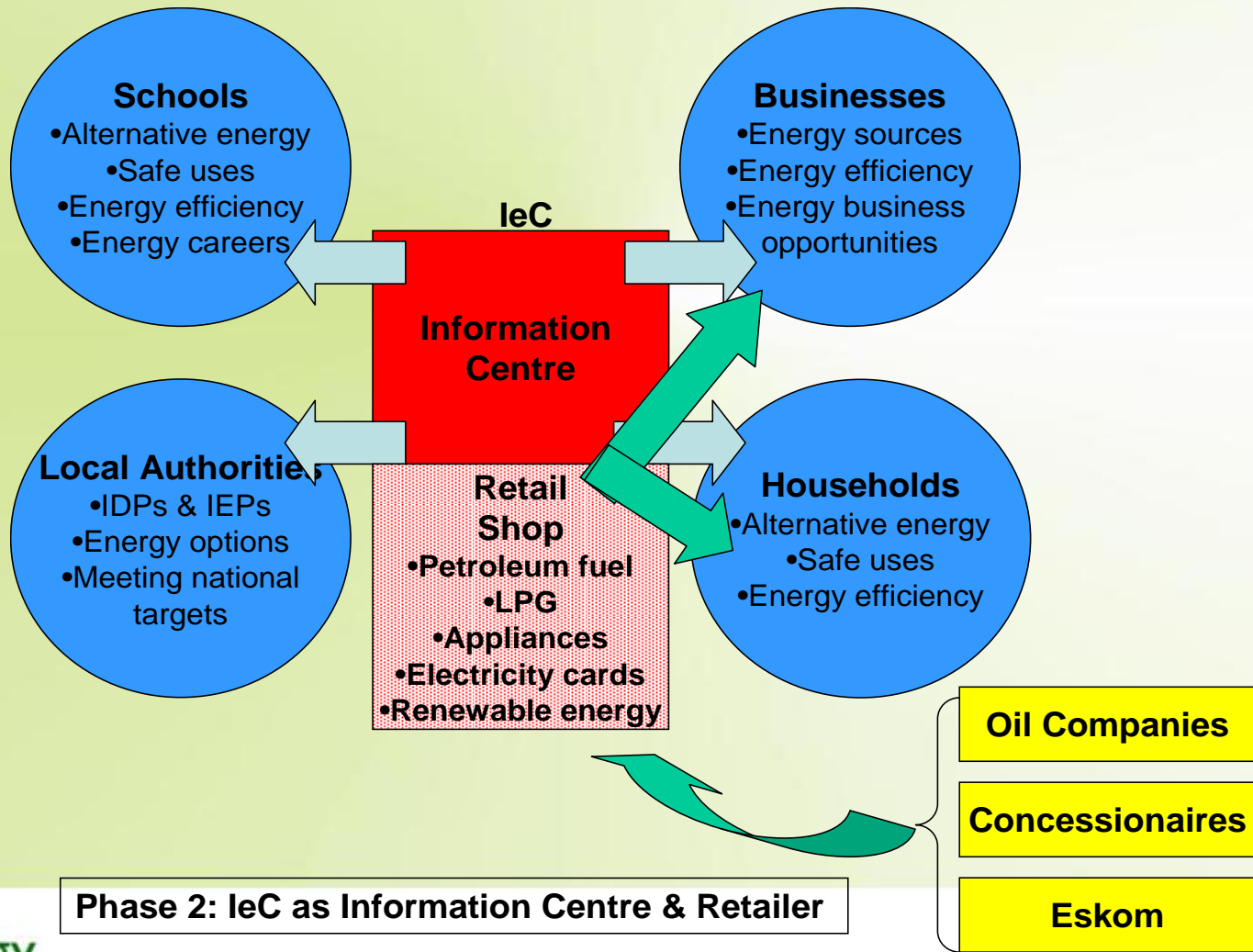
- The Department of Energy (DoE), in collaboration with strategic partners, has since 2002 been establishing leCs in poverty nodal areas around the country as part of the Department's mandate to promote access affordable energy services in the context of our socio-economic challenges.
- DoE in partnership with: An oil company; Provincial Government, Local and District Municipalities; Communities; Donor agencies (IDT, NDA, SEDA, etc.); Other Government departments (e.g. the dti, COGTA, Dept of Rural Development and Land Reform); Thusong Centres
- One-stop energy shop owned and operated by a registered community cooperative aimed at (energy) poverty alleviation in RSA's rural hinterlands



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

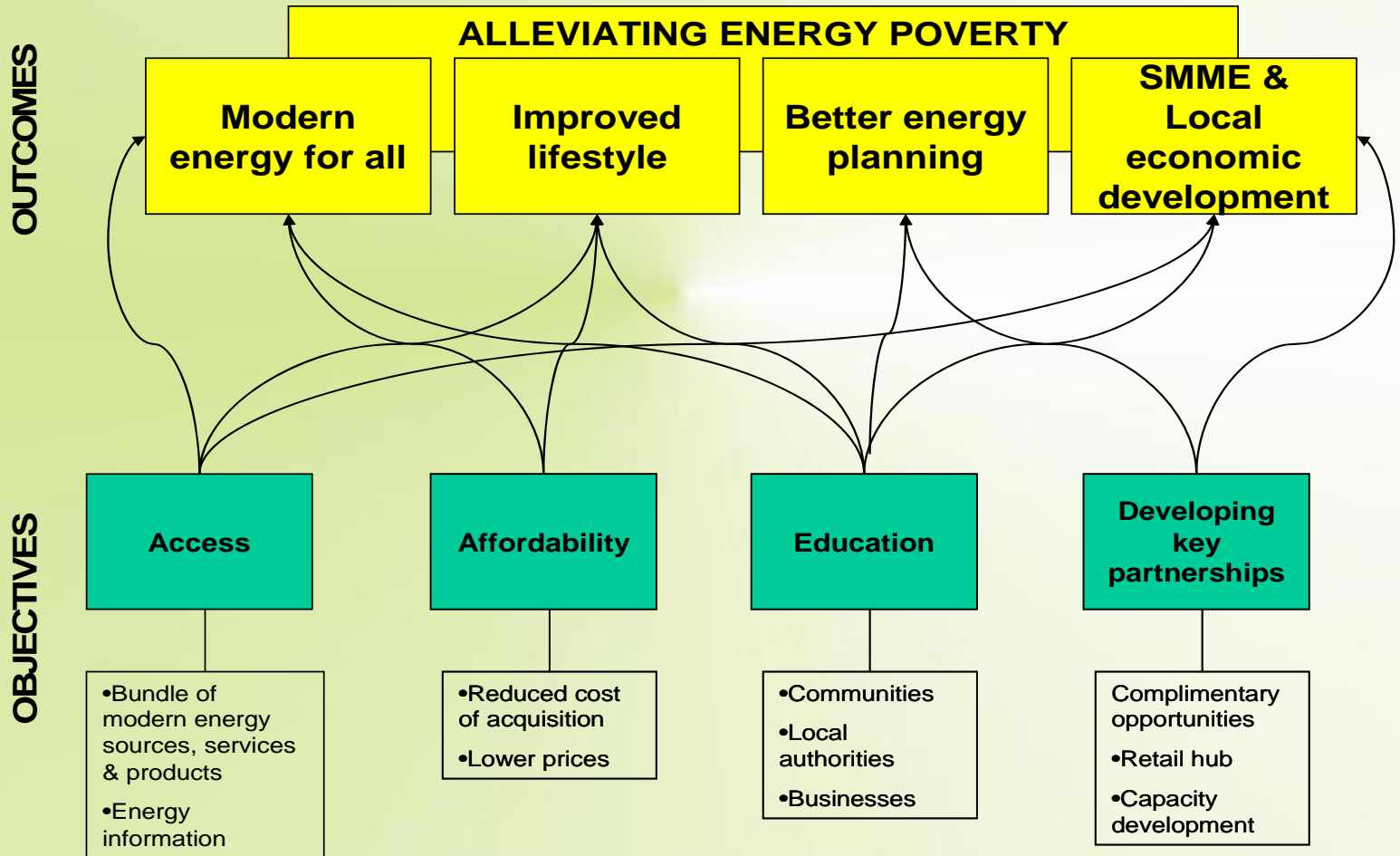
# What is an leC?



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Objectives



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Policy Context

○ A number of key policies and pieces of legislation that support the IeC programme, E.g.:

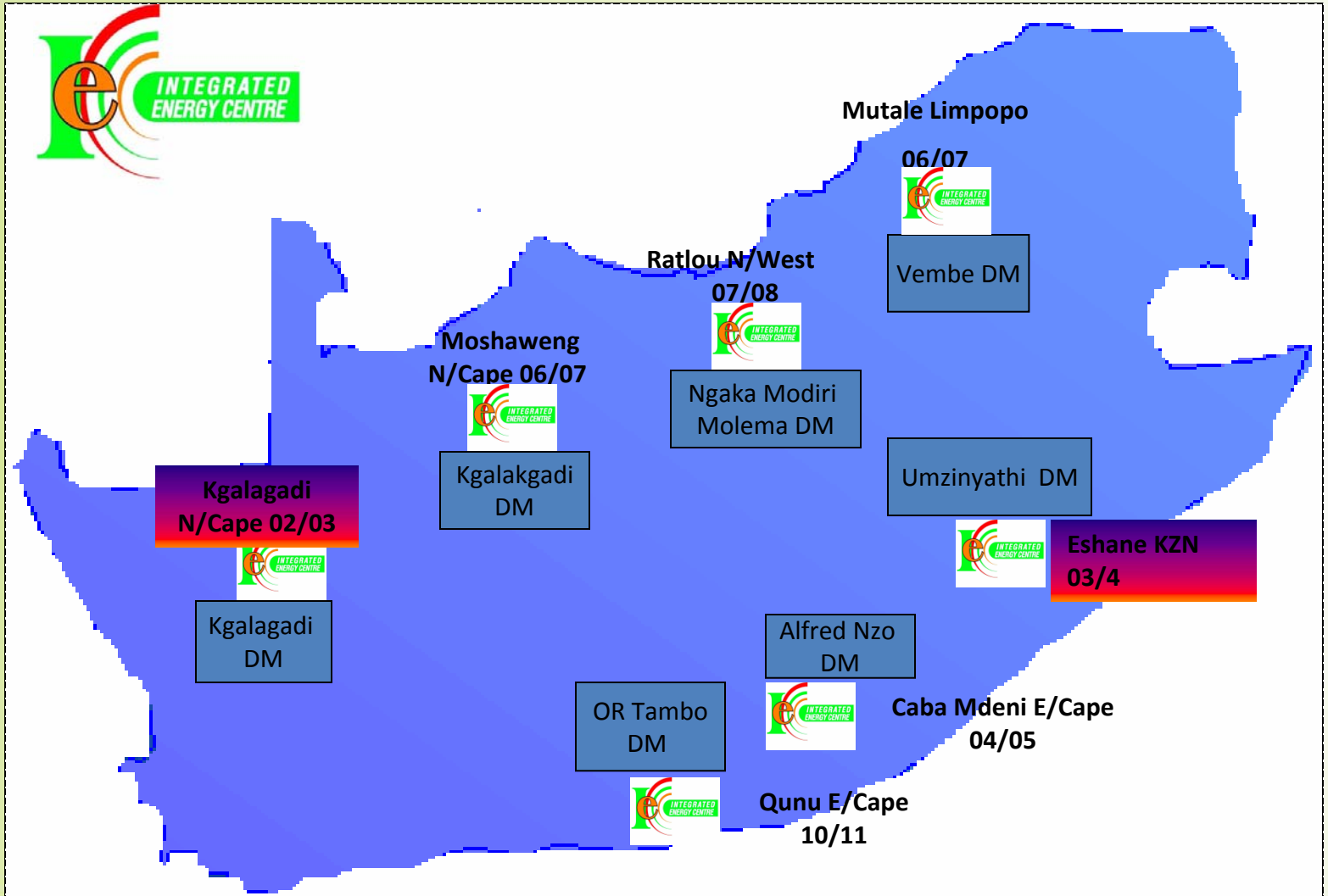
- The Constitution,
- White Paper on Energy Policy of 1998
- National Energy Act, 2008 (Act No. 34 of 2008)
- Comprehensive Rural Development Programme (CRDP)



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Established IeCs



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

Kgalagadi IeC has been closed down  
Eshane IeC is not operational but being revamped

# leCs in the pipeline

leC	STATUS	DM	LM	SPONSO RED	PROVINCE
Ulundi	Construction starts May 2012	Zululand	Ulundi	Sasol Oil	KZN
Maluti A phufong (Qwaqwa)	Sod turning on 12-Mar-12 Construction starts June 2012	Thabo Mafutsanyane	Maluti A phufong	Sasol Oil	Free State
Mbizana	Construction starts May 2012	OR Tambo	Mbizana	PetroSA	Eastern Cape
Qamata Thembisile Hani	Sod turning on 2-June-12	Chris Hani	Intsika Yethu	PetroSA	Eastern Cape

energy

Department:  
Energy

REPUBLIC OF SOUTH AFRICA

leCs at Bushbuckridge,MP (Engen) and Ngwaabe, LP (Shell) are at early stages of development. Central Karoo DM (WC) at early concept phase.



# Realised benefits

- More than 60 temporary jobs are usually created during construction
- About 8 permanent jobs created per leC
- Complementary businesses created in some of the leCs:
  - Convenient store
  - Sale of prepaid electricity & airtime
  - Arts & craft
  - Food security (Veggie tunnels)
  - Tyre repairs
  - Sewing and catering projects



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Realised benefits (contd.)

- Promotion of access to clean and affordable energy services
- In conjunction with the Department, an IeC provides Energy Advisory Services to the public
- Demonstrations pertaining to various energy resources and appliances as well as safety aspects related thereto

Work done by PASASA, LPG Associations and Eskom with regard to demonstrations is commendable



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Challenges

- Poor governance
- Lack of financial and business management skills on the part of the co-operative
- Inadequate co-operation and support by local municipalities caused by, amongst others, politicking
- Dependence on external funding (by oil companies)
- Difficulties in complying with legislation e.g. Co-operative Act of 2005
- Cooperative model has worked well for some leCs (e.g. the Mutale leC in Venda, Limpopo Province) but poses serious sustainability challenges
- Department's resources as they require continued oversight by the Department well beyond the commissioning phase of an leC.

*Although there are challenges in establishing an leC, the rest of the challenges relate to the sustainability of an leC. Lack of sustainability has been found to be closely linked to the socio-economic settings and the ownership model used. This lack of sustainability also puts a toll on the Department's HR w.r.t. the monitoring of leC operations.*



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Initiatives to address challenges

- Process of reviewing the leC programme
  - Socio-economic analysis of the current leCs
  - leC ownership structure
  - Developing a suitable business, management and administration model for further rollout
  - Developing a policy manual for leC development
  - Developing a conceptual framework for the rollout of the leCs over a 10-year period
- Structured engagement of partners – action steps included in the review process and continual enhancement of programme
  - Piloting of other ownership models

*Discussions with oil companies, the Independent Development Trust (IDT) and other strategic partners are underway as part of the review process*

*The assistance and the strategic role of the Premier's Offices in facilitating the development and operation of leCs in the provinces should be defined*



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

# Way Forward

- **Execution of next steps from engagements with partners**
  - Checklists
  - Piloting of ownership models
- **Review of framework for the leC Programme**
  - Inclusive of inputs and guidance from presentations
- **Human capital development and deployment to address challenges of existing leCs**
  - Both the DoE and its partners



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA



Ke ya leboga

Thank you

Ke a leboha

Ke a lebog

Ngiyabonga

Ndiyabulela

Ngiyathokoza

Inkomu

Ndi khou livhuwa

Dankie



energy

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA