



Report of the Portfolio Committee on Energy on its activities undertaken during the 5th Parliament (June 2014 – March 2019)

Key highlights

1. Reflection on Committee Programme per year and on whether the objectives of such programmes were achieved

The mandate of the committee is to consider and process legislation referred to it; exercise oversight over the Department of Energy and the entities reporting to it; consider international agreements referred to it; consider the budget vote of the Department of Energy and its entities; facilitate public participation in its processes; and to consider all other matters referred to it in terms of legislation and the Rules of Parliament.

The focus of the Committee, however, remained on ensuring oversight over the Department of Energy ("the Department") and its entities in the majority through the calling of regular meetings and receipt of presentations by the Department and its entities, as well as occasional oversight visits as the parliamentary programme allowed. Other state departments and entities were also invited by the committee where issues were overlapping with the Department of Energy or of its entities. These departments included: Department of Public Enterprises (DPE), Department of Cooperative Governance and Traditional Affairs (COGTA), Department of Performance Monitoring and Evaluation, National Treasury, Auditor-General of SA (AGSA), ESKOM, SALGA

Where the need arose, joint meetings, urgent meetings and follow-up meetings were called to address issues of serious concern.

1.1. 2014 - 2015

The Portfolio Committee on Energy, for the fifth Parliament, officially started on 24 June 2014, with the election of the Chairperson, Hon Fikile Majola. For the first year, 2014, the Committee focussed on the electrification programme, oversight on state owned entities, regional integration – Grand Inga Hydropower, nuclear new build programme, petroleum and gas, Eskom New Build Programme (Medupi and Kusile).

The year 2014/15 was beset with energy (especially electricity) challenges, which unfortunately impacted negatively on the country's economic development.

1.2. 2015 - 2016

In 2015, the Committee focused on challenges in the energy sector, energy sector skills development, nuclear, oversight on State Owned Entities and the Department. In 2016, the Department focussed on the Nuclear New Build Programme, Governance issues at Central Energy Fund and PetroSA, Electricity Pricing and Regional Integration (Grand Inga Hydropower).

1.3. 2016 -2017

In 2017, the Committee focused on governance in state owned entities, electricity distribution industry – particularly focusing on ways to resolve the electricity distribution challenges through the Inter-Ministerial Task Team that was established, energy polices, renewable energy industry, particularly, the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The Committee held public meetings as well oversight visits on the abovementioned areas.

1.4. 2018 – 2019

The focus of the Committee Programme in 2018 was on Eskom governance challenges, Electricity and Fuel Pricing, Integrated Resource Plan (Public Hearings and Roundtable discussion).

1.5. Achievements of 5th Parliament

During the fifth Parliament, there were noticeable achievements. Some of the achievements include the following:

- According to the Money Bills Procedures and Related Matters Amendment Act (Act 9 of 2009), in October of each year, Portfolio Committees must compile Budgetary Review and Recommendation Reports (BRRR) that assess service delivery performance given available resources; evaluate the effective and efficient use and forward allocation of resources; and may make recommendations on forward use of resources. The BRRR are also source documents for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process. With the exception of the 2017/18 financial year, the Committee has effectively provided the oversight as required by the Act.
- The impasse between Eskom and the Independent Power Producers on the procurement of outstanding renewable energy power purchase agreements was finally resolved,

- The Integrated Resource Plan (IRP) for Electricity, which has long been under development, is now in the process of being finalised.
- For the first time in the Energy Committee, the PCE held public hearings and a roundtable discussion on the IRP.
- Conducted oversight on Energy Efficiency (EE) initiatives.
- As part of REIPPPP, the Committee visited the Letsatsi Solar Project in the Free State Province.
- The Committee visited Sasol Limited, also in the Free State Province, Sasolburg. The Committee also had engagements/ public hearings with the communities surrounding Sasol, to hear about Sasol's Social Responsibility project.
- Whilst governance on entities reporting to the Department remains a challenge, the Committee has made significant inroads in ensuring that governance challenges at the Central Energy Fund and PetroSA are addressed in various forms.
- The Committee initiated the Electricity Distribution Industry (EDI) public hearings, which resulted in the formation of the Inter-Ministerial Task Team on Electricity Distribution Industry.
- In Ensuring that South Africans are protected against electricity price increases, the Committee had robust engagements with Eskom, the DoE and the National Energy Regulator of South Africa (NERSA), particular on Electricity and Fuel pricing.
- The Committee held several meetings on the National Solar Water Heater Programme to ensure that problems related to the implementation thereof are addressed. Consequently, the implementation model has been revised to try to resolve the challenges.
- Four of the six entities reporting to the Department performed well under the guidance of the Committee. The two entities which had challenges was the Central Energy Fund (and its subsidiaries) and the South African Nuclear Energy Corporation (Necsa).
- On Energy and Regional Integration, the Committee held several meetings on the Grand Inga Hydropower Project.
- On international relations, the Committee had a meeting with the Members of the Norwegian Parliament on Energy and Environment. The meeting was held in South African Parliament. The purpose was to exchange ideas and share experiences on energy issues.
- The Committee undertook a study tour to Germany, as invited by the Embassy of the Federal Republic of Germany.
- For effective oversight on Nuclear, the Committee held several meetings, this included briefings on the Inter-Governmental Agreements (IGA), which had been signed with vendor countries that had shown interest to participate in the nuclear build programme. The process was challenged by the Non-Governmental organisations and the court ruled that the process must start afresh, as due processes were not followed.
- The Committee was also briefed on the procurement process of the Service Providers that had been appointed to do preliminary studies on the Nuclear New Build Programme.

2. Committee's focus areas during the 5th Parliament

2.1. Strategic Priorities for Fifth Parliament

Guided by the Constitution and the overview of the past 20 years of a democratic Parliament, the following strategic priorities (as put forward by the National Assembly and the National Council of Provinces) were identified for the Fifth Parliament:

- Strengthening oversight and accountability;
- Enhancing public involvement;
- Deepening engagement in international fora;
- Strengthening co-operative government; and
- Strengthening legislative capacity.

2.1. Committee priorities

The vision of the PCE is to be a vibrant and effective Portfolio Committee that legislates and conducts oversight over the implementation of departmental programmes and related entities to improve service delivery, achieve universal access to electricity and a transformed energy sector.

As a Committee of the National Assembly whose powers are enumerated in Chapter 4 of the Constitution, and in accordance with the rules and orders of the National Assembly, the Committee is required, in respect of the mandate of the Department of Energy to:

- consider, amend, approve or reject legislation;
- consider and approve budgets and monitor expenditure of department and entities;
- consider progress reports from the line function department, and entities on their respective mandates
- ensure that all appropriate executive organs of state are held accountable for their actions; and
- conduct oversight of the national executive authority and of any organ of state

2.2. Strategic Objectives of the committee

- a) To facilitate the processing of legislation and review of policies
- Track and monitor the process of tabling of legislation and policies
 - Process legislation as and when received
 - Facilitate the formulation and review of the energy policies.
 - Processing of international agreements, treaties and conventions
- b) Oversee the capacity of the Department to deliver on its mandate
- Assist and improve the DoE and SOE's capacity and funding
 - Improve on Employment Equity indicators (gender, race and disability)
 - Monitor targeted training at the department and SOEs

- c) Oversee the security of electricity supply
- Oversee the broadening of the energy mix
 - Oversee the implementation of Five Point Plan
 - Monitor progress in the electrification programme
 - Oversee the restructuring of the electricity industry
 - Oversee that the electricity distribution challenges are addressed

d) Oversee Energy Efficiency and Demand

Side Management programmes

- Oversee the effective implementation of the solar water heater programme
- Oversee and monitor the effective implementation of Energy Efficiency (EE) measures

e) Oversee the expansion of gas in the economy

- Oversee the development of gas importation and distribution infrastructure
- Oversee the fast tracking of legislation and policies affecting this sector
- Oversee Liquefied Petroleum Gas industry development
- Oversee the developments with regard to oil and gas in Operation Phakisa

f) Oversee the petroleum sector with regard to

- petroleum refining capacity
- Monitor the developments in the price of fuel
- Strategic fuel stocks and storage facilities
- Monitor the processing of the Mineral and Petroleum Resource Development Act Amendments

g) Intensify oversight on State Owned Entities

- Oversee the improved oversight by DOE on its entities and the alignment of SOE programmes with DOE Policy directives
- Review the empowering legislation that mandate the Regulators
- Ensure the SoEs are correctly positioned and funded to deliver on their mandates

Further in terms of specific entities:

CEF and Entities

- Ensure that the outstanding restructuring of the Central Energy Fund is completed and ensure the review of its subsidiary companies are expedited to meet the future demands of South Africa
- Oversee that the cause of the financial challenges at these entities are identified and addressed.
- Oversee that CEF and its entities are optimally capitalized for growth.
- Ensure that PETROSA develops a clear strategy to address the gas supply constraints in terms of their operations.
- Oversee that the issue of strategic reserves at SFF is addressed.

NECSA

- Ensure that NECSA is correctly positioned in terms of legislation,
- Oversee that NECSA explores mechanisms to generate most of its own funds.
- Oversee that the National Radioactive Waste Disposal Institute starts operating as a functional entity.

NNR

- Ensure that NNR has the requisite skills and resources to be able to perform robust regulatory oversight on the proposed nuclear new build programme.

NERSA

- Oversee that the legislative mandate of NERSA is assessed and revised.

SANEDI

- Ensure that the mandate of SANEDI is revised.
- Oversee that the staffing challenges at SANEDI is addressed.

3. Key areas for future work

- Processing of legislation and review of policies.
- Monitoring of Energy Efficiency and Demand Side Management Programmes
- Robust oversight on State Owned Entities.

- Monitor developments in the gas industry.
- Continue to oversee the security of electricity supply.

4. **Key challenges emerging**

- Political changes during the fifth Parliament affected the effective functioning of the Department. The Department, in a short period had about four Ministers. This had an impact on strategic plans, tabling of legislation and key policies to Parliament.
- In the previous Parliamentary Term, fourth Parliament, the Department had an exhaustive list of legislation scheduled for submission to the Cabinet and Parliament. However, to date, as the fifth Parliament is in its final year, none of the promised legislation has been tabled in Parliament. Instead, the number of bills to be submitted to Parliament falls every year, without any explanation on what happened to the other legislative measure that had been planned for submission to Parliament in the previous years. Whilst in the quarterly performance indicators there is a mention of progress in some of the legislation, the reality is that the target of the bills being tabled in Parliament has never been reached; instead, the dates are moved forward to a later quarter or year. In the 2015/16 Annual Performance Plan (APP), the Department had indicated it would submit seven pieces of legislation to Parliament, the deadlines of were mainly the end of March 2016 and the end of March 2017. The seven legislative measures comprised the following:

1. Electricity Industry Structure Bill: The aim of the Bill is to encourage increased investment in electricity generation to enable the country to meet the required electricity supply capacity needed for economic growth.

2. Electricity Regulation Amendment Bill (to amend the Electricity Regulation Act, 2006 [Act No. 4 of 2006], as amended): the purpose of the Bill is to provide a regulatory framework that promotes Independent Power Producer (IPP) participation.

3. Energy Regulator Amendment Bill (to amend the National Energy Regulator Act, 2004 [Act No. 40 of 2004]): The Bill aims to promote efficient regulation of the energy sector.

4. Promulgated National Nuclear Regulator Amendment Act: The aim is to review and update existing legislation, taking into consideration the current developments.

5. Nuclear Energy Act Amendment Bill: The purpose of the Bill is to review and update existing legislation, taking into consideration the current developments.

6. National Radioactive Waste Management Fund Bill: The Bill aims to ensure existence of the funding mechanism for radioactive waste management.

7. Develop Strategic Fuel Fund (SFF) Bill: The purpose of the Bill is to establish a national petroleum reserve organisation to manage the strategic stock of petroleum and gas.

Of the seven bills, only two were carried over into the next financial year (2017/18). These were the National Energy Regulator Amendment Bill and the Electricity Regulation Amendment Bill. In the APP, there was no explanation on the rationale for only two bills instead of seven being accounted for. In the current financial year APP (2018/19), there are two Bills planned to be submitted to Cabinet before the end of the financial year and these are the National Energy Regulator Amendment Bill and the Gas Amendment Bill.

- The IRP 2010-30 was promulgated in March 2011. It was indicated at the time that the IRP should be a “living plan” which would be revised by the DoE every two years. This would mean that by March 2013 there should have been a new iteration of the plan. However, this was delayed due to a number of challenges – the argument from the Department at the time was that the IEP had to be finalised before the IRP. However, it seems, somehow, this argument had changed as Cabinet hastily adopted the IRP in December 2017. When briefing the Committee in February 2018, the Department had indicated that whilst the Cabinet adopted the IRP, it also raised concerns, hence the revised Plan has not been publicised. The Department further stated that the IRP would be sent back to Cabinet for reprocessing by the new Cabinet. The IRP is currently being finalised, the consultation processes was closed on 27 October 2018.
- Political changes during the fifth Parliament affected the effective functioning of the Department. The Department, in a short period had about four Ministers. This had an impact on strategic plans, tabling of legislation and key policies, as each Minister had his/her strategic vision for the Department. When Ministers change, progress on certain things delayed, as the new Minister had to apply his/her mind prior to taking decisions on key issues, such as the decision to sign the outstanding 27 renewable energy power purchase agreement.
- The Department is performing poorly on submissions of bills/policies to Parliament.
- In both the 2016/17 and 2017/18 financial years respectively, the Department received a qualified audit opinion.
- Slow rollout of non-grid connections due to negative perceptions about non-grid technologies and practical shortcomings.
- The restructuring of the CEF Group has not been finalised.
- Progress has been slow with regard to the hiving-off of the Petroleum Association of SA (PASA) and the African Energy Mining and Finance Corporation (AEMFC) from the CEF.
- Even though a number of investigations has been undertaken regarding the sale of strategic fuel stock, the PCE has not been briefed on the findings and its outcomes.
- The power utility, ESKOM reports to the Department of Public Enterprises and not to the Department of Energy, where the Minister of Energy has to work in consultation and discussions with the Minister of Public Enterprises.

5. Recommendations

It is concerning that, the Department performs poorly in terms of its core mandate, which is to formulate energy policies, regulatory framework and legislation, inter alia. The Department in the fourth Parliament had planned to submit Bills to Parliament and the deadlines for the submissions was missed. The same Bills are planned for submission to Parliament during the current (fifth) Parliamentary term. However, the fifth Parliament is in its final year; it is very unlikely that any Bill would be processed within the current term. Delays in the finalisation of the Integrated Energy Plan and the Integrated Resource Plan are also concerning. Thus, the sixth Parliament should ensure that:

- i) All outstanding legislation, as listed above, are finalised.
- ii) All outstanding policies, including the Integrated Energy Plan, Integrated Resource Plan and the Gas Utilisation Master Plan are finalised.
- ii) All issues relating to PetroSA and the Central Energy Fund are addressed. This includes the restructuring of the Central Energy Fund
- iii) Ensure that NECSA is correctly positioned in terms of legislation and oversee and monitor that NECSA explores mechanisms to generate most of its own funds.
- (iii) The National Solar Water Heater Programme is implemented.
- iv) The Inter-Ministerial Task Team on Electricity Distribution present its Report to the Committee
- v) Undertake oversight visit to Sasol, Secunda.
- vi) Ensure that a decision on expanding oil-refining capacity is taken.
- vii) Monitor and Oversee Security of Electricity Supply

1. Introduction

1.1 Department/s and Entities falling within the committee's portfolio

(a) Department of Energy:

On 10 May 2009 President Zuma announced his new Cabinet and the appointment of, amongst others, the Minister of Energy in terms of Chapter 5 (The President and National Executive), Section 91(2) of the Constitution of the Republic of South Africa, 1996 (the Constitution). The new portfolios of some of the Ministers necessitated a re-organisation, renaming and establishment of new departments. Subsequent to the above announcement, the DoE was established following the split of the Department of Minerals and Energy, which resulted in two independent Departments. The President, in terms of Chapter 5 (The President and National Executive), Section 97, of the Constitution, 1996, transferred the administration and powers and functions entrusted by specified legislation to, amongst others, the Minister of Energy by Proclamation No. 44, 2009

(i) Aim

The Department of Energy's *aim* is to formulate energy policies, regulatory frameworks and legislation, and oversee their implementation to ensure energy security, promotion of environmentally friendly energy carriers and access to affordable and reliable energy for all South Africans.

(ii) Mission

Its *mission* is to regulate and transform the sector for the provision of secure, sustainable and affordable energy

(iii) Legislative and other measures

The following acts regulate the energy sector and reflect the legislative measures that the DoE has instituted:

- The National Energy Act, 2008 (Act No. 34 of 2008);
- The Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended; and
- The Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended.

b) Entities:

The Minister of Energy is responsible for overseeing the following five State-Owned Entities (and their subsidiaries), which are either classified as Schedule 2 or 3A institutions in terms of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended (PFMA):

Name of Entity	Role of Entity
Regulators	
National Nuclear Regulator (NNR)	The purpose of the NNR, as outlined in section 5 of the National Nuclear Regulator Act 1999 is to essentially provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices.
National Energy Regulator of SA (NERSA)	The purpose of NERSA, as effectively outlined in section 4 of the National Energy Regulator Act, is to regulate the electricity, piped-gas and petroleum pipeline industries within the Republic of South Africa in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), the Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).
Petroleum Agency of South Africa (PASA)	PASA focuses on the promotion, marketing and licensing of offshore and onshore exploration and production activities. Developments around the amendments to the MPRDA which will have a major impact on the future of the business are being tracked by CEF
National Radioactive Waste Disposal Institute (NRWDI)	The management of radioactive waste disposal on a national basis is assigned to the National Radioactive Waste Disposal Institute. The Institute is an independent entity established by statute under the provision of section 55(2) of the Nuclear Energy Act (No. 46 of 1999) to fulfil the institutional obligation of the Minister of Energy.
Research and Development	
SA National Development Institute (SANEDI)	SANEDI's functions, as outlined in section 7(2) of the National Energy Act, are to: - direct, monitor and conduct applied energy research and development, demonstration and deployment as well as undertake specific measures to promote Energy Efficiency (EE) throughout the economy; and - establish a nationally focused energy research, development and innovation sector and undertake EE measures with a strong relevance for South Africa.

Name of Entity	Role of Entity
South African Nuclear Energy Corporation (NECSA)	NECSA's functions, as outlined in section 13 of the National Energy Act, are to: undertake and promote research on nuclear energy, radiation sciences and technology; - process source, special nuclear and restricted material including uranium enrichment; and - collaborate with other entities.
Energy Security	
Central Energy Fund (CEF) Group of Companies (SOC) Ltd	CEF (SOC) Ltd is involved in the search for appropriate energy solutions to meet the future energy needs of South Africa, the Southern African Development Community and the sub-Saharan African region, including oil, gas, electrical power, solar energy, low-smoke fuels, biomass, wind and renewable energy sources. CEF also manages the operation and development of the oil and gas assets of the South African Government. CEF is also mandated to manage the Equalization Fund, which collects levies from the retail sales of petroleum products to eliminate fluctuations in the retail price of liquid fuel and to give tariff protection to the synthetic fuel industry.
Petroleum Oil and Gas Corporation of South Africa (SOC) Limited (PetroSA)	PetroSA is the National Oil Company of South Africa and is registered as a commercial entity under South African law. PetroSA is a subsidiary of the CEF, which is wholly owned by the State and reports to the Department of Energy (DoE). The Company holds a portfolio of assets that spans the petroleum value chain, with all operations run according to world-class safety and environmental standards. PetroSA was formed in 2002 upon the merger of Soekor E and P (Pty) Limited, Mossgas (Pty) Limited and parts of the Strategic Fuel Fund, another subsidiary of CEF.
Strategic Fuel Fund (SFF)	the SFF manages South Africa's strategic crude oil reserves.
African Exploration Mining and Finance Corporation (SOC) Limited	The principal activities of the entity are as follows: To acquire and hold prospecting and mining rights; to perform geological exploration and bankable feasibility studies; to develop mines, and engage in mining operations. Cabinet has made a decision declaring AE a State-owned mining company and a stand-alone entity reporting to the Department of Mineral Resources (DMR). The Department of Energy and DMR are collaborating to

Name of Entity	Role of Entity
	manage the hiving off of AE from the CEF Group. This is expected to be completed in the next financial year.
iGas	iGas act as a state agency for the development of hydrocarbons gas industry in the sector in particular gas infrastructure development. The company invest, construct and operate hydrocarbon gas transmission pipelines and storage in the country in the quest to diversify South Africa's energy spectrum and invest in environmental clean energy.

1.2 Functions of committee:

The Portfolio Committee on Energy is established by the rules of the National Assembly as enshrined in Section 57(2) (a) of the Constitution of the Republic of South Africa, Act 108 of 1996. The Committee is therefore an extension of the National Assembly and derives its mandate from Parliament.

Parliamentary committees are mandated to:

- Monitor the financial and non-financial performance of government departments and their entities to ensure national objectives are met.
- Process and pass legislation
- Facilitate public participation in Parliament relating to issues of oversight and legislation.

Furthermore, the Portfolio Committee on Energy fulfils its mandate by discharging its oversight role over the Department of Energy and its entities. The Committee also conducts oversight visits and hold public hearings to ensure public participation and corporative governance as enshrined in the Constitution.

1.3 Method of work of the committee (if committee adopted a particular method of work e.g. SCOPA.)

1.3.1. Committee category

Committee meetings were predominantly scheduled on a Tuesday, as the committee was in the A-group (committees are grouped into A, B, C and D – to avoid clashes). Being part of the Group A, meant that the committee could meet on a Tuesday morning (09:00 - 13:00) and on a Thursday afternoon and Friday if there are no plenaries - approval for the meetings other than a Tuesday need to be sought from the Office of the House Chairperson: Committees, including the Chief Whip of the Majority Party in the National Assembly where to committee wants to schedule a meeting when there is a House Sitting.

During the committee weeks (periods when no plenaries are scheduled), the Portfolio Committee on Energy were allowed to meet on any day, however, approval had to be sought from the Office of the House Chairperson: Committees.

1.3.2. Processing legislation

When processing legislation, where needed the committee meetings were scheduled on Tuesday, Wednesday, Thursday and Friday (with the approval of the Office of the House Chairperson). This also depended on the amount of work which had to be done during the deliberation stages of the Bill. During the period under review, no legislation was processed by the committee.

Also, when processing legislation the committee conducted placed advertisements in national newspapers and regional newspapers calling for written submissions (stakeholders have to indicate request for oral submission. Subsequent to the “call for written submissions” the PCE will schedule public hearings, where the different stakeholders can make oral presentations on their written submissions to the committee. Besides placing the advert, the PCE will in certain cases also invite stakeholders to make a submission (written and verbal).

In certain circumstances the committee will conduct workshops on the legislation, to enhance its understanding thereof (this is very important as some of the legislation in the energy sector is very technical and complex.

1.3.3. Oversight visits

In most oversight visits the whole contingent of committee members – where able – undertook oversight visits.

PS: Oversight work was done directly on the DoE provincial/regional offices as well as the SOEs. Some of the oversight visits integrated study tour aspects as well.

1.3.4. Study tours

Study tours have been conducted by either the committee as a whole or a delegation of PCE MPs.

1.3.6. Public hearings – excluding legislation

In certain circumstances the committee will conduct public hearings on a topical issue, where some of the items included:

- Draft Integrated Resource Plan 2018 (IRP): 16 – 26 October 2018

1.3.7. Mailing list

The committee has a mailing list, consisting of about 1 200 individuals and stakeholders (their e-mails). This mailing list covers most of the respective sectors within the energy sphere (liquid fuels, electricity, renewable energy etc.).

The mailing list receives the various notices and invites of the Portfolio Committee on Energy. Portfolio Committee on Energy meetings are well attended and stakeholders are informed of the activities undertaken by the Portfolio Committee on Energy.

1.4 Purpose of the report

The purpose of this report is to provide an account of the Portfolio Committee on Energy's work during the 5th Parliament and to inform the members of the new Parliament of key outstanding issues pertaining to the oversight and legislative programme of the Department of Energy and its entities.

This report provides an overview of the activities the committee undertook during the 5th Parliament, the outcome of key activities, as well as any challenges that emerged during the period under review and issues that should be considered for follow up during the 6th

Parliament. It summarises the key issues for follow-up and concludes with recommendations to strengthen operational and procedural processes to enhance the committee’s oversight and legislative roles in future.

2. Key statistics

The table below provides an overview of the number of meetings held, legislation and international agreements processed and the number of oversight trips and study tours undertaken by the committee, as well as any statutory appointments the committee made, during the 5th Parliament:

Activity	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Meetings held	18	20	21	24	26	109
Legislation processed	0	0	0	0	0	0
Oversight trips undertaken						
Study tours undertaken	1	0	0	0	0	1
International agreements processed	1	5	0	0	1	7
Statutory appointments made	0	0	0	0	0	0
Interventions considered	0	0	0	0	0	0
Petitions considered	0	0	0	0	0	0

3. Stakeholders:

The Committee worked with several stakeholders that enhanced the oversight over the Department of Energy and developments in that sector at large. The stakeholders involved can be grouped as follows:

- Government departments
- Government agencies
- Private sector
- Various energy associations

- Labour organisations
- Institutions of higher learning

4. Briefings and/or public hearings

4.1 2014/15

For the period 2014/15, the Committee held the following meetings:

- 4.1.1. June 24, 2014 - Election of the Chairperson of the Portfolio Committee on Energy
- 4.1.2. July 01, 2014 - Briefing by the entities, who report to the Department of Energy, on its key strategic objectives
- 4.1.3. Thursday 10 July 2014 - Consideration and adoption of the committee Budget Vote Report
- 4.1.4. Tuesday 29 July 2014 - Briefing by ESKOM on: Current state of the national grid; Challenges of supply
- 4.1.5. Tuesday 26 August 2014 - Briefing by the Department of Energy and the South African Local Government Association (SALGA), respectively on the Integrated National Electrification Programme (INEP)
- 4.1.6. Tuesday 02 September 2014 - Briefing by the Department of Energy on the liquid fuels sector.
- 4.1.7. Tuesday 09 September 2014 - Briefing by the Department of Energy, the National Energy Regulator of SA (NERSA), PetroSA and Sasol on the gas sector.
- 4.1.8. Tuesday 16 September 2014 - Briefing by ESKOM on the New Build Programme
- 4.1.10. Tuesday 23 September 2014 - Briefing by the Department of Energy on: Fourth Quarter Performance Report of 2013/14; First Quarter Performance Report of 2014/15; and Update on the Renewable Energy Independent Power Producers Programme (REIPPP)
- 4.1.11. Tuesday 14 October 2014 (am) - Briefing by the Auditor-General of SA (AGSA) on the audit outcomes of the Department of Energy and its entities
- 4.1.12. Tuesday 14 October 2014 (pm) - Briefing by the Department of Energy on their Annual Report for 2013/14
- 4.1.13. Wednesday 15 October 2014 - Briefing by the National Energy Regulator of SA (NERSA) on their Annual Report for 2013/14

- 4.1.14. Thursday 16 October 2014 - Briefing by the SA National Energy Development Institute (SANEDI) on their Annual Report for 2013/14
- 4.1.15. Friday 17 October 2014 - Briefing by the National Nuclear Regulator (NNR) and the SA Nuclear Energy Corporation (NECSA) on their respective Annual Reports for 2013/14
- 4.1.16. Tuesday 21 October 2014 - Briefing by the Central Energy Fund and its subsidiaries on their respective Annual Reports for 2013/14
- 4.1.17. Tuesday 28 October 2014 - Consideration and adoption of the committee Budgetary Review and Recommendations Report for 2013/14
- 4.1.18. Tuesday 04 November 2014 - Briefing by the Department of Energy on the: (a) Treaty on the Grand Inga Hydropower Project between the Republic of South Africa and the Democratic Republic of Congo, tabled in terms of section 231(2) of the Constitution, 1996. (b) Explanatory Memorandum to the Treaty on the Grand Inga Hydropower Project between the Republic of South Africa and the Democratic Republic of Congo. Consideration and adoption of the committee report on the Treaty.

2015/16

- 4.2.1. Tuesday 24 February 2015 - Meeting with the Norwegian Parliamentary Committee on Energy and the Environment
- 4.2.2. Tuesday 03 March 2015 - Briefing by the Department of Energy (DoE), the Electricity and Water Sector Education and Training Authority (EWSETA), Chemical Industries Education Training Authority (CHIETA) and the Manufacturing, Engineering and Related Services SETA (MERSETA) on the energy sector skills development.
- 4.2.3. Tuesday 10 March 2015 - Briefing by the Department of Energy on the five-point plan to address the energy challenges
- 4.2.4. Tuesday 17 March 2015 - Briefing by the Department of Energy on their Strategic Plan 2015 – 20, Annual Performance Plan 2015/16 and their Budget Vote No 26

- 4.2.5. Tuesday 21 April 2015 - Consideration of the Committee Budget Vote Report & Consideration and adoption of outstanding minutes
- 4.2.6. Tuesday 05 May 2015 - Consideration of the Committee Budget Vote Report
- 4.2.7. Tuesday 26 May 2015 - Briefing by the National Energy Regulator of SA on their reasons for their decision on the Burgan Cape Town Terminal and Consideration and adoption of minutes
- 4.2.8. Tuesday 02 June 2015 - Briefing by the Department of Energy and the SA Nuclear Energy Corporation (NECSA) on the SA nuclear programme
- 4.2.9. Tuesday 09 June 2015 - Briefing by the Department of Energy and the Central Energy Fund (CEF) on the alignment of their key strategic objectives
- 4.2.10. Tuesday 23 June 2015 - Consideration and adoption of the committee Strategic Plan and Annual Performance Plan & Consideration and adoption of minutes: Tuesday 09 June 2015
- 4.2.11. Tuesday 04 August 2015 - Briefing by the Department of Energy on their 4th Quarter Performance Report for 2014/15 and 1st Quarter Performance Report for 2015/16
- 4.2.12. Tuesday 11 August 2015 - Briefing by the Department of Energy on the revised Solar Water Heater programme
- 4.2.13. Tuesday 18 August 2015 - Briefing by the Department of Energy and the Strategic Fuel Fund on strategic fuel stocks and storage facilities
- 4.2.14. Tuesday 01 September 2015 - Briefing by the Department of Energy on the five (5) inter-governmental nuclear agreements
- 4.2.15. Tuesday 13 October 2015 (am) - Briefing by the Auditor-General of SA on the audit outcomes of the Department of Energy and its entities
- 4.2.16. Tuesday 13 October 2015 (am) - Briefing by the Department of Planning, Monitoring and Evaluation on the performance of the Department of Energy and its entities
- 4.2.17. Tuesday 14 October 2015 - Briefing by the Department of Energy on its Annual Report and financial statements for 2014/15
- 4.2.18. Thursday 15 October 2015 - Briefing by the Central Energy Fund and its subsidiaries on their respective Annual Reports and financial statements for 2014/15

- 4.2.19. Thursday 15 October 2015 - Briefing by the SA Nuclear Energy Corporation (NECSA) on their Annual Report and financial statements for 2014/15
- 4.2.20. Tuesday 20 October 2015 - Consideration and adoption of the Committee Budgetary Review and Recommendations Report
- 4.2.21. Wednesday 21 October 2015 - Consideration and adoption of the Committee Budgetary Review and Recommendations Report

4.3. 2016/17

- 4.3.1. Tuesday 16 February 2016 - Briefing by the Department of Energy on the State-of-the-Nation Address' (SONA) impact on the activities of the Department & Update by the Department of Energy on the PC on Energy's Budgetary Review and Recommendations Report (BRRR) of 2014 (recommendations only)
- 4.3.2. Tuesday 23 February 2016 - Briefing by the Department of Energy on the State-of-the-Nation Address' (SONA) impact on the activities of the Department & Update by the Department of Energy on the PC on Energy's Budgetary Review and Recommendations Report (BRRR) of 2014 (recommendations only)
- 4.3.3. Tuesday 08 March 2016 - Briefing by National Energy Regulator of South Africa on Nersa's decision on Eskom's Regulatory Clearing Account (RCA) application for the first year (2013/14) of the third Multi-Year Price Determination (MYPD
- 4.3.4. Tuesday 15 March 2016 - Briefing by the Department of Energy on the Grand Inga Hydro Power Project
- 4.3.5. Tuesday 05 April 2016 - Briefing by the Department of Energy on their Strategic Plan, Annual Performance Plan 2016/17 and Budget Vote Nr 26
- 4.3.6. Tuesday 12 April 2016 - Consideration and adoption of outstanding minutes & Deliberations on the first draft of the Committee Budget Vote Report
- 4.3.7. Tuesday 19 April 2016 - Briefing by the Department of Energy on their 2nd and 3rd Quarter Performance Report for 2015/16
- 4.3.8. Tuesday 03 May 2016 - Consideration and adoption of the Committee Budget Vote Report 2016

- 4.3.9. Tuesday 23 August 2016 - Briefing by the Department of Energy on the programmes of the Independent Power Producers Office
- 4.3.10. Tuesday 30 August 2016 - Briefing by the Department of Energy on 4th Quarter Performance Report for 2015/16 and 1st Quarter Performance Report for 2016/17
- 4.3.11. Tuesday 20 September 2016 - Briefing by the Department of Energy on the Integrated Energy Plan
- 4.3.12. Tuesday 11 October 2016 - Update by the Department of Energy on the Nuclear New Build
- 4.3.13. Wednesday 12 October 2016 - Briefing by the Auditor-General of SA (AGSA) on the audit outcomes of the Department of Energy and its entities. Briefing by the Department of Planning, Monitoring and Evaluation (DPME) on the performance of the Department of Energy and its entities. Briefing by the Department of Energy (DoE) on their Annual Report for 2015/16
- 4.3.15. Tuesday 18 October 2016 - Briefing by the Department of Energy on the outcomes of report on PetroSA's R14.5 billion impairment. Tabling of the committee Budgetary Review and Recommendations Report for 2016
- 4.3.16. Tuesday 25 October 2016 - • Briefing by the NECSA on their Annual Reports for 2014/15 and 2015/16. Consideration and adoption of the committee Budgetary Review and Recommendations Report (BRRR) for 2016
- 4.3.17. Tuesday 01 November 2016 - Briefing by the Department of Energy and the PetroSA on the forensic report relating to PetroSA's 2014/15 impairment
- 4.3.18. Tuesday 08 November 2016 - Briefing by the Central Energy Fund on their Annual Report for 2015/16
- 4.3.19. Tuesday 15 November 2016 (closed meeting) - Briefing by the Department of Energy and the PetroSA Board on the forensic audit reports relating to PetroSA's R14.5 Billion impairment
- 4.3.20. Tuesday 15 November 2016 - Briefing by the Department of Energy and the PetroSA Board on the forensic audit reports relating to PetroSA's R14.5 Billion impairment
- 4.3.21. Tuesday 29 November 2016 - Briefing by the Department of Energy on the Nuclear New Build Programme

4.4. 2017/18

- 4.4.1. Tuesday 14 February 2017 - Update by the Department of Energy on the Integrated Energy Plan (IEP) and the Integrated Resource Plan (IRP)
- 4.4.2. Tuesday 21 February 2017 - Briefing by the Council for Scientific and Industrial Research (CSIR) and the various scenarios relating to SA's future energy mix
- 4.4.3. Tuesday 14 March 2017 - Briefing by the Department of Energy and the PetroSA Board on PetroSA's impairment of R14.5 Billion. Briefing by the PetroSA Board on its Strategic Turnaround Strategy
- 4.4.4. Tuesday 02 May 2017 - Briefing by the Department of Energy on the Strategic Plan, Annual Performance Plan and Budget (vote 26)
- 4.4.5. Tuesday 09 May 2017 - Tabling of the 1st draft Committee Budget Vote Report
- 4.5.6. Tuesday 16 May 2017 - Consideration and adoption of the Committee Budget Vote Report 2017
- 4.5.7. Tuesday 30 May 2017 - Briefing by the Department of Energy, the Central Energy Fund and the Strategic Fuel Fund on the report on the sale of strategic fuel stock
- 4.5.8. Tuesday 20 June 2017 - Update by the Department of Energy and Eskom on the signing of Power Purchase Agreements with Renewable Energy Independent Power Producers
- 4.5.9. Tuesday 22 August 2017 - Briefing by the Department of Energy on their 4th Quarter Performance Report for 2016/17
- 4.5.10. Tuesday 05 September 2017 - Briefing by the Competition Commission on its Liquefied Petroleum Gas (LPG) Market Inquiry Report and Response by the Department of Energy on the Competition Commission's LPG Market Inquiry Report
- 4.5.11. Tuesday 12 September 2017 - Briefing by the Department of Energy (DoE), the National Energy Regulator of SA (NERSA) and Eskom on the Electricity Distribution Industry in SA
- 4.5.12. Tuesday 03 October 2017 (am) - Briefing by the Department of Cooperative Governance and Traditional Affairs (COGT) with the Municipal Infrastructure Support Agent (MISA) and the SA Local Government Association (SALGA) on the electricity distribution industry and the rehabilitation of infrastructure
- 4.5.13. Tuesday 03 October 2017 (pm) - Briefing by the Department of Performance Monitoring and Evaluation (DPME) on the performance of the Department of Energy and its entities
- 4.5.14. Tuesday 04 October 2017 (am) - Briefing by the Auditor-General of SA (AGSA) on the audit outcomes of the Department of Energy and its entities for 2016/17

- 4.5.15. Tuesday 04 October 2017 (pm) - Briefing by the Central Energy Fund on their Annual Report for 2016/17
- 4.5.16. Tuesday 10 October 2017 - Briefing by the Department of Energy on its Annual Report for 2016/17
- 4.5.17. Tuesday 17 October 2017 - Consideration and adoption of the PC on Energy Budgetary Review and Recommendations Report for 2017
- 4.5.18. Tuesday 24 October 2017 - Briefing by the Department of Energy on their 1st Quarter Performance Report for 2017/18
- 4.5.19. Tuesday 31 October 2017 - Briefing by the National Energy Regulator of SA (NERSA) on their Annual Report for 2016/17
- 4.5.20. Tuesday 07 November 2017 - Briefing by the SA Nuclear Energy Corporation (NECSA) on their Annual Report for 2016/17 & Briefing by the National Radioactive Waste Disposal Institute (NRWDI) on their Annual Report for 2016/17
- 4.5.21. Tuesday 14 November 2017 - Briefing by the SA National Energy Development Institute (SANEDI) on their Annual Report for 2016/17 & Briefing by the National Nuclear Regulator (NNR) on their Annual Report for 2016/17
- 4.5.22. Tuesday 21 November 2017 - Update by the Minister of Energy on government's plans relating to key and strategic matters in the energy sector
- 4.5.23. Wednesday 22 November 2017 – Continuation of the Update by the Minister of Energy on government's plans relating to key and strategic matters in the energy sector
- 4.5.24. Tuesday 28 November 2017 - Update by the Inter-Ministerial Task Team on the electricity distribution industry and the rehabilitation of infrastructure

4.6. 2018/19

- 4.6.1. Tuesday 20 February 2018 - Briefing by the Department of Energy on their 2nd and 3rd Quarter Performance Report for 2017/18
- 4.6.2. Tuesday 06 March 2018 - Briefing by the Independent Power Producers Office on their office, funding and programmes
- 4.6.3. Tuesday 13 March 2018 - Briefing by the National Energy Regulator of SA (NERSA) on the reasons for its decision on Eskom's revenue application for 2018/19

- 4.6.4. Tuesday 27 March 2018 - Briefing by Eskom on National Energy Regulator of South Africa (NERSA) on the reasons for its decision on Eskom's revenue application for 2018/19
- 4.6.5. Tuesday 17 April 2018 - Briefing by the Department of Energy (DoE) on the Strategic Plan, Annual Performance Plan and Budget (Vote 26)
- 4.6.6. Tuesday 08 May 2018 - Briefing by the Minister of Energy on key issues identified by the Committee
- 4.6.7. Wednesday 09 May 2018 - Consideration and Adoption of the Committee Budget Report (Vote 26)
- 4.6.8. Tuesday 14 August 2018 - Briefing by the Minister of Energy and the Department of Energy on the Basic Fuel Price
- 4.6.9. Tuesday 21 August 2018 - Briefing by the Minister of Energy and the Department of Energy on the Basic Fuel Price
- 4.6.10. Tuesday 28 August 2018 - Update by the Eskom on the following: Governance challenges; Status of the coal power plants; Key performance targets for 2018/19
- 4.6.11. Tuesday 04 September 2018 - Briefing by the Minister of Energy and the Department of Energy on the updated Integrated Resource Plan (IRP) 2018
- 4.6.12. Tuesday 16 October 2018 - Public hearings on the draft Integrated Resource Plan (IRP) 2018
- 4.6.13. Wednesday 17 October 2018 - Public hearings on the draft Integrated Resource Plan (IRP) 2018
- 4.6.14. Tuesday 23 October 2018 - Public hearings on the draft Integrated Resource Plan (IRP) 2018
- 4.6.15. Wednesday 24 October 2018 - Public hearings on the draft Integrated Resource Plan (IRP) 2018
- 4.6.16. Friday 26 October 2018 - Public hearings on the draft Integrated Resource Plan (IRP) 2018
- 4.6.17. Tuesday 30 October 2018 – Roundtable discussion on the draft Integrated Resource Plan 2018
- 4.6.18. Tuesday 06 November 2018 – tabling of the first draft of the committee report on the public hearings related to the draft Integrated Resource Plan 2018.
- 4.6.19. Tuesday 13 November 2018 - Consideration and adoption of the Committee report on the public hearings related to the draft Integrated Resource Plan 2018 (IRP)

- 4.6.20. Tuesday 20 November 2018 - Briefing by the Department of Energy on the: (a) Amendment to the Convention on the Physical Protection of Nuclear Material (CPPNM), tabled in terms of section 231(2) of the Constitution, 1996. (b) Explanatory Memorandum to the Amendment to the Convention on the Physical Protection of Nuclear Material (CPPNM).
- 4.6.21. Tuesday 30 November 2018 – Consideration and adoption of outstanding minutes and reports.
- 4.6.22. Tuesday 12 February 2019 – Briefing by the Auditor-General of SA (AGSA) on the audit outcomes of the Department of Energy and its entities for the period 2017/18
- 4.6.23. Tuesday 26 February 2019 – Briefing by the Department of Energy on its Annual Report 2017/18
- 4.6.24. Tuesday 05 March 2019 – Briefing by the SA Nuclear Energy Corporation and its subsidiaries respectively, on its Annual Report for 2017/18
- 4.6.25. Tuesday 12 March 2019 – Briefing by the Central Energy Fund and its subsidiaries respectively, on its Annual Report for 2017/18
- 4.6.26. Tuesday 19 March 2019 – Consideration and adoption of the PC on Energy Legacy Report 2014 – 2019.

5. Legislation

For the period under review, no legislation was processed by the PC on Energy

6. Oversight trips undertaken

The following oversight trips were undertaken:

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
23 September 2014	Department of Energy - Pretoria	<ul style="list-style-type: none"> Visit to the offices of the Department of Energy Presentations on their 4th Quarter 	Part of BRRR 2014	Ongoing	Ongoing	Adopted

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
		and 1 st Quarter Performance reports. It is crucial for the Members to be briefed in the Department's performance as this information is utilized to compile the Budget Review and Recommendation Report.				
06 October 2014	Medupi Power Station, Lephalale (Limpopo)	The purpose of the joint visit (with the PC on Public Enterprises) was to familiarise the members with progress that has been made in the project, the socio-economic impact on the communities and economy of Lephalale.	<ul style="list-style-type: none"> The board members of state-owned companies should undertake site visits in order to understand the conditions and challenges of workers, customers and other stakeholders, and most importantly to assess whether 	Ongoing	Ongoing	Adopted

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
			<p>the projects are yielding the required developmental results.</p> <ul style="list-style-type: none"> All critical vacant executive positions in state-owned companies should be filled 			
21 – 24 July 2015	Johannesburg, Pretoria and Phelindaba	The Committee on its oversight visits wanted to explore various aspects on the energy sector and these included visiting energy efficiency projects, Eskom National Control Centre, visit to the South African Nuclear Energy Corporation, visit to the National Energy Regulator of South Africa as well as Eskom Head Offices.	<ul style="list-style-type: none"> Energy efficiency initiatives needs to be intensified, especially in light of the pressure on the grid as well as the rising electricity prices. It is an opportune time for the Department of Energy to also intensify education campaign on energy efficiency. The funding situation at 	Ongoing	Ongoing	Adopted

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
			<p>NECSA should be assessed to allow it to maximize some of its income generating projects and commercialize some of its ventures.</p> <p>NECSA's work is cutting edge, it needs to be given more support so that some of its work, such as screening for cancer, be rolled out nationally instead of the selected provinces</p> <ul style="list-style-type: none"> • In terms of the nuclear procurement programme, there is a need to remove the secrecy and have 			

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
			<p>a rational discussion to ensure that Government can carry this out successfully and prudently. It was recommended that the Committee come back to these issues so that they can be answered properly as the country needs to know that we have an institution that can do this.</p> <ul style="list-style-type: none"> • It was recommended that a further joint session, with the Portfolio Committee on Public Enterprises, be held with Eskom 			

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
			to further conduct oversight over Eskom. A proper discussion is required on the interim plan as there are issues at Eskom that need to be resolved.			
08 September 2015	Koeberg Nuclear Power Plant – Cape Town	South Africa is currently embarking on a nuclear power build programme. The State wishes to add 9600MW of nuclear power to the grid. This could result in up to nine new nuclear power plants being built. It is estimated that 23% of SA power will be generated from nuclear power by 2030. Koeberg nuclear power station is currently the only commercial power station in SA. The two reactor of Koeberg has	Parliamentary committees should have access to some of the safety related documentation. It is noted that some have to be treated as confidential. This is to allow Parliament to look at the limitations and hence can speak to the public in confidence.	Ongoing	Ongoing	Adopted

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
		<p>two large turbine generators and supply most of the Western Cape with electricity. The reactors are 30 years old and have operated safely for the period under operation.</p>				
15 – 18 September 2015	Bloemfontein & Sasolburg – Free State	<ul style="list-style-type: none"> • A liquid fuel is a combustible liquid where the liquid energy can be converted to mechanical energy. More well known as petrol, diesel or jet fuel (amongst others), it is a product of the refining process of crude oil (or it can be a synthetic product). Crude oil extracted via oil drilling in countries that have natural reserves and exported in raw or refined form to 	<ul style="list-style-type: none"> • A roundtable discussion needs to be held in Parliament on the Petroleum Industry to deal with the challenges it faces. • Similarly, a roundtable discussion on Gas Industry is equally important in light of the fact that gas is regarded as a potential ‘game changer. • The REIPPP Programme has shown that a large 	Ongoing	Ongoing	Adopted

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
		<p>countries around the world. SA has small supplies of oil and gas and these are off-shore in the fields off the west and south coast. DoE estimates that the Oribi/Oryx fields can supply enough crude for 2% of SA's liquid fuel requirements and the Sable fields another 7 to 10%.</p> <p>From the 1950's, due to political and economic reasons, SA embarked on a programme of producing synthetic fuel from its abundant coal supplies. This would reduce SA's dependence on imported crude and hence Sasol's Coal-to-liquid plant was developed in Sasolburg. Sasol has</p>	<p>number of people are employed during the construction phase and very few remain after the completion of the project (operation phase). For all renewable energy projects, it is imperative that a model to retain employees is developed.</p> <ul style="list-style-type: none"> • The REIPPP Programme has been hailed as a success and regarded as one of the best in the world. With the current implementation stride, the DoE acknowledged that the NDP and IRP target on renewable energy could be met before the 2030 deadline. Considering this, 			

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
		<p>two plants producing 150 000bbl/d of synthetic crude at Secunda. Sasol, which was originally funded by government is today a commercial company owned by shareholders of which the SA government is one.</p> <ul style="list-style-type: none"> • Visit to an IPP project (Letsatsi Solar Power Plant) 	<p>there should be ongoing debate about the future energy mix of the country.</p> <ul style="list-style-type: none"> • The Mangaung Metropolitan Municipality indicated that the income of the Municipality is declining due to the fact that its customers opted for renewable energy, hence the funding model for municipal income needs to be reviewed, as Municipalities depend heavily on revenues generated from electricity sales. • Community involvement in the renewable energy projects, particularly the issue of the 			

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
			<p>Community Trust, needs to be monitored carefully so as to ensure active community participation.</p> <ul style="list-style-type: none"> A number of cross-cutting issues were raised in the community meeting. A joint oversight visit to Sasol and Sasolburg with Trade and Industry, Economic Development, Energy, Environmental Affairs and Small Business Committees is essential. Sasol indicated that it contributes to the Sasolburg and Zamdela communities through various projects as 			

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
			<p>described earlier. However, the Community of Zamdela which is adjacent to Sasol claims that they are not benefiting from Sasol's investments as the investments are mainly implemented in Sasolburg (Central Business District) not in the Township of Zamdela. To address this challenge, it was concluded that a Forum, consisting of Zamdela Community and Sasol should be formed.</p>			
27 – 28 June 2017	PetroSA's Gas-to-liquids (GTL) refinery in Mosselbay, Western Cape	It is critical that the PCE monitors carefully the Entities reporting to it as well as conduct oversight on the work done by these entities. Thus, the purpose of the oversight visit to	<ul style="list-style-type: none"> The Department of Energy need to strengthen its oversight function over the State-Owned-Entities. 	<ul style="list-style-type: none"> The SOEs Oversight unit, within the Department of Energy is concerned with the reviewing, monitoring and 	<ul style="list-style-type: none"> Progress on the performance of the PetroSA. Contract between 	Adopted

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
		<p>PetroSA GTL plant in Mossel Bay was to meet with the CEF Group in its entirety to get an update on the restructuring process. It has been reported that the Mossel Bay Plant is running short of feedstock and this, if not monitored carefully; will result in a significant number of job losses and negatively affect PetroSA as a company.</p> <p>Furthermore, the visits' aim was to enable Members to see the projects at first hand as well as get a clearer understanding as to what the issues are the CEF Group faces and what it has done thus far to address the challenges.</p>	<ul style="list-style-type: none"> • The Department of Energy, the Central Energy Fund and the PetroSA update the committee on progress relating the turnaround during September 2017. • Update the committee on the progress relating to the engagements with the Department of Mineral Resources and the Department of Environmental Affairs on the decommissioning liability facing PetroSA, during the 3rd Term of 2017. 	<p>overseeing of the affairs, practices, activities, and financial conduct of the SOEs to ensure that they are conducted in an expected manner and in accordance with all commercial, legislative and other prescribed governance frameworks.</p> <ul style="list-style-type: none"> • This includes the review, monitoring and overseeing of the management of SOEs, their strategic and business planning, and on a quarterly basis provides a 	<p>Rossgo and PetroSA</p>	

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
				<p>report on each SOE's performance and compliance of the above to the Minister.</p> <ul style="list-style-type: none"> Given the involvement of Portfolio Committees in the legislative, budget and performance monitoring of Departments and their SOEs, the Department as and when required by the Committee provides an update on its performance as well as those of the entities against their strategic plans and Annual 		

Date	Area Visited	Objective	Recommendations	Responses to Recommendations	Follow-up Issues	Status of Report
				Performance Plans.		

a) Challenges emerging

The following challenges emerged during the oversight visit:

- Technical/operational challenges
 - Due to other priority commitments, follow-up visits remained a challenge.
- Content-related challenges
 - Regular feedback on the recommendations from these reports are lacking.

b) Issues for follow-up

The 5th Parliament should consider following up on the following concerns that arose:

- When scheduling oversight visits, make provision for a follow-up visit, as well as feedback from the Department and relevant entities and/or stakeholders.

7. Training

Date	Facilitator	Content of training	Aim
30 – 31 July 2014	Prof A Eberhardt - Graduate School of Business, University of Cape Town	An Introductory course on Energy sector in South Africa	To familiarise the new members of the PC on Energy wrt the various aspects relating to SA's energy sector.

8. Study tours undertaken

The following study tours were undertaken:

Date	Places Visited	Objective	Lessons Learned	Status of Report
24 – 28 November 2018	Berlin & Hamburg - Germany	The idea is to bring the Portfolio Committee on Energy together with experts from the German government, industry and the private sector and thus provide first-hand experience of the “Energiewende”.	<p>Germany has committed itself to reduce its carbon emissions to at least between 80 and 95 percent by 2050. In response to this objective, the country has started phasing-out its coal power plants and due to the nuclear accident that happened in 2011 in Japan, Germany also made a decision to close all nuclear plants by 2022. This means that focus on investment in the country would shift towards sustainable energy, with a deliberate bias on energy efficiency and renewable energy technologies. Currently, renewable energy in Germany contributes more than 23 percent to the country’s energy mix.</p> <p>This is a significant contribution if one compares this contribution to the less than 1 percent contribution of South Africa to its energy mix. However, it is hoped that the South African situation will improve due to its successful</p>	Adopted

Date	Places Visited	Objective	Lessons Learned	Status of Report
			<p>Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The similarity between Germany and South Africa is that both countries are committed to reducing carbon emissions and that means more investment into renewable energy and energy efficiency projects. As alluded to earlier, partnerships between the two countries in this regard have commenced. On the contrary, Germany aims to close its nuclear plants whereas South Africa intends to build new nuclear plants.</p>	

a) Challenges emerging

None

b) Issues for follow-up

The 6th Parliament should consider following up on the following concerns that arose:

- Implementation of the Independent Power Producers Programme
- Ensure that the Independent Power Producers Office are correctly placed, in other words to which department it accounts to.

9. International Agreements:

The following international agreements were processed and reported on:

Date referred	Name of International Agreement	Objective	Status of Report	Date of enforcement
15 October 2014	Treaty on the Grand Inga Hydropower Project between the Republic of South Africa and the Democratic Republic of Congo, tabled in terms of section 231(2) of the Constitution, 1996.	<p>The Republic of South Africa signed a memorandum of Understanding (MoU) with the Democratic Republic of Congo on the 12th of November 2011. Article 3 of the signed MoU provides for the drafting of the Grand Inga Project Treaty between the two countries. The treaty was negotiated from March 2013 and signed in October 2013.</p> <p>2.1 The purpose of the Treaty is to develop an enabling framework, linking DRC and RSA into the Grand Inga Project, and allowing for the two countries to jointly explore different economically feasible options for the development of the project. The treaty is currently going through the ratification process in both countries. In</p>	Adopted	Ongoing

Date referred	Name of International Agreement	Objective	Status of Report	Date of enforcement
		<p>order to ensure the project progress is not stalled by the draft treaty approval processes within the two countries, the Energy Agreement was developed and signed by the two countries on the 9th of September 2014 in Cape Town, South Africa. The Energy Agreement provides the working team with a legal framework that allows for cooperation between the two countries.</p>		
05 August 2015	<p>Agreement between the Government of the Republic of Korea and the Government of the Republic of South Africa regarding Cooperation in the Peaceful Uses of Nuclear Energy, tabled in terms of section 231(3) of the Constitution, 1996.</p>	<ul style="list-style-type: none"> • Intergovernmental Agreements (IGA's) have been signed with vendor countries that have shown interest to participate in the nuclear build programme. • To date South Africa signed with China, France, Russia, USA and South Korea. • IGA presented in Cabinet for discussion 	Adopted	Ongoing

Date referred	Name of International Agreement	Objective	Status of Report	Date of enforcement
	<p>(b) Agreement for Cooperation between the Government of the Republic of South Africa and the United States of America (USA) concerning Peaceful Uses of Nuclear Energy, tabled in terms of section 231(3) of the Constitution, 1996.</p> <p>(c) Agreement between the Government of the Republic of South Africa and the Government of the Russian Federation on Strategic Partnership and Cooperation in the Field of Nuclear Power and Industry, tabled in terms of section 231(3) of the Constitution, 1996.</p> <p>(d) Agreement between the</p>	<p>and tabled in Parliament for ratification</p> <ul style="list-style-type: none"> • These IGA's lay foundation for cooperation, trade and exchange of nuclear technology as well as procurement. • The IGA's also describe broad areas of nuclear cooperation and they differ on emphasis based on unique needs, interest and capacity of each country to cooperate with South Africa. • Describe rules of engagement for South Africa with each vendor country 		

Date referred	Name of International Agreement	Objective	Status of Report	Date of enforcement
	<p>Government of the Republic of South Africa and the Government of the French Republic on Cooperation in the Development of Peaceful Uses of Nuclear Energy, tabled in terms of section 231(3) of the Constitution, 1996.</p> <p>(e) Agreement between the Government of the Republic of South Africa and the Government of the People's Republic of China on Cooperation in the Field of Civil Nuclear Energy Projects, tabled in terms of section 231(3) of the Constitution, 1996.</p>			
Tuesday 30 October 2018	Amendment to the Convention on the Physical Protection	<ul style="list-style-type: none"> The Amendment broadens the scope of the CPPNM to also 	Adopted	Ongoing

Date referred	Name of International Agreement	Objective	Status of Report	Date of enforcement
	<p>of Nuclear Material (CPPNM), tabled in terms of section 231(2) of the Constitution, 1996.</p> <p>(b) Explanatory Memorandum to the Amendment to the Convention on the Physical Protection of Nuclear Material (CPPNM).</p>	<p>include physical protection requirements for nuclear facilities and nuclear material in domestic use, storage and transport.</p> <ul style="list-style-type: none"> • It provides for expanded cooperation between and among States regarding rapid measures to <ol style="list-style-type: none"> 1. <i>locate and recover stolen or smuggled nuclear material,</i> 2. <i>mitigate any radiological consequences of sabotage, and</i> 3. <i>prevent and combat related offences.</i> • The Convention also provides for the criminalisation of new and extended specified acts (Paragraph 9 - 10 of 		

Date referred	Name of International Agreement	Objective	Status of Report	Date of enforcement
		<p>the amended CPPNM).</p> <ul style="list-style-type: none"> • It provides for the sharing of information on potential and actual attacks on nuclear material and facilities, and the provision of assistance if such attacks should occur. • It recognises the right of all States to develop and apply nuclear energy for peaceful purposes and their legitimate interests in the potential benefits to be derived from the peaceful application of nuclear energy. • The Amendment augments the national security of a state by providing a strengthened international framework which 		

Date referred	Name of International Agreement	Objective	Status of Report	Date of enforcement
		include the need to implement legislative, regulatory and administrative obligations.		

a) Challenges emerging

The following challenges emerged during the processing of international agreements:

- Technical/operational challenges
 - Incorrect tabling of agreements.
- Content-related challenges

b) Issues for follow-up

The 6th Parliament should consider following up on the following concerns that arose:

- Ensure that international agreements are tabled correctly to Parliament.

10. Statutory appointments

For the period under review, the PC on Energy did not undertake any Statutory appointments.

11. Interventions

For the period under review, the PC on Energy did not undertake any interventions.

12. Petitions

For the period under review, no petitions were referred to the committee for processing.

13. Obligations conferred on committee by legislation:

The Money Bills Procedures and Related Matters Amendment Act (Act 9 of 2009) mandates Parliament to develop the Budget Review and Recommendations Report (BRRR). The Act sets out the process that allows Parliament to make recommendations to the Minister of Finance to amend the budget of a national department. The BRRR also acts as a source document for the Standing/Select Committees on Appropriations/Finance when they make recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process. A number of financial and non-financial recommendations were made by the Committee to the Ministers of Energy throughout the tenure of the 5th Parliament.

a) Challenges emerging

- None
- Technical/operational challenges
- Some of the Committee recommendations are not adequately addressed by both the Ministers of Finance and Tourism. This has resulted in the same recommendations recurring over a number of financial years without being resolved.

b) Issues for follow-up

- The 6th Parliament should consider following up on the following concerns that arose:
- The 6th Parliament should ensure that the Minister of Energy provide adequate responses to the BRRR recommendations.

14. Summary of outstanding issues relating to the department/entities that the committee has been grappling with

The following key issues are outstanding from the committee’s activities during the 5th Parliament:

Responsibility	Issue(s)
Department of Energy	Slow-moving tabling of legislation and policies
Department of Energy	Lack of implementation of the solar water heater programme
Department of Energy	Developments with regard to the Basic Fuel Price
Department of Energy and Department of Mineral Resources	Developments with regard to the Mineral and Petroleum Resource Development Act Amendments
Department of Energy	Conducting oversight by the Department of Energy on its entities
Department of Energy and the Central Energy Fund	Restructuring of the Central Energy Fund
Department of Energy, Central Energy Fund and PetroSA	Going concern and sustainability of PetroSA
Department of Energy and the SA Nuclear Energy Corporation	Turnaround strategy of the NECSA and its entities

15. Summary of Key Challenges

14.1. Department of Energy

- 14.1.1. The Department received consecutive qualified audit opinions by the Auditor-General of SA (AGSA) during the 2016/17 and 2017/18 financial years, respectively.
- 14.1.2. During the period under review, the Department has consistently performed well on financial expenditure. Unfortunately, good financial performance does not translate into good service delivery performance. In the past four financial years, the Department has never achieved more than 60 percent on its performance, let alone the required 80 percent. In

2016/17 and 2017/18 financial years, the Department achieved 42 percent of its performance targets. In 2014/15, the Department achieved 57 percent, whereas in 2015/16, it achieved 51 percent of its annual performance targets.

14.1.3. Political changes during the fifth Parliament affected the effective functioning of the Department. The Department, in a short period had about four Ministers. This had an impact on strategic plans, tabling of legislation and key policies to Parliament.

14.1.4. The Energy Policy and Planning Programme has consistently performed disappointingly throughout the five-year period. According to the five-year strategic plan of the Department, a considerable number of bills and policies were due for tabling to Parliament. None of the Bills or policies were finalised within the fifth Parliament Term. This programme, in the 2016/17 financial year achieved zero of its planned targets. During the 2017/18 financial year, it achieved only three (3) of the twenty-three (23) set targets. This is an indictment on the leadership and management of the Department as this programme is key on executing the Department’s mandate – energy specific policies, legislation and regulations fall within this programme.

14.1.5. Slow tabling of legislation and energy specific policies include:

Legislation

Name of legislation	Reason for delay in tabling	Reference
Electricity Regulation Amendment Bill	The Bill was tabled in Cabinet in October 2015 and was referred back due to lack of clarity regarding the end-state of the electricity industry structure.	PCE Committee Budget Vote Report 2016
National Energy Regulator Amendment Bill	Cabinet approved the Bill in October 2015, subject to the Review Board being led by the Minister of Energy. A regulatory impact	PCE Committee Budget Vote Report 2016

	assessment process has been completed in relation to this Bill, so that it can be reintroduced in Cabinet.	
Petroleum Product Amendment Bill	Draft Petroleum Products Bill completed and sent to State Law Advisor for pre-certification.	PCE Committee Budget Vote Report 2016
Petroleum Pipelines Amendment Bill	After engagement with NERSA, indication is that the Petroleum and Gas Pipelines regulatory frameworks might need to be amalgamated. Consultation process ongoing.	PCE Committee Budget Vote Report 2016
National Radioactive Waste Fund Bill	The delayed responses from National Treasury (NT) for concurrence.	PCE Committee Budget Vote Report 2016
Electricity Industry Structure Bill	No reasons given	N/A
National Nuclear Regulator Amendment Act	No reasons given	N/A
Nuclear energy Amendment Bill	No reasons given	N/A
Strategic Fuel Fund Bill	No reasons given	N/A

Energy specific policies

Name of Policy document	Reason for delay	Reference
Integrated Energy Plan	<ul style="list-style-type: none"> Questions have been asked about the development of the "Energy Master Plan". In response the IEP has been developed which incorporates the plans for electricity (IRP), gas (Gas Infrastructure Plan and GUMP) and petroleum (Liquid Fuels Master Plan). 	PCE Committee Budget Vote Report 2016

	<ul style="list-style-type: none"> • The Department completed the drafting of the IEP Report and initiated final consultation with the Economic Sector, Employment and Infrastructure Development Cluster (ESEID). • The ESEID cluster recommended that the report be further refined. The expected date of publication is in the 2nd Quarter of 2016/7 financial year. 	
Gas Utilization Master Plan (GUMP)	<ul style="list-style-type: none"> • The Draft Gas Utilization Master Plan (GUMP) was developed and will be submitted together with the Integrated Resource Plan in 2016, after the tabling of the umbrella plan (the Integrated Energy Plan). 	PCE Committee Budget Vote Report 2016

14.1.6. The policies and bills not submitted in the fifth Parliament were also planned for submission during fourth Parliament. Same as in the fourth Parliament, none of the legislation scheduled for submission to parliament were submitted in the fifth Parliament. Instead, the number of bills to be submitted to Parliament falls every year, without any explanation on what happened to the other legislative measure that had been planned for submission to Parliament in the previous years.

14.4.7. The legal status of the Independent Power Producer (IPP) Office is disputed. According to AGSA, the IPP Office is an 'unlisted public entity'. Going forward, the IPP Office will have to be a standalone entity, reporting to a nominated department.

- 14.1.8. The supply of power to SA from the Grand Inga Hydro Project is included in the draft IRP 2018. Whilst South Africa remains committed to the Treaty entered into between the governments of South Africa and the Democratic Republic of the Congo, the feasibility of Grand Inga supplying power to South Africa by 2030 should be closely examined before its inclusion in the final IRP 2018.
- 14.1.9. In its report on the public hearings on the IRP, one of the findings of the PC on Energy was that it noted the submission by the DoE that nuclear was included in the scenarios; it was modelled as a fleet, in the form of two units, at 1500MW per unit and in a short space of time of up to 2030, nuclear becomes the most expensive technology. This was a matter of scalability, modularity and electricity demand - there was no pre-determined decision to exclude nuclear as such. There is no persuasive argument to counter the proposition that nuclear technology remains the cleanest, safest and in the long term the cheapest technology.
- 14.4.10. The Committee is of the opinion that even though the ESKOM accounts to the Department of Public Enterprises, it should in fact report the Department of Energy.

14.2. State Owned Entities (SOEs)

- 14.2.1. An important concern raised by AGSA was that the oversight of state owned entities had to be strengthened, and that senior and accounting officer management had to act with greater urgency to resolve concerns raised on key controls and risk management. This was evident at Central Energy Fund (CEF), Strategic Fuel Fund (SFF), PetroSA, DoE, NECSA, NTP, Pelchem and Gammatec
- 14.2.2. The South African Nuclear Energy Corporation (NECSA) and its subsidiary, PELCHEM received Disclaimer Audit Opinion from AGSA during the 2017/18 financial year.
- 14.2.3. There is uncertainty regarding PELCHEM's ability to continue as a going concern.
- 14.2.4. Delivering her Budget Speech in 2017, the former Minister of Energy, Ms Kubayi stated that CEF would undergo rigorous restructuring in the 2017/18 financial year to ensure more transparency and better accountability. The process of restructuring CEF started as early as 2013, but to date, the restructuring has not yet been finalised.

- 14.2.5. Progress has been slow with regard to the hiving-off of the Petroleum Agency of SA (PASA) and the African Exploration Mining and Finance Corporation (AEMFC) from the CEF.
- 14.2.6. PetroSA's business is primarily the Gas-to-Liquid (GTL) refinery in Mosselbay, which is built to process indigenous gas from the South Coast. The gas reserves have declined and in order to continue operating the refinery, PetroSA has increased crude oil processing which significantly increases the input costs for the business. The GTL refinery has been processing indigenous gas and condensate since 1992. The company reported that indigenous gas and condensate are in sharp decline, and this necessitates a moderation of production for sustenance to 2020. Current projections indicate that PetroSA will run out of gas by October 2020. Furthermore, the company will continue to carry considerable risk of potential well-failure and this could lead to an earlier end of life of the Mosselbay refinery.
- 14.2.7. During the 2014/15 financial year, the PetroSA suffered an impairment loss of R 14.5 billion
- 14.2.8. Investigations have been undertaken with regard to the sale of strategic fuel stock at the Strategic Fuel Fund (SFF), however, the Portfolio Committee on Energy has not been briefed on the outcomes of these investigations. CEF has approached the court to declare the sale of the strategic fuel stock illegal. By the end of the fifth Parliament, the court process was not completed.

14.3. Electricity Distribution Industry

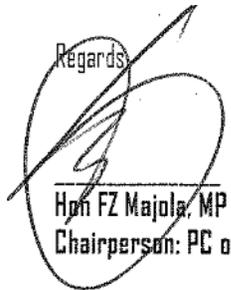
- 14.3.1. The supply of electricity involves three phases: generation, transmission and distribution. The national government is responsible for ensuring the generation of electricity and its transmission across the country. The state-owned electricity company, Eskom, is responsible for over 95 per cent of electricity generation and all transmission in the country. On the other hand, as a sphere of government, municipalities are responsible for the distribution of electricity to consumers. Whilst it is appropriate to have excess supply of electricity, the main challenge that remains, is the distribution thereof. Excess electricity would amount to nothing if the intended goal, which is distribution to end-users, would not be realised.

- 14.3.2. The Electricity Distribution Industry (EDI) in South Africa is fragmented. There has been attempts to resolve the challenge, but without much success, even though an Inter-Ministerial Task Team has been set up to address these issues.

15. Consolidated Recommendations

- 15.1. The Department should provide a comprehensive update on its legislative programme – such as status of each bill. The sixth Parliament should ensure that, amongst other things, it monitors meticulously the tabling of legislation and policies.
- 15.2. Continued reporting by the Department of Energy's quarterly reports (Section 32 of the National Treasury)
- 15.3. Continued reporting by the Department of Energy on the performance of the entities reporting to it.
- 15.4. Improving the implementation of the Auditor-General of SA's recommendations by the Department of Energy and its entities.
- 15.5. Conducting regular oversight visits, Department and its entities - if possible, in collaboration with committees that do oversight over other entities, impacting energy issues e.g. Department of Public Enterprises vis a viz Eskom
- 15.6. The CEF Group finds itself in a difficult position, one would argue. The Group is dependent heavily on PetroSA. PetroSA is in a crises and it requires urgent intervention, as its going concern status is not certain. This is negatively affecting the Group and compounding the governance challenges within the Group. There is an urgent need for a turnaround strategy for the entire group in order to fast-track realisation of its mandate.
- 15.7. Once the investigations regarding the sale of strategic fuel stock at the SFF is finalised, the Committee must be briefed on these.
- 15.8. Address the Electricity Distribution Industry issues with the Inter-Ministerial Task Team.
- 15.9. Monitor the implementation of National Solar Water Programme
- 15.10. Ensure that the Integrated Resource Plan (IRP) for electricity is finalised. Furthermore, ensure that the IRP is reviewed every two years

15.11 Ensure that a National Dialogue on the Just Energy Transition is held. This should particularly focus on communities that are going to be affected by the transition from the use of fossil fuels.

Regards

Hon FZ Majola, MP
Chairperson: PC on Energy

24/03/2019