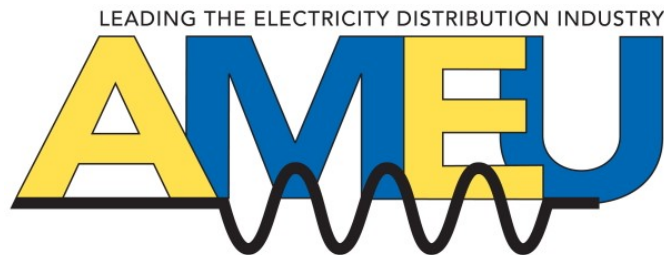


# THE ROLE OF RENEWABLE ENERGY LEGISLATION IN PROMOTING THE ACCEPTANCE OF RENEWABLE ENERGY INTO SOCIETY

**Neil van der Merwe**  
**Port Elizabeth**  
**09/09/30**



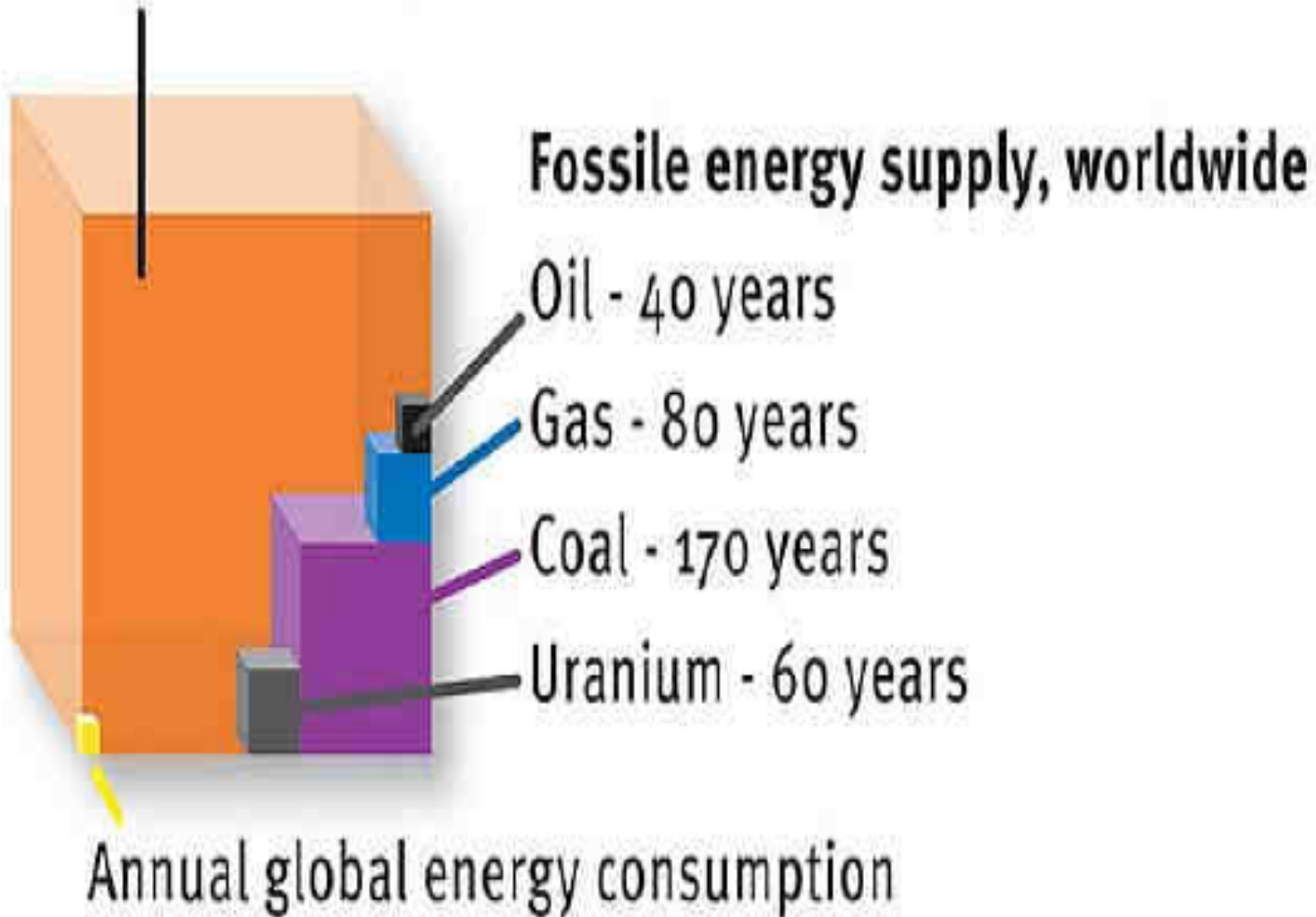
# Brief Overview

1. Some Questions to the Audience
2. Context: Availability of Energy
3. World RE Mix
4. Employees in German RE
5. German RE Mix
6. Table : German Act vs RSA REFIT
7. The BIG concern
8. Conclusions

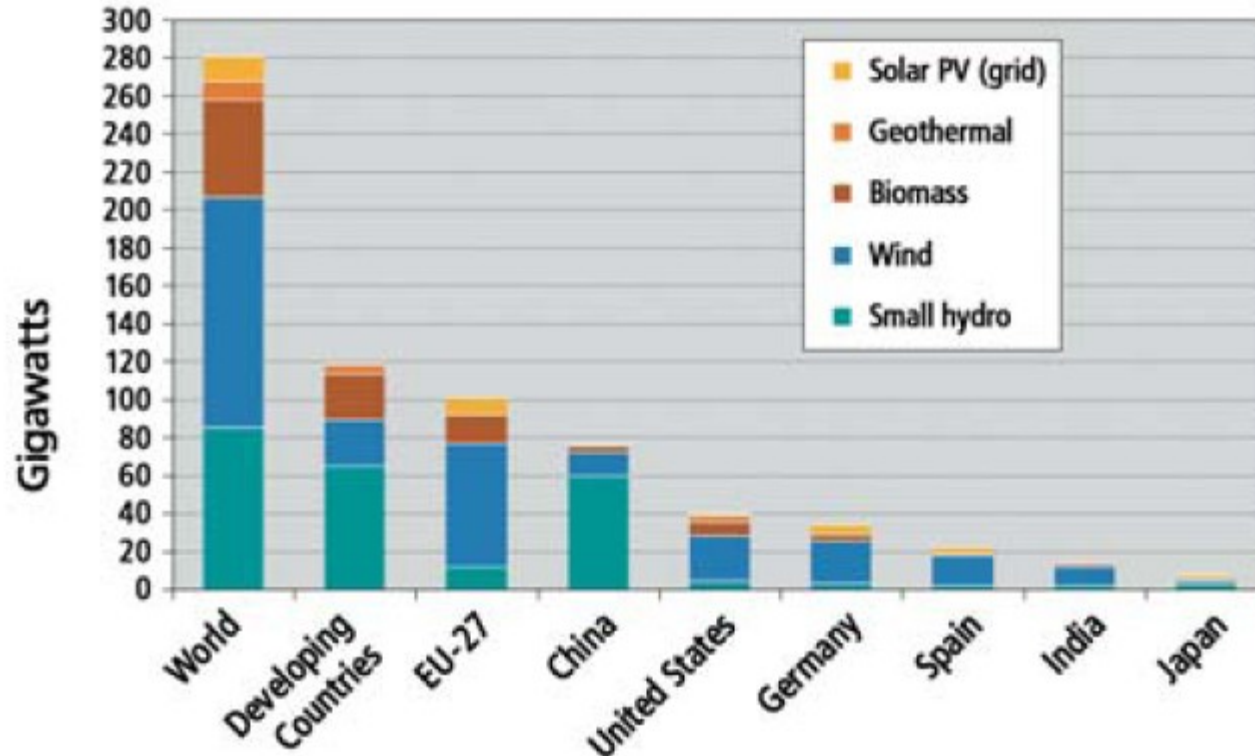
# 3 Questions

1. How many municipalities were consulted in the formulation of the REFIT's (and PPA)?
2. How many individuals have delivered input into the formulation of the REFIT's?
3. How many individuals and Municipalities would have liked to deliver input into the formulation of the REFIT's?

# Annual solar irradiation on earth

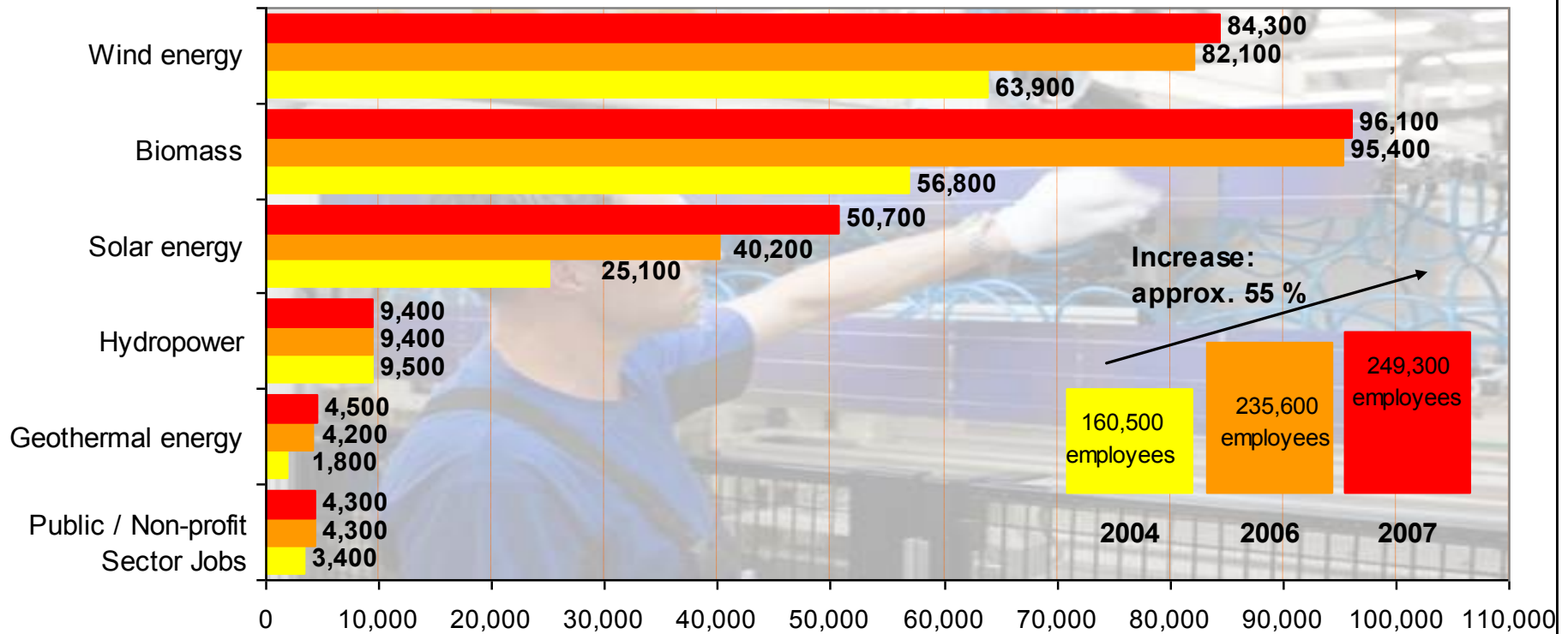


## Renewable Power Capacities, Developing World, EU and Top Six Countries, 2008



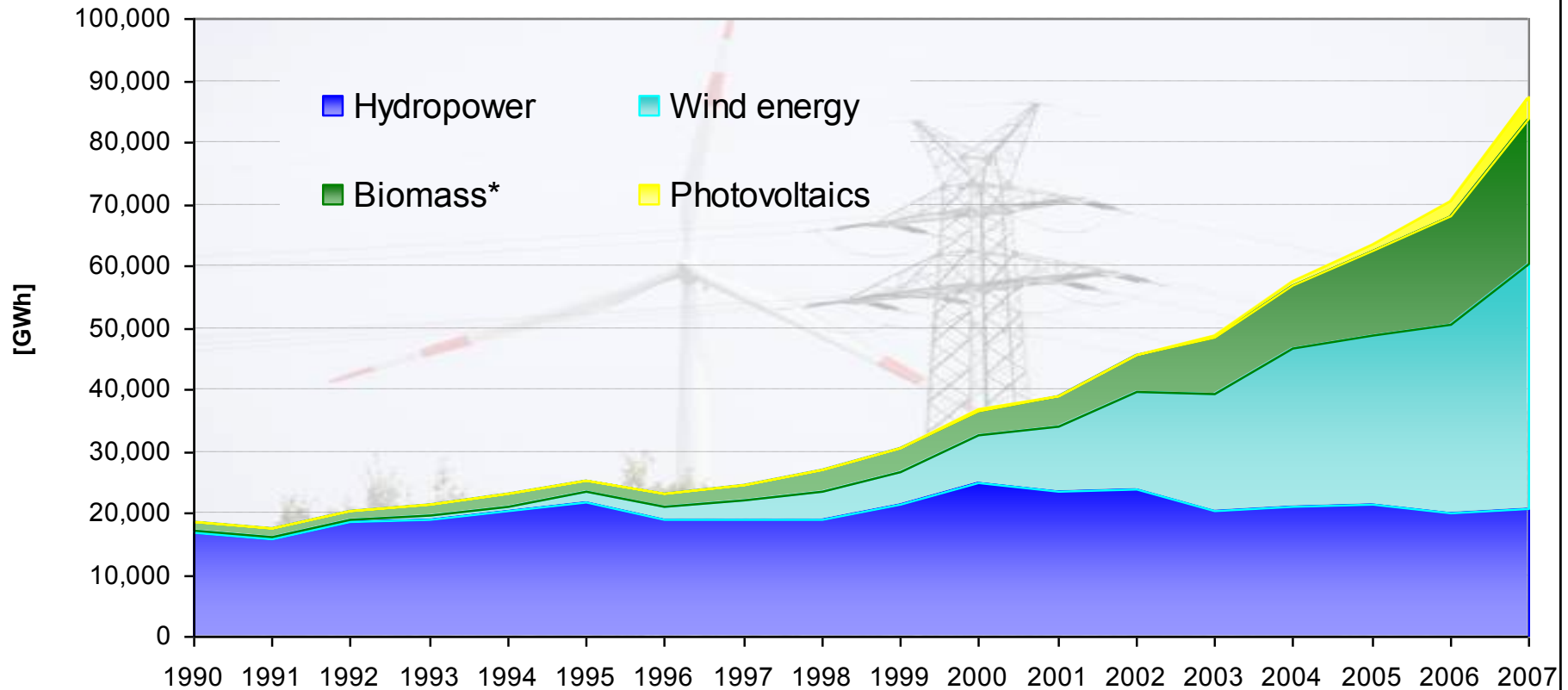
Note: Excludes large hydropower

## Employees in the German renewable energy sector 2004, 2006 and 2007



Source: BMU Projekt "Kurz- und langfristige Auswirkungen des Ausbaus der erneuerbaren Energien auf den deutschen Arbeitsmarkt", interim report March 2008

## Contribution of renewable energy sourced electricity generation in Germany 1990 - 2007



\* solid, liquid, gaseous biomass, biogenic share of waste, landfill and sewage gas;  
 Electricity from geothermal energy is not presented due to the low volumes of electricity  
 Source: Source: BMU according to Working Group on Renewable Energies / Statistics (AGEE-Stat)

# Cost of RE

The “Act on Granting Priority to Renewable Energy Resources” of 2000 clearly states within the preamble that “The act should put an end to any **fears of excessive financial burdens**.”

The contribution resulting from the new cost-sharing mechanism amounts to a mere **0.552 cent** \* per kWh.

Even if, as we hope, there is powerful growth in renewable energy sources, this would still only rise to **1.104 cent** \* per kWh in a few years time. That, indeed, **is a small price to pay for the development of this key sector**”



# German Act vs RSA REFIT (1)

German Act	RSA REFIT (white paper + refits)
<ul style="list-style-type: none"> <li>•Protect climate and nature</li> </ul>	<ul style="list-style-type: none"> <li>•Energy security</li> <li>•Greenhouse gas emission</li> <li>•Climate change</li> </ul>
<ul style="list-style-type: none"> <li>•Reduce <b>cost...long term effects</b></li> </ul>	<ul style="list-style-type: none"> <li>•Sustainability</li> <li>•Improvement in living standards</li> <li>•Efficient utilization of energy</li> </ul>
<ul style="list-style-type: none"> <li>•Priority to RE, shall connect</li> </ul>	<ul style="list-style-type: none"> <li>•Obligation on REPA but anomaly in s14(4) of Electricity Regulation Act (Nersa not obliged to grant license)</li> </ul>

# German Act vs RSA REFIT (2)

<b>German Act</b>	<b>RSA REFIT (white paper + refits)</b>
•Diversified buyer (closest technically suitable point of connection)	•Concentrated in REPA •ESKOM SBO •PPA onerous
•Entities > 25% state ownership not permitted to benefit	•No such provision
•Exchange of information – mandatory (8 weeks)	•No such provision

# German Act vs RSA REFIT (3)

<ul style="list-style-type: none"><li>•Minimum tariff</li></ul>	<ul style="list-style-type: none"><li>•Set tariff</li></ul>
<ul style="list-style-type: none"><li>•Nationwide equalization scheme / mechanism</li></ul>	<ul style="list-style-type: none"><li>•No such provision</li><li>•Merely states that costs to be borne by all Eskom customers</li></ul>
<ul style="list-style-type: none"><li>•Rewards efficiency in output (i.e. where wind exceeds reference yield)</li></ul>	<ul style="list-style-type: none"><li>•Does not reward efficiency</li></ul>
<ul style="list-style-type: none"><li>•Exchange of information – mandatory (8 weeks)</li></ul>	<ul style="list-style-type: none"><li>•No such provision</li></ul>

# **BIG** Concern – Tender for REFIT

“Under a tendering system, potential renewable energy developers bid either for power purchase agreements, or for access to a renewable energy fund, on a competitive basis.

***Tendering systems tend to favor established businesses and can allow existing companies to keep potential competitors out of the market by bidding low on projects, regardless of whether or not the company has any intention or ability to actually build the renewable energy project”***

# Conclusion

1. Fill the policy vacuum with an Act of Government;
2. NERSA not to generate policy;
3. Diversify the buyer
4. Entities containing > 25% state ownership excluded;
5. Mandatory disclosure of information;
6. Mandatory connection of RE to grid, even if grid requires upgrade;
7. Minimum tariffs.

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7. The AMEU (National and KZN and Western Cape  
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8. NERSA; and
9. ESKOM.

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