

Vote 26

Energy

Adjusted budget summary

2016/17				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	7 545 171	7 550 556	-	5 385
of which:				
Current payments	738 963	714 502	(24 461)	-
Transfers and subsidies	6 802 113	6 831 959	-	29 846
Payments for capital assets	4 095	4 095	-	-
Executive authority	Minister of Energy			
Accounting officer	Director-General of Energy			
Website address	www.energy.gov.za			

Vote purpose

Formulate energy policies, regulatory frameworks and legislation, and oversee their implementation to ensure energy security, the promotion of environmentally friendly energy carriers, and access to affordable and reliable energy for all South Africans.

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2016/17 as published in the 2016 ENE	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
Number of new petroleum retail site inspections per year	Petroleum and Petroleum Products Regulation	Outcome 6: An efficient, competitive and responsive economic infrastructure network	1 500	800	-
Number of additional households electrified per year ¹	Electrification and Energy Programme and Project Management	Outcome 9: A responsive, accountable, effective and efficient developmental local government system	240 000	112 104	-
Number of new bulk substations built per year ¹	Electrification and Energy Programme and Project Management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	3	0	-
Number of additional substations upgraded per year ¹	Electrification and Energy Programme and Project Management		3	1	-
Kilometres of new medium voltage power lines constructed per year ¹	Electrification and Energy Programme and Project Management		90 km	28	-
Kilometres of existing medium voltage power lines upgraded per year ¹	Electrification and Energy Programme and Project Management		90 km	0	-
Number of non-grid connections per year ¹	Electrification and Energy Programme and Project Management	Outcome 9: A responsive, accountable, effective and efficient developmental local government system	20 000	1 359	-
Number of new operational integrated energy centres established per year	Electrification and Energy Programme and Project Management	Departmental mandate	1	1	-
Number of terawatt hours (TWh) of energy savings realised and verified from energy efficiency and demand side management projects per year	Clean Energy	Outcome 10: Protect and enhance our environmental assets and natural resources	0.5 TWh	0	-
Number of solar water heating units installed in residential and commercial sectors per year	Clean Energy		38 375	0	-

1. As at 31 August 2016.

Mid-year progress

As at 31 August 2016, 112 104 households were connected to the grid and 1 359 households were provided with non-grid connections to electricity. The number of connections is expected to increase significantly in the second half of the financial year after the confirmation and verification of completed projects from the different spheres of government, and further still in the third quarter of 2016/17. No new substations have been completed due to administrative constraints and the delayed finalisation of environmental impact assessment processes, while one substation was upgraded. While some of the projects regarding the construction or upgrading of power lines are on schedule, most are experiencing delays due to the slow delivery of materials.

The establishment of the Thulamela integrated energy centre in Limpopo has been concluded, and the centre is now operational. The Qamata centre in Eastern Cape is currently under construction while the Bushbuckridge centre in Mpumalanga has been delayed, with construction expected to begin in the third quarter of 2016/17.

Whilst no solar water heater units have been installed, 18 100 units have been manufactured. The installation of delivered units is planned to begin in the third quarter of 2016/17.

No adjustments have been made to annual targets as it is expected that these will be met by year-end.

Adjusted Estimates of National Expenditure 2016

Programme	2016/17							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration	240 137	-	-	4 685	-	-	4 685	244 822
Energy Policy and Planning	46 748	-	-	(3 230)	-	-	(3 230)	43 518
Petroleum and Petroleum Products Regulation	77 871	-	-	(343)	-	-	(343)	77 528
Electrification and Energy Programme and Project Management	5 699 907	5 385	-	(137)	-	-	5 248	5 705 155
Nuclear Energy	863 575	-	-	16 566	-	-	16 566	880 141
Clean Energy	616 933	-	-	(17 541)	-	-	(17 541)	599 392
Total	7 545 171	5 385	-	-	-	-	5 385	7 550 556
Economic classification								
Current payments	738 963	-	-	(24 461)	-	-	(24 461)	714 502
Compensation of employees	310 797	-	-	7 500	-	-	7 500	318 297
Goods and services	428 166	-	-	(31 961)	-	-	(31 961)	396 205
Transfers and subsidies	6 802 113	5 385	-	24 461	-	-	29 846	6 831 959
Provinces and municipalities	2 131 871	-	-	-	-	-	-	2 131 871
Departmental agencies and accounts	38 246	-	-	24 300	-	-	24 300	62 546
Foreign governments and international organisations	17 375	-	-	-	-	-	-	17 375
Public corporations and private enterprises	4 612 422	5 385	-	-	-	-	5 385	4 617 807
Households	2 199	-	-	161	-	-	161	2 360
Payments for capital assets	4 095	-	-	-	-	-	-	4 095
Machinery and equipment	4 095	-	-	-	-	-	-	4 095
Total	7 545 171	5 385	-	-	-	-	5 385	7 550 556

Programme 1: Administration

Subprogramme	2016/17							Total adjustments appropriation	Adjusted appropriation
	Main appropriation	Adjustments appropriation							
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Ministry	27 045	–	–	2 602	–	–	2 602	29 647	
Departmental Management	52 273	–	–	3 952	–	–	3 952	56 225	
Finance Administration	34 389	–	–	(179)	–	–	(179)	34 210	
Audit Services	7 845	–	–	(68)	–	–	(68)	7 777	
Corporate Services	86 524	–	–	370	–	–	370	86 894	
Office Accommodation	32 061	–	–	(1 992)	–	–	(1 992)	30 069	
Total	240 137	–	–	4 685	–	–	4 685	244 822	
Economic classification									
Current payments	232 858	–	–	4 685	–	–	4 685	237 543	
Compensation of employees	136 792	–	–	7 500	–	–	7 500	144 292	
Goods and services	96 066	–	–	(2 815)	–	–	(2 815)	93 251	
Transfers and subsidies	3 184	–	–	–	–	–	–	3 184	
Departmental agencies and accounts	985	–	–	–	–	–	–	985	
Households	2 199	–	–	–	–	–	–	2 199	
Payments for capital assets	4 095	–	–	–	–	–	–	4 095	
Machinery and equipment	4 095	–	–	–	–	–	–	4 095	
Total	240 137	–	–	4 685	–	–	4 685	244 822	

Programme 2: Energy Policy and Planning

Subprogramme	2016/17							Total adjustments appropriation	Adjusted appropriation
	Main appropriation	Adjustments appropriation							
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Policy Analysis and Research	2 421	–	–	(553)	–	–	(553)	1 868	
Energy Planning	24 095	–	–	(2 366)	–	–	(2 366)	21 729	
Hydrocarbon Policy	12 361	–	–	(130)	–	–	(130)	12 231	
Electricity, Energy Efficiency and Environmental Policy	7 871	–	–	(181)	–	–	(181)	7 690	
Total	46 748	–	–	(3 230)	–	–	(3 230)	43 518	
Economic classification									
Current payments	46 748	–	–	(3 230)	–	–	(3 230)	43 518	
Compensation of employees	34 769	–	–	–	–	–	–	34 769	
Goods and services	11 979	–	–	(3 230)	–	–	(3 230)	8 749	
Total	46 748	–	–	(3 230)	–	–	(3 230)	43 518	

Programme 3: Petroleum and Petroleum Products Regulation

Subprogramme	2016/17							Total adjustments appropriation	Adjusted appropriation
	Main appropriation	Adjustments appropriation							
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Petroleum Compliance, Monitoring and Enforcement	13 707	–	–	(138)	–	–	(138)	13 569	
Petroleum Licensing and Fuel Supply	24 059	–	–	(50)	–	–	(50)	24 009	
Fuel Pricing	7 547	–	–	(62)	–	–	(62)	7 485	
Regional Petroleum Regulation Offices	32 558	–	–	(93)	–	–	(93)	32 465	
Total	77 871	–	–	(343)	–	–	(343)	77 528	
Economic classification									
Current payments	77 871	–	–	(343)	–	–	(343)	77 528	
Compensation of employees	56 792	–	–	–	–	–	–	56 792	
Goods and services	21 079	–	–	(343)	–	–	(343)	20 736	
Total	77 871	–	–	(343)	–	–	(343)	77 528	

Programme 4: Electrification and Energy Programme and Project Management

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Integrated National Electrification Programme	5 657 039	5 385	-	13	-	-	5 398	5 662 437
Energy Regional Offices Programme and Project Management Office	15 687	-	-	(9)	-	-	(9)	15 678
Electricity Infrastructure/Industry Transformation	11 532	-	-	(2 563)	-	-	(2 563)	8 969
Community Upliftment Programmes and Projects	9 727	-	-	2 457	-	-	2 457	12 184
	5 922	-	-	(35)	-	-	(35)	5 887
Total	5 699 907	5 385	-	(137)	-	-	5 248	5 705 155
Economic classification								
Current payments	60 903	-	-	(137)	-	-	(137)	60 766
Compensation of employees	45 749	-	-	-	-	-	-	45 749
Goods and services	15 154	-	-	(137)	-	-	(137)	15 017
Transfers and subsidies	5 639 004	5 385	-	-	-	-	5 385	5 644 389
Provinces and municipalities	1 946 246	-	-	-	-	-	-	1 946 246
Public corporations and private enterprises	3 692 758	5 385	-	-	-	-	5 385	3 698 143
Total	5 699 907	5 385	-	(137)	-	-	5 248	5 705 155

Programme 5: Nuclear Energy

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Nuclear Safety and Technology	651 669	-	-	214 238	-	-	214 238	865 907
Nuclear Non-proliferation and Radiation Security	8 314	-	-	(10)	-	-	(10)	8 304
Nuclear Policy	203 592	-	-	(197 662)	-	-	(197 662)	5 930
Total	863 575	-	-	16 566	-	-	16 566	880 141
Economic classification								
Current payments	230 226	-	-	(7 895)	-	-	(7 895)	222 331
Compensation of employees	19 429	-	-	-	-	-	-	19 429
Goods and services	210 797	-	-	(7 895)	-	-	(7 895)	202 902
Transfers and subsidies	633 349	-	-	24 461	-	-	24 461	657 810
Departmental agencies and accounts	16 636	-	-	24 300	-	-	24 300	40 936
Foreign governments and international organisations	17 375	-	-	-	-	-	-	17 375
Public corporations and private enterprises	599 338	-	-	-	-	-	-	599 338
Households	-	-	-	161	-	-	161	161
Total	863 575	-	-	16 566	-	-	16 566	880 141

Programme 6: Clean Energy

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Energy Efficiency	581 964	-	-	(17 436)	-	-	(17 436)	564 528
Renewable Energy	27 144	-	-	(89)	-	-	(89)	27 055
Climate Change and Designated National Authority	7 825	-	-	(16)	-	-	(16)	7 809
Total	616 933	-	-	(17 541)	-	-	(17 541)	599 392

Programme 6: Clean Energy (continued)

Economic classification	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Current payments	90 357	-	-	(17 541)	-	-	(17 541)	72 816
Compensation of employees	17 266	-	-	-	-	-	-	17 266
Goods and services	73 091	-	-	(17 541)	-	-	(17 541)	55 550
Transfers and subsidies	526 576	-	-	-	-	-	-	526 576
Provinces and municipalities	185 625	-	-	-	-	-	-	185 625
Departmental agencies and accounts	20 625	-	-	-	-	-	-	20 625
Public corporations and private enterprises	320 326	-	-	-	-	-	-	320 326
Total	616 933	-	-	(17 541)	-	-	(17 541)	599 392

Details of adjustments to the Estimates of National Expenditure 2016**Roll-overs – R5.385 million**

Programme 4: Electrification and Energy Programme and Project Management

R5.385 million has been rolled over for payments to non-grid service providers to finalise non-grid electricity connections to households.

Virements and shifts within votes**Programmes**

- Administration
- Energy Policy and Planning
- Petroleum and Petroleum Products Regulation
- Electrification and Energy Programme and Project Management
- Nuclear Energy
- Clean Energy

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(3 012)	Programme 5		3 012
Goods and services	Reclassification of funds incorrectly classified in the 2016 ENE	(3 012)	Goods and services	Reclassification of funds incorrectly classified in the 2016 ENE	3 012
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		1.3%			
Programme 2		(3 230)	Programme 1		3 041
Goods and services	Reallocation of funds from various stationery items and office supplies	(41)	Goods and services	Centralisation of procurement of newspapers	41
	Reallocation of funds from various items	(3 000)	Compensation of employees	Correction of previous under budgeting ²	3 000
	Reclassification of funds incorrectly classified in the 2016 ENE	(189)	Programme 5		189
			Goods and services	Reclassification of funds incorrectly classified in the 2016 ENE	189
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		6.9%			

2016 Adjusted Estimates of National Expenditure

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 3		(343)	Programme 1		9
Goods and services	Reallocation of funds from stationery items and office supplies	(9)	Goods and services	Centralisation of procurement of newspapers	9
	Reclassification of funds incorrectly classified in the 2016 ENE	(334)	Programme 5		334
			Goods and services	Reclassification of funds incorrectly classified in the 2016 ENE	334
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.4%			
Programme 4		(137)	Programme 1		24
Goods and services	Reallocation of funds from stationery items and office supplies	(24)	Goods and services	Centralisation of procurement of newspapers	24
	Reclassification of funds incorrectly classified in the 2016 ENE	(113)	Programme 5		113
			Goods and services	Reclassification of funds incorrectly classified in the 2016 ENE	113
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 5		(12 338)	Programme 1		27
Goods and services	Reallocation of funds from stationery items and office supplies	(27)	Goods and services	Centralisation of procurement of newspapers	27
	Reallocation of funds from business and advisory services and consultants	(12 150)	Programme 5		12 311
			Departmental agencies and accounts	Transfer payment to the National Nuclear Regulator for the assessment of Eskom's licence application for the nuclear installation site ¹	12 150
	Reallocation of funds from various non-core items	(161)	Households	Scholarships for non-employees	161
Shifts within the programme as a percentage of the programme budget		1.4%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 6		(17 541)	Programme 1		4 596
Goods and services	Reallocation of funds from stationery items and office supplies	(96)	Goods and services	Centralisation of procurement of newspapers	96
	Reallocation of funds from various items	(4 500)	Compensation of employees	Correction of previous under budgeting ²	4 500
	Reclassification of funds incorrectly classified in the 2016 ENE	(795)	Programme 5		12 945
			Goods and services	Reclassification of funds incorrectly classified in the 2016 ENE	795
	Reallocation of funds from business and advisory services, and consultants	(12 150)	Departmental agencies and accounts	Transfer payment to the National Nuclear Regulator for the assessment of Eskom's nuclear installation site licence application ¹	12 150
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		2.8%			
Total		(36 601)			36 601

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement in terms of the Public Finance Management Act, (Act 1 of 1999).

Gifts, donations and sponsorships – R161 000

Programme 5: Nuclear Energy

The department will make a donation of R161 000 to sponsor travel and related expenditure for a two-year scholarship for a master's degree programme at the Korea Electric Power Corporation International Nuclear Graduate School in South Korea. The university has provided a scholarship covering institution fees,

accommodation and meals for the student, while the department is responsible for financial assistance relating to travelling expenses, a monthly stipend payable to the scholar, and annual health insurance. The programme began in February 2016 and will end in December 2017.

Expenditure outcome for 2015/16 and actual expenditure for 2016/17

Programme	2015/16					2016/17			
	Audited outcome					Actual expenditure			
R thousand	Adjusted appropriation	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation
Administration	246 598	130 563	52.9	277 767	112.6	244 822	3.2	143 657	58.7
Energy Policy and Planning	44 096	17 503	39.7	38 095	86.4	43 518	0.6	18 467	42.4
Petroleum and Petroleum Products Regulation	73 378	33 294	45.4	68 958	94.0	77 528	1.0	39 496	50.9
Electrification and Energy Programme and Project Management	5 813 822	3 699 637	63.6	5 820 485	100.1	5 705 155	75.6	3 713 977	65.1
Nuclear Energy	653 898	579 207	88.6	655 029	100.2	880 141	11.7	663 354	75.4
Clean Energy	435 827	89 487	20.5	281 783	64.7	599 392	7.9	88 056	14.7
Total	7 267 619	4 549 691	62.6	7 142 117	98.3	7 550 556	100.0	4 667 008	61.8
Economic classification									
Current payments	508 769	230 146	45.2	509 310	100.1	714 502	9.5	318 735	44.6
Compensation of employees	289 479	143 668	49.6	296 011	102.3	318 297	4.2	159 533	50.1
Goods and services	219 290	86 478	39.4	213 299	97.3	396 205	5.2	159 202	40.2
Transfers and subsidies	6 754 843	4 317 189	63.9	6 628 378	98.1	6 831 959	90.5	4 346 219	63.6
Provinces and municipalities	2 158 239	1 183 264	54.8	2 158 239	100.0	2 131 871	28.2	1 031 246	48.4
Departmental agencies and accounts	87 140	48 600	55.8	87 140	100.0	62 546	0.8	36 008	57.6
Foreign governments and international organisations	19 612	457	2.3	29 563	150.7	17 375	0.2	2 722	15.7
Public corporations and private enterprises	4 489 464	3 082 321	68.7	4 349 780	96.9	4 617 807	61.2	3 275 474	70.9
Households	388	2 547	656.4	3 656	942.3	2 360	-	769	32.6
Payments for capital assets	4 007	2 351	58.7	4 424	110.4	4 095	0.1	2 027	49.5
Machinery and equipment	4 007	2 351	58.7	4 424	110.4	4 095	0.1	2 027	49.5
Payments for financial assets	-	5	-	5	-	-	-	27	-
Total	7 267 619	4 549 691	62.6	7 142 117	98.3	7 550 556	100.0	4 667 008	61.8

Expenditure trends for the first six months of 2016/17

Total expenditure in 2015/16 was 98.3 per cent of the 2015/16 adjusted appropriation. Expenditure in the first six months of 2016/17 was R4.7 billion, or 61.8 per cent of the adjusted appropriation of R7.6 billion for the year. In comparison, mid-year expenditure in 2015/16 was R4.5 billion, or 62.6 per cent of the 2015/16 adjusted appropriation. Compared to the first six months of 2015/16, expenditure over the same period in 2016/17 increased by R117.3 million, or 2.6 per cent. This was mainly due to higher expenditure for computer services and consultants for the nuclear new build programme, compensation of employees spending, operating leases relating to the relocation of regional offices, and higher transfers to Eskom for the integrated national electrification programme due to a higher budget.

Departmental receipts

R thousand	2015/16					2016/17				
	Adjusted estimate	Audited outcome				Actual receipts				
		Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate
Departmental receipts	3 950	2 608	66.0	805 987	20 404.7	4 840	5 975	100.0	3 546	59.3
Sales of goods and services produced by department	2 849	1 633	57.3	3 885	136.4	3 353	3 820	63.9	1 927	50.4
Sales of scrap, waste, arms and other used current goods	2	-	-	-	-	2	-	-	-	-
Transfers received	513	513	100.0	1 059	206.4	1 000	1 750	29.3	1 330	76.0
Interest, dividends and rent on land	28	19	67.9	489	1 746.4	29	130	2.2	65	50.0
Sales of capital assets	111	111	100.0	111	100.0	-	-	-	-	-
Transactions in financial assets and liabilities	447	332	74.3	800 443	179 070.0	456	275	4.6	224	81.5
Total	3 950	2 608	66.0	805 987	20 404.7	4 840	5 975	100.0	3 546	59.3

Revenue trends for the first six months of 2016/17

Revenue in the first six months of 2016/17 was R3.5 million, or 59.3 per cent of the adjusted revenue estimate of R6 million for the year. In comparison, mid-year revenue in 2015/16 was R2.6 million, or 66 per cent of the 2015/16 adjusted estimate. Compared to the first six months of 2015/16, revenue over the same period in 2016/17 increased by R938 000, or 36 per cent. This was mainly due to higher petroleum licence fees collected (including overdue fees), as well as revenue received from various affiliated energy sector education and training authorities for training purposes.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

R thousand	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Electrification and Energy Programme and Project Management								
Public corporations and private enterprises								
Private enterprises								
Subsidies on production or products								
Capital	166 424	5 385	-	-	-	-	5 385	171 809
Integrated national electrification programme	166 424	5 385	-	-	-	-	5 385	171 809
Nuclear Energy								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	16 238	-	-	24 300	-	-	24 300	40 538
National Nuclear Regulator	16 238	-	-	24 300	-	-	24 300	40 538
Households								
Other transfers to households								
Current	-	-	-	161	-	-	161	161
Households: Bursaries (non-employees)	-	-	-	161	-	-	161	161