

Vote 29

Energy

Adjusted budget summary

R thousand	2011/12			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	6 089 902	6 200 909	-	111 007
<i>of which:</i>				
Current payments	297 188	366 771	-	69 583
Transfers and subsidies	5 784 884	5 826 267	-	41 383
Payments for capital assets	7 830	7 871	-	41
Executive authority	Minister of Energy			
Accounting officer	Director-General of Energy			
Website address	www.energy.gov.za			

Aim

Formulate overall energy policies and oversee their implementation to ensure access to affordable and reliable energy for all South Africans. Promote environmentally friendly energy carriers.

Mid-year performance status

Indicator	Programme	Annual performance		
		Projected for 2011/12 as published in the 2011 ENE	Achieved in the first six months of 2011/12 (April to September)	Changed estimate for 2011/12
As published in the 2011 ENE	Programme linked to the indicator			
Number of new petroleum retail site inspections per year	Energy Regulation	1 500	699	
Number of additional petroleum licence applications approved per year	Energy Regulation	1 200	922	
Number of new operational integrated energy centres established per year	Energy Policy and Planning	2	0	
Number of additional households electrified per year	National Electrification Programme	180 000	36 775	
Number of new bulk substations built per year	National Electrification Programme	6	0	7
Number of additional substations upgraded per year	National Electrification Programme	10	0	3
Kilometres of new medium voltage power lines constructed per year	National Electrification Programme	350km	0	
Kilometres of existing medium voltage power lines upgraded per year	National Electrification Programme	200km	0	
Number of additional temporary jobs created per year	National Electrification Programme	4 500	521	
Number of additional full time jobs created per year	National Electrification Programme	500	104	
Number of learners working on electrification projects per year	National Electrification Programme	800	13	
Value of expenditure on BEE and SMMEs per year	Energy Regulation	R933 m	R18 m	
Number of new renewable energy projects subsidised per year	Energy Regulation	3	0	
Number of new green certificates issued per year	Energy Regulation	5	0	0
Megawatt reduction in electricity demand per year	Energy Regulation	100MW	0	

Changes to indicators and targets published in the 2011 ENE

To date, the number of new bulk substations built and upgraded per year is zero. No bulk substations have been completed and they will only be finalised in the second half of 2011/12. The department has made

adjustments to estimates, and has committed to the delivery of 10 substations in 2011/12, 7 of which will be new built stations and 3 upgraded.

No new green certificates were issued in the first half of 2011/12 due to a decision to put the programme of formalising trading of green certificates on hold. The decision was informed, among others, by the finding that it is not feasible at this stage to invest in the green energy trading system because of the low volumes of renewable energy in the country. This decision will be revisited once the deployment of renewable energy has been accelerated.

Mid-year progress

In 2009, the National Energy Regulator of South Africa introduced the renewable energy feed-in tariff that provides a clear regulatory framework to incentivise renewable energy deployment. This framework will enable government to achieve the short term target of 10 000 GWh of renewable energy by 2013 and sustain growth beyond the target. A 20-year power purchase agreement with guaranteed tariffs will be awarded to qualifying project developers. The performance of the renewable energy subsidy scheme has been negatively affected by this development, and the spending has since declined from 100 per cent disbursement in 2008/09 to 53 per cent in 2009/10. Renewable Energy and Finance Subsidy Office capital subsidies and the renewable energy feed-in tariff cannot operate concurrently because project developers can be over incentivised, leading to excessive profits at the expense of consumers and taxpayers. To prevent this situation, it is proposed that the renewable energy subsidy scheme be adapted to complement the renewable energy feed-in tariff. This means that the mandate has to be changed so that the subsidy scheme should no longer provide capital subsidies for the construction of renewable energy generation plants.

The number of learners working on electrification projects per year is significantly low for the first half of 2011/12, due to the revision in the expected budget. The committed number of intake for the current financial year had to be substantially reduced.

Progress on the number of new operational integrated energy centres established per year is slower than projected for 2011/12. Construction of the Ulundi integrated energy centre in KwaZulu-Natal has started and the development of the Mbizana integrated energy centre in Eastern Cape will be fast-tracked.

Adjusted Estimates of National Expenditure 2011

Programme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Other adjustments			
R thousand							
Administration	167 471	–	–	7 270	1 599	8 869	176 340
Energy Policy and Planning	1 546 958	1 500	–	(3 750)	–	(2 250)	1 544 708
Energy Regulation	554 697	21 254	–	(2 520)	–	18 734	573 431
National Electrification Programme	3 207 555	57 000	–	–	–	57 000	3 264 555
Nuclear Energy and Regulation	613 221	8 462	21 192	(1 000)	–	28 654	641 875
Total	6 089 902	88 216	21 192	–	1 599	111 007	6 200 909
Economic classification							
Current payments	297 188	68 025	–	(41)	1 599	69 583	366 771
Compensation of employees	181 718	–	–	–	1 599	1 599	183 317
Goods and services	115 470	68 025	–	(41)	–	67 984	183 454
Transfers and subsidies	5 784 884	20 191	21 192	–	–	41 383	5 826 267
Provinces and municipalities	1 376 612	–	–	–	–	–	1 376 612
Departmental agencies and accounts	46 096	–	21 192	–	–	21 192	67 288
Public corporations and private enterprises	4 361 827	20 191	–	–	–	20 191	4 382 018
Households	349	–	–	–	–	–	349
Payments for capital assets	7 830	–	–	41	–	41	7 871
Machinery and equipment	7 830	–	–	41	–	41	7 871
Total	6 089 902	88 216	21 192	–	1 599	111 007	6 200 909

Programme 1: Administration

Subprogramme		2011/12					
		Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Ministry	21 469	-	-	80	-	80	21 549
Management	28 853	-	-	(137)	-	(137)	28 716
Audit Services	2 886	-	-	-	-	-	2 886
Corporate Services	44 719	-	-	1 032	1 599	2 631	47 350
Financial Management	62 020	-	-	6 295	-	6 295	68 315
Office Accommodation	7 524	-	-	-	-	-	7 524
Total	167 471	-	-	7 270	1 599	8 869	176 340
Economic classification							
Current payments	159 292	-	-	7 229	1 599	8 828	168 120
Compensation of employees	81 712	-	-	-	1 599	1 599	83 311
Goods and services	77 580	-	-	7 229	-	7 229	84 809
Transfers and subsidies	349	-	-	-	-	-	349
Households	349	-	-	-	-	-	349
Payments for capital assets	7 830	-	-	41	-	41	7 871
Machinery and equipment	7 830	-	-	41	-	41	7 871
Total	167 471	-	-	7 270	1 599	8 869	176 340

Programme 2: Energy Policy and Planning

Subprogramme		2011/12					
		Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Electricity Policy	13 619	1 500	-	(250)	-	1 250	14 869
Hydrocarbons Policy	1 510 644	-	-	3 300	-	3 300	1 513 944
Nuclear Policy	2 067	-	-	-	-	-	2 067
Energy Planning and Research	20 628	-	-	(6 800)	-	(6 800)	13 828
Total	1 546 958	1 500	-	(3 750)	-	(2 250)	1 544 708
Economic classification							
Current payments	46 958	1 500	-	(3 750)	-	(2 250)	44 708
Compensation of employees	30 355	-	-	-	-	-	30 355
Goods and services	16 603	1 500	-	(3 750)	-	(2 250)	14 353
Transfers and subsidies	1 500 000	-	-	-	-	-	1 500 000
Public corporations and private enterprises	1 500 000	-	-	-	-	-	1 500 000
Total	1 546 958	1 500	-	(3 750)	-	(2 250)	1 544 708

Programme 3: Energy Regulation

Subprogramme		2011/12					
		Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Petroleum Licensing and Monitoring	33 199	1 063	-	(681)	-	382	33 581
Hydrocarbons Operations	9 101	-	-	-	-	-	9 101
Clean Energy	480 539	20 191	-	(1 839)	-	18 352	498 891
Public Entity Oversight	31 858	-	-	-	-	-	31 858
Total	554 697	21 254	-	(2 520)	-	18 734	573 431

Programme 3: Energy Regulation (continued)

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Economic classification							
Current payments	57 719	1 063	-	(2 520)	-	(1 457)	56 262
Compensation of employees	47 232	-	-	-	-	-	47 232
Goods and services	10 487	1 063	-	(2 520)	-	(1 457)	9 030
Transfers and subsidies	496 978	20 191	-	-	-	20 191	517 169
Provinces and municipalities	280 000	-	-	-	-	-	280 000
Departmental agencies and accounts	31 858	-	-	-	-	-	31 858
Public corporations and private enterprises	185 120	20 191	-	-	-	20 191	205 311
Total	554 697	21 254	-	(2 520)	-	18 734	573 431

Programme 4: National Electrification Programme

Subprogramme	2011/12						
	R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation
Roll-overs			Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Economic classification							
Business Planning	302 270	57 000	-	-	-	57 000	359 270
Grant Management and Monitoring	2 905 285	-	-	-	-	-	2 905 285
Total	3 207 555	57 000	-	-	-	57 000	3 264 555
Current payments	20 270	57 000	-	-	-	57 000	77 270
Compensation of employees	14 965	-	-	-	-	-	14 965
Goods and services	5 305	57 000	-	-	-	57 000	62 305
Transfers and subsidies	3 187 285	-	-	-	-	-	3 187 285
Provinces and municipalities	1 096 612	-	-	-	-	-	1 096 612
Public corporations and private enterprises	2 090 673	-	-	-	-	-	2 090 673
Total	3 207 555	57 000	-	-	-	57 000	3 264 555

Programme 5: Nuclear Energy and Regulation

Subprogramme	2011/12						
	R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation
Roll-overs			Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Economic classification							
Nuclear Safety and Regulation	9 822	8 462	-	(1 000)	-	7 462	17 284
Nuclear Non-proliferation and Radiation Security	3 127	-	-	-	-	-	3 127
Public Entity Oversight	600 272	-	21 192	-	-	21 192	621 464
Total	613 221	8 462	21 192	(1 000)	-	28 654	641 875
Current payments	12 949	8 462	-	(1 000)	-	7 462	20 411
Compensation of employees	7 454	-	-	-	-	-	7 454
Goods and services	5 495	8 462	-	(1 000)	-	7 462	12 957
Transfers and subsidies	600 272	-	21 192	-	-	21 192	621 464
Departmental agencies and accounts	14 238	-	21 192	-	-	21 192	35 430
Public corporations and private enterprises	586 034	-	-	-	-	-	586 034
Total	613 221	8 462	21 192	(1 000)	-	28 654	641 875

Details of adjustments to Estimates of National Expenditure 2011

Roll-overs – R88.216 million

Programme 2: Energy Policy and Planning

R1.500 million has been rolled over for the South African Social Attitudes survey conducted by the electrification policy development and management directorate in collaboration with the Human Sciences Research Council. The costs for the survey will cover data collection and analysis, and a final report on energy related issues.

Programme 3: Energy Regulation

Funds have been rolled over as follows:

- R1.063 million for auditing the compliance of oil companies to the Charter for the South African Petroleum and Liquid Fuels Industry and the empowerment framework project
- R20.191 million to fund the feasibility studies of two renewable energy finance and subsidy office projects (R18.1 million for the proposed 5 000 MW solar park in Upington and R2 million for the Vaal Dam hydro project).

Programme 4: National Electrification Programme

R57 million has been rolled over for the installation of solar water heaters by non-grid service providers.

Programme 5: Nuclear Energy and Regulation

R8.462 million has been rolled over for the payment of membership fees to the International Atomic Energy Agency for 2011/12.

Unforeseeable and unavoidable expenditure – R21.192 million

Programme 5: Nuclear Energy and Regulation

An additional R21.192 million has been allocated for the National Nuclear Regulator's operational expenditure. The funds will be used for compensating the additional employees of the regulator, who were retained after the closure of the Pebble Bed Modular Reactor.

Virements and shifts

Programmes

1. Administration
2. Energy Policy and Planning
3. Energy Regulation
4. National Electrification Programme
5. Nuclear Energy and Regulation

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(41)	Programme 1		41
Goods and services	Underspending mainly in travel and subsistence, and communication	(41)	Machinery and equipment	Computer equipment for new appointments and audio-visual equipment for security purposes	41
Percentage of programme budget		0.0%			
Programme 2		(3 750)	Programme 1		3 750
Goods and services	Underspending mainly in travel and subsistence, and communication	(3 750)	Goods and services	To fund outstanding payments relating to the National Electricity Response Team	3 750
Percentage of programme budget		0.2%			

2011 Adjusted Estimates of National Expenditure

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 3		(2 520)	Programme 1		2 520
Goods and services	Underspending: The revised scope for the development of the integrated energy planning model necessitated more detailed and thorough analysis, causing a delay in the development of the model	(2 520)	Goods and services	To fund outstanding payments relating to the National Electricity Response Team	2 520
Percentage of programme budget		0.5%			
Programme 5		(1 000)	Programme 1		1 000
Goods and services	Underspending mainly in travel and subsistence, and communication	(1 000)	Goods and services	To fund outstanding payments relating to the National Electricity Response Team	1 000
Percentage of programme budget		0.2%			
Total		(7 311)	7 311		

Other adjustments – R1.599 million

Adjustments due to significant and unforeseeable economic and financial events

Programme 1: Administration

An additional R1.599 million has been allocated for higher personnel remuneration increases than the main budget provided for.

Expenditure for 2010/11 and preliminary expenditure for 2011/12

Programme	2010/11 Expenditure outcome				2011/12 Preliminary expenditure			
	Adjusted appropriation	Apr 10 - Sep 10	% of adjusted appropriation	Apr 10 - Mar 11	% of adjusted appropriation	Adjusted appropriation	Apr 11 - Sep 11	% of adjusted appropriation
R thousand								
Administration	127 506	45 143	35.4	121 597	95.4	176 340	104 514	59.3
Energy Policy and Planning	1 531 521	387 325	25.3	1 528 451	99.8	1 544 708	390 922	25.3
Energy Regulation	506 709	59 116	11.7	474 132	93.6	573 431	55 054	9.6
National Electrification Programme	2 882 678	1 055 767	36.6	2 781 524	96.5	3 264 555	1 760 276	53.9
Nuclear Energy and Regulation	600 250	541 914	90.3	599 682	99.9	641 875	577 146	89.9
Total	5 648 664	2 089 265	37.0	5 505 386	97.5	6 200 909	2 887 912	46.6
Economic classification								
Current payments	248 761	98 202	39.5	233 861	94.0	366 771	166 556	45.4
Compensation of employees	143 256	64 353	44.9	142 826	99.7	183 317	90 861	49.6
Goods and services	105 505	33 849	32.1	91 035	86.3	183 454	75 695	41.3
Transfers and subsidies	5 394 689	1 990 153	36.9	5 266 205	97.7	5 826 267	2 719 099	46.7
Provinces and municipalities	3 193 014	262 410	8.2	1 253 382	39.3	1 376 612	486 959	35.4
Departmental agencies and accounts	86 536	40 798	47.1	81 536	94.2	67 288	17 169	25.5
Public corporations and private enterprises	2 114 788	1 686 909	79.8	3 933 209	186.0	4 382 018	2 214 938	50.5
Households	351	36	10.3	78	22.2	349	33	9.5
Payments for capital assets	5 214	910	17.5	3 320	63.7	7 871	2 257	28.7
Machinery and equipment	5 195	910	17.5	3 320	63.9	7 871	2 257	28.7
Software and other intangible assets	19	–	0.0	–	0.0	–	–	0.0
Total	5 648 664	2 089 265	37.0	5 505 386	97.5	6 200 909	2 887 912	46.6

Main expenditure trends for the first half of 2011/12

Total expenditure for 2010/11 was 97.5 per cent of the 2010/11 adjusted appropriation. Expenditure in the first six months of 2011/12 was R2.888 billion or 46.6 percent of the adjusted appropriation of R6.201 billion for the year as a whole. In comparison, mid-year expenditure in 2010/11 was R2.089 billion or 37 per cent of the 2010/11 adjusted appropriation. Expenditure in the first six months of 2011/12 increased by R798.647 million or 38.2 per cent, compared to expenditure in the first six months of 2010/11.

The main expenditure increase compared to 2010/11 is due to an increase in transfer payments to Eskom relating to the integrated national electrification programme and an increase in operational expenditure under programme 1. These include payments for the accommodation lease and consultant and professional services relating to the National Energy Response Team's programme management office.

Departmental receipts

R thousand	2010/11					2011/12			
	Adjusted estimate	Audited outcome		Apr 10 - Sep 10 % of adjusted estimate		Budget estimate	Actual receipts		
		Apr 10 - Sep 10	Apr 10 - Sep 10	Apr 10 - Mar 11 % of adjusted estimate	Apr 10 - Mar 11		Apr 10 - Mar 11	Apr 10 - Sep 11 % of adjusted estimate	Apr 10 - Sep 11
Departmental receipts	3 684	1 262	34.3	3 920	106.4	3 867	3 867	1 279	33.1
Sales of goods and services produced by department	3 684	1 180	32.0	3 706	100.6	3 867	3 867	1 279	33.1
Interest, dividends and rent on land	-	1	-	17	-	-	-	-	-
Transactions in financial assets and liabilities	-	81	-	197	-	-	-	-	-
Total	3 684	1 262	34.3	3 920	106.4	3 867	3 867	1 279	33.1

Main departmental revenue trends for the first half of 2011/12

Departmental revenue collection in the first six months of 2011/12 was R1.279 million, or 33.1 per cent of the adjusted revenue estimate of R3.867 million for the year as a whole. In comparison, mid-year revenue collection in 2010/11 was R1.262 million or 34.3 per cent of the 2010/11 adjusted estimate. Departmental revenue collection in the first six months of 2011/12 increased by R17 000 or 1.3 per cent, compared to revenue in the first six months of 2010/11.

The main revenue increase compared to 2010/11 is due to a reduction in administrative fees collected for new petroleum licences issued and the renewal of existing annual licences.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

R thousand	Main appropriation	2011/12					Adjusted appropriation
		Adjustments appropriation				Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Energy Regulation							
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	-	20 191	-	-	-	20 191	20 191
Central Energy Fund	-	20 191	-	-	-	20 191	20 191
Nuclear Energy and Regulation							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Capital	13 768	-	21 192	-	-	21 192	34 960
National Nuclear Regulator	13 768	-	21 192	-	-	21 192	34 960

