

# Vote 26

## Energy

### Adjusted budget summary

R thousand	2018/19			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>7 045 017</b>	<b>7 163 532</b>	<b>(52 500)</b>	<b>171 015</b>
<i>of which:</i>				
Current payments	612 823	783 088	–	170 265
Transfers and subsidies	6 427 655	6 375 155	(52 500)	–
Payments for capital assets	4 539	5 289	–	750
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	MTSF outcome	Annual performance		
			Projected for 2018/19 as published in the 2018 ENE	Achieved in the first six months of 2018/19 (April to September)	Changed target for 2018/19
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	764	–
Number of additional households electrified with grid electrification per year	Electrification and Energy Programme and Project Management	Outcome 9: Responsive, accountable, effective and efficient developmental local government	200 000	82 289	–
Number of bulk substations built per year	Electrification and Energy Programme and Project Management	Outcome 6: An efficient, competitive and responsive economic infrastructure network	2	1	–
Number of additional substations upgraded per year	Electrification and Energy Programme and Project Management		3	2	–
Kilometres of new medium voltage power lines constructed per year	Electrification and Energy Programme and Project Management		50	27.4	–
Kilometres of existing medium voltage power lines upgraded per year	Electrification and Energy Programme and Project Management		50	0	–
Number of additional households electrified with non-grid electrification per year	Electrification and Energy Programme and Project Management		Outcome 9: Responsive, accountable, effective and efficient developmental local government	20 000	728

### Mid-year progress

Although no medium voltage power lines have been reported as upgraded in the first six months of 2018/19, construction is under way. The department will report on outputs once the lines have been completed and verified.

As at 30 September 2018, only 728 households out of the targeted 20 000 were provided with non-grid electricity connections. This is expected to increase significantly in the second half of 2018/19, when the procurement process is concluded and implementation is accelerated.

## Adjusted Estimates of National Expenditure 2018

Programme	2018/19								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Administration	282 638	750	–	–	–	–	750	283 388	
Energy Policy and Planning	53 078	–	–	(3 000)	–	–	(3 000)	50 078	
Petroleum and Petroleum Products Regulation	87 132	–	–	(1 000)	–	–	(1 000)	86 132	
Electrification and Energy Programme and Project Management	5 435 400	3 241	–	(55 000)	–	–	(51 759)	5 383 641	
Nuclear Energy	816 586	–	–	59 000	–	–	59 000	875 586	
Clean Energy	370 183	114 524	–	–	–	–	114 524	484 707	
<b>Total</b>	<b>7 045 017</b>	<b>118 515</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>118 515</b>	<b>7 163 532</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>612 823</b>	<b>117 765</b>	<b>–</b>	<b>52 500</b>	<b>–</b>	<b>–</b>	<b>170 265</b>	<b>783 088</b>	
Compensation of employees	360 517	–	–	–	–	–	–	360 517	
Goods and services	252 306	117 765	–	52 500	–	–	170 265	422 571	
<b>Transfers and subsidies</b>	<b>6 427 655</b>	<b>–</b>	<b>–</b>	<b>(52 500)</b>	<b>–</b>	<b>–</b>	<b>(52 500)</b>	<b>6 375 155</b>	
Provinces and municipalities	2 119 501	–	–	–	–	–	–	2 119 501	
Departmental agencies and accounts	133 391	–	–	–	–	–	–	133 391	
Foreign governments and international organisations	27 915	–	–	–	–	–	–	27 915	
Public corporations and private enterprises	4 146 394	–	–	(52 500)	–	–	(52 500)	4 093 894	
Households	454	–	–	–	–	–	–	454	
<b>Payments for capital assets</b>	<b>4 539</b>	<b>750</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>750</b>	<b>5 289</b>	
Machinery and equipment	4 539	750	–	–	–	–	750	5 289	
<b>Total</b>	<b>7 045 017</b>	<b>118 515</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>118 515</b>	<b>7 163 532</b>	

### Programme 1: Administration

Subprogramme	2018/19								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Ministry	33 272	–	–	–	–	–	–	33 272	
Departmental Management	73 165	–	–	–	–	–	–	73 165	
Finance Administration	39 338	750	–	–	–	–	750	40 088	
Audit Services	8 454	–	–	–	–	–	–	8 454	
Corporate Services	79 232	–	–	–	–	–	–	79 232	
Office Accommodation	49 177	–	–	–	–	–	–	49 177	
<b>Total</b>	<b>282 638</b>	<b>750</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>750</b>	<b>283 388</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>276 537</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>276 537</b>	
Compensation of employees	164 202	–	–	–	–	–	–	164 202	
Goods and services	112 335	–	–	–	–	–	–	112 335	
<b>Transfers and subsidies</b>	<b>1 562</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 562</b>	
Departmental agencies and accounts	1 108	–	–	–	–	–	–	1 108	
Households	454	–	–	–	–	–	–	454	
<b>Payments for capital assets</b>	<b>4 539</b>	<b>750</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>750</b>	<b>5 289</b>	
Machinery and equipment	4 539	750	–	–	–	–	750	5 289	
<b>Total</b>	<b>282 638</b>	<b>750</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>750</b>	<b>283 388</b>	

**Programme 2: Energy Policy and Planning**

Subprogramme	2018/19							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Policy Analysis and Research	2 623	-	-	(65)	-	-	(65)	2 558
Energy Planning	25 574	-	-	(2 564)	-	-	(2 564)	23 010
Hydrocarbon Policy	15 224	-	-	-	-	-	-	15 224
Electricity, Energy Efficiency and Environmental Policy	9 657	-	-	(371)	-	-	(371)	9 286
<b>Total</b>	<b>53 078</b>	<b>-</b>	<b>-</b>	<b>(3 000)</b>	<b>-</b>	<b>-</b>	<b>(3 000)</b>	<b>50 078</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>53 078</b>	<b>-</b>	<b>-</b>	<b>(3 000)</b>	<b>-</b>	<b>-</b>	<b>(3 000)</b>	<b>50 078</b>
Compensation of employees	41 632	-	-	-	-	-	-	41 632
Goods and services	11 446	-	-	(3 000)	-	-	(3 000)	8 446
<b>Total</b>	<b>53 078</b>	<b>-</b>	<b>-</b>	<b>(3 000)</b>	<b>-</b>	<b>-</b>	<b>(3 000)</b>	<b>50 078</b>

**Programme 3: Petroleum and Petroleum Products Regulation**

Subprogramme	2018/19							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Petroleum Compliance, Monitoring and Enforcement	18 574	-	-	(1 000)	-	-	(1 000)	17 574
Petroleum Licensing and Fuel Supply	27 388	-	-	-	-	-	-	27 388
Fuel Pricing	6 169	-	-	-	-	-	-	6 169
Regional Petroleum Regulation Offices	35 001	-	-	-	-	-	-	35 001
<b>Total</b>	<b>87 132</b>	<b>-</b>	<b>-</b>	<b>(1 000)</b>	<b>-</b>	<b>-</b>	<b>(1 000)</b>	<b>86 132</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>84 254</b>	<b>-</b>	<b>-</b>	<b>(1 000)</b>	<b>-</b>	<b>-</b>	<b>(1 000)</b>	<b>83 254</b>
Compensation of employees	63 363	-	-	-	-	-	-	63 363
Goods and services	20 891	-	-	(1 000)	-	-	(1 000)	19 891
<b>Transfers and subsidies</b>	<b>2 878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 878</b>
Foreign governments and international organisations	2 878	-	-	-	-	-	-	2 878
<b>Total</b>	<b>87 132</b>	<b>-</b>	<b>-</b>	<b>(1 000)</b>	<b>-</b>	<b>-</b>	<b>(1 000)</b>	<b>86 132</b>

**Programme 4: Electrification and Energy Programme and Project Management**

Subprogramme	2018/19							
	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	5 392 463	3 241	-	(55 000)	-	-	(51 759)	5 340 704
Energy Regional Offices	18 123	-	-	-	-	-	-	18 123
Programme and Project Management Office	11 353	-	-	-	-	-	-	11 353
Electricity Infrastructure/Industry Transformation	8 140	-	-	-	-	-	-	8 140
Community Upliftment Programmes and Projects	5 321	-	-	-	-	-	-	5 321
<b>Total</b>	<b>5 435 400</b>	<b>3 241</b>	<b>-</b>	<b>(55 000)</b>	<b>-</b>	<b>-</b>	<b>(51 759)</b>	<b>5 383 641</b>

**Programme 4: Electrification and Energy Programme and Project Management (continued)**

Economic classification		2018/19						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
<b>Current payments</b>	<b>67 243</b>	<b>3 241</b>	–	<b>(2 500)</b>	–	–	<b>741</b>	<b>67 984</b>
Compensation of employees	49 620	–	–	–	–	–	–	49 620
Goods and services	17 623	3 241	–	(2 500)	–	–	741	18 364
<b>Transfers and subsidies</b>	<b>5 368 157</b>	–	–	<b>(52 500)</b>	–	–	<b>(52 500)</b>	<b>5 315 657</b>
Provinces and municipalities	1 904 477	–	–	–	–	–	–	1 904 477
Public corporations and private enterprises	3 463 680	–	–	(52 500)	–	–	(52 500)	3 411 180
<b>Total</b>	<b>5 435 400</b>	<b>3 241</b>	–	<b>(55 000)</b>	–	–	<b>(51 759)</b>	<b>5 383 641</b>

**Programme 5: Nuclear Energy**

Subprogramme		2018/19						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Nuclear Safety and Technology	796 159	–	–	59 000	–	–	59 000	855 159
Nuclear Non-proliferation and Radiation Security	9 074	–	–	–	–	–	–	9 074
Nuclear Policy	11 353	–	–	–	–	–	–	11 353
<b>Total</b>	<b>816 586</b>	–	–	<b>59 000</b>	–	–	<b>59 000</b>	<b>875 586</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>49 540</b>	–	–	<b>59 000</b>	–	–	<b>59 000</b>	<b>108 540</b>
Compensation of employees	21 794	–	–	–	–	–	–	21 794
Goods and services	27 746	–	–	59 000	–	–	59 000	86 746
<b>Transfers and subsidies</b>	<b>767 046</b>	–	–	–	–	–	–	<b>767 046</b>
Departmental agencies and accounts	62 042	–	–	–	–	–	–	62 042
Foreign governments and international organisations	22 290	–	–	–	–	–	–	22 290
Public corporations and private enterprises	682 714	–	–	–	–	–	–	682 714
<b>Total</b>	<b>816 586</b>	–	–	<b>59 000</b>	–	–	<b>59 000</b>	<b>875 586</b>

**Programme 6: Clean Energy**

Subprogramme		2018/19						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Energy Efficiency	285 720	114 524	–	–	–	–	114 524	400 244
Renewable Energy	75 796	–	–	–	–	–	–	75 796
Climate Change and Designated National Authority	8 667	–	–	–	–	–	–	8 667
<b>Total</b>	<b>370 183</b>	<b>114 524</b>	–	–	–	–	<b>114 524</b>	<b>484 707</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>82 171</b>	<b>114 524</b>	–	–	–	–	<b>114 524</b>	<b>196 695</b>
Compensation of employees	19 906	–	–	–	–	–	–	19 906
Goods and services	62 265	114 524	–	–	–	–	114 524	176 789
<b>Transfers and subsidies</b>	<b>288 012</b>	–	–	–	–	–	–	<b>288 012</b>
Provinces and municipalities	215 024	–	–	–	–	–	–	215 024
Departmental agencies and accounts	70 241	–	–	–	–	–	–	70 241
Foreign governments and international organisations	2 747	–	–	–	–	–	–	2 747
<b>Total</b>	<b>370 183</b>	<b>114 524</b>	–	–	–	–	<b>114 524</b>	<b>484 707</b>

## Details of adjustments to Estimates of National Expenditure 2018

### Roll-overs – R118.515 million

Programme 1: Administration

R750 000 has been rolled over for the finalisation of the procurement of an official vehicle.

Programme 4: Electrification and Energy Programme and Project Management

R3.241 million has been rolled over for the monitoring and verification of non-grid connections to households.

Programme 6: Clean Energy

R114.524 million has been rolled over to make payments for the outstanding contractual obligations of the national solar water heater programme. These include: payments for the training of the installers, a payment to one of the service providers, a 10 per cent payment to the suppliers once training is completed as per the supply agreements, transportation and maintenance costs for the units, and retention fees that must be paid to the manufactures of solar water heating units once the units have been installed.

### Virements and shifts within the vote

#### Programmes

1. Administration
2. Energy Policy and Planning
3. Petroleum and Petroleum Products Regulation
4. Electrification and Energy Programme and Project Management
5. Nuclear Energy
6. Clean Energy

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 2</b>		<b>(3 000)</b>	<b>Programme 5</b>		<b>3 000</b>
Goods and services	Consultants (business and advisory services), and travel and subsistence	(3 000)	Goods and services	Services associated with the nuclear new build programme	3 000
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>5.7%</b>			
<b>Programme 3</b>		<b>(1 000)</b>	<b>Programme 5</b>		<b>1 000</b>
Goods and services	Consultants (business and advisory services)	(1 000)	Goods and services	Services associated with the nuclear new build programme	1 000
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>1.1%</b>			
<b>Programme 4</b>		<b>(55 000)</b>	<b>Programme 5</b>		<b>55 000</b>
Goods and services	Consultants (business and advisory services)	(2 500)	Goods and services	Services associated with the nuclear new build programme	2 500
Public corporations and private enterprises	Non-grid electrification programme <sup>1</sup>	(52 500)	Goods and services	Services associated with the nuclear new build programme	52 500
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>1.0%</b>			
<b>Total</b>		<b>(59 000)</b>			<b>59 000</b>

1. Only the legislature may approve this virement.

**Expenditure outcome for 2017/18 and actual expenditure for 2018/19**

Programme	2017/18					2018/19			
	Audited outcome					Actual expenditure			
R thousand	Adjusted appropriation	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted appropriation	Apr 17 - Mar 18	Apr 17 - Mar 18 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted appropriation
Administration	263 561	130 808	49.6	272 382	103.3	283 388	4.0	153 793	54.3
Energy Policy and Planning	46 668	19 690	42.2	41 707	89.4	50 078	0.7	21 112	42.2
Petroleum and Petroleum Products Regulation	81 828	34 254	41.9	74 639	91.2	86 132	1.2	36 817	42.7
Electrification and Energy Programme and Project Management	6 219 980	3 358 884	54.0	6 152 173	98.9	5 383 641	75.2	1 924 056	35.7
Nuclear Energy	790 875	716 557	90.6	794 191	100.4	875 586	12.2	748 375	85.5
Clean Energy	742 510	134 661	18.1	609 555	82.1	484 707	6.8	169 558	35.0
<b>Total</b>	<b>8 145 422</b>	<b>4 394 854</b>	<b>54.0</b>	<b>7 944 647</b>	<b>97.5</b>	<b>7 163 532</b>	<b>100.0</b>	<b>3 053 711</b>	<b>42.6</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>572 647</b>	<b>243 830</b>	<b>42.6</b>	<b>586 905</b>	<b>102.5</b>	<b>783 088</b>	<b>10.9</b>	<b>325 194</b>	<b>41.5</b>
Compensation of employees	333 247	159 279	47.8	322 185	96.7	360 517	5.0	174 170	48.3
Goods and services	239 400	84 551	35.3	264 720	110.6	422 571	5.9	151 023	35.7
Interest and rent on land	–	–	0.0	–	0.0	–	0.0	1	0.0
<b>Transfers and subsidies</b>	<b>7 568 489</b>	<b>4 149 083</b>	<b>54.8</b>	<b>7 354 808</b>	<b>97.2</b>	<b>6 375 155</b>	<b>89.0</b>	<b>2 724 960</b>	<b>42.7</b>
Provinces and municipalities	2 290 284	839 695	36.7	2 290 284	100.0	2 119 501	29.6	606 575	28.6
Departmental agencies and accounts	129 394	73 402	56.7	129 395	100.0	133 391	1.9	98 271	73.7
Foreign governments and international organisations	17 907	–	0.0	25 622	143.1	27 915	0.4	143	0.5
Public corporations and private enterprises	5 126 216	3 231 938	63.0	4 904 757	95.7	4 093 894	57.1	2 019 519	49.3
Households	4 688	4 048	86.3	4 750	101.3	454	0.0	452	99.6
<b>Payments for capital assets</b>	<b>4 286</b>	<b>1 941</b>	<b>45.3</b>	<b>2 934</b>	<b>68.5</b>	<b>5 289</b>	<b>0.1</b>	<b>3 557</b>	<b>67.3</b>
Machinery and equipment	4 286	1 941	45.3	2 934	68.5	5 289	0.1	3 557	67.3
<b>Total</b>	<b>8 145 422</b>	<b>4 394 854</b>	<b>54.0</b>	<b>7 944 647</b>	<b>97.5</b>	<b>7 163 532</b>	<b>100.0</b>	<b>3 053 711</b>	<b>42.6</b>

**Expenditure trends for the first half of 2018/19**

Total expenditure in 2017/18 was 97.5 per cent of the 2017/18 adjusted appropriation. Mid-year expenditure in 2017/18 was R4.4 billion, 54 per cent of the 2017/18 adjusted appropriation. Expenditure in the first half of 2018/19 was R3.1 billion, 42.6 per cent of the adjusted appropriation of R7.2 billion for the year. Compared to the first half of 2017/18, expenditure over the same period in 2018/19 decreased by R1.3 billion, 30.5 per cent. This was mainly due to a rescheduling of transfer payments to municipalities, Eskom and non-grid service providers for the integrated national electrification programme.

## Departmental receipts

R thousand	2017/18					2018/19				
	Adjusted estimate	Audited outcome			Actual receipts					
		Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted estimate	Apr 17 - Mar 18	Apr 17 - Mar 18 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted estimate
<b>Departmental receipts</b>	<b>6 002</b>	<b>2 873</b>	<b>47.9</b>	<b>7 994</b>	<b>133.2</b>	<b>6 170</b>	<b>6 170</b>	<b>100.0</b>	<b>3 054</b>	<b>49.5</b>
Sales of goods and services produced by department	3 822	1 690	44.2	3 997	104.6	3 914	3 914	63.4	2 001	51.1
Sales of scrap, waste, arms and other used current goods	–	–	–	1	–	2	2	0.0	1	50.0
Transfers received	1 750	1 002	57.3	2 226	127.2	1 750	1 750	28.4	933	53.3
Interest, dividends and rent on land	45	19	42.2	27	60.0	30	30	0.5	10	33.3
Transactions in financial assets and liabilities	385	162	42.1	1 743	452.7	474	474	7.7	109	23.0
<b>Total</b>	<b>6 002</b>	<b>2 873</b>	<b>47.9</b>	<b>7 994</b>	<b>133.2</b>	<b>6 170</b>	<b>6 170</b>	<b>100.0</b>	<b>3 054</b>	<b>49.5</b>

### Revenue trends for the first half of 2018/19

Revenue in the first half of 2018/19 was R3.1 million, 49.5 per cent of the adjusted revenue estimate of R6.2 million for the year. Mid-year revenue in 2017/18 was R2.9 million, 47.9 per cent of the 2017/18 adjusted estimate. In comparison, revenue over the same period in 2018/19 increased by R181 000, 6.3 per cent. This was mainly due to an increase in the collection of administrative fees for petroleum licences.

## Changes to transfers and subsidies

### Summary of changes to transfers and subsidies per programme

R thousand	2018/19							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
<b>Electrification and Energy Programme and Project Management</b>								
<b>Public corporations and private enterprises</b>								
<b>Private enterprises</b>								
<b>Subsidies on production or products</b>								
<b>Capital</b>	<b>201 649</b>	–	–	<b>(52 500)</b>	–	–	<b>(52 500)</b>	<b>149 149</b>
Various institutions: Integrated National Electrification Programme	201 649	–	–	(52 500)	–	–	(52 500)	149 149

