



TERRA POWER SOLUTIONS

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Re: Renewable Energy Feed in Tariff Bill - REFIT

Members of the eReact Committee

We at Terra Power Solutions are very proud to be associated with leaders of the community that have the foresight to take actions that create new opportunities which will have a fundamental impact on the future of our life and survival on the Southern African continent and in particular in South Africa.

Taking the initiative to introduce the Private Members Bill on the Feed in Tariffs for renewable incentives is truly forward looking and demonstrates commitment of the highest degree to making a difference for the generations which lie ahead.

The question is not - When will we run out of fossil fuels? But rather – when fossil fuel resources become too expensive to use – What will the future generations be able to use to sustain the life and comforts they have become accustomed to through generations of prosperity.

If there are no technologies which are mature enough to use the natural resources of renewable energies we would have failed our children and generations to come. For this reason Terra Power sees the introduction of the FIT as essential to make it possible to deploy numerous renewable energy projects in the short, medium and long term. The latest draft version of the bill is an essential improvement and collates many years of work by different interested parties like the DME, NERSA, ESKOM, IPPs and renewable project developers.

For this reason Terra Power unequivocally supports the proposal as a whole and congratulates the drafting team on the following crucial aspects which we would hope would remain in the final bill.

1. In the single buyer market – the monopoly is required to connect all renewable projects.
Note: ESKOM must not be allowed to offload costs of network reinforcements onto IPPs and specifically renewable energy projects.
ESKOM must either demonstrate its commitment to promote IPP participation in the market as the monopoly organisation which has been tasked to Request for Proposal - OR - another organisation must be appointed to ensure fair access and unbiased evaluations of proposed projects.
2. Connection costs to the network need to be rationalised to tailor make the necessary protection of the equipment and safeguard the operation of the network in a safe way without overburdening the individual project which might be small in capacity and might not need to have sophisticated controls and protection as required to connect 900MW units, proposed in the grid code.

3. Renewable energies have the top position when it comes to the building and extension of grids and dispatching priorities.
4. Renewable energies producers will receive an amount of payment over and above the normal buying price of electricity due to the feed in tariff bill to offset the very high capital investments required.
5. The Regulator has been assigned a pivotal role in the industry by the bill. The Regulator, therefore must be empowered not only to ensure that economics of the projects are correct – but also that the tariffs are set to ensure the deployment of renewable energies to enable actors in the market to effectively prepare projects and implement the technology choice which best suits the application.
6. If there is no uptake of renewable energies following the implementation of the bill it would be very sad and the SA Parliament should endeavour to monitor the progress through eREACT in this regards
7. The bill is certainly complimentary to the NERSA guidelines and well supported by this document and its principles – however it would seem that there is a disconnect between the figures quoted in the guidelines which have now been revised 3 times?
8. SAWEA, South African Wind Energy Association - will produce a position paper which will detail the views of Wind energy developers based on their individual project models and quotations from suppliers which will indicate what the expected tariff would be to ensure that uptake is achieved in the wind sector of the renewable energies mix. As far as the other technologies are concerned , Terra power will endeavour to get similar inputs from other renewable interest groups.
9. It is imperative that within the bill the regulator is required to negotiate with industry representatives when setting the tariffs to ensure there is a reality check and to send the correct signals to the market that the regulator is not only regulating the monopoly – but also representing the customer and the developers alike.
10. The bill correctly identifies an annual revision of the tariffs according to the negotiations between NERSA and ESKOM. In future there should be representatives of IPPs and renewable energies present during these negotiations.
11. The list of technologies should be a non exhaustive list – as new technologies will be added as time passes

Terra Power Solutions will be engaging appointed authorities and organisations active in the electricity sector to ensure the market for IPPs and Renewable energy producers is attractive and economical for the large scale deployment of projects which will contribute to the 20% production of electricity by renewable by 2020 and 30% of the new build production to be developed by IPPs.

Please feel free to contact Howard Ramsden for any further information.

Yours Sincerely,



Howard Ramsden, CEO Terra Power Solutions