

31 MARCH 2009

MEDIA STATEMENT

NERSA DECISION ON RENEWABLE ENERGY FEED-IN TARIFF (REFIT)

The National Energy Regulator of South Africa (NERSA) announced today that the Energy Regulator approved the Renewable Energy Feed-In Tariff (REFIT) Guidelines at its meeting held on Thursday, 26 March 2009.

The Energy Regulator approved REFIT Guidelines as follows:

1. The Feed – in Tariffs (FITs) based on the Levelised Cost of Electricity, as illustrated in Table 1 below:

Table 1: REFIT Tariffs – 2009 (R/kWh)

Technology	Unit	REFIT
Wind	R/kWh	1.25
Small hydro	R/kWh	0.94
Landfill gas	R/kWh	0.90
Concentrated solar	R/kWh	2.10

2. The term of the REFIT Power Purchase Agreement be twenty (20) years.
3. The REFIT to be reviewed every year for the first five-year period of implementation and every three years thereafter and the resulting tariffs will apply only to new projects.
4. A Reduction Rate to be excluded from REFIT.
5. Carbon revenue from the Clean Development Mechanism (CDM) be excluded from the REFIT.
6. Other REFIT qualifying technologies to be considered for inclusion in six (6) months time.
7. The Renewable Energy (RE) Power Purchase Agency (REPA) to be housed in Eskom's Single Buyer Office.
8. Monitoring and Verification to be the responsibility of the Single Buyer Office.
9. The Medium Term Power Purchase Program (MTPPP) standard Power Purchase Agreement (PPA) to be used as a basis for the REFIT standard PPA.
10. NERSA will facilitate the adoption of the PPA for REFIT purposes.

“The approved REFIT Guidelines will create an enabling environment for achieving Government's 10 000 GWh renewable energy target by 2013 and sustaining growth beyond the target” said Mr Thembani Bukula, Regulator Member for Electricity Regulation.

The basic economic principle underpinning the FITs is the establishment of a tariff (price) that covers the cost of generation plus a "reasonable profit" to induce developers to invest.

The process leading to the final decision on approval of the REFIT guidelines included:

- NERSA publishing a consultation paper and inviting public comments;
- NERSA holding public hearings on 5 February and 6 February 2009;
- NERSA assessing the submission received from stakeholders and the public;
- Extensive deliberations on the proposed REFIT Guidelines before taking a final decision.

The full Decision, Reasons for the Decision and the REFIT Guidelines will be available on the NERSA website (www.nersa.org.za) in due course.

End.

ISSUED BY THE NATIONAL ENERGY REGULATOR, PRETORIA, 31 MARCH 2009

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