



ASHA Consulting (Pty) Ltd
40 Brassie Street
Lakeside
7945

26 July 2017

Ragna Redelstorff
SAHRA

Dear Ragna

Standvastigheid 210/remainder walling demolition permit – Karusa Wind Farm: SAHRA Case ID: 9660

Due to the delay in the implementation of the Renewable Energy IPP Procurement Programme the actions contemplated in terms of the abovementioned permit have yet to take place. The permit was originally issued with an expiry date of 31st July 2017 and the allocated site names are KSW2 and KSW3.

The Preferred Bidders from the Department of Energy's fourth round of the REIPPPP were announced in April 2015. Based on the DoE's RFP timeline, these preferred bidder projects should have achieved financial close within approximately 12 months of having been appointed as preferred bidder i.e. before Q2 2016. In order to reach financial close, the Power Purchase Agreement (PPA), amongst other agreements, needs to be signed between the renewable energy independent power producer and Eskom. However, to date, Eskom has refused to sign any of these agreements leading to a situation where the projects have not been able to reach financial close. As a result, no renewable energy development has started for any of the REIPPPP Round 4 project sites.

Eskom has cited multiple reasons why they cannot sign the agreements, however, Eskom is legally obliged to sign the PPAs with the renewable energy IPPs. According to SAREC: "The industry believes that Eskom, which supplies about 95% of the country's electricity and holds a near monopoly on bulk electricity, is simply seeking to resist government's commitment to energy security underpinned by an expanded supply mix".

Unfortunately until this stale mate is resolved by the various governmental role players the REIPPPP Round 4 projects cannot close and development will not start. At this time it is not clear when the situation will change, however, the DoE set up an inter-ministerial task team in June to address when the PPAs will be signed, and it is expected that this will be announced at the next parliamentary meeting in August. Eskom has also started issuing updated budget quotes to certain preferred bidders, so it is possible that financial close will be scheduled in the next few months.

As a result of this situation, and because it is best to preserve the heritage resource until such time as it will definitely require demolition, I would like to request an extension to the permit so that the actions can take place at a future date.

Yours sincerely



Jayson Orton

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