



INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME: 19 MARCH 2014



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INEP BACKGROUND

- INEP is an initiative of government to provide capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings.
- This initiative started in 1991 when Eskom was responsible to manage and monitor the electrification process. From 2001 government assumed responsibility for planning, funding, monitoring and evaluation of the electrification programme. To formalise the process funds are gazetted on an annual basis under schedule 6 and 7 of the DoRA.
- The purpose of the Integrated National Electrification Programme is to manage the electrification planning, funding and implementation process with the aim of addressing electrification backlog so as to reach universal access by 2014. Furthermore by providing capital subsidy to both Eskom and municipalities to address the electrification backlog of permanent occupied residential dwellings, the installation of bulk infrastructure and the rehabilitation and refurbishment of electricity infrastructure in order to extend the access of electricity



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Administration of the Grant

- In the financial year 2013/14 all funding was transferred into the municipal s primary bank accounts.



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Electrification progress

- Just above 5.8 million households were connected to the grid between 1994 and January 2014.
- In the period from 2002 to 2013/14 – 68 115 households were supplied with non-grid technology (Solar panels – Renewable Energy)
 - Eastern Cape - 13 202
 - Kwazulu Natal - 44 532
 - Limpopo - 10 381
- Non-grid electrification programme will in future not only be implemented in concessionary areas, but in other areas of the country, through the Master Plan Strategy.

Province	Electrified Houses: Municipalities & Eskom
Eastern Cape	1 043 324
Free State	365 703
Gauteng	683 565
KwaZulu Natal	962 414
Limpopo	1 017 855
Mpumalanga	557 821
Northern Cape	134 621
North West	676 732
Western Cape	396 649
Total	5 838 684



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INEP PERFORMANCE BY JANUARY 2013/14

VOTED FUNDS (Connections)	INDICATOR	2013/14 EXPENDITURE R'000	2013/14 CONNECTIONS
Municipalities	Planned connections	R 1,314,772	87 231
	Expenditure & Achieved Connections	R 415,400	22105
	%Annual connections	32%	25%
Eskom	Planned connections	R 2,141,027	157 839
	Expenditure & Achieved Connections	R 1,905,914	100 647
	%Annual connections	89%	64%
Non Grid	Planned Connections	R 93,577	17 326
	Expenditure & Achieved Connections	R 48,267	8588
	%Annual connection	52%	50%



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INEP: MTEF Allocations

VOTED FUNDS	MTEF 2014/15 R'000	MTEF 2015/16 R'000	MTEF 2016/17 R'000
MUNICIPALITIES	1 104 658	2 056 090	2 165 063
ESKOM	2 948 037	3 680 043	3 875 085
NON - GRID	96 621	101 067	106 424
BASELINE ALLOCATION	4 149 316	5 837 200	6 146 572



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LESSONS LEARNED

- Electricity indirectly contribute to Local Economic Development (LED)
- Insufficient Bulk infrastructure for electrification
- Integration with housing and other infrastructure programmes
- Job creation possibilities



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LESSONS LEARNED

- Municipalities do not have sufficient capacity (technical, financial, etc) for project planning and implementation
- Reliability on Consultants
- Long lead time of Eskom planning processes for project implementation
- Universal access to electricity cannot be reached with Grid electrification only



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CHALLENGES

- Late signing of the contract and submission of annexure , delays the process of transfer.
- Changing the project names without informing the department.
- Sending of invisible report , Using the incorrect format for reporting and Duplication of report.
- Revise payment schedule monthly .
- Unreported funds for the previous years.
- Due to the difference in end of financial years the department and National Treasury drawings always differs .



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CHALLENGES CONT...

The reasons for the poor performance by the municipalities and the reduction in output on gazetted connections were:

- Municipalities are doing projects from proceeding years.
- Late start of projects done to different financial years.
- Municipalities substituting household projects with bulk infrastructure projects.
- Late delivery of houses by the housing department.
- Prolonged procurement processes of the municipalities.
- Houses that cannot be electrified as they are occupied by beneficiaries.
- Cables and conductors are being stolen during the course of the project, and this delays the project.
- Long delivery times of lead material ordered.



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Way forward

- Implementation of Master Plan
- INEP need to be more involved in projects undertaken by municipalities to ensure they deliver on targets set. Creating of the steering committees in the provinces with assistance by MISA to assist the non performing municipalities
- The Department should annually revise the cost per connection subsidy to keep up with price increases of electrification materials
- Municipalities should fast track procurement processes and Council resolutions to enhance the pace of electrification within their area. Giving municipalities R1,5mil each for the pre – engineering



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