

ANNUAL REPORT

2022 | 2023



sanedi

South African National Energy
Development Institute



sanedi

South African National Energy
Development Institute

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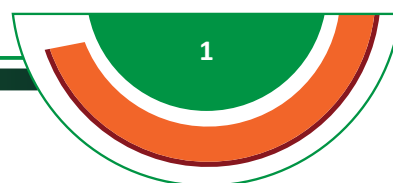
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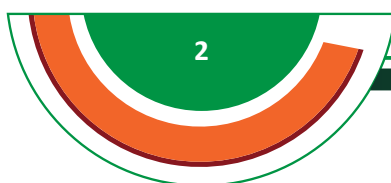
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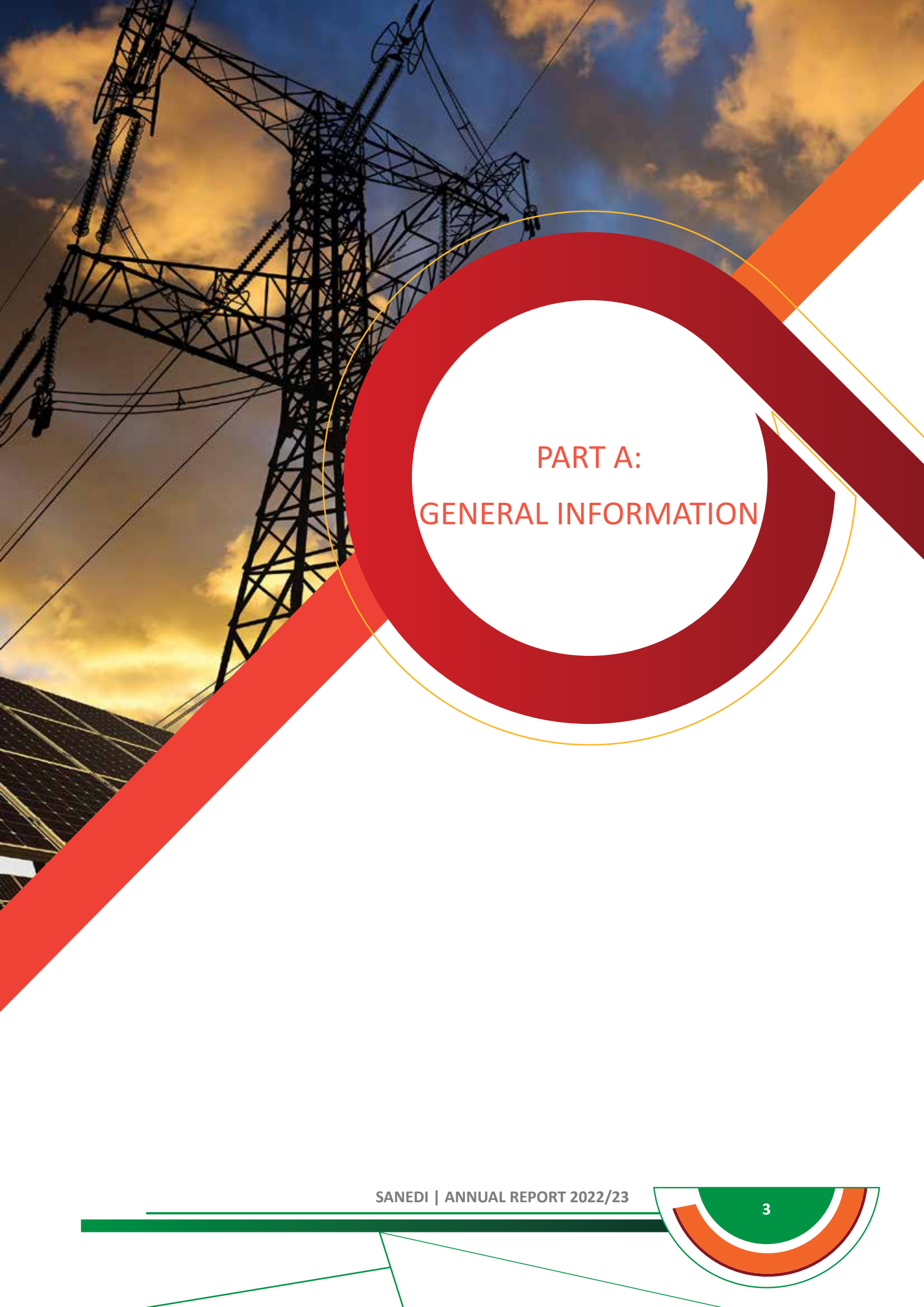
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PART A:
GENERAL INFORMATION

2. SANEDI General Information

Registered name:	South African National Energy Development Institute
Registration number:	Not applicable
Physical address:	CEF House, Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton
Postal address:	PO Box 9935, Sandton, 2146
Telephone number(s):	011- 038 4300
E-mail address:	information@sanedi.org.za
Website:	www.sanedi.org.za
External auditors:	The Auditor-General of South Africa
Bankers:	ABSA, 1st floor, North Building, Sandton Campus, 15 Alice Lane, Sandton, 2196
Company / Board Secretary:	Mr Solomon Mngomezulu

3. List of Abbreviations/ Acronyms

AA	Accounting Authority
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AOP	Annual Operation Plan
AR	Annual Report
ARC	Audit and Risk Committee
CEF	Central Energy Fund Act, 1977 (Act No. 38 of 1977)
CEO	Chief Executive Officer
CFF	Cleaner Fossil Fuels
Coal CO₂-X	Converting CO ₂ from hard-coal-fired power plants using green ammonia in South Africa
CSEP	Corporate Stakeholder Engagement Plan
DBSA	Development Bank of Southern Africa
DMRE	Department of Mineral Resources and Energy
DoT	Department of Transport
DSI	Department of Science and Innovation
DTIC	The Department of Trade, Industry and Competition
EA	Executive Authority
EE	Energy Efficiency
EM	Electric Mobility
EPC	Energy Performance Certificate
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HRI	Human Resources Information
HySA	Hydrogen South Africa
IEA	International Energy Agency
ICT	Information Communication Technology
IPAP	Industrial Policy Action Plan
IT	Information Technology
JET	Just Energy Transition
MEPS	Minimum Energy Performance Standards
Mt	Mega tonne
MTSF	Medium-Term Strategic Framework
NEA	National Energy Act, 2008 (Act No. 34 of 2008)
NT	National Treasury
PPC	Parliamentary Portfolio Committee
SANEDI	South African National Energy Development Institute
SEP	Stakeholder Engagement Plan
TPFC	Technical Projects Finance Committee

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6. Foreword by the Chairperson of the Board



Mr Sicelo Xulu

Chairperson of the SANEDI Board

This financial year was in the centre of probably the most tumultuous time in the energy sector. Crippling load-shedding added to the urgency of acquiring solutions to lighten the load on our aging infrastructure and to contribute to the strive for uninterrupted supply of electricity for all South Africans.

SANEDI was never more compelled to deliver on our mission: *Through applied energy research and resource efficiency initiatives to develop innovative, integrated solutions that catalyse growth and prosperity for all in South Africa.*

The year under review continues to show our commitment to make an impact on the energy landscape within the country. Our focus is to continue to ensure a thriving energy sector that can meet the energy demands of the country, in a sustainable and resource efficient manner.

SANEDI continues to enjoy the unanimous support of our Shareholder, the Department of Mineral Resources and Energy (DMRE). The Department of Science and Innovation (DSI), The Department of Trade, Industry and Competition (DTIC) continues serving on our Board and partnering with us on various strategic interventions.

The partnership with the DSI, through the Energy Secretariat, has ensured continued support to flagship research programmes such as the HySA programme and the Coal CO₂ programme. These programmes will propel the country's innovation efforts forward. Strategic International partnerships, made possible through support of the DMRE, have been instrumental in securing International backing for the implementation of various programmes. These partnerships are vital in ensuring that we keep abreast of the latest sector developments and to secure funding for key initiatives.

The current Board was appointed in January 2022 and had the opportunity of guiding SANEDI for this whole financial year. We appointed Dr Titus Mathe as the new Chief Executive Officer (CEO), effective 1 October 2022. Dr Mathe hit the ground running by leading the presentation of the 2023/24 Annual Performance Plan (APP) to the Board and is now leading the conclusion of this financial year, only six months after his appointment. We are appreciative of his admirable contributions towards this year's results.

We also want to acknowledge, and express appreciation for the role played by Ms Lethabo Manamela, who filled the interim CEO position.

The SANEDI Board and Dr Titus Mathe, would like to use this opportunity to express our deep sadness on the passing of Mr Barry Bredenkamp, the General Manager of our Energy Efficiency (EE) Department, since 2005. His leadership and selfless support have a lasting impact on SANEDI and the energy sector of our country. Mr Bredenkamp's role was also recognised by our International Stakeholders and we acknowledge condolences conveyed by the US Ambassador to South Africa. May his soul rest in peace!

Since its inception, the main focus of the Board is to be relevant and responsive to the challenges faced by the energy sector, and to contribute to ensuring that the sector is a bedrock that supports economic growth and development.

Our immediate and longer-term focus falls on the main energy challenges that the country is facing, and to ensure that we are at the forefront of developing solutions to address these challenges.

The Just Energy Transition (JET) also remains at the top of our agenda as we continue to focus on the climate emergency that the world faces. A long road remains ahead to see to South Africa's energy transition. Transitioning at least cost, that allow for equitable distribution of the country's wealth and resources.

SANEDI focuses also on the improvement of energy related service delivery at municipal level. This improvement is paramount to ensure that we attract, and retain investment into our cities for continued growth and development. This will ensure that we maintain and improve the quality of life of our people. We will continue to work with our municipalities and other decision-making structures, to tackle the challenges that are facing the service delivery environment at municipal level.

The Board would like to extend its appreciation to the staff and Management of SANEDI, under the capable leadership of the CEO, Dr Titus Mathe. We trust that through your hard work, SANEDI will continue to excel and achieve its pre-determined objectives.

The Board wishes to express appreciation to the DMRE for its continued support. We thank all SANEDI Stakeholders and partners who continue to support us in the implementation of our strategic objectives.



Mr Sicelo Xulu

Chairperson of the SANEDI Board

Date: 31 August 2023



7. Chief Executive Officer's Overview



Dr Titus Mathe

SANEDI Chief Executive Officer

We stand at the end of a difficult year. A year that posed unique and vast challenges in the energy sector. Our strategy for the 2020/25 Medium-Term Strategic Framework (MTSF) period was designed to prioritise issues that would unlock opportunities for a post Covid economic recovery. We are therefore excited that we have been able to achieve all our targets, bringing us closer to achieving our MTSF strategic outcomes. For the 2022/23 financial year, our performance is 100% and we received an unqualified audit report (clean audit) according to the AGSA's audit outcomes.

With SANEDI being appointed by the DSI to host the Energy Secretariat, SANEDI continues to provide the necessary support to the DSI to implement its programmes. As the Hydrogen economy continues to grip the world and take root here in south Africa, SANEDI expects to play a significant role in supporting both the DSI and the DMRE with the implementation of the DSI Hydrogen Society Roadmap. The Development Bank of Southern Africa (DBSA) has identified SANEDI as the executing agency for the Development of the Electric Mobility Project in South Africa. The Project's objective is the electrification of vehicles and expansion of clean public transportation in South Africa.

Although SANEDI operates with a highly constrained staff complement, it has not deterred us from executing on our mandate. We do however recognise that this is not suitable long-term. To ensure that we continue to retain a highly motivated and committed staff complement, it is imperative that we add additional capacity. Especially in the light of increasing demands placed on the organisation as new fully funded projects continue to come our way.

No key activities were discontinued this year, SANEDI retains the Cleaner Fossil Fuels (CFF) sub-programme, but renamed it Cleaner Fuels & Related Technologies sub-programme. We are also exploring other applied energy research including Clean Coal pilots and biofuels. Through demonstrated cleaner energy initiatives, SANEDI will support the Sector Education and Training Authorities (SETAs) and Incubators, to enable the development of skilled Small, Medium, and Micro Enterprises (SMMEs) in the clean energy sector.

In terms of the National Treasury methodology, SANEDI had R163.8 million for the 2021/22 financial year in surplus funds. National Treasury approved the surplus to be committed to projects in the 2022/23 financial year. The processes are underway to determine the surplus in this financial year, and to obtain approval from National Treasury to retain the surplus. Priority for utilisation of surplus funds is targeted at assisting with resolving energy crisis.

SANEDI operates an effective, open, competitive and transparent system of procurement of goods and services. No other transactions of irregular expenditure were reported during the year.

We continue to spend within our allocated budgets and have not exceeded our allocation for the year. We have under spent on the payroll budget for the year.

Funding for research remains a challenge, especially within the current fiscal constraints and competing priorities of National Government. It is important that as we endeavour to implement the strategy of the organisation, we consider other sources of funding that are external to the National Government. Special focus is on leveraging climate funds that have been made available to support countries to combat the effects of climate change through mitigation and adaptation actions. The support of donor agencies with whom National Government has entered into bi-lateral and multilateral agreements remains crucial to the organisation. The donor agencies are able to provide collaborative technical and financial support to supplement our resources. We have committed to develop a sustainable funding model, detailing this support in our 2023/24 Annual Performance Plan.

SANEDI will continue to exist as a going concern in the foreseeable future. National Government has allocated funding for the entire MTSF period, enabling the implementation of several strategic and flagship programmes of National Government.

We have implemented the recommendations of AGA. After the reporting date, SANEDI will continue to engage the Shareholder and other key Stakeholders to realise the implementation of the 2023/24 Annual Performance Plan.

I would like to take this opportunity to express my appreciation to all SANEDI employees who have made it possible for us to succeed yet again. Your passion, hard work and commitment to excellence serves South Africa well!

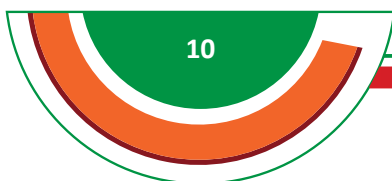
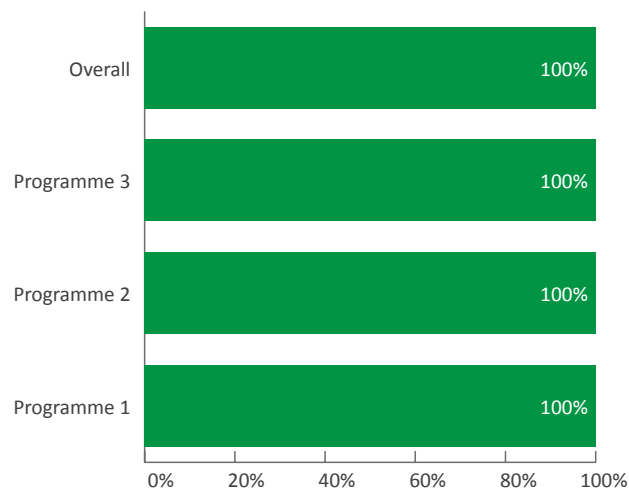


Dr Titus Mathe

SANEDI Chief Executive Officer

Date: 31 August 2023

Performance Summary



8. Chief Financial Officer's Report



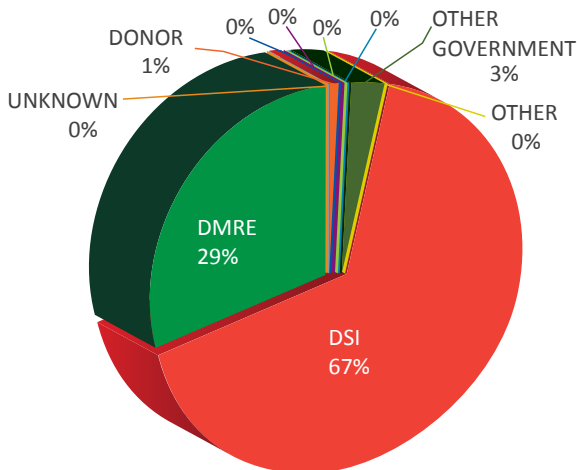
Ms Lethabo Manamela (CA)SA

SANEDI Chief Financial Officer

As a Schedule 3A Public Entity, SANEDI continues to be funded predominantly by the Grant received through the vote allocation through the DMRE. During the financial year we received R81 million (2021/22, R75 million) from the fiscus. The Fiscus funding only increased by an inflationary increase in the current year and remains inadequate for the purposes of fully funding the SANEDI mandate.

Although funded largely from the Fiscus, other sources of funding we leveraged during the year in order to supplement the SANEDI fiscus allocation:

- Grants from both Government and Non-Governmental organisations contributed a total of R100.7 million (2021/22, R87.6 million) to the organisation.



- R10 million (2021/22, R6.3 million) was generated in the form of interest on funds invested..
- R9 million (2021/22, R6 million) was generated from Management Fees on Agency arrangements entered into during the year, the most significant of these receipts emanating from the DSI..

SANEDI also received an amount of R195 million (2021/22, R234 million) from the DSI for the DSI Energy Secretariat for the implementation of Energy Flagship programmes. SANEDI has entered into multiyear agreements with the DSI for the implementation of the specific project under the Energy Secretariat.

Although there is an increase in funding relative to the previous year, there is still a need for a sustainable funding model that can be used to fund the mandate of the organisation.

Total expenses for the year amounted to R102 million (2021/22, R85 million). There are two main expenditure categories for the organisation, Employee related costs R35.7 million (2021/22, R32.9 million) and Research and Development (R&D) costs R40 million (2021/22, R33.8 million) that directly linked to the implementation of the mandate of the organisation. During the year under review, these costs have increased by 8% and 18% respectively.

Operating Expenses are in line with previous financial years, and the only significant increase was Information Technology (IT) expenses due to several Information Communication Technology (ICT) improvement projects that necessitated the acquisitions of new software and software licences.

Retention of Surpluses

The surplus for the year amounted to R18.2 million (2021/22, R15.5 million), and this mainly as a result of additional income that was generated during the year from Management Fees and investment income. There was some underspending in line items such as employee costs, mainly due to changes in the strategy during the year that necessitated a change in the proposed structure to support implementation of the strategy. Most of the Executive positions were filled temporarily by acting appointments during the year, resulting in a saving in the salary budgets, these including that of the CEO which was only filled in October 2022.

SANEDI has accumulated surpluses of R176 million at the end of the financial year. This amount is calculated using the National Treasury's methodology for calculating surpluses. SANEDI will then apply to National Treasury to retain these surpluses. The accounting surplus of R 18,206 million as stated in note number 20 (page 116) of the financial statements is included in this surplus figure. These are newly generated surpluses that the organisation has yet to engage National Treasury on.

Historically, National Treasury has approved the retention of these surpluses with R165 million having been approved for the 21/22 financial year. These funds are committed towards specific projects. We have thus assessed our exposure in this regard and have limited it, from a contingent liability perspective, to the value of newly generated surpluses.

SANEDI will be submitting a request to the National Treasury to retain these surpluses to advance the mandate of the organisation and the overall energy agenda.

Non-current Assets for the year have amounted to R13 million (2021/22, R6,1 million). Some investments were made in ICT Assets to boost internal efficiencies through process automation, with liabilities primarily tied to contractual funding arrangements with

conditions attached. SANEDI is entitled to recognise these as revenue from non-exchange transactions only when conditions attached to these funds are fulfilled or, costs associated with the implementation of the agreement are incurred.

Going Concern

SANEDI remains a going concern at the end of the financial year. The Entity is established in terms of the National Energy Act (NEA) which still remains effective. Provisional financing has also been made available for the organisation by the National Treasury for the remainder of the MTSF. At the end of the fiscal year, Management conducted an assessment and found no reason to believe that SANEDI will not continue to exist as a going concern in the near future.

Planned ICT system upgrades

ICT is taking proactive measures to fortify its data protection infrastructure by implementing additional security equipment. Recognising the ever-increasing threats posed by corruption, ransomware, viruses, and theft, ICT is prioritising the safeguarding of its valuable data. By deploying state-of-the-art technologies and robust security protocols, ICT aims to establish multiple layers of defense to prevent unauthorised access and mitigate potential risks. This proactive approach guarantees that data integrity is preserved, that the Company is robust to evolving cyber threats, and that Stakeholders have increased confidence in the security and privacy of their information.



Ms Lethabo Manamela (CA)SA

SANEDI Chief Financial Officer

Date: 31 August 2023

9. Statement of responsibility and confirmation of the accuracy of the Annual Report

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the Annual Report (AR) is consistent with the Annual Financial Statements (AFS) audited by the Auditor- General.
- The AR is complete, accurate and is free from any omissions.
- The AR has been prepared in accordance with the guidelines on the AR as issued by the National Treasury (NT).
- The AFS (Part E of this document) have been prepared in accordance with the standards applicable to the Public Entity.

- The Accounting Authority (AA) is responsible for the preparation of the AFS and the judgements made in this information.
- The AA is responsible for establishing and implementing a system of internal control, that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the Human Resources information and the AFS.
- The external auditors are engaged to express an independent opinion on the AFS.

In our opinion, the AR fairly reflects the operations, performance information, the Human Resources information and the financial affairs of the Public Entity for the financial year ended 31 March 2023.

Yours faithfully



Dr Titus Mathe

SANEDI Chief Executive Officer

Date: 31 August 2023



Mr Sicelo Xulu

Chairperson of the SANEDI Board

Date: 31 August 2023

10. Strategic Overview

The energy development agenda entrusted to SANEDI, is an inseparable part of the energy journey of South Africa. Our portfolio of initiatives can be encapsulated as follow:

- a) Contributing to technology advancements in energy.
- b) Contributing to declining technology costs.
- c) Ensuring continued innovation in the energy sector.

The initiatives are aimed at enabling South Africa to take full advantage of our energy resources and associated infrastructure development.

For the strategic term 2020 to 2025, SANEDI has adopted the Revised Framework for Strategic Plans as prescribed by National Treasury. The focus of this framework falls on planning for measurable impact and more explicit monitoring and evaluation linkages. The core of the SANEDI Strategic Plan is outlined below:

Vision:	Sustainable energy for growth and prosperity in Africa.	
Mission:	Using Applied Energy Research and resource efficiency to develop innovative, integrated solutions that will catalyse growth and prosperity for all in South Africa.	
Focus areas:	Administration	Creating an effectual delivery environment for SANEDI that is fully compliant with all statutory requirements.
	Applied Energy Research, Development and Innovation	Facilitating knowledge creation that can support energy-related planning and decision-making, and accelerate the transformation of the energy market and landscape in the country.
	Energy Efficiency	Accelerating a shift towards a resource, and particularly an energy efficient society.
Values:	Innovative	Creative / proactive / taking charge / initiative / adaptive / entrepreneurial.
	Integrity	Honest / ethical / accountable / transparent / responsible / trustworthy / respectful.
	Scientific evidence driven	Analytical / rational / objective / factual / attentive.
	Development oriented	Educative / continuous learning / transformative.
	Consultative	Consultative collaborative / participative / teamwork / engaging.
	Productive	Punctual / cost conscious / disciplined / compliant.
	Responsive	Courteous / friendly / client need driven / client focused.
	Caring	Compassionate / empathy / emotionally intelligent.

11. Legislative and other Mandates

11.1 Constitutional Mandate

As an Entity of the State, SANEDI derives its mandate from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The SANEDI Strategic Plan, as discussed above, seeks to ensure alignment with the following two critical components of the Constitution:

- a) Chapter 2, The Bill of Rights, where: Everyone has the right:
 - i. To prevent pollution and ecological degradation,
 - ii. To promote conservation, and
 - iii. To secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.
- b) Schedule 4, The Functional Areas of Concurrent National and Provincial Legislative, specifically with respect to municipalities and the issue of Local Government matters relating to electricity and gas reticulation.

11.2 Legislative and Policy Mandates

SANEDI is a schedule 3A State-owned Entity (SOE). The authority entrusted to SANEDI is derived from Section 7(2) of the National Energy Act (NEA), 2008 (Act No. 34 of 2008). The powers, functions and responsibilities of SANEDI outlined in this Act, is stated below:

- a) Energy Research and Development
 - i. Direct, monitor, conduct and implement Energy Research and Technology Development in all fields of energy, other than nuclear energy.
 - ii. Promote energy research and technology innovation.
 - iii. Provide for:
 - Training and development in the field of energy research and technology development,

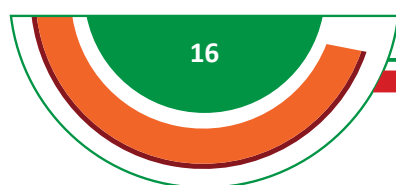
- Establishment and expansion of industries in the field of energy, and
- The commercialisation of energy technologies resulting from energy research and development programmes.
- iv. Register patents and intellectual property in its name resulting from its activities.
- v. Issue licences to other persons for the use of its patents and intellectual property.
- vi. Publish information concerning its objects and functions.
- vii. Establish facilities for the collection and dissemination of information in connection with research, development and innovation.
- viii. Undertake any other energy technology development related activity as directed by the Minister, with the concurrence of the Minister of Science and Technology.
- ix. Promote relevant energy research through co-operation with any entity, institution or person equipped with the appropriate skills and expertise within and outside the Republic.
- x. Make grants to educational and scientific institutions in aid of research by their staff, or for the establishment of facilities for such research.
- xi. Promote the training of research workers by granting bursaries or grants-in-aid of research.
- xii. Undertake the investigations or research that the Minister, after consultation with the Minister of Science and Technology, may assign to it.
- xiii. Advise the Minister and the Minister of Science and Technology on research in the field of energy technology.

- b) Energy Efficiency
 - i. Undertake EE measures as directed by the Minister.
 - ii. Increase EE throughout the economy.

- iii. Increase the Gross Domestic Product (GDP) per unit of energy consumed.
- iv. Optimise the utilisation of finite energy resources.

SANEDI further adheres to the following Legislation and Policies:

Legislation	Policies
Abolition of the National Energy Council Act, 1991 (Act 95 of 1991)	Carbon Capture and Storage Roadmap
Central Energy Fund (CEF) Act, 1977 (Act No. 38 of 1977), as amended	Climate Change Response to White Paper
Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended	Department of Science and Technology 10 Year Innovation Plan
Gas Act, 2001 (Act No. 48 of 2001)	Draft White Paper on Science, Technology and Innovation
Gas Regulator Levies Act, 2002 (Act No. 75 of 2002)	Energy Security Master Plan for Liquid Fuels, 2007
National Energy Regulator Act, 2004 (Act No. 40 of 2004)	Energy Security Master Plan, 2007
Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)	Industrial Policy Action Plan (IPAP) 2010/11 – 2012/13, published Feb 2010
Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004)	Integrated Resource Plan for Energy, 2010
Petroleum Products Act, 1977 (Act No. 120 of 1977), as amended	Measurement and Verification Guideline for Energy Efficiency Certificates (DRAFT)
South African Revenue Service Act, 1997 (Act 34 of 1997)	Medium-Term Strategic Framework
The Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)	National Development Plan Vision 2030
The National Environmental Management Act, 1999 (Act No. 107 of 1999)	National Energy Efficiency Strategy of the RSA, 2008
White Paper on Energy Policy, 1998	



12. Organisational Structure

The high-level SANEDI Organisational structure has not changed during this financial year. The organisation continues to operate around the three main focus areas as outlined in the Strategic Overview section (refer to page 14).

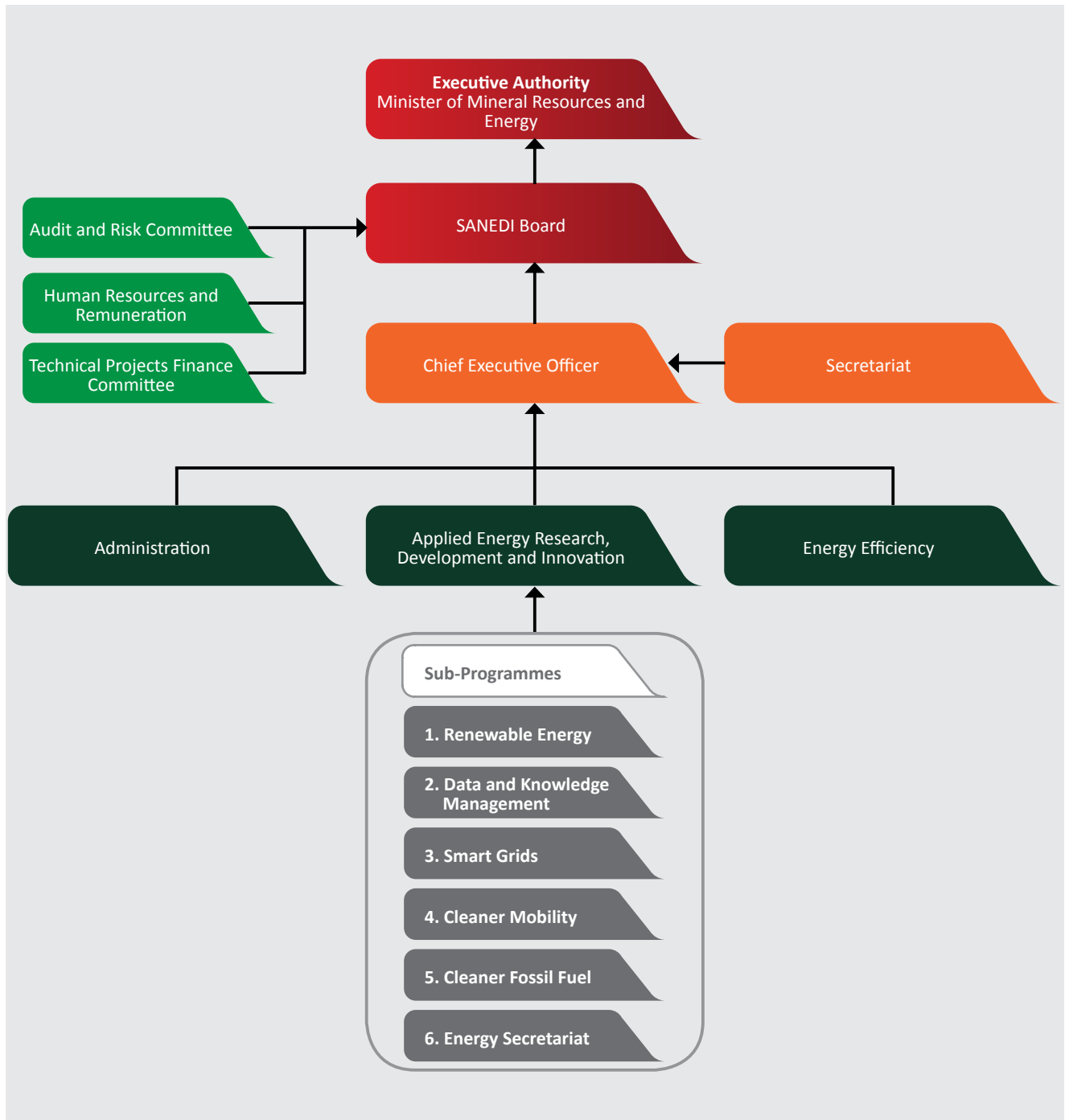
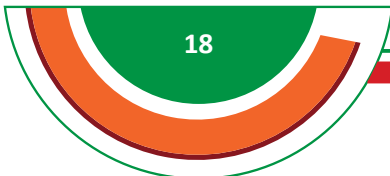



Figure 1: SANEDI Organogram





PART B:
PERFORMANCE
INFORMATION

1. Auditor-General's Report: Pre-determined objectives

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to Management, with material findings being reported under the Pre-determined Objectives heading in the report on other legal and regulatory requirements section of the Auditor's Report.

2. Overview of Performance

2.1 Service delivery environment

SANEDI places the ultimate emphasis of all its undertakings on enhancing lives and means of livelihood, through contributing to achieving sustainable energy for growth and prosperity in Africa.

SANEDI aims to use Applied Energy Research and resource efficiency to develop innovative, integrated solutions. We aim to give South Africans the tools they need to take advantage of the opportunities, and navigate the disruptions anticipated with the switch to clean energy technologies to avoid the worst effects of climate change.

Our attention remains on eliminating energy poverty and to ensure access to modern energy resources for all South Africans. The following highlights of services rendered to the public in relation to the above are listed below:

- The SANEDI Cleaner Mobility (CM) Programme played an important role in investigating, and demonstrating alternative ways of public transport that will lead to the improvement of social, and economic conditions in densely populated urban areas and have a much lower environmental impact.
- One of the highlights of this financial year, is the collaboration with the Development Bank of

Southern Africa (DBSA) on the implementation of a Global Environment Facility (GEF) funded project on accelerating the shift towards Electric Mobility (EM) in South Africa.

- On behalf of National Treasury and the South African Revenue Service (SARS), SANEDI supported 38 companies with the Section 12L Energy Efficiency Tax incentive, by issuing Tax certificates for successfully reviewed and approved projects. The annual performance of the 12L Tax incentive programme for the 2022/23 financial year is 1.09 TWh energy impacts with an equivalent R 1.04 billion in achieved Tax incentive through these 38 companies supported. The energy impacts resulted in a combined 0.9 Megatonnes of CO₂ avoided GHG emissions.
- In collaboration with the DMRE, SANEDI actively contributed to education and awareness of mandatory displaying of Energy Performance Certificates (EPCs) in buildings, before 7 December 2022. The effort included a guideline and easy-to-implement processes to ensure compliance. In this financial year, 191 EPC's have been issued for commercial buildings accompanied with training to 201 beneficiaries. Research on residential electricity consumption in South Africa conducted in this financial year shows that 92% of households have one television, while 36% have two or more. 60% of households use their TVs for more than 4 hours daily. Televisions It is envisaged that the Minimum Energy Performance Standards (MEPS) and labelling for televisions will be enforced through the DMRE-SANEDI partnership with the South African Bureau of Standards (SABS) and the National Regulator for Compulsory Specifications (NRCS) in the 2023/24 fiscal year.

Like many other organisations in the energy sector, SANEDI must be mindful of the possible disruptions that accompanies the planned sector transformation. According to the International Energy Agency (IEA), these disruptions may include new jobs that are not necessarily created in the same location where jobs were lost, skill sets that are not automatically transferable, and the need for new skill sets. SANEDI must support the energy sector in addressing these challenges in a co-ordinated manner, seeking transition pathways that maximise opportunities for decent, high-quality work, assisting workers to make use

of existing skills in the new environment, and mobilising long-term support for workers and communities where jobs are lost.

2.2 Organisational environment

SANEDI's organisational environment is influenced by conditions and forces that exist within the organisation. An extensive review of SANEDI's vision, mission, values, operational programmes, processes, internal capacity and capabilities (the width and depth of resources) were conducted. A subsequent detailed analysis resulted in a synopsis of SANEDI's strengths or weaknesses.

The SANEDI operating model consists of three converging components: People, Process, and Technology. This determines the organisation's capacity to action its business processes and consequently achieve its strategy, aligned to SANEDI's strategic themes 4, 5 and 6. Robust and well-defined business processes create a well-functioning organisation.

SANEDI faced various disruptions in leadership in the last number of years. Key appointments made alleviated the situation:

- The current Board was appointed in January 2022 and had the opportunity of guiding SANEDI for this whole financial year.
- The new CEO, Dr Titus Mathe was appointed 1 October 2022.

The death of our longstanding and beloved employee, Mr. Barry Bredenkamp General Manager (GM) of Energy Efficiency, left a void within the SANEDI Management.

2.3 Key Policy developments and Legislative changes.

The Minister of Mineral Resources and Energy issued, and promulgated regulations for the mandatory display and submission of EPC's for buildings under section 19(1) of the National Energy Act, effective 7 December 2022. In May 2022, SANEDI's Energy Efficiency's the Data and Knowledge Management Programme released a guideline for EPC's and developed the National Building Energy Performance Register in support of this regulation.

3. Progress towards achievement of institutional impacts and outcomes

3.1 Overview of performance against 2020 to 2025 Strategic Plan

SANEDI is well underway to achieve the medium-term strategic goals as outlined in the 2020 to 2025 Strategic Plan. The focus remains on the three themes:

- a) Climate Change and Decarbonisation,
- b) Service Delivery within the Municipal Environment, and
- c) Information Knowledge and Technological Convergence.

In terms of this year's performance towards achieving the five-year goals, SANEDI managed to achieve and exceed all annual targets, pending the outcome of the audit report. During this financial year, the SANEDI reported on its mid-term review for the 2020/25 Five- Year Strategic Term. Significant progress was made in realising the following strategic outcomes:

- Through SANEDI's assigned role on 12L Tax certificates, contributed to avoiding GHG Emissions of 2,723,469 tonnes of CO₂.
- The impacts derived from the 12L Tax incentive programme since inception in 2013 to the end of the Financial Year 2022/23 are:
 - 28.15 TWh in Energy savings,
 - 27.19 Megatonnes of avoided CO₂ emissions, and
 - R23.15 Billion of awarded Tax incentives.
- 113 jobs were created through various projects, with the largest portion of 70 being created through the EPCs initiative.
- 24 Research publications were produced.
- SANEDI produced and maintains 19 datasets and skilled through targeted high impact training, 1240 beneficiaries in various energy areas.

The mid-term review allowed for the identification of strategic outcomes that were not fully realised, such as Smart Grid Systems Piloted for Smart Cities and a capacitated, effective, and efficient operational environment. The shortfall was acknowledged and addressed through the approval of a new operating model. This operating model were committed to through the 2023/24 Annual Operational Plan (AOP).

SANEDI played a role in supporting the Policies and Regulations of the Shareholder, the DMRE. The Minister of Mineral Resources and Energy has, under section 19(1)(b) of the National Energy Act, published Regulations for the Mandatory Display and Submission of EPC's for buildings on 8 December 2020. SANEDI was mandated to develop, host, and maintain the National Building Energy Performance Register (NBEPR). To date end March 2023 over 1 368

EPCs have been issued with related datasets hosted by SANEDI within the NBEPR. SANEDI also supported the development of the new energy efficiency lighting regulations and general service lamps for South Africa that were gazetted in March 2021 by the Minister of Trade, Industry and Competition (DTIC). Furthermore, playing a significant role in encouraging the public via multiple media platforms, to comment on the regulations.

3.2 Amendments made to the Strategic Plan during this financial year

There were some amendments made to the Strategic Plan during 2022/23 and the Strategic Plan for 2020/25 was tabled in Parliament.



SANEDI offers Employee Well-being in order to promote productivity

4. Institutional Programme Performance Information

4.1 Focus areas, purposes and institutional outcomes

The three sub-sections below provide narrative information on the institutional outcomes for the three programmes of SANEDI. It outlines the achievements of the different projects. Each section commences with a table of the programme focus areas and includes the purpose of each focus area and a summary of outcomes. Detail of sub-projects are discussed after.

4.1.1 Programme 1: Administration

The Administration Programme aims to create an effectual delivery environment for SANEDI that is fully compliant with all statutory requirements.

Below is a summary of Programme 1 accomplishments:

#	Focus Areas	Purpose	Institutional outcomes
1	Purpose: Creating an effectual delivery environment for SANEDI that is fully compliant with all statutory requirements.		
1.1	Human Resources	Ensuring accessible, competent and happy staff.	Supported efficient operations and data processing with integrity and accessibility.
1.2	Corporate Services	Management of all lines of business and support activities relating to the effective operation of the Board and Board Committees financial management and auditing practices.	Conducted effective operation of the Board, Board Committees, financial management and auditing practices. Facilitated transparency and compliance from a Legislative and Governance perspective.
1.3	Supply Chain Management	Management of all lines of business and support activities relating to effective, and compliant Supply Chain Management (SCM) and procurement processes.	Conducted effective and compliant SCM and procurement processes.
1.4	Stakeholder Management	Manage all lines of business and support activities relating to effectual communications including Stakeholder Engagement, client satisfaction surveys, public awareness campaigns in collaboration with the DMRE and media intelligence.	Ensured effectual communications including Stakeholder Engagement, client satisfaction surveys, public awareness campaigns in collaboration with the DMRE and media intelligence.
1.5	Shared Logistics	Manage shared facilities and resources, to ensure a conducive and productive working environment.	Managed shared facilities and resources, contributing to a conducive and productive working environment.
1.6	Project Management	Management of project selection, resource allocation, Project Management and performance monitoring. Provide strategic and operational support, reports and recommendations to Project Managers and sponsors.	Provided strategic and operational support, reports and recommendations to Project Managers and sponsors.
1.7	Human Resources	Managing employee related processes and affairs, as well as administration of employee benefits in an efficient manner to ensure that SANEDI has a adequately capacitated, motivated staff complement.	Capacitated, recruited, transformed employees and promoted gender equity.
1.8	Information Communications Technology (ICT)	Support efficient operations and ensuring data processing, integrity and availability.	Ensured ICT services are provided continuously through business continuity and disaster recovery plan.

Table 1: Programme 1 Accomplishments

Programme performance for this programme is depicted below:

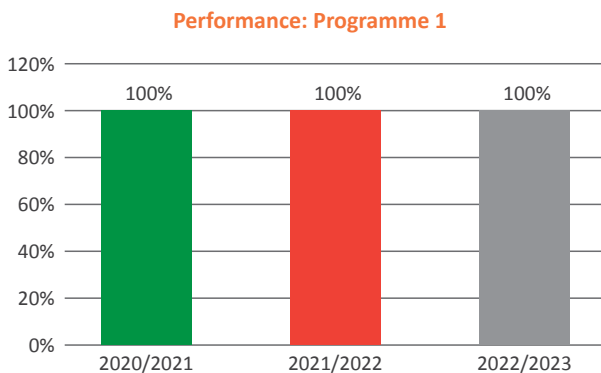


Figure 2: Programme 1 Performance

Please refer to section C: Governance, section D: Human Resource Management and section E: Financial Information for further details on the accomplishments of these Departments. Below is an outline of the Stakeholder Management, Communication and Events Management activities for 2022/23.

4.1.1.2 Stakeholder Management, Communication and Events Management

Stakeholder Management, Communication and Events Management are part of our core business. This section provides feedback on progress made during this year contributing to achieving the Strategic Plan 2020 to 2025 goals.

The focus of the Stakeholder Engagement Strategy is placed on building strong, constructive, interpersonal relationships with key Stakeholders, particularly the DMRE as Shareholder. SANEDI recognises the strategic importance of its Stakeholders in fulfilling the goals set out in the five-year Strategic Plan. Better Stakeholder relationships lead to better outcomes and enhances the credibility of SANEDI. Active engagement and communicating directly with Stakeholders allow for better understanding of their perspective and provides new insights and opportunities to make informed decisions. Communication is also key in identifying potential risks beforehand and to improve accountability.

The Stakeholder Engagement Strategy aims to improve the quality and frequency of interactions with Stakeholders, to create a supportive, collaborative environment. The strategy is supported by a Stakeholder Engagement Plan (SEP) and an automated reporting engagement tracking tool. The Strategy and reporting system is based on the International AA1000 Stakeholder Engagement Standard. The outputs are fully congruent with the Global Reporting Initiative (GRI) G4 Guidelines and International Integrated Reporting Council (IIRC) reporting requirements. SANEDI submits weekly feedback on plans and activities on the Government Communications Information Systems (GCIS) dashboard managed by the DMRE Chief Directorate, in accordance with the directive of the Director-General (DG).

On-going and regular communication with SANEDI's key Stakeholders has yielded impressive results in this financial year. Special mention should be made of the regular intervals SANEDI employees are approached for interviews and opinion pieces in trade and mainstream media. Requests are currently dominated by the load-shedding problem facing South Africa.

The topical matters which attracted a lot of media coverage and requests for interviews are listed below:

- The load-shedding problem in South Africa,
- The work done on Energy Performance Certificates,
- SANEDI's clean Fossil Fuel Roadmap,
- The Limpopo Water Heating Project,
- The biogas project at SANDF Limpopo Base,
- The SANEDI Clasp Water Report,
- The new Minimum Energy Performance Standards (MEPS) for electric motors,
- The S&L Programme, and
- The Electric Displays Project.

Special mention is made of the annual SANEDI Energy Insights magazine, published in March 2023, which has provided valuable insights on a variety of topical energy industry matters.

During the 2022/23 financial year, SANEDI participated in exhibitions to showcase its programmes, share and exchange knowledge, and provide information on career opportunities in the energy sector. Key opportunities exploited include the following:

- The 7th Annual Green Youth Indaba: SANEDI provided information on career and entrepreneurial opportunities within the green economy.
- NCPC-SA Industrial Efficiency Conference: This conference was aimed at educating and equipping businesses and policy makers to adopt and support a cleaner, more efficient model of doing business.
- Joburg First Energy Indaba: The Indaba brought together energy experts to discuss various energy alternatives.
- Manufacturing Indaba: The aim of the annual Manufacturing Indaba and its Provincial roadshows is to bring together business owners, industry leaders, Government Officials, capital providers and professional experts to explore opportunities and grow their manufacturing operations.
- African Energy Indaba: The Indaba brought together energy experts to discuss alternative power sources.
- Mangaung Youth Empowerment Month: This event featured a young entrepreneurs showcase, a networking session, business exhibitions, business development forums, capacity building workshops and a career expo.
- Windac and Windaba conferences in Cape Town: SANEDI participated in a panel discussion at the launch of Wind Atlas South Africa (WASA 4).
- CHIETA Pan- African Hydrogen Skills Conference: Industry experts discussed the skills requirements needed to propel South African's hydrogen economy forward.
- RENPOWER Africa Storage: This initiative highlighted the evolution required to scale-up energy storage projects in the African continent.
- Other events attended included the Southern African Universities Power Engineering Conference, Africa Energy Week, Association of Municipal Electricity Utilities (AMEU) Convention, The Southern African Energy Efficiency

Confederation (SAEEC), Illumination Engineering Society of South Africa (IESSA) Conference, Energy Efficient Lighting and Appliances in East and Southern Africa (EELA) Stakeholder Forum, and the EPC Practitioner Skills, Programme and Internship Launch.

SANEDI held the following high-profile events:

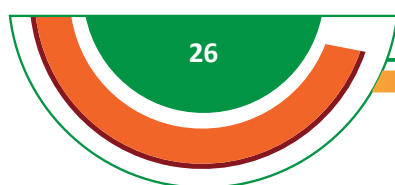
- On the 19 July 2022, SANEDI celebrated its 10-year anniversary. SANEDI held a celebration in honour of its employees.
- To commemorate the 2022 Mandela Day, the SANEDI team in collaboration with FSPS spent 67 minutes at the Far North Secondary School in Randburg to paint the school roof with Cool Roof paint. This will make a significant difference to the previously unbearable hot classroom.
- From August 2022, SANEDI together with DMRE embarked on an EPC Road Show to raise awareness about EPCs across all Provinces.



4.1.2 Programme 2: Applied Energy Research, Development and Innovation

The purpose of Programme 2 is the facilitating of knowledge creation that can support energy-related planning and decision-making, and accelerate the transformation of the energy market and landscape in South Africa. The programme consists of six sub-programmes.

#	Sub- Programmes	Purpose	Institutional outcomes
2	Purpose: Facilitating knowledge creation that can support energy-related planning and decision making, and accelerate the transformation of the energy market and landscape in South Africa.		
2.1	Renewable Energy (RE)	Support the accelerated and informed development of South Africa’s clean energy portfolio and RE sector.	<p>New and continued biogas, solar and wind projects, demonstrating GHG emissions mitigation potential in support of National commitments.</p> <p>Sub-projects focussed on this year include:</p> <ul style="list-style-type: none"> • Department of Defence (DoD) Biogas Installation Project Assessment. • SolarTurtle - a RE company supported by SANEDI, focusing on securing solar hubs for off-grid businesses. • Development of an Electricity Price Index (EPI) to compare electricity tariffs between South African municipalities. • Knowledge sharing events engaging Stakeholders on the Project Clean Energy in Water Infrastructure Installations in Limpopo Province.
2.2	Smart Grids (SG)	Demonstrate and assess intelligent energy system infrastructure as an enabler for municipal sustainability. Work towards the establishment of Smart Cities in South Africa to assist in solving the municipal debt energy crises, through eradicating energy measurement concerns and financial management shortfalls.	Updated the Strategic National Smart Grid Vision for the South African Electricity Supply Industry (ESI) document, in collaboration with various electricity industry Stakeholders through consultative workshops. The Strategic National Smart Grid Vision for the South African was launched on 28 March 2023 in Johannesburg.
2.3	Data and Knowledge Management (DKM)	Collation, development and utilisation of credible, objective and high-quality data and information.	<p>Took part in, and provided data and information for the following initiatives:</p> <ul style="list-style-type: none"> • South African Industrial Energy Efficiency Project (SA IEEP). • European Union General Budget Support (EU GBS: Buildings)- Launch of the EPC Guideline. • Sector Reports (SA IEE, EU GBS project: WWTPs and Buildings) provided to the DMRE to inform and advise in policy-making decisions. • Support given to research students (4 Masters and 5 PhD engineering students supported). • Training on EPCs in buildings provided to 201 Government Officials.



#	Sub- Programmes	Purpose	Institutional outcomes
			<ul style="list-style-type: none"> • Compilation of a Sector Report on Pre-feasibility Studies of energy saving opportunities on 14 Wastewater Treatment Plants (WWTPs) within South Africa. • Compilation of a Coffee Table book on SANEDIs Impact on the South African Industrial Energy Efficiency Project. The objective of the project was to accelerate the introduction of Energy Management Systems (EnMS), Industrial Energy Systems Optimizations (ESO) and the EnMS (ISO 50001 Series), within the South African Pulp and paper and Automotive industries. • Conducted study on Residential Load to Maximise Demand Side Management (DSM) Impact.
2.4	Cleaner Mobility (CM)	Develop CM solutions for urban transportation by investigating, and demonstrating alternative ways of mobility that will lead to the improvement of environmental, social and economic conditions.	<p>The following initiatives took place in this financial year:</p> <ul style="list-style-type: none"> • Review of a global case study for the deployment of Electric Buses. The results of the study were used for knowledge sharing with the Government and key industry Stakeholders. • Electric Bus demonstration project in Metros. The Global Environmental Facility of the DBSA has nominated SANEDI as the implementing Agent for the proposed Electric Bus demonstration project in two Metros in South Africa. • Taking part in industry knowledge-sharing event; Africa Energy Indaba on Electric Vehicles.
2.5	Cleaner Fossil Fuels	Research into alternative low carbon energy and mitigation options, to limit serious negative environmental impacts from conventional energy sources.	Conducted studies to demonstrate GHG emissions mitigation potential in support of National commitments. The study focused on utilising Fossil Fuels whilst minimising the negative effects of energy production. This included studies on alternative low carbon energy and mitigation options. The assessment took a holistic approach to consider the socio-economic drivers of these technologies, including their impact on employment and obtaining the necessary skills for implementation.

Table 2: Applied Energy Research, Development and Innovation

Programme performance for this programme is depicted below:

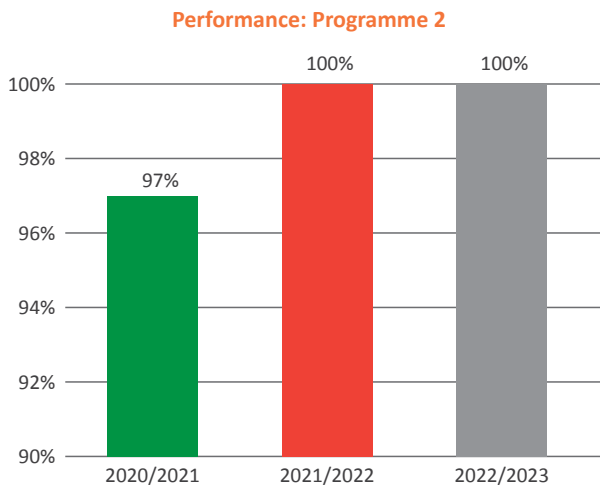


Figure 3: Programme 2 Performance

The following sub-sections provide details on each of the six sub-programmes.

i. Renewable Energy

The Renewable Energy sub-programme aims to support the accelerated and informed development of the country's clean energy portfolio and RE sector. Accomplishments are discussed below for five initiatives:

- a) **Energy Skills Development:** SANEDI delivered energy related training on various energy technologies i.e., SOLTRAIN, Solar Thermal Pumped system and energy awareness in Limpopo, Gauteng and Kwazulu-Natal. About 229 beneficiaries including 22 woman received skills as part of these training interventions.
- b) **Department of Defence (DoD) Biogas Installation Project Assessment:** Skills transfer initiatives for electrical and plumbing artisans with the DoD were carried out. After one year of monitoring the collaborative project between SANEDI and the DoD, it was deduced that a large amount of kitchen waste is being diverted from landfill and used towards cooking energy production. This reduces GHG emissions on two fronts i.e divert waste from landfill sites; and ii. Utilize waste for biogas energy production. It has been demonstrated that the larger military base can

implement a further two digesters to divert all kitchen waste from landfill. Plans are now underway to expand this biogas facility twofold and thus prove the usefulness of implementation in organic waste diversion, energy production for cooking, GHG emission reduction and electricity savings in cooking.

- c) **Solar Turtle:** Solar Turtle is a RE company supported by SANEDI and is focusing on securing solar hubs for off-grid businesses. Each solar hub serves as an energy platform from which a small business or initiative can be operated in remote areas. It is an ideal solution for mobile offices, branches, clinics, etc. Currently, SANEDI is involved in the development of two units to address different needs. Prototype 3, Version 2 has been designed and final manufacturing completed with significant improvements over Version 1. Solar Turtle received several bicycle units from Kubheka a local bicycle manufacturing entity to support the bicycle trailer prototype.
- d) **Electricity Pricing Index:** It is estimated that there are around 2,000 different electricity tariffs used among different municipal distributors and Eskom. Each of these tariffs are composed of different electricity tariff structures for different customer categories. Hence, comparisons between different tariffs for different customer categories are extremely difficult. The development of an Electricity Price Index (EPI) is a solution to this problem and will allow for comparison of electricity tariffs anywhere in South Africa. The EPI will also assist municipalities with benchmarking tariff levels during their tariff design process. Working towards the development of the EPI, twelve municipalities, representing all nine Provinces, were selected to participate in a study. Four customer classes were considered, namely Residential Indigent, Residential non-Indigent, Commercial and Industrial. To allow for a spread of demand and size, three customer usage cases were included.
- e) **Knowledge Sharing Events:** SANEDI led two Knowledge Sharing events, focussing on Project Clean Energy in Water Infrastructure Installations/ Units, in Limpopo Province in August 2022. The first was at the Hoedspruit Water Treatment Works and the second at the Hoedspruit SANDF

Air Force Base Water Infrastructure. These events will enable the implementation of the cost-effective deployment of clean energy technologies (renewable energy and energy efficiency) at the water and wastewater treatment works.

ii. Smart Grids

SANEDI, over a five-year period, in collaboration with the DMRE, developed and piloted the concept of Smart Grids in South Africa. The programme objective was *“Technology as an Enabler for Change”* in the municipal environment. The aim of the programme was to realise Smart Cities in South Africa, and assist in solving the municipality energy debt crisis through relevant technology and data. This initiative was designed to address gaps in the performance of electricity distribution departments and financial strain experiences by municipalities in general. Research conducted during 2022/23 indicated that strategic management of electricity distribution assets is key to addressing revenue challenges within municipalities in South Africa. The following two initiatives are highlighted:

- a) **Update of the Strategic National Smart Grid Vision for the South African ESI document:** The Strategic National Smart Grid Vision for the South African Electricity Supply Industry (ESI) document were reviewed and updated in line with current industry developments. The document was launched on 28 March 2023 in Johannesburg. The document was revised in collaboration with various Electricity industry Stakeholders through consultative workshops. It targets the electrical distribution utilities, entities and associated Stakeholders, aiming to guide the transformation of the country’s electricity system into a modern, integrated, and intelligent grid with a focus on three key areas: Smart Asset Management, Renewable Energy integration, and Improved Revenue enhancement.
- b) **Study on Residential Load to Maximise Demand Side Management Impact:** The DMRE, SANEDI and University of Cape Town, held an inception meeting on the 8 of November 2022 to discuss the study on residential load to maximise DSM impact. During the fourth quarter, the data report was concluded. The study focused on the following aspects:

- Providing an estimation of the Time of Use (ToU) demand savings available through proposed DSM measures to reduce overall electricity consumption and to shift the peak demand of the residential sector.
- Assessing the potential of implementing these measures in South Africa, and prioritise proposed actions and strategies for adoption by DMRE and the Natjoint Workstream 5.
- Describing implementation strategies to achieve these energy savings measures with illustration of examples and assessment of incremental costs and benefits.
- Creating a knowledge base to establish a well-aligned, sustainable DSM programme for the sector that includes Energy Efficiency savings as a resource for decision making, and propose a pathway to integrate these as an energy resource into National energy planning and modelling.
- Supporting the outcomes of the Policy Framework Study by proposing DSM measures within an appropriate framework that the DMRE and other agencies can consider developing a functional and sustainable industry, through DSM, incentives, regulations and policy certainty.

iii. Data and Knowledge Management

The Data and Knowledge Management programme was initiated to provide a mechanism for energy modelling and planning in support of the alignment of National and Local Government energy data objectives. The aim of the project is the collation, development and utilisation of credible, objective and high-quality data and information. The following achievements are highlighted:

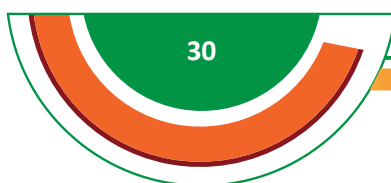
- a) **The Development of the Energy Performance Certificate Guideline:** The Minister of Mineral Resources and Energy issued, and promulgated regulations for the mandatory display and submission of Energy Performance Certificates (EPC’s) for buildings under section 19(1) of the National Energy Act. In May 2022, a guideline for EPC’s was released. The guideline assists building owners and accounting officers to successfully obtain an EPC for their building. Various focus groups were held with relevant Stakeholders, including architects, engineers, financial companies, accredited inspection bodies, energy

companies, associations, educational institutions and Government Officials. The focus groups contributed to education and awareness of EPC's.

- b) **Sector Reports (SA IEE, EU GBS project: WWTPs and Buildings):** The Tshwane University of Technology and SANEDI in collaboration with the South African German Energy Partnership conducted a survey on the current digital maturity of South African buildings. The survey included commercial and office buildings, as well as public and private buildings. SANEDI aims to use the information generated by the study to inform and advise the DMRE in its Policy-making decisions. Following the completion of the study, a workshop was held with key Stakeholders to present the findings. The study forms part of the Sector Report as it contributes to an understanding on the state of digitalisation of buildings in South Africa, and methods of improving energy efficiency intervention in the building sector.
- c) **Support to research students:** Through SANEDI's Research initiative, the DKM programme supported four masters (MEng) and five PhD students towards their postgraduate studies by providing them with bursaries. The long-term goal was to improve the technical base of the industry in general.
- d) **Training on Energy Performance Certificates in Buildings:** SANEDI provided training on EPCs in Buildings on 17 October 2022. The EPCs training focused on supporting entities and organisations involved in managing energy within buildings. The training was facilitated by Enterprises University of Pretoria, the appointed Service Provider responsible for the training of 100 Government Officials under the European Union's General Budget Support 4 programme. This session surpassed the target of 100 Government Officials, with 201 delegates in attendance. Of those, 128 were women and 126 were youth.
- e) **A Sector Report for Pre-feasibility Studies on 14 Wastewater Treatment Plants within South Africa:** A pre-feasibility study was conducted to identify potential energy savings opportunities in fourteen Wastewater Treatment Plants (WWTPs) within South Africa. Twenty-

eight fieldworkers, appointed for a period of six months, were provided with training on data collection, analysis and visualisation. The fieldworkers further received mentorship from the DMRE and SANEDI colleagues. In addition, an ARCGIS system was developed to indicate live energy data of each of the WWTPs. The project was concluded in December 2022 and a Sector Report was developed, highlighting the potential energy and cost savings for the fourteen WWTPs. The report further highlights potential CO₂ emission reduction, development of the ARCGIS and a profile of all the Stakeholders that were included in the project (project leaders, mentors and fieldworkers). The overall potential savings assessed for interventions within WWTPs in terms of energy consumption and carbon emissions is 6,042.63 CO₂ equivalent offsets (tonnes/a).

- f) **A Coffee Table book for SANEDI's impact on the South African Industrial Energy Efficiency Project:** An Industrial Energy Efficiency (IEE) Sector Report was developed in the form of a Coffee Table book to highlight the impact made by SANEDI throughout the implementation of the IEE project. The objective of the project was to accelerate the introduction of Energy Management Systems (EnMS), Industrial Energy Systems Optimizations (ESO) and the EnMS (ISO 50001 Series), within the South African Pulp & paper and Automotive industries. The project concluded in September 2022 and the following various activities were completed:
- Gap analysis study on data collection and visualisation between SANEDI and DMRE.
 - Legislative instruments and Governance structures.
 - Development of the Standard Operating Procedure (SOP) for 12L.
 - Data cleaning of the manual 12L database.
 - Determinations of an energy footprint in the Automotive and Pulp & paper sectors.
 - Development of a best practise Energy Management Systems guide.
 - Development of a Carbon Calculator Tool.



iv. Cleaner Mobility

The objective of the Cleaner Mobility Programme is to investigate and demonstrate, alternative cleaner mobility technology options that will lead to the improvement of the environmental, social and economic conditions. Completed studies during this financial year on greening of municipalities and the municipal fleet, will enable Metros to contribute to cost savings through the reduction of GHG in cities. Highlights are listed below:

a) **Review of global case study for the Deployment of Electric Buses:**

The project aimed to review global case studies to consolidate critical lessons for the South African public transport sector and policymakers. Case studies from India, China, the United States of America, Finland, Norway, and Chile were reviewed. The results of the study will be used as part of knowledge sharing with the Government and industry key Stakeholders for the benefit of the Electric Bus deployment projects to be undertaken in South Africa in the future. The findings of the study supported several propositions such as:-

- The deployment of Electric Buses is primarily led by China, as over 80% of Electric Buses on the road are found in China, while the rest of the world has approximately 14- 20% of Electric Buses.
- The leading manufacturers of Electric Buses are concentrated in the Asia-Pacific region, with China being at the forefront.
- There is a strong correlation between the uptake of electric buses and Government subsidies, and strong policies supporting the transition to Electric Buses in all cases reviewed.
- Whilst the upfront Capital cost for procuring electricity is approximately 40% higher than the traditional Internal Combustion Engine (ICE) buses, the results from China and India indicate the operational expenses of Electric Buses can be as low as 60% compared to ICE Buses. Over the life of the Electric Bus, will result in the levelised cost of ownership of Electric Buses being lower than that of ICE Buses.

- Proper planning by the Government, including partnerships with the private sector, Original Equipment Manufacturers (OEMs), bus operators and electricity distributing companies, is critical to successfully deploying the pilot and large-scale Electric Bus deployment projects.

b) **Electric Bus Demonstration Project in Metros:**

The GEF-DBSA has nominated SANEDI as the Implementing Agent for the proposed GEF-DBSA-funded Electric Bus Demonstration Project in the two Metros in South Africa. The project could transform the South African public transport sector, particularly through the reductions of Green House Gases (GHGs), localisation and reduced costs to commuters.

c) **Industry-sharing knowledge-sharing events:**

The Cleaner Mobility programme has organised, and sponsored knowledge sharing sessions at the African Energy Indaba on Electric Vehicles in March 2023. Many critical Local and International industry Stakeholders attended the event. The event focused on several topics, including, but not limited to discussions on Electric Vehicles (EVs) as potential energy storage devices to reduce the peak power demand on the grid, the impact of a transition to EV's on the South African local vehicle manufacturing industry, and the requirements for the development of enabling policies by the relevant Government Departments for a successful transition from Internal Combustion Engine (ICE) vehicles to EV's.

v. Cleaner Fossil Fuels

The purpose of the initiative is to enable the research into alternative low carbon energy and mitigation options, to limit serious negative environmental impacts from conventional energy sources.

- a) Study on Cleaner Fossil Fuels Roadmap for South Africa (Phase II): Cleaner Fossil Fuels is a concept that implies using Fossil Fuels as an energy source, but with reduced GHG emissions. The goal is to utilise Fossil Fuels whilst minimising the negative effects of energy production and effect on climate change. South Africa's energy and climate change challenges are compounded by its heavy dependence on Fossil Fuels which make up approximately 90% of its primary energy supply. Of this 90%, 72% originates from coal. In

addition, 85% of electricity generation capacity is based on coal technologies. Phase I of the Cleaner Fossil Fuels Roadmap assessed the current energy supply and demand of the coal, oil, and gas value chains, and identified feasible technologies to manage GHG emissions and alternative feedstock options. Phase II of the Roadmap narrows down the scope of technologies (based on certain techno-economic criteria) and offers a more in-depth examination and feasibility analysis of the technology options. It also examines how well the technologies align with the country's climate

change combating and Just Energy Transition (JET) requirements. The Phase II Report serves as a technological assessment of Cleaner Fossil Fuel Technologies and their ability to support the JET requirements through an increase in the supply of energy to the National grid. To provide a comprehensive evaluation, the assessment took a holistic approach considering the socio-economic drivers of these technologies, including their impact on employment and the necessary skills for implementation.



Our CEO, Dr Titus Mathe, presented at the international EV (Electric Vehicle) conference took place in March 2023. His case study was the potential impact that electric vehicles could have on grid stability - a crucial discussion at this time. Although there are barriers to successfully feeding EV energy back into the grid, this would ultimately have a positive effect- increasing grid stability and potentially reducing load shedding. SANEDI will be instrumental in V2G (Vehicle to Grid) services policy development and will head up research into these services, as well as coordinate efforts between private stakeholders and the public sector.

4.1.3 Programme 3: Energy Efficiency

The purpose of the Energy Efficiency programme is to accelerate a shift towards a resource, and particularly an EE society. The programme consists of six focus areas.

#	Focus Areas	Purpose	Institutional outcomes
3	Purpose: Accelerating a shift towards a resource, and particularly an EE society.		
3.1	12L Tax Incentive Certificates.	Run 12L Projects to assist companies to obtain 12L Tax Certificates.	The 12L Tax incentive has made a significant contribution to South African businesses during the 2022/23 financial year: 1.09 TWh of energy impacts with an equivalent of R 1.04 billion in achieved Tax Incentive from 38 certified projects. The energy impacts resulted in a combined 0.9 Megatonnes of CO ₂ in avoided GHG emissions.
3.2	Development of a user guide on mandatory Minimum Energy Performance Standards (MEPS) and Compulsory Energy Efficiency Labelling.	Provide a guideline with accessible and reliable information to inform Stakeholders regarding mandatory MEPS to improve compliance, and safeguard the sector against energy inefficient and grey imports.	Development of a guideline to cover EE, mandatory Minimum Energy Performance Standards (MEPS) and compulsory EE labelling electrical products in South Africa. The guideline unpacks the various regulatory obligations and are applicable to all Stakeholders affected by the implementation of the programme, including Government Departments, regulatory bodies, manufacturers, importers, distributors, retailers, industry associations, interested parties (academia, NGOs, International community and consumers).
3.3	Participation in the World Trade Organisation (WTO) Public Forum September 2022: Geneva, Switzerland.	Participate in a panel at the WTO forum charting a possible path for advancing EE in ICT products, while avoiding the non-tariff barriers to trade that result from misaligned National and Regional Policies and programmes.	SANEDI participated in the public forum that investigated the way Governments are working, to advance environmental sustainability through innovative products and services. The forum aimed to improve technical understanding of consumer technology products to identify best practices in advancing sustainability goals, while reducing barriers to trade. A White Paper is currently being developed in this regard.
3.4	Complete preliminary cost benefit analysis of televisions on residential demand.	Develop standards to improve the energy performance of televisions manufactured in, and imported into South Africa. Include an EE label to guide consumer buying choices.	SANEDI developed standards to improve the energy performance of televisions manufactured in, and imported into South Africa. This included an EE label to guide consumer buying choices. The aim is to reduce the strain on the grid caused by televisions .
3.5	Conduct industry consultation on the DMRE directive for the development of regulations of IE3 Electric Motors.	Development of a cost benefit analysis to inform the policy decision to develop MEPS and regulation for IE3 electric motors.	SANEDI developed a cost benefit analysis to inform the policy decision of MEPS and regulation for IE3 electric motors, following industry consultation in August 2022. The study found that the introduction of MEPS for this product will have a net economic benefit to the economy, and will improve commercial and industrial productivity. The DMRE issued a directive to the National Regulator for Compulsory Specification (NRCS).
3.6	Launch the National Standards and Labelling Guideline.	Launch of the National Standards and Labelling Guideline at the 17th Annual Southern African Energy Efficiency Confederation (SAEEC) Conference.	The official launch of the National Standards and Labelling guideline took place on 29 September 2022, as part of the SAEEC Conference. The conference is a platform for EE industry leaders to build and share knowledge.

Table 3: Programme 3: Energy Efficiency

Programme performance for this programme is depicted below:

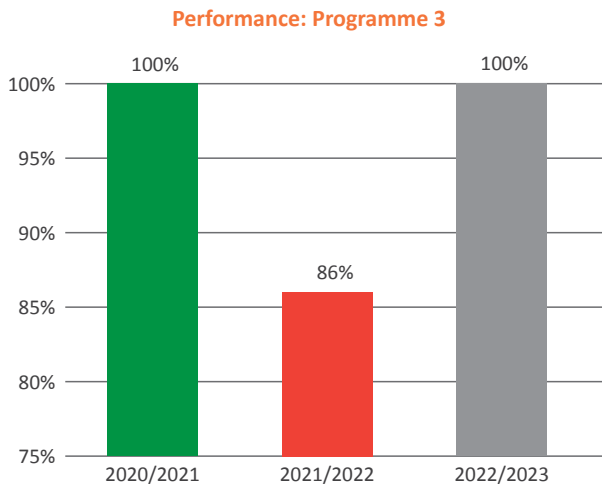


Figure 4: Programme 3 Performance

Detail on the focus areas is discussed below.

i. 12L Tax Incentives Certificates

The annual performance of the 12L Tax Incentive programme for the 2022/23 financial year is 1.09 TWh energy impacts with an equivalent R 1.04 billion in achieved Tax Incentive from thirty-eight certified projects. The energy impacts resulted in a combined 0.9 Megaton of CO₂ avoided GHG emissions. Below is the summary of the annual performance at the end of the fourth quarter in graphs and tables.

Annual Performance - Energy Impacts

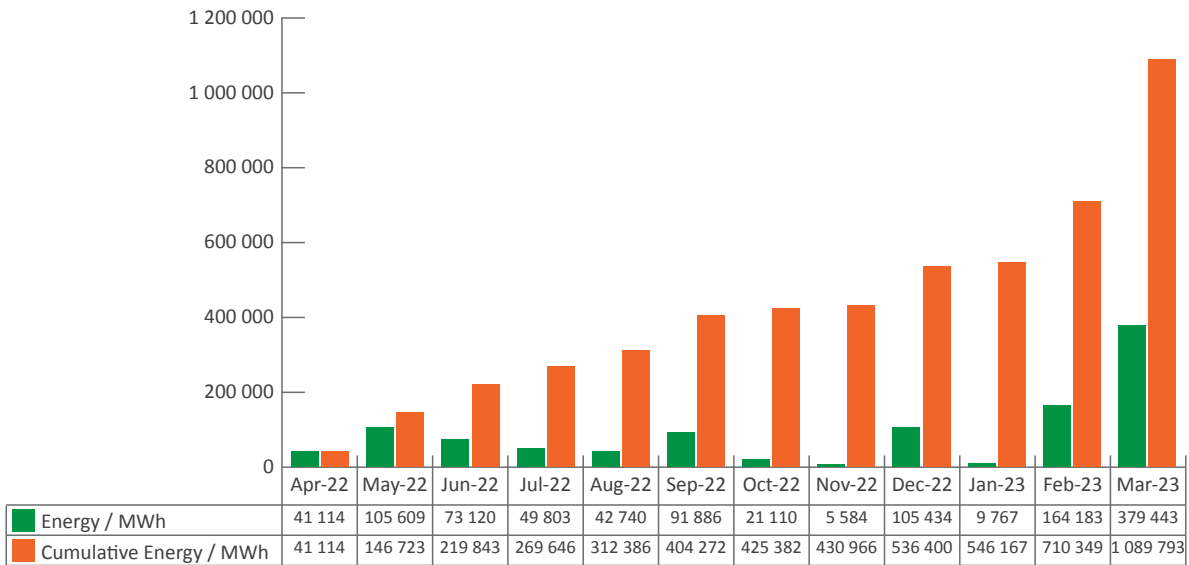
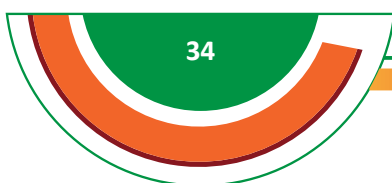


Figure 5: Annual Performance of Energy Impacts



Annual Performance - GHG Emissions Impacts

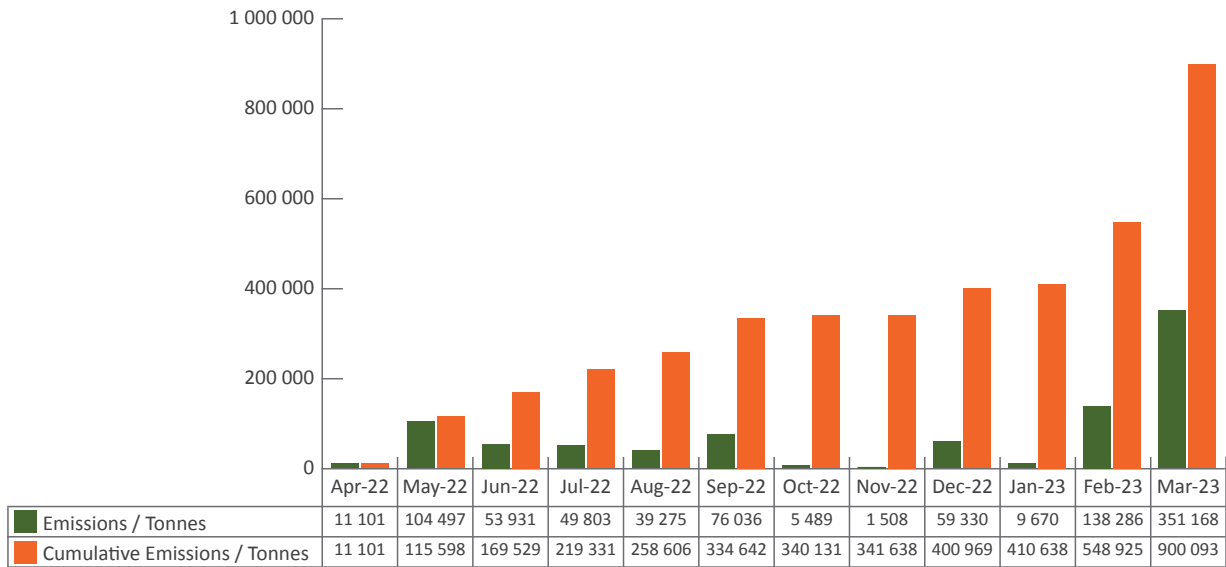


Figure 6: Annual Performance of GHG Emissions Impacts

Annual Performance - 12L tax Incentive R'000

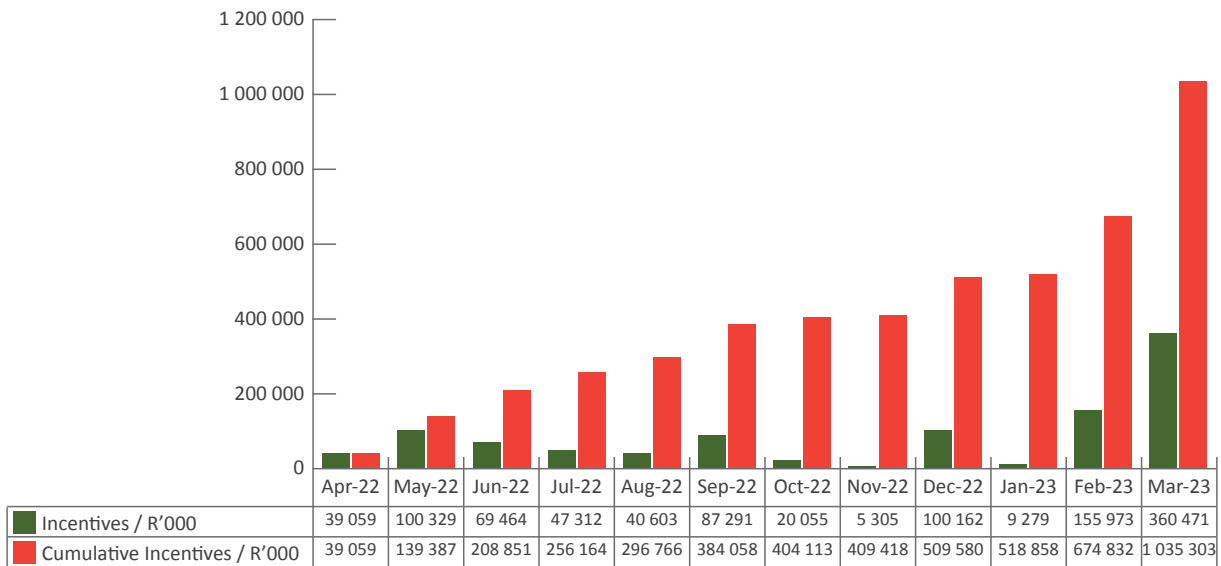


Figure 7: Annual Performance of 12L Tax Emissions Impacts

Cumulative energy impacts 2022/23				
Month	Projects	Energy Impact kWh]	12L Incentive [R]	CO ₂ Emission [t]
Apr-22	1	41 114 333	39 058 616	11 101
May-22	6	105 608 990	100 328 541	104 497
Jun-22	6	73 120 112	69 464 106	53 931
Jul-22	3	49 802 582	47 312 453	49 803
Aug-22	3	42 739 760	40 602 772	39 275

Cumulative energy impacts 2022/23				
Month	Projects	Energy Impact kWh]	12L Incentive [R]	CO ₂ Emission [t]
Sep-22	3	91 885 742	87 291 455	76 036
Oct-22	1	21 110 092	20 054 587	5 489
Nov-22	1	5 584 231	5 305 019	1 508
Dec-22	3	105 433 748	100 162 061	59 330
Jan- 23	1	9 767 230	9 278 869	9 670
Feb- 23	2	164 182 601	155 973 471	138 286
Mar- 23	8	379 443 201	360 471 041	351 168
Grand Total	38	1 089 792 622	1 035 302 991	900 093

Table 4: Cumulative Energy Impacts

It is evident that the 12L Tax Incentive has made a significant contribution to South African businesses during the period under review. The total tax claim of R 1.04 billion has unlocked significant investment in efficiency interventions and enabled a total of 1.09 TWh of energy savings during the months April 2022 to end of March 2023. Participating companies will continue to reap the benefits of these investments over the life of the respective interventions, while the benefits of improved energy productivity will accrue to the broader economy.

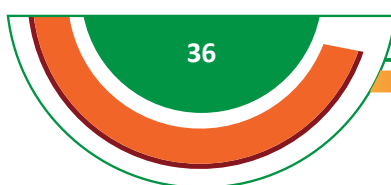
ii. User guide to Mandatory Minimum Energy Performance Standards (MEPS) and Compulsory Energy Efficiency Labelling

SANEDI developed a guideline to cover EE of electrical products, mandatory Minimum Energy Performance Standards (MEPS) and compulsory EE labelling in South Africa. It unpacks the various regulatory obligations involved. This is a resource to be used Nationally by all Stakeholders affected by the implementation of the programme, including Government Departments, regulatory bodies, manufacturers, importers, distributors, retailers, industry associations, academia, NGOs, the International community, or consumers looking for accessible and reliable information. The guideline provides a means to improve compliance. A high level of compliance safeguards the sector against energy inefficient, and grey imports.

iii. World Trade Organisation (WTO) Public Forum 27-30 September 2022: Geneva, Switzerland

SANEDI participated in a panel at the WTO forum charting a possible path for advancing EE in ICT products, while avoiding the non-tariff barriers to trade that result from misaligned National and Regional policies and programmes. The Standards and Labelling Manager represented SANEDI.

This public forum investigated the way Governments are advancing environmental sustainability through innovative products and services, and improving technical understanding of consumer technology products in a bid to identify best practices to advance sustainability goals while reducing barriers to trade. A White Paper is currently being developed in this regard. Reducing such barriers to trade in ICT products helps ensure that all countries, businesses, and individuals can reap the benefits of the digital age. Key Stakeholder groups, including industry, policymakers, NGOs, standards development organisations, and multilateral organisations, have roles to play in improving the environmental sustainability. This forum provided a global platform for EE and environmental sustainability experts and industry leaders, to seek solutions that champion the environmental sustainability of consumer tech products while simultaneously promoting free trade.



iv. Preliminary Cost Benefit Analysis of Televisions

The development of standards to improve the energy performance of televisions manufactured, and imported into South Africa and an energy efficiency label to guide consumer buying choices have been completed. The impact of cost benefit analysis is to reduce the burden of televisions on the grid.

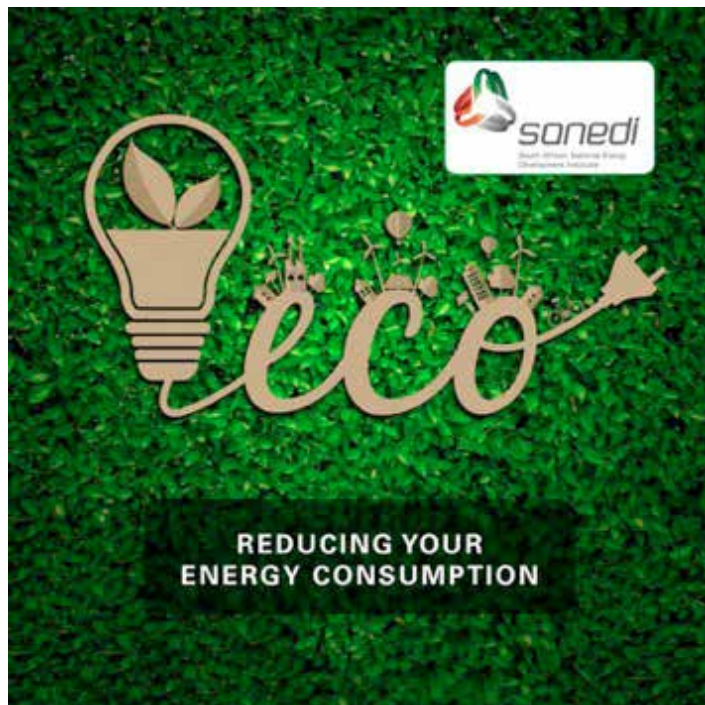
v. Industry consultation on DMRE directive for the development of regulations of IE3 Electric Motors

The initial Industry Stakeholder Workshop was hosted on 12 August 2022. SANEDI developed a cost benefit analysis that aims to inform policy decision on the development of minimum energy performance standards and regulation for IE3 electric motors. The study found that the introduction of MEPS for this product will have a net economic benefit to the economy and will improve commercial and industrial productivity. The DMRE issued a directive to the National Regulator for Compulsory Specification

(NRCS). The impact of regulations is the increased energy savings from regulated electrical apparatus traded in South Africa.

vi. Launch of the National Standards and Labelling Guideline at the 17th Annual Southern African Energy Efficiency Confederation (SAEEC) Conference.

The SAEEC Conference is a platform for EE industry leaders to converge to build knowledge and share the latest EE developments. This is the perfect platform to engage these industry members for the launch of the National EE Standards and Labelling Guideline, which seeks to foster compliance and awareness for Government and industries. This includes compliance to Electrical Appliance Standards, regulations, testing, and labelling laws in South Africa. This platform was selected for the official launch of the guideline hosted on 29 September 2022 in Johannesburg at a side track event of the SAEEC Conference sponsored through the programme.



We can all do our part to reduce energy consumption.

Here are our top 5 tips on reducing your energy consumption:

- 1. Turn off your computer and monitor.** According to Harvard research, modern computers can be turned on and off over 40 000 times, so powering down will not affect its lifespan.
- 2. USE LED bulbs.** LED bulbs use far less electricity and retailers display the energy efficiency rating on the packaging. LED lights also last longer than traditional bulbs, which means fewer trips to the shops.
- 3. Unplug electronics not in current use.** Some will continually pull energy, so start by unplugging your phone charger when it's not in use.
- 4. Use multi-plugs to save you time, by switching off one unit at the wall instead of having to turn off 5 different switches in a room.**
- 5. Turn off the lights.** It's simple - only light up the space you're using at home or work when needed.

4.2 Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

4.2.1 Programme 1: Administration

Administration									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
1.1 A capacitated, effective and efficient operational environment (within which SANEDI will discharge its mandate)- internal compliance.	Critical business risk factors identified, managed as per Risk Management Plan.	Percentage of business risk managed as per Risk Register	>90%	100%	95%	100%	5%	All planned actions to mitigate risks have been applied in line with the Risk Register.	
	Implemented Corporate Stakeholder Engagement Plan (CESP).	Percentage implementation of Corporate Stakeholder Engagement Plan (CESP)	85%	85%	90%	100%	10%	All planned events accordingly took place.	
	Implementation of Corporate ICT plan.	Percentage implementation of Corporate ICT plan.	80%	100%	85%	85%			
	Unqualified audits report	Unqualified audits	Unqualified audit	Unqualified audit	Unqualified audit report	Achieved with clean audit revised			
1.2									
1.3									
1.4									

Administration									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
1.5	Personnel trained as per Workplace Skills Plan (WSP).	Percentage of personnel trained as per Workplace Skills Plan (WSP).	100%	85%	90%	104%	14%	The target was achieved earlier in quarter 3 and in quarter 4 the status remain 104%. More training needs emerged hence the achieved target is more than the set target.	
1.6	Filled funded positions	Vacancy rate of funded positions	<5%	4,25%	<5%	2.08%	N/A	N/A	
1.7	Employment Equity targets adhered to	Percentage deviation from Employment Equity targets	<5%	2.04%	<5%	4.26%	N/A	N/A	

Table 5: Programme 1: Administration

4.2.2 Programme 2: Applied Energy Research, Development and Innovation

Renewable Energy									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
Demonstrated GHG emissions mitigation potential in support of National commitments.	Smart public facilities Pilots and studies (Renewable Energy SANEDI driven initiative contributing towards GHG reduction).	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration projects/facilities)	4	4	4	7	3	Multiple opportunities emerged to either deliver an energy solution ahead of schedule or to develop a new solution for testing. SANEDI took advantage of these opportunities.	
An awareness of data and the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions)	Reports and analysis from Stakeholder engagements.	Number of energy-related knowledge sharing events / platforms engaged in (own hosted, attended, knowledge presented, supported).	6	15	4	24	20	Additional opportunities become available to co/host energy knowledge sharing events. Sanedi took advantage of this to spread information within the sector.	
	Clean energy technologies training in the sector (including municipalities).	Number of recipients of energy related training facilitated.	120	161	120	227	107	Additional opportunities emerged for additional trainees at no additional cost.	

Renewable Energy								
100 % targets achieved during 2022/2023								
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
	Research publications reflecting clean energy insights.	Number of annual Energy industry status report (insights, trends, international and national collaboration decisions, interfacing and forums).	1	4	1	7	6	Due to multiple project and information dissemination opportunities, the renewables team was able to produce 7 contributions to the SANEDI insights publication.
	Accessible and high-quality data: maintain three energy-related datasets.	Minimum number of energy-related datasets maintained per annum.	3	2	2	2		
Energy transition expertise and competence building enabled.	Training modules and programmes relevant to the current environment.	Number of policy support instruments (industry roadmaps, sector development plans and industry support tools, etc).	1	1	1	1		

Renewable Energy									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
	Training programmes as well as trained, skilled participants.	Number of recipients of energy related training facilitated.	Introduced 2021/22 with different output.	40	N/A	N/A	N/A	N/A	
	Energy Research students and researchers supported.	Number of energy-related research students / contracted researchers supported (e.g. bursaries, non-bursaries, contract opportunities, infrastructure support, etc).	1	1	N/A	N/A	N/A	N/A	

Table 6: Programme 2: Renewable Energy

Data & Knowledge Management									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
Evidence based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics.	Data repository of all sustainable energy programmes (data collection).	Number of National energy programmes for which data is available / captured.	N/A	4	N/A	N/A			
	Detailed analytics reports containing data and insights of priority subsectors identified by the DMIRE to inform National strategies.	Number of Sector Reports produced.	N/A	3	3	3			
An awareness of the technologies to be used in the transition process (for an increasingly aware society on energy transition solutions).	Sector data analysis and modelling capability.	Fully functional Data and Knowledge Management (DKM) facility in-house within SANEDI.	N/A	1	N/A	N/A			
	Reports of engagements with relevant Stakeholders on data access.	Number of engagements with key Stakeholders relating to data access.	N/A	8	N/A	N/A			

Data & Knowledge Management									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
	Training on quality processing and analysis of data (data collection tools, quality processing of data and interpretation of data).	Number of recipients of energy related training facilitated.	32/50	60/10	N/A	N/A			
	Research publications reflecting clean energy insights.	Number of annual Energy industry status report (insights, trends, international and national collaboration decisions, interfacing and forums).	1/1	1/1	1	1			
	Training modules and programmes relevant to the current environment	Number of training modules relating to data.	New indicator from 2021/22	2/2	N/A	N/A	N/A		

Data & Knowledge Management									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
Energy transition expertise and competence building enabled.	Energy data analytics students and researchers supported	Number of energy data analytics related research students / contracted researchers supported (e.g. bursaries, non-bursaries, contract opportunities, infrastructure support, etc).	New indicator from 2021/22	1/1	5	6	1	SANEDI had more bursary applications than anticipated, but SANEDI didn't increase the bursary allocation amounts. Therefore 6 Bursaries were approved whilst reducing the individual allocation amount.	
	Training provided to recipients	Number of recipients of energy data related training facilitated.	N/A	N/A	20	201	181	There was high demand for Energy Performance Certificates (EPCs) because the penalty for EPC regulation was coming to effect by 7 December 2022 and people needed better understanding.	

Table 7: Programme 2: Data and Knowledge Management

Smart Grids									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
Smart Grid Piloted for Smart Cities.	Smart Grids	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	3	4	2	2			
			1	1	1	1			
		Annual energy industry insight (trends) publication reflecting insights from extensive international and national collaboration, interfacing and forums.	N/A	1	1	1			
		Number of industry roadmaps, sector development plans and industry support tools developed to promote energy related market/ industry development.							

Table 8: Programme 2: Smart Grids

Cleaner Mobility								
100 % targets achieved during 2022/2023								
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Clean Municipality Fleet, Public and Private Transport System.	Cleaner Mobility: greening municipal fleet and cleaner transport massification plans.	Number of energy solutions assessed (as confirmed by (i) advisory notes, (ii) feasibility reports, (iii) complete study reports, (iv) case studies, (v) technology roadmaps, and (vi) operational demonstration facilities).	1	1	1	1		
		Annual energy industry insight (trends) publication reflecting insights from extensive international and national collaboration, interfacing and forums.	1	1	1	1		
		Number of industry roadmaps, sector development plans and industry support tools developed to promote energy related market/ industry development.	N/A	1	1	1		

Cleaner Mobility									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
		Number of industry knowledge sharing events and platforms hosted to promote energy related market/ industry development.	N/A	1	1	2	1	CM identified opportunity to participate in the Smart Mobility Africa conference in September 2022 and participated in its schedule Africa Energy Indaba in March 2023 hence 2 events achieved instead of 1 as planned.	
		Number of recipients of energy related training facilitated by SANEDI.		5	2	5	3	Additional 3 beneficiaries were accommodated as there was not additional costs to the programme.	

Table 9: Programme 2: Cleaner Mobility

Cleaner Fossil Fuels									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
Demonstrated GHG emissions mitigation potential in support of National commitments.	Roadmap and Business case for Cleaner Fossil Fuels approved.	Number of energy solutions assessed (advisory notes, feasibility reports, complete study reports, case studies, technology roadmaps and operational demonstration facilities).	0	1	1	1			

Table 10: Programme 2: Cleaner Fossil Fuels

4.2.3 Programme 3: Energy Efficiency

Energy Efficiency									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
Demonstrated GHG emissions mitigation potential in support of National commitments.	Processed 12L tax applications.	Number of EE solutions implemented.	2	39	11	38	27	We are currently overachieving due to the increased number of applications submitted for the tax incentives. Increased awareness about the incentive scheme could have contributed to this.	
		GHG emissions reduced (tonnes CO ₂).	New indicator from 2021/2022	194 tonnes/1,5 tonnes	1.0 tonne	0.90 Megatonne.	0.50 Megatonne.	*There was an error with the metric value used in setting the targets. The Target must be in Megatonnes.	
	Smart public facilities (and any other SANEDI driven initiative contributing towards GHG reduction.	Number of EE solutions assessed.	1	2	3	3			

* There was a duplicate Output Indicator “Number of EE solutions implemented” . It was mistakenly listed twice with the 2nd one under ESCO Market Development Strategy Output, and during reporting it was merged under “Processed 12L Tax Applications Output.” The annual target after merging became 11 and this was overachieved with 27.

Energy Efficiency									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
	Minimum Energy Performance standards developed	Number of EE solutions implemented							
Evidence based planning, resource allocation and decision-making enabled by accurate and timely information, datasets and data analytics.	EE data sets and information for policy decision making.	Number of EE energy-related datasets maintained per annum.	6	2	3	3			
ESCO Market development Strategy									
Expertise required for the energy transformation.	EE Capacity created through training	Number of recipients of energy related training facilitated by SANEDI	New Indicator	New Indicator	20	26	6	There was more demand and 6 additional trainees were trained at no additional cost.	

Energy Efficiency									
100 % targets achieved during 2022/2023									
Outcome	Output	Output Indicator	Audited Actual Achievement 2020/2021	Audited Actual Achievement 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	
	SANAS Accreditation.	SANEDI staff trained in all SANAS accreditation training requirements, including ISO 90001.	New Indicator	New Indicator	3	7	4	There was more interest from candidates at no additional cost against approved budget. Seven attendants attended training, the register indicated 9 people, please note that this is an error. Please note that the two colleagues (Mr. N. Funanani and Ms. N. Mandisa) both signed twice in error as the physical register was going around as separate sheets of paper.	

Table 11: Programme 3: Energy Efficiency



PART C:
GOVERNANCE

1. Introduction

Corporate Governance embodies processes and systems by which SANEDI are directed, controlled and held to account. In addition to Legislative requirements based on a SANEDI's enabling Legislation, and the Companies Act, Corporate Governance with regard to Public Entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Board of SANEDI are responsible for Corporate Governance.

2. Portfolio Committees

Parliament exercises its role through evaluating the performance of SANEDI by interrogating the Annual Financial Statements (AFS) and other relevant documents which have to be tabled, as well as any other documents tabled from time to time. The Standing Committee on Public Accounts (SCOPA) reviews the AFS and the audit reports of the external auditor. The Portfolio Committee exercises oversight over the service delivery performance of SANEDI and, as such, reviews the non-financial information

contained in the Annual Reports (AR) of SANEDI and is concerned with service delivery and enhancing economic growth.

In the beginning of the 2023/24 financial year, SANEDI presented its Strategic Plan (SP) and Annual Performance Plan (APP) for 2023/24 to the Parliamentary Portfolio Committee (PPC) for review. The plan was subsequently adopted by the PPC.

3. Executive Authority

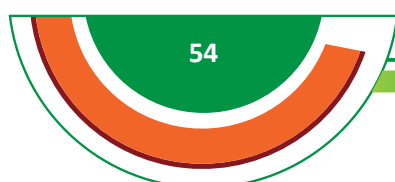
The Executive Authority (EA) of SANEDI is the Minister of Mineral Resources and Energy, Honourable Minister Gwede Mantashe.

Oversight by the Executive Authority (EA) rests by and large on the precepts of the PFMA. The PFMA governs or gives authority to the EA for oversight powers. The EA also has the power to appoint and dismiss the Board of SANEDI. The EA must also ensure that the appropriate mix of Executive and Non-executive Directors is appointed and that Directors have the necessary skills to guide the Public Entity.

As per compliance requirements, SANEDI submitted the following reports to the EA:

Report	Reporting period	Date of submission
First Quarter Performance Report	1 April to 30 June 2021	29 July 2022
Annual Report	2020/21	31 August 2022
First Draft Annual Performance Plan	2022/23	31 October 2022
Second Quarter Performance Report	1 July to 30 September 2021	31 October 2022
Third Quarter Performance Report	1 October to 31 December 2021	01 February 2022
Final Draft Annual Performance Plan	2022/23	01 February 2023
Fourth Quarter Performance Report	1 January to 31 March 2022	30 June 2023 SANEDI experienced a system failure and financial information had to be recovered. The Minister granted an extension to submit at this date.

Table 12: Reports submitted to the Executive Authority



4. The Accounting Authority/ The Board

The Board of Directors is the accounting authority of SANEDI. The Board constitutes a fundamental base for the application of Corporate Governance principles in SANEDI. The Board has an absolute responsibility for the performance of SANEDI and is fully accountable for such performance. The Board provides strategic direction to SANEDI.

4.1 The role of the Board

The role of the Board is described below:

- Holding absolute responsibility for the performance of SANEDI.
- Retaining full and effective control over SANEDI.
- Ensuring that adequate and effective Corporate Governance is established and maintained, and that SANEDI complies with applicable laws, regulations and Government policy.
- Formulating, monitoring and reviewing corporate strategy, major plans of action, risk policy, annual budgets and business plans.
- Ensuring preparation of financial statements.
- Appraising the performance of the Chairperson.
- Ensuring effective Board induction.
- Developing a clear definition of levels of materiality.
- Maintaining integrity, responsibility and accountability.
- Has unrestricted access to information of SANEDI.
- Attending annual meetings.

4.2 Board Charter

As recommended by the King Code, the Board has a charter setting out its responsibilities. These responsibilities include:

- To steer and set strategic direction in regard to both the organisations strategy and the way in which specific areas are to be approached, addressed, and conducted,
- To approve policies and planning that give to the strategy,
- To oversee and monitor the implementation and execution of policies by Management, and
- To ensure accountability by means of reporting and disclosures.

4.3 Composition of the Board

The Board is appointed by the Minister of Mineral Resources and Energy in consultation with the Minister of Science and Innovation. Section 8(2) of the National Energy Act (NEA) requires the following Board composition:

- Chairperson,
- Deputy Chairperson,
- Representatives from the following Government Departments:
 - Mineral Resources and Energy,
 - Trade and Industry,
 - Science and Technology,
 - Environmental Affairs, and
 - Transport.
- And two other suitably qualified persons.

The Board was appointed in January 2022 and consists of 8 Executive and 2 Non-executive Directors. A vacancy currently exists for a representative from the Department of Transport. During the financial year, the Board held five scheduled meetings and an additional four Special Board meetings, as well as a three day Strategy Session.

Name	Designation	Date appointed	Qualifications	Other Committees or task teams
Mr Sicelo Xulu	Chairperson	11 January 2022	Master of Philosophy (MPhil) Electrical and Electronics Engineering (Cum Laude), BSc (Hons), Applied Sciences: Electrotechnics	TPFC
Ms Lungile Mtiya	Deputy Chairperson	11 January 2022	MPhil – Labour Law & Employment Relations B Comm. Hons- Employment Relations & Labour Law, B-Tech Degree Human Resources	HRREMCO
Ms Abegail Boikhutso	Non-Executive Director	11 January 2022	Chartered Financial Analyst (CFA) Candidate, B. Com Accounting, MBA	HRREMCO & ARC
Ms Mary Tumelo Mashabela	Non-Executive Director	11 January 2022	BSc, Electrical Engineering, LLB	TPFC & ARC
Dr Rebecca Maserumule	Department of Science and Innovation (DSI)		Ph.D. in Mathematics, M.Sc. in Applied Mathematics and B.Sc. in Applied Mathematics	TPFC
Ms Ilze Baron	Department of Trade Industry and Competition (DTIC)	11 January 2022	B. Com Economics	HRREMCO
Mr Jongikhaya Witi	Department of Forestry, Fisheries, and Environment (DFFE)	11 January 2022	MTech Degree in Chemical Engineering, BTech Degree in Chemical Engineering, MSc in Mechanical Engineering (Energy Studies)	TPFC
Mr Mthokozisi Mpofu	Department of Mineral and Resources and Energy (DMRE)	11 January 2022	Master of Philosophy, Energy Studies, Bachelor of Social Science (Honours)	TPFC

Table 13: List of Board meetings

4.4 Board Committees

The Act permits the Board to establish Sub-Committees and appoint any of its members to join one or more of such Sub-Committees. The following Board Committees assisted the Board:

Committee	No. of meetings held	No. of members	Names of members
The Board	9 Of which 4 were special meetings	8	<ul style="list-style-type: none"> • Mr Sicelo Xulu • Ms Lungile Mtiya • Ms Abegail Boikhutso • Ms Ilze Baron • Ms Tumelo Mashabela • Dr Rebecca Maserumule • Mr Jongikhaya Witi • Mr Mthokozisi Mpopu
Audit and Risk Committee (ARC)	25 Of which 15 were special meetings	3	<ul style="list-style-type: none"> • Ms Masaccha Khulekelwe Mbonambi • Mr Mahlatsi Movundlela • Ms Gugulethu Danisa (appointed 1 April 2023)
Human Resources, and Remuneration Committee (HR&REMCO)	22 Of which 15 were special meetings	3	<ul style="list-style-type: none"> • Ms Lungile Mtiya • Ms Abegail Boikhutso • Ms Ilze Baron
The Technical Projects Finance Committee (TPFC)	24 Of which 14 were special meetings	5	<ul style="list-style-type: none"> • Ms Tumelo Mashabela • Mr Sicelo Xulu • Dr Rebecca Maserumule • Mr Jongikhaya Witi • Mr Mthokozisi Mpopu

Table 14: List of Board Committees

4.5 Board remuneration

Remuneration of Board members are determined by National Treasury and approved by the DMRE Minister.

Name	Remuneration	Other allowance	Other re-imbursments	Total
Mr Sicelo Xulu	186 999	1 334	-	188 332
Ms Lungile Mtiya	174 057	702	-	174 758
Ms Abegail Boikhutso	121 227	699	-	121 925
Ms Mary Tumelo Mashabela	183 723	987	-	184 709
Pamla Yongama	41 904	-	-	41 904

Name	Remuneration	Other allowance	Other re-imbursments	Total
Ms Ilze Baron	<i>Employees of the State. Not remunerated.</i>			
Dr Rebecca Maserumule				
Mr Jongikhaya Witi				
Mr Mthokozisi Mpofu				
Ms Noma Qase (alternate for Mr Mpofu)				
Mr Gerhard Fourie (alternate for Ms Baron)				
Total	707 909	3 721	-	711 629

Table 15: Board Members remuneration

4.6 Audit and Risk Committee remuneration

Name	Remuneration	Other allowances	Other re-imbursments	Total
Ms Masaccha Khulekelwe Mbonambi (Chairperson)	212 353	820	0	213.173
Mr Mahlatsi Movundlela	41 904	0	0	41.904
Total	254 257	820	0	255.077

Table 16: ARC remuneration

5. Risk Management

SANEDI is a Schedule 3A Public Entity under the Public Finance Management Act (PFMA), Act 1 of 1999. SANEDI is committed to a process of Enterprise Risk Management that is aligned to the principles of good Corporate Governance as outlined in the King IV Report, and prescribed by the PFMA.

The Risk Management Policy 2022/23 was reviewed and approved by the Board and forms the basis of the 2022/23 Risk Management Strategy and Register. SANEDI conducts regular risk assessments to determine the effectiveness of its Risk Management strategy and to identify new and emerging risks.

The Board assigned oversight responsibility of the Risk Management function to the Audit and Risk Committee (ARC). This Committee independently monitors the effectiveness of the Risk Management system, advises SANEDI and regularly reports to the Board on the outcome of Risk Management in the organisation and the mitigation of unacceptable levels of risk.

Risk Management continues to be imposed through project risk registers in the Annual Operational Plans. In 2022/23, SANEDI managed all significant risks and the Risk Management function has contributed to the successful outcome of this year.

6. Internal control unit

The Committee reviewed the activities of the internal audit function and concluded that (a) the internal audit function is effective, with no unjustified restrictions or limitations, and (b) the internal audit reports were satisfactorily reviewed at quarterly meetings, including the annual work programme, co-ordination with the external auditors, the reports of significant investigations, and responses of Management to issues raised therein.

Despite highlighted control weaknesses raised by the Internal Auditor, the External Auditor's report on the AFS and a Management letter received from the AGSA on shortcomings of the internal system of control, the ARC is of the opinion that the internal controls of the entity were reasonably effective throughout the 2022/23 financial year.

7. Internal audit and Audit Committees

7.1 Internal audit

The internal audit function provides an independent appraisal function that is designed to examine and evaluate SANEDI's internal controls. This function was outsourced to Nexia SAB&T.

Nexia SAB&T is mandated by the SANEDI Board to assist the Board and the Executive Committee with evaluating the adequacy and effectiveness of (a) Risk Management (b) the control environment, and (c) Governance processes.

Internal Audit follows a risk-based audit methodology in compliance with the Institute of Internal Auditors (IIIA) and the International Standards for the Professional Practice of Internal Auditing. Any major weaknesses detected are brought to the attention of the Audit and Risk Committee (ARC), the external auditors and members of Management for their consideration and remedial action.

7.2 Audit and Risk Committee

The ARC is constituted as a Board sub-committee with responsibilities as delegated by the Board in terms of Section 51 (1) (ii) of the PFMA and Treasury Regulations 27.1.1. The ARC has an independent role with accountability to both the Board and the Shareholder. The role of the ARC is to provide

independent assurance and assistance to the Board on Control, Governance and Risk Management.

The ARC does not replace established Management responsibilities and delegations. The key activities of SANEDI ARC, in correspondence with National Treasury (NT) regulations, are:

- To review the adequacy of policies, procedures, and the internal control systems, including information technology security and control, and financial controls.
- To review performance management systems and information for compliance and alignment to company purpose, objectives and commitments.
- To review and approve the scope of activities of the Internal Audit function, ensuring that it covers the key risks and that there is alignment with the external auditor (Auditor-General of South Africa (AGSA)), assess the effectiveness of the Internal Audit function.
- To review the AGSA's audit scope, approach and performance, and review findings and implementation of recommendations by Management.
- To review legal and regulatory compliance and effectiveness of systems for monitoring such.
- To report to relevant Stakeholders, including the Board regarding the Committee activities, issues, and related recommendations.
- To report concerns to the EA where relevant.

Information on the members of the ARC is provided below:

Name	Internal or external	Date appointed	Meetings attended	Meetings not attended
Ms Masaccha Khulekelwe Mbonambi (Chairperson)	External	January 2022	11	1
Mr Mahlatsi Movundlela	External	January 2022	9	3
Ms Yongama Pamla (resigned on 31 October 2022)	External	January 2022	5	7
Ms Abegail Boikhutso	Internal – SANEDI Board member	April 2023	9	3
Ms Tumelo Mashabela	Internal – SANEDI Board member and Chairperson of the TPFC	April 2023	9	3

Table 17: List of ARC Members

8. Compliance with laws and regulations

SANEDI reports on compliance with the PFMA and Treasury Regulations in its quarterly reports submitted to the DMRE and National Treasury. Through the Chief Financial Officer Forum, NT provides a support structure to Chief Financial Officers (CFOs) of public entities. This interface allows regular engagement with NT that facilitates information sharing, provide training workshops for finance personnel and CFOs, and provides updates on recent developments within NT, the Accounting Standards Board (ASB) and Financial Legislation and Regulations.

All policies and procedures approved by the SANEDI Board are maintained in a register of policies and procedures and are subsequently complied with. The Secretariat assists with compliance matters and ensures that the company's affairs, as well as the Board proceedings, are properly carried out in accordance with the relevant laws and standards. The Department of Mineral Resources and Energy (DMRE) furthermore issues an annual compliance calendar to which SANEDI adheres.

9. Fraud and corruption

SANEDI is committed to the eradication of fraud, corruption, misconduct and irregularities, and takes a zero-tolerance position towards fraud. A Board approved Fraud Prevention Plan was adopted, with measures to address Fraud Risk Management from both a proactive and reactive perspective.

SANEDI has contracted the services of an independent hotline Service Provider, for the confidential reporting of fraud, corruption, misuse of public resources and other inappropriate behaviour. No calls were received by the Fraud Hotline during the 2022/23 financial year.

10. Minimising Conflict of Interest

In accordance with the provisions of the Companies Act and the PFMA, all Board members and members of the Executive team, declare financial interests annually, and the declarations of financial interests are

submitted to the DMRE. Further interests are declared at each meeting of the Board or its Committees, and declaration of interest is implemented in line with the PFMA requirements.

An annual declaration of interest is signed by all staff members, including those working in Supply Chain Management (SCM). A record of these declarations is maintained by the Human Resources (HR) Department. Every staff member employed in SCM has furthermore signed the NT code of conduct for supply chain practitioners. All individuals who are involved in the bidding process (including all supply chain related, evaluation and adjudication meetings) declare their interest prior to proceeding with the process, as required by the PFMA.

Any individual who is a member of the Bid Evaluation Committee (BEC), is not allowed to adjudicate on the same bid if they happen to be a member of the Bid Adjudication Committee (BAC).

11. Code of Conduct

SANEDI adopted a Code of Conduct in July 2015, this code was revised and approved by the Board in April 2018. The code was reviewed by HR and endorsed by employees. The code is universally applicable to all employees and contractors of the organisation, and requires a commitment by every employee to adhere to the code. The Code serves as a guide to assist the Board, Executive Management, staff and contractors of the organisation, in making ethical decisions, and engaging in appropriate and lawful conduct.

Should there be a breach of the Code of Conduct, a disciplinary process will be followed. No such breach was reported during the year.

12. Health, safety and environmental issues

SANEDI endeavours to put the health and safety of its employees and their work environment, including all other persons conducting business on its premises, first as far as is reasonably possible. To this end, SANEDI is committed to the fulfilment of the requirements stipulated in the Occupational Health and Safety Act (OHSA), 1993 (Act No.85 of 1993). SANEDI has developed a Health and Safety Committee, to ensure

that all who are in SANEDI's work facilitates are in an environment that has eliminated, or reduced potential health and safety threats.

13. Company Secretary

The Board is assisted by a Company Secretary responsible for the secretariat function, legal advisory, Governance and Compliance Management services. The Board and members of the Executive Committee have access to the Company Secretary for guidance on how to perform their duties and responsibilities. The Company Secretary is responsible for the ongoing training of Board members, and the scheduling, preparation and administration of Board and Committee meetings.

14. Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

14.1 AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee (the Committee) is a formally constituted sub-committee of the Board. The Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act (as amended) and regulation 27.1 of the Treasury Regulations. The Audit Committee also reports that it has adopted formal terms of reference, which the Board has approved. The Committee has executed its duties during the past financial year in compliance with these terms of reference and has discharged all its responsibilities.

14.2 AUDIT AND RISK COMMITTEE COMPOSITION

The Committee is comprised of three (3) external members, who are all independent members and two (2) members of the Board. The Committee comprises persons with a blend of skills, knowledge, and experience necessary to discharge its responsibilities fully. As at 31 March 2023, the Committee comprised of the following members:

1. Ms. Khulekelwe Mbonambi (Chairperson) - external member,

2. Ms. Yongama Pamla- external member,
3. Mr. Mahlatse Movundlela- external member,
4. Ms. Tumelo Mashabela- Board member, and
5. Ms. Abigail Boikhutso- Board member.

The Chief Executive Officer, Chief Financial Officer, the Head of Internal Audit, and the Auditor-General South Africa (AGSA) attend by invitation.

14.3 INTERNAL AUDIT

The Internal Audit function is outsourced, and it is performed by Nexia-SAB&T. The Committee is responsible for overseeing the internal audit function, and the Committee is satisfied with their competence. The Committee approved the internal audit plan, and the Committee is satisfied that the coverage and execution by Internal Auditors was in line with the approved plan.

The following are some internal audit projects completed during the year under review:

- Quarterly Performance Information reviews,
- Budget and Internal Financial Controls review,
- Employee performance and bonus payment review,
- Supply Chain Management review,
- Review of the 2022/23 Annual Performance Report, and
- Review of the 2022/23 Annual Financial Statements.

Furthermore, the Committee encourages the Executive Management, the AGSA and the Internal Audit Function to cooperate and strengthen consultation to achieve the application of effective combined assurance.

14.4 EFFECTIVENESS OF INTERNAL CONTROL

Based on the results of the audits performed and the follow-up reviews conducted, the overall opinion on the internal control design was adequate but, in some instances, ineffective in ensuring that the Entity's objectives are achieved.

There is still room for improvement by management in terms of addressing the recommendations by internal audit timely.

14.5 IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Committee noted the content and quality of financial and non-financial quarterly reports prepared and submitted by Management during the year under review and confirms that reports were in compliance with the statutory reporting framework.

14.6 EVALUATION OF THE FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Committee has:

- Reviewed and discussed the unaudited and audited Annual Financial Statements and Annual Performance Report included in the Annual Report,
- Reviewed changes relating to the Annual Financial Statements and Annual Performance Report,
- Reviewed the Entity's compliance with legal and regulatory provisions, and
- Reviewed the Auditor-General of South Africa's (AGSA) Management report and Management's response thereto.

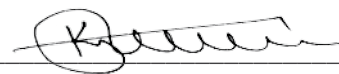
14.7 EXTERNAL AUDITORS

The 2022/23 audit was conducted by the Auditor-General of South Africa. In consultation with Management, the Committee agreed to the engagement letter, audit plan and fees for the financial year ended 31 March 2023. The Committee is satisfied with the independence and objectivity of the AGSA.

The Committee met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. The Committee concurs and accepts the conclusions of the AGSA on the Annual Financial Statements, the Annual Performance Report and the report on compliance with laws and regulations, and believes that the audited Annual Financial Statements and other reports must be accepted and read together with the report of the AGSA.

14.8 Appreciation

The Committee wishes to acknowledge the work performed by the Chief Executive Officer, Management and other officials of SANEDI. The Committee also wishes to express its appreciation to Management, the AGSA and the Internal Audit Unit for the co-operation and information they have provided to enable the Committee to discharge its responsibilities.



Ms Masaccha Khulekelwe Mbonambi

Chairperson of the Audit and Risk Committee

SANEDI

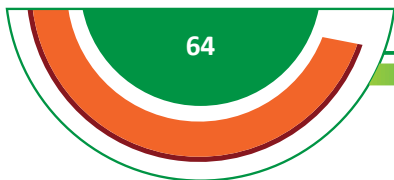
Date: 31 August 2023

15. B-BBEE compliance performance information

The application by SANEDI of Code of Good Practice (B-BBEE Certificate Levels 1-8) are discussed below:

Criteria	Response	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	SANEDI does not issue any licenses to companies. However, SANEDI played a role in assisting companies to obtain Tax Certificates and receive tax relief from SARS.
Developing and implementing a preferential procurement policy?	Yes	The SANEDI procurement policy takes B-BBEE compliance into consideration.
Determining qualification criteria for the sale of State-owned Enterprises (SoEs)?	N/A	SANEDI does not have any subsidiaries.
Developing criteria for entering into partnerships with the private sector?	Yes	Procurement contracts and collaboration agreements are in line with Treasury Regulations and are complied with when goods or services are procured through Public Private Partnerships or as part of Public Private Partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment (B-BBEE)?	N/A	SANEDI does not give incentives, grants and investment schemes in support of B-BBEE.

Table 18: B-BBEE Compliance Performance information





PART D:
HUMAN RESOURCE
MANAGEMENT

1. Introduction

1.1 Overview of Human Resources

The Human Resources (HR) team offers strategic support to the core business of SANEDI, by assisting line-Management to implement operational excellence and develop human capital capabilities and potential. The main purpose of the HR division is to partner with the organisation to foster a conducive environment for high performance. This is done through organisational design/re-design, recruitment and selection, compensation and benefits, talent management and performance management. All these dimensions were enhanced during this financial year, with the restructuring process as the central theme of adopting to the revised strategy. The purpose of the organisational review is to increase the required capabilities to deliver on the SANEDI mandate and strategy and enable strategy execution through an appropriate and effective structure.

During the year under review, information sessions were held to provide and guide staff on the processes which will enable them to make informed decisions regarding their rights as employees, their benefit options as well as on the HR policies and procedures.

The National Education, Health and Allied Workers Union (NEHAWU) is the only union recognised by SANEDI, 10% of employees are part of the bargaining unit, but not active.

1.2 HR priorities for 2022/23

In the second half of the financial year, SANEDI made the following key appointments:

- Dr Zwanani Titus Mathe, as the Chief Executive Officer.
- Prof. Prathaban Moodley, as General Manager: Applied Energy Research.
- Professor Sampson Mamphweli, as Head: DSI Energy Secretariat.

1.3 Please Workforce Planning Framework

External funding was provided for three interns. They joined SANEDI and are placed in the Corporate Planning Office and Legal Advisory.

Due to financial constraints, SANEDI is unable to expand further on its structure, unless the positions are funded externally. The employee count remains at 55.

1.4 Employee Performance Management Framework

The Workplace Skills Plan (WSP) for the 2022/23 financial year was submitted to the Energy and Water Sector Education and Training Authority (EWSETA). SANEDI actively identified new areas for organisational learning such as Supply Chain Management (SCM), Contract Management, Project Management and Finance Management training. In the financial year under review, 80% of staff received training and a total of 104% was achieved on the “training of personnel as prescribed by the Workplace Skills Plan” target. This percentage includes Development and Training, Local and International training as well as webinars.

1.5 Employee Wellness Programme

Strengthening the employer-employee relationship is the principal goal of the HR Department. The following initiatives were undertaken during this year:

- Weekly information newsletters that address different health topics were shared with all employees.
- A Service Provider was appointed to hold quarterly virtual induction information sessions with employees to familiarise them with different health challenges, and how to overcome these challenges. Several employees have used the Service Providers service and provided positive feedback.
- A successful Wellness awareness day was held in December 2022, with two motivational speakers and activities including a fun walk, aerobics, health meals and massages.

1.6 Policy Development

In the last financial year 2022/23, all HR policies and procedures were reviewed to insure adherence and alignment.

All policies that are related to remuneration and benefits are reviewed and will be presented to the Board for approval. Specific focus falls on the current and future employee rewards structure and managing employee behaviour.

Employees received training on utilising policies and procedures during decision making to ensure that SANEDI is consistent in its decision-making processes.

An information session was held to reiterate the importance of exemplary employee conduct at work.

1.7 Achievements

The appointments of key personnel in the second half of this financial year, has influenced the organisational culture of SANEDI in a positive way. Employees are now understanding the strategic importance of SANEDI in the energy ecosystem, what an important role SANEDI should be playing in improving the energy challenges within South Africa and how employees can utilise the current and reviewed Human Resources policies and procedures to achieve set goals.

Improvements in Human Resources Governance, changes to the SANEDI payment structures and re-alignment of job descriptions contributed to prioritise a fostering culture within SANEDI. This will allow the organisation to be more relevant in resolving South African energy challenges and transferring skills that will assist in this regard.

1.8 Challenges faced by SANEDI

Challenge facing SANEDI is below market-related salaries and benefits. Management is currently working with the Board to ensure that the organisation retains and attracts the required technical skills.

1.9 Future HR plans and goals

The following high-level HR priorities were identified for the next financial year:

- Compilation and approval of an updated HR strategy that will support the implementation of the organisational strategy for the new MTEF period.
- Implementation of career ladders and improvement in succession planning.
- Development and rolling out of Talent Management programmes.
- Development and implementation of programmes to ensure a performance management culture is fully embedded within the organisation.
- Development of highly skilled people.

2. Human Resources Oversight Statistics

2.1 Personnel cost by Programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1: Administration	19 285	17 728	91%	26	682
Programme 2: Applied Energy Research, Development and Innovation	14 571	8 659	59%	19	456
Programme 3: Energy Efficiency	19 183	10 250	53%	14	732
Total	53 039	36 637	69%	59	621 (Average)

Table 19: Personnel cost by Programme

2.2 Personnel cost by Salary Band

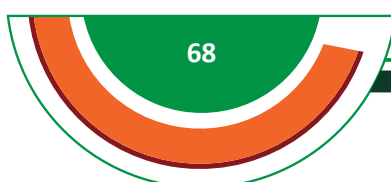
Programme	Personnel Expenditure (R'000)	% of personnel exp. To total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 438	12%	2	2 219
Senior Management	9 066	25%	9	1 007
Professional qualified	12 124	33%	18	674
Skilled and Unskilled	11 009	30%	30	367
Total	36 637	100%	59	621

Table 20: Personnel cost by Salary Band

2.3 Performance rewards

Programme	Performance rewards	Personnel Expenditure (R'000)	% of Performance rewards to total personnel cost
Top Management	464	4 438	10,45%
Senior Management	1 444	9 066	16%
Professional qualified	1 557	12 124	13%
Skilled and Unskilled	1 544	11 009	14%
Total	5 009	36 637	14%

Table 21: Performance rewards



2.4 Training costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee trained (R,000)
Programme 1: Administration	17 728	209	1,2%	50	4
Programme 2: Applied Energy Research, Development and Innovation	8 659	0	0	0	0
Programme 3: Energy Efficiency	10 250	0	0	0	0
Total	36 637	209	0,6%	50	4

Table 22: Training costs

2.5 Employment and vacancies

Programme	2021/2022 No. of employees	2022/2023 Approved posts	2022/2023 No. of employees	2022/2023 Vacancies	% of Vacancies
Programme 1: Administration	25	23	26	3	13,4%
Programme 2: Applied Energy Research, Development and Innovation	5	11	19	2	18,18%
Programme 3: Energy Efficiency	16	20	14	0	0%
Total	46	54	59	5	9,25%

Table 23: Employment and vacancies

SANEDI endeavoured to fill the permanent CEO position for three years. Fortunately, strong candidates were available to act in the position, until the permanent appointment on 1 October 2022.

The appointment of the General Manager: Applied Energy Research and Innovation were delayed as the incoming Board felt that it would be more appropriate to first appoint the CEO and to allow for him to appoint his direct report.

2.6 Employment changes

Salary Band	Employment at beginning of the period	Appointments	Terminations	Employment at end of the period
Top Management	1	2	1	2
Senior Management	5	3	0	8
Professional qualified	12	5	4	13
Skilled and Unskilled	29	4	5	28
Total	47	14	10	51

Table 24: Employment changes

2.7 Reasons for Staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	8	16,67%
Dismissal	1	2,08%
Retirement	N/A	0%
Ill health	N/A	0%
Expiry of contract	1	2,08%
Other	0	0%
Total	10	20,83 %

Table 25: Reasons for Staff leaving

Ten staff members left SANEDI during the year. Eight employees resigned, one employee was dismissed, and one contract expired. The eight employees that resigned all indicated that they did so for a change.

2.8 Labour relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	0
Written warning	1
Final written warning	0
Dismissal	1
CCMA	2
Labour Court	1

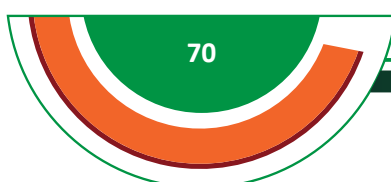
Table 26: Misconduct and disciplinary action

The two cases referred to the CCMA was for unfair dismissal at the end of the employment contract and unfair dismissal due to misconduct, both were awarded in favour of SANEDI. One case of equal pay for equal work are still pending at the Labour Court, SANEDI is awaiting the court date.

2.9 Equity target and Employment Equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	-	-	-
Senior Management	4	-	-	-	2	-	1	-
Professional qualified	3	-	1	-	-	-	1	-
Skilled	2	-	-	-	-	-	-	-
Semi-skilled	1	-	-	-	-	-	-	-
Total	11	-	1	-	2	-	2	-

Table 27: Equity target and Employment Equity - Male



Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	-	-	-	-
Senior Management	1	-	-	-	-	-	1	-
Professional qualified	5	-	-	-	-	-	-	-
Skilled	16	-	1	-	1	-	-	-
Semi-skilled	7	-	-	-	-	-	-	-
Total	30	-	1		1	-	1	-

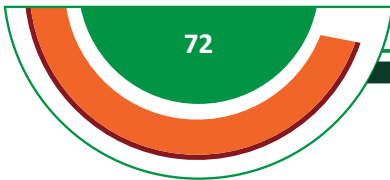
Table 28: Equity target and Employment Equity - Female


Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management				
Senior Management	1			
Professional qualified				
Skilled				
Semi-skilled				
Total	1			

Table 29: Equity target and Employment Equity – Disabled staff

The Employment Equity Plan (EEP) for the period under review, included appointments of one or more employees other than African and one employee living with a disability. One Indian male was appointed in the year under review, achieving 97% of the Employment Equity target.

SANEDI is planning on appointing an individual living with a disability in future. This will result in 100% of the employment equity target met.





PART E:
PFMA COMPLIANCE

1. PFMA Compliance Report

1.1 Reconciliation of irregular and fruitless and wasteful expenditure and reconciling notes

For the year under review, SANEDI has not incurred any fruitless and wasteful expenditure as well as irregular expenditure. All amounts that were reported as fruitless and wasteful during the year were recovered from the responsible individuals.

Irregular expenditure reconciliation

	March	March
	2023	2022
	R'000	R'000
Reconciliation of Irregular expenditure		
Opening balance	2 359	1 793
Irregular expenditure– relating to current year		566
Less: Amounts condoned by Board		
Irregular expenditure awaiting condonation	2 359	2 359
Condonation of irregular expenditure		
Irregular expenditure was due to three quotes not obtained prior to award, being chosen, costs being incurred outside of an expired contract, and lowest bidder not being appointed. All the irregular expenditure from the previous year was not condoned by the National Treasury.		

Fruitless and wasteful expenditure

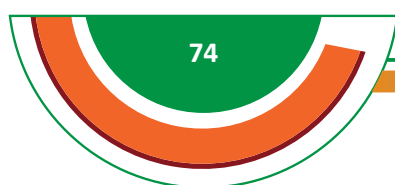
	March	March
	2023	2022
	R'000	R'000
Reconciliation of fruitless and wasteful expenditure		
Opening balance	7	7
Fruitless and wasteful expenditure – relating to current year	-	1
Less: Amounts Recovered	-	-1
Less: Amounts condoned by the Board of Directors		
Fruitless and wasteful expenditure	7	7

1.2 Current and previous year unauthorised, irregular and fruitless and wasteful expenditure

For the year under review, there is currently an amount of R0.566 million of irregular expenditure reported in previous years under assessment.

1.3 Current and previous year irregular expenditure condoned, not condoned and removed.

Total irregular expenditure not condoned by National Treasury amounted to R2.4 million. This amount would need to be assessed in by the Accounting Authority (AA) for removal from the register.



1.3.1 Fruitless and wasteful expenditure recoverable or written off.

A total of R7 000 reported as fruitless and wasteful is deemed to not be recoverable and would need to be written off as irrecoverable. Employees responsible for the transactions have since left the organisation and the costs of recovery would exceed the benefits to be derived from the recovery process.

1.4 Current and previous year disciplinary or criminal steps taken as a result of unauthorised, irregular and fruitless and wasteful expenditure.

Where applicable, disciplinary actions were taken against employees who were deemed to have been responsible for the irregular expenditure incurred.

1.5 Information of payments and SCM transactions

1.5.1 Information on late and / or non-payment of suppliers –

	No of Invoices	Value
		'000
Valid invoices received	1 236	68 550
Invoices paid within 30 days or agreed period	1 236	68 550
Invoices paid after 30 days or agreed period	-	-
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

1.6 Information on Supply Chain Management

1.6.1 Procurement through other means

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
Advertising of SANEDIs Green Magazine Publication	Green Magazine Publication	Sole Source	N/A	25 875
Microsoft Annual Support	Decision Inc Immix	Single Source	N/A	804 020
Advertising of Company Secretary Position in Sunday Times	Sunday Times	Single Source	N/A	28 442
Hosting and maintenance of the operational system support and Development of the Shareholder tool (StrategiEXE) for alignment with Strategic Plan (SP) and Annual Performance Plan (APP)	HLT	Sole Source	N/A	74 400
Additional administrative for the recruitment of the CEO	Maletchaba Recruitment	Single Source	N/A	282 375
Advertise various positions in Sunday times	Sunday times	Single Source	N/A	59 254
Co-sponsorship of the South African Energy Efficiency Confederation	South African Energy Efficiency Confederation	Sole Source	N/A	172 500

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
Attendance of the Illumination Engineering Society of South Africa (IESSA)	Illumination Engineering Society of South Africa (IESSA)	Sole Source	N/A	11 000
CaseWare Annual License and cloud service renewal	CaseWare	Sole Source	N/A	111 662
Advertising of SANEDI in the Green Agenda Magazine	Green Agenda Magazine	Sole Source	N/A	27 543
Attendance of the Association of Municipal Electricity Utilities (AMEU) Conference	AMEU	Sole Source	N/A	15 000
Sponsorship of South African Association for Females in Energy Efficiency	SAFEF	Sole Source	N/A	100 000
Smarter Mobility Africa Summit	Smarter Mobility Africa summit	Sole Source	N/A	103,500
Wastewater Treatment Works Project: Stakeholders meeting catering	DOD Catering Team	Single Source	N/A	2,869
Power & Electricity World Africa: Exhibition stand	Power & Electricity World Africa (PEWA)	Sole Source	N/A	107 436
Symplexity Annual License Fee	Symplexity	Sole Source	N/A	164 409
Stakeholder meeting Catering 2.0	DOD Catering Team	Single Source	N/A	2 888
Advertise the Head of Energy Secretariat position in Sunday Times	Sunday Times	Single Source	N/A	35 552
Venue hire for IEA Solar Heating & Cooling Exco meeting	Lord Charles Hotel	Single Source	N/A	66 255
Organization job description review and T.A.S.K job grading	Deloitte	Single Source	N/A	109 200
Silver sponsorship of the Wind Academic Energy Conference (WINDAC) Annual Conference	WINDAC Annual Conference	Sole Source	N/A	57 500
License renewal of iThenticate – Turnitin Tool	Eiffle Corp (Pty) Ltd	Sole Source	N/A	36 679
Microsoft Dynamics Upgrade to D365	Resolve Immix	Sole Source	N/A	5 000 000
Silver sponsorship of the Wind Academic Energy Conference (WINDAC) Annual Conference	SOUTH AFRICAN WIND ENERGY ASSOCIATION	Sole Source	N/A	57 500
Single Source Procurement with Crystal Clear Printing (Pty) Ltd	Crystal Clear Printing (Pty) Ltd	Single Source	N/A	5 319
Virtual setup for IEA Solar Heating & Cooling Exco meeting	Eastern Acoustics	Sole Source	N/A	46 058
The Green Building Council of South Africa (GBCSA) Convention	Green Building Council of South Africa	Sole Source	N/A	12 650
Advertise the General Manager for Research and Applied Energy position in Sunday times	Sunday Times	Single Source	N/A	30 812

PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
Smarter Mobility Africa Summit	Smarter Mobility Africa Summit	Sole Source	N/A	109 710
Advertising on Opportunity Publication	Opportunity Magazine Publication	Sole Source	N/A	39 950
Attendance Africa Energy Week Conference Speaker Travel and Accommodation	2022 African Energy Week in the City of Cape Town	Sole Source	N/A	9 760
SANEDI Wellness Day Speakers	Mr Victor Vermeulen and Ms. Musa Mbewe	Single Source	N/A	67 500
Attendance of the WINDABA Conference	WINDABA Conference	Sole Source	N/A	37 432
The Africa Energy Indaba Conference EE delegate Pass	The Africa Energy Indaba conference	Sole Source	N/A	19 033
The Africa Energy Indaba Conference	The Africa Energy Indaba Conference Attendance	Sole Source	N/A	162 426
Exhibition Stand at EtheKwini Energy Transformation Summit (1-2 March, 2023) for the EEPBIP Programme	Exhibition stand at EtheKwini Energy Transformation Summit	Sole Source	N/A	50 000
The African Energy Indaba Conference ES delegate Pass	The Africa Energy Indaba conference	Sole Source	N/A	19 033
SANEDI TO Sponsor GALA DINNER for International Centre on Sustainable Carbon (ICSC) Workshop	ICSC workshop	Sole Source	N/A	100,000
Microsoft Dynamics 365: Core Finance and Operations Training	Torque IT	Single Source	N/A	12 650
Holding/meeting room at the African Energy Indaba conference from 07-09 March 2023- Cape Town International Convention Centre	The Africa Energy Indaba conference	Single Source	N/A	25,000
South African Universities Power Engineering Conference	South African Universities Power Engineering Conference	Sole Source	N/A	16 500
SANEDI Office Furniture Repairs	Offix Office furniture	Single Source	N/A	16 871
Wastewater Treatment Works Project: Stakeholders meeting catering	DoD catering	Single Source	N/A	3 985
Graphic Design Online Short Course	UCT	Single Source	N/A	13,900
Mr Denise van Es (12L panellist)	Mr Denise van Es	Single Source	N/A	4 500
The Victor within Books	Victor Vermeulen	Sole Source	N/A	12 500
Payroll Services	Symplexity Human Resources and Payroll	Single Source	N/A	32 735
PA Bootcamp	Global Business Events	Single Source	N/A	11 999

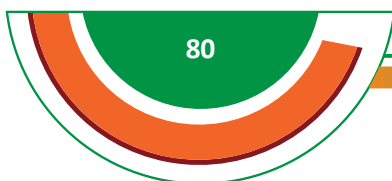
PROJECT DESCRIPTION	NAME OF SUPPLIER	TYPE OF PROCUREMENT BY OTHER MEANS	CONTRACT NUMBER	VALUE OF CONTRACT
Recruitment of a system administrator through Synergy jobs	Synergy Jobs	Single Source	N/A	46,314
The investigation to identify the thematic energy research activities in South Africa at Masters and PhD level	University of Pretoria	Single Source	N/A	1 200 000
Energy Performance Certificate (EPC) Practitioner Skills Programme and Internship- Gauteng	Institute of Energy Professionals Africa (IEPA)	Sole Source	N/A	1 416 810
Courier Services for the Energy Indaba Material	Postnet Grayston	Single Source	N/A	11 298


1.6.2 Variations and contract expansions

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S	VALUE OF THE CURRENT CONTRACT EXPANSION OR VARIATIONS
Standard and Labelling (S&L) social media campaign	Perfect Image (Pty) Ltd	Expansion	Sol2202	85 550	N/A	10 000
Media Monitoring	Market IQ	Variation	Sol150	350 000	N/A	32 123
Coal coating of sunroof structure of Hanyani Hospital in Limpopo	Africa Glean Energy	Expansion	CVO2206	722 731	N/A	10 878
Company Secretariat Services	First Corporate Secretaries	Expansion	BID128	34 500 monthly retainer fee for 6 months	N/A	31 050
Treatment of Borehole Water System at Sibonile Primary School	One Line Project Solutions	Variation	RFQ 229a	392 955	N/A	29 813
Scope variation of a contract with Pulse Mag (Pty) Ltd	Pulse Mag (Pty) Ltd	Variation	BID 118	469 149	N/A	No cost
Kamo Placements Payment	Kamo Placements	Expansion	BID107	Ad Hoc	N/A	47 878
Ad hoc PR Writing and Editing Services	One Union Pty Limited	Expansion	BID 172	1.8 000 000	N/A	306 000
Contact Variation for Bid152	Africa Green Energy Technologies	Variation	Bid152	10 876 625	N/A	1 413 961

PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S	VALUE OF THE CURRENT CONTRACT EXPANSION OR VARIATIONS
CV: Additional Scope for Strategic Facilitation	Fachs Business Consulting & Training (Pty) Ltd	Expansion	CV2246	123 050	N/A	86 250 00
CV: EPC Training	IEPA	Expansion	CV2240	56 718	N/A	62 008
CV: Unlimited Energy Resources	Dr Theo Covary	Expansion	CV 2241	340 000 for 1 year	N/A	166 175
CV: Exhibition Promotional Package	IWW	Expansion	CV 2247	34 486	N/A	25 783
Deviation for Rebel Group to complete (ROI) Framework for SANEDI	The Rebel Group Consulting South Africa (Pty) Ltd	Variation	BID 175	549 901	N/A	No cost
The participation of the South African delegation at the International Hydrogen and Fuel Cell Expo 2023 in Japan, Tokyo	South African delegation at the International Hydrogen and Fuel Cell Expo 2023 in Japan, Tokyo	Expansion	N/A	22 088 991	N/A	1 898 631
Contract Variation for Annual Performance Plan 2023/24 and Strategic Plan for the financial years of 2020-2025	Pulse Mag (Pty) Ltd	Variation	BID 118	469 189	N/A	No additional cost
Contract Variation for Bid 153c (Implementation of Hard Water Designed (Indirect) Domestic Solar Water Heating Systems for the Military in Limpopo)	Blackdot Energy	Variation	BID153c	1 801 009	121 785	120 940
Contract variation for HR service provider Symplexity	Symplexity Human Resources and Payroll	Variation	Sol2259	32 735	N/A	1 495

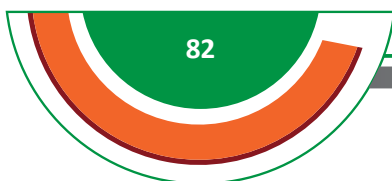
PROJECT DESCRIPTION	NAME OF SUPPLIER	CONTRACT MODIFICATION TYPE (EXPANSION OR VARIATION)	CONTRACT NUMBER	ORIGINAL CONTRACT VALUE	VALUE OF PREVIOUS CONTRACT EXPANSION/S OR VARIATION/S	VALUE OF THE CURRENT CONTRACT EXPANSION OR VARIATIONS
Psychometric Assessment of Exco and verification for recently and to be appointed employees	TT Endeavour	Expansion	RFQ	17 000	N/A	66 460
Contract Variation for Planning, Management and Monitoring of the Implementation of Energy Efficiency and Demand Side Management (EEDSM) Projects in Selected Government Buildings for a Period of 24 Months.	Elsimate (Pty Ltd)	Variation	BID127RFQ	952,700	N/A	No additional cost
Contract Variation for Dynamics System upgrade	Decision Inc	Expansion	Sol2215	5 000 000	N/A	1 105 155





PART F:
FINANCIAL
INFORMATION

Country of Incorporation and domicile:	South Africa
Nature of business and principal activities:	To direct, monitor and conduct energy research and development, promote energy research and technology innovation as well as undertake measures to promote energy efficiency throughout the economy.
Registered office:	CEF House, Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton
Ultimate holding Entity:	Minister Gwede Mantashe
Bankers:	ABSA, 1st floor, North Building, Sandton Campus, 15 Alice Lane, Sandton, 2196
Auditors:	The Auditor-General of South Africa
Company / Board Secretary:	Mr Solomon Mngomezulu



Report of the Auditor-General (AG) to Parliament on South African National Energy Development Institute

Report of the auditor-general to Parliament on South African National Energy Development Institute

Opinion

1. I have audited the financial statements of the South African National Energy Development Institute set out on pages 90 to 124, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African National Energy Development Institute as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in notes 24 and 25 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of South African National Energy Development Institute. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of

GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity’s ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

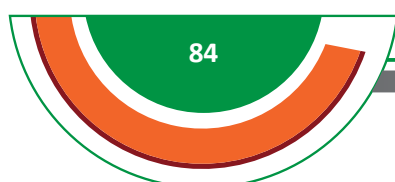
13. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the public entity’s performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 2- Applied Energy Research, Development and Innovation	26-32	To facilitate knowledge creation that can support energy related planning and decision-making, and accelerating the transformation of the energy market and landscape in the country.

14. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity’s planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the Public Entity’s mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it



is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16.I performed the procedures for the purpose of reporting material findings only; and not to express an assurance conclusion.

17.I did not identify any material findings on the reported performance information of Applied Energy Research, Development and Innovation.

Other matter

18.I draw attention to the matter below.

Material misstatements

19.I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Applied Energy Research, Development and Innovation. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

20.In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

21.I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement

methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22.Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

23.I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24.The accounting authority is responsible for the other information included in the annual report, which includes the directors' report and the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.

25.My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

26.My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27.If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.

28.I have nothing to report in this regard.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

30. I did not identify any significant deficiencies in internal control.

Auditor General

Johannesburg

31 August 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also

conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 55(1)(a), 55(1)(b), 55(1)(c)(i), 51(1)(e)(iii), 54(2)(c), 54(2)(d), 51(1)(b)(ii), 53(4), 51(1)(b)(ii), 57(b), 51(1)(b)(i), 44, 38(1)(b), 45(b), 57(b)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Sections 34(1)
Treasury Regulations (TR), 2005, issued in terms of the PFMA	Treasury Regulations 33.1.3, 33.1.1, 16A9.1(b)(ii), 16A9.1(e), 16A9.1(f), 16A.7.1, 16A.7.3, 16A.7.6, 16A.7.7, 31.2.1, 31.3.3, 31.1.2(c), 30.1.1, 30.1.3(a), 30.1.3(b), 30.1.3(d), 30.2.1, 8.2.1 and 8.2.2, 16A8.4, 16A6.3(e), 16A6.3(a) (i), 2), 16A6.3(b), 16A3.2, 16A6.6, 16A6.3(c), 16A6.2(a) & (b), 16A8.3, 16A8.4, 16A9.1(d), 16A3.2, 16A6.3 (a) and (b), 16A9.1(e), 16A9.2(a)(ii), 16A6.3(c), 16A6.5, 16A6.1, 16A9.1(d), 16A6.1, 16A8.4, 16A3.2(a), 16A6.4, 16A6.1
Preferential Procurement Regulations of 2022 (PPR)	Regulations 4(4)
Preferential Procurement Regulations of 2017 (PPR)	Regulations 8(5), 8(2), 5(1), 5(3), 5(6), 5(7), 4(1), 4(2), 9(1), 6(8), 7(8), 10(1), 10(2), 11(1)
Preferential Procurement Regulations of 2011 (PPR)	Regulation 9(1)
Preferential Procurement Policy Framework Act (PPPFA)	Sections 2(1)(f), 2(1) (a), 2(1)(b)
Public service regulations	Sections 18(1) and 18(2)
SITA Act	Section 7(3)
Construction Industry Development Board Act (CIDB Act)	Sections 18(1)
Construction Industry Development Board Regulations (CIDB Regulations)	Regulations 17 and 25(7A)

Accounting Authority's Responsibilities and Approval

The Board of Directors are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements (AFS) and related financial information included in this report. It is the responsibility of the Board of Directors to ensure that the AFS fairly present the state of affairs of the Entity as at the end of the financial year, and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the AFS and was given unrestricted access to all financial records and related data.

The AFS have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

The AFS are based upon appropriate accounting policies consistently applied, and supported by reasonable and prudent judgments and estimates.

The Board of Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Entity, and place considerable importance on maintaining a strong control environment. To enable the Board of Directors to meet these responsibilities, the Accounting Authority (AA) sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Entity, and all employees are required to maintain the highest ethical standards in ensuring the Entity's business is conducted in a manner that in all reasonable circumstances, is above reproach. The focus of Risk Management in the Entity is on identifying, assessing, managing and monitoring, all known forms of risk across the Entity. While Operating Risk cannot be fully eliminated, the Entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The Board of Directors are of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the AFS. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Board of Directors have reviewed the Entity's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the Entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Entity is wholly dependent on the Entity for continued funding of operations. The AFS are prepared on the basis that the Entity is a going concern, and that the Entity has neither the intention, nor the need to liquidate or curtail materially the scale of the Entity.

Although the AA are primarily responsible for the financial affairs of the Entity, they are supported by the Entity's external auditors, the Auditor-General of South Africa.

The external auditors are responsible for independently reviewing, and reporting on the entity's AFS. The AFS have been examined by the Entity's external auditors and their report is presented on page 83.

The AFS set out on page 90, which have been prepared on the going concern basis, were approved by the Board members on and were signed on its behalf by:



Sicelo Xulu

SANEDI Board Chairperson

Date: 31 August 2023

Statement of Financial Position as at 31 March 2023

Figures in Rand thousand	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	3	9 212	6 116
Intangible assets	4	4 265	-
		13 477	6 116
Current Assets			
Receivables from exchange transactions	5	6 477	18 044
Cash and cash equivalents	6	362 642	303 784
		369 119	321 828
Total Assets		382 596	327 944
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	10 858	4 393
Unspent conditional grants and receipts	8	175 372	145 631
Employee benefit provisions	9	6 703	6 465
		192 933	156 489
Total Liabilities		192 933	156 489
Net Assets		189 663	171 455
Accumulated surplus		189 663	171 455
Total Net Assets		189 663	171 455

Statement of Financial Performance

Figures in Rand thousand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Services Rendered : Sponsorship & Consultancy		9 575	6 794
Interest received		10 173	6 319
Other income		55	230
Gain on foreign exchange		-	61
Total revenue from exchange transactions		19 803	13 404
Revenue from non-exchange transactions			
Transfer revenue			
Grants	10	100 696	87 573
Total revenue	11	120 499	100 977
Expenditure			
Employee related costs	13	(35 784)	(32 962)
Board remuneration	13	(1 066)	(259)
Restructuring		-	281
Depreciation and amortisation		(3 802)	(3 072)
Impairment loss	14	-	(16)
Provision for Doubtful Debt	15	-	11
Repairs and maintenance		(214)	(114)
Research costs	16	(40 038)	(33 834)
Loss on Foreign Exchange		(64)	-
General expenses	17	(21 325)	(15 447)
Total expenditure		(102 293)	(85 412)
Surplus for the year		18 206	15 565

Statement of Changes in Net Assets

Figures in Rand thousand	Accumulated surplus / deficit
Balance at 01 April 2021	155 890
Surplus for the year	15 565
Balance at 01 April 2022	171 455
Surplus for the year	18 208
Balance at 31 March 2023	189 663

Cash Flow Statement

Figures in Rand thousand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Grants		280 927	319 488
Interest Income		18 863	10 898
Services rendered- consultancy and sponsorship		13 243	798
		313 033	331 184
Payments			
Employee costs		(34 976)	(35 572)
Suppliers		(57 557)	(59 743)
Transfer payments		(150 511)	(190 262)
		(243 044)	(285 577)
Net Cash flows from operating activities	18	69 989	45 607
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(6 899)	(2 436)
Proceeds from sale of property, plant and equipment	3	60	-
Purchase of other intangible assets	4	(4 292)	-
Net Cash flows from investing activities		(11 131)	(2 436)
Net increase/(decrease) in cash and cash equivalents		58 858	43 171
Cash and cash equivalents at the beginning of the year		303 784	260 613
Cash and cash equivalents at the end of the year	6	362 642	303 784

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
Figures in Rand thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Services Rendered :	5 700	-	5 700	9 575	3 875	(a)
Sponsorship & Consultancy						
Interest received	6 369	-	6 369	10 173	3 804	(b)
Other income	-	-	-	55	55	(c)
Total revenue	12 069	-	12 069	19 803	7 734	
Revenue from non-exchange transactions						
Transfer revenue						
Grants	113 112	-	113 112	100 696	(12 416)	(d)
Total revenue	125 181	-	125 181	120 499	(4 682)	
Expenditure						
Employee related costs	(45 001)	-	(45 001)	(36 850)	8 151	(e)
Depreciation and amortisation	(4 026)	-	(4 026)	(3 802)	224	(f)
Repairs and maintenance	(150)	-	(150)	(214)	(64)	(g)
Research costs	(47 671)	-	(47 671)	(40 038)	7 633	(h)
General expenses	(28 333)	-	(28 333)	(21 325)	7 008	(i)
Total expenditure	(125 181)	-	(125 181)	(102 229)	22 952	
Operating surplus	-	-	-	18 270	18 270	
Loss on Foreign exchange	-	-	-	(64)	(64)	
Surplus/(Deficit) for the year	-	-	-	18 206	18 206	

Reference

(a) The revenue is higher than anticipated due to additional income that was generated during the year from Management fees.

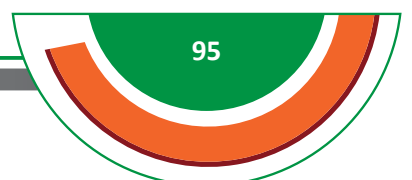
(b) Interest received increased due to SANEDI maximising returns on cash reserves, and an increase in interest rates. Initial estimates were conservative and did not take into account the interest receivable from National Treasury (NT) surpluses.

(c) Items under other income relate to adhoc receipts such as skills levy refunds that are not budgeted for.

(d) The variance is due to the realisation of funding received with conditions attached. Revenue is only recognised to the extent that these conditions are met. Variations in project implementations have an impact on the timing of revenue recognition.

(e) The variance for staff expenditure is due to unfilled vacancies. Most executive positions were filled by acting appointments during the year resulting a saving in the budget. These positions include that of the CEO which was only filled in October 2022 and other executives were appointed towards the end of the financial year

- (f) The variance is due to assets under development which could not be amortised. It was estimated that these would be completed by year end however due to the delayed start of the project, the development of these assets is still in progress.
- (g) The variance is due to vehicle related maintenance costs and IT related maintenance costs.
- (h) Research costs should read as Research costs are lower than anticipated due to the realisation of project completion costs, and changes in project scope based on completion stage.
- (i) The original budget included consultancy fees which were subsequently reallocated to project development expenditures to achieve fair presentation in the financial statements.



1. Significant Accounting Policies

The Principal Accounting Policies applied in the preparation of these AFS are set out below.

1.1 Basis of preparations

The AFS have been prepared in accordance and in compliance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These AFS have been prepared on an accrual basis of accounting, and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These Accounting Policies are consistent with the previous period, except for the changes set out in notes 19,29 and 31.

1.2 Presentation currency

These AFS are presented in South African Rand, which is the functional currency of the Entity.

1.3 Going concern assumption

These AFS have been prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the AFS, Management is required to make estimates and assumptions that affect the amounts represented in the AFS and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the AFS. Significant judgments include:

Leave accrual

The leave accrual represents the present obligation that the Entity has as a result of employees' services provided up to the reporting date. The accrual is calculated using remuneration rates effective at the reporting date based on the actual leave days.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount, and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Useful lives and residual of assets

The Entity's Management determines the estimated useful lives and residual value of assets. These estimates are assessed annually as per GRAP requirements.

Going concern

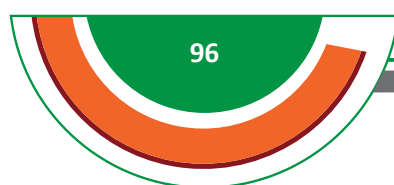
Management considers key financial metrics in its approved medium-term budgets, together with its existing term facilities, to conclude that the going concern assumption used in the compiling of its AFS is relevant. The Entity is dependent on grant funding.

Other significant judgments, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Accounting by Principals and Agent

In identifying transitions as Agent or Principal transactions, SANEDI applies judgements in assessing the terms and conditions associated with the relationship duly established by a binding agreement. Consideration is given as whether the conditions are such that one Entity undertakes transactions with third parties on behalf, and for the benefit of, another Entity (the Principal) that exists within an arrangement that has been entered into, and to which party, so that arrangements are correctly classified.

Additional information is disclosed in the note 31.



1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location, and condition necessary for it to be capable of operating in the manner intended by Management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	2-15 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years
Leasehold improvements	Straight-line	over the lease period
Communication equipment	Straight-line	2-15 years
Equipment	Straight-line	10 years

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Entity, and
- the cost or fair value of the asset can be measured reliably.

The Entity assesses the probability of expected future economic benefits or service potential using reasonable, and supportable assumptions that represent Management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale,
- There is an intention to complete and use or sell it,
- There is an ability to use or sell it,
- It will generate probable future economic benefits or service potential,
- There are available technical, financial and other resources to complete the development and to use or sell the asset, and
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

1.6 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period, and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite, is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	2 years

The Entity discloses relevant information relating to assets under construction or development, in the Notes to the Financial Statements (see note 4). Assets under development are not amortised, and are only amortised once they are brought into use and reclassified to the correct asset class.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such a difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.7 Financial instruments

The amortised cost of a financial asset or financial liability, is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit Risk, is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency Risk, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or, financial liability from an Entity's Statement of Financial Position.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed, or determinable payments, excluding those instruments that:

- The Entity designates at fair value at initial recognition, or
- Are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- Derivatives,
- Contingent consideration of an acquirer in a transfer of functions between Entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies,
- Combined instruments that are designated at fair value, and
- Instruments held for trading. A financial instrument is held for trading if:

1.7 Financial instruments(continued)

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term,
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together, and for which there is evidence of a recent actual pattern of short term profit-taking,
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition, and
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The Entity has the following types of financial assets (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Investments	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The Entity has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost

The Entity has the following types of residual interests (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

1.8 Leases

A lease is classified as an operating lease, if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the Entity assesses the classification of each element separately.

Operating leases- lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments, are recognised as an operating lease asset or liability.

1.9 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell, is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

1.9 Impairment of cash-generating assets (continued)

Useful life is either:

- The period of time over which an asset is expected to be used by the Entity, or
- The number of production or similar units expected to be obtained from the asset by the Entity.

1.10 Employee benefits

Short-term Employee benefits

Short-term Employee benefits, are Employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the Employees render the related service.

Short-term Employee benefits include items such as:

- Wages, salaries and social security contributions,
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months, after the end of the reporting period in which the employees render the related employee service,
- Bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service, and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an Employee has rendered service to the Entity during a reporting period, the Entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Entity recognises that excess as an asset (prepaid expense) to the extent that

the pre-payment will lead to, for example, a reduction in future payments or a cash refund, and

- As an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the Employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The Entity measures the expected cost of accumulating compensated absences, as the additional amount that the Entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Entity recognises the expected cost of bonus, incentive and performance related payments when the Entity has a present legal, or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal, or informal arrangements under which an Entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than State plans and composite Social Security programmes) or defined benefit plans (other than State plans) that pool the assets contributed by various Entities that are not under common control and use those assets to provide benefits to Employees of more than one Entity, on the basis that contribution and benefit levels are determined without regard to the identity of the Entity that employs the Employees concerned.

1.11 Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

1.12 Revenue from exchange transactions

Revenue from exchange transactions comprises of the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

Measurement

Revenue is measured at the fair value of the consideration/ asset received or accrues in exchange.

Rendering of services

Revenue from the rendering of services is recognised when the inflows resulting in an increase in net assets can be estimated reliably, and is recognised by reference to the stage of completion of the transaction at the reporting date. The Entity deems a transaction to be estimated reliably only when the following criteria is met:

- The amount of revenue can be measured reliably,
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Entity,
- The stage of completion of the transaction at the reporting date can be measured reliably, and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions comprises of the increases in economic benefits, relating to a Vote allocation received from National Treasury through the Department of Mineral Resources and Energy (DMRE).

The revenue also comprises inflows of resources from other Government, and Non-Government donors to enable the Entity to execute its mandate.

Recognition

Revenue from non-exchange is recognised when value is received from another Entity, without the Entity directly giving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Entity.

Revenue from non-exchange is measured at the amount of the fair value asset received, as at the date of acquisition, unless it is also required to recognise a liability.

Any liability recognised, pertaining to non-exchange transactions will be measured at best estimate of the amount required to settle the present obligation at the reporting date.

1.14 Accounting by Principals and Agents identification

An Agent is an Entity that has been directed by another Entity (a Principal), through a binding arrangement, to undertake transactions with third parties on behalf of the Principal, and for the benefit of the Principal.

A Principal is an Entity that directs another Entity (an Agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A Principal-Agent arrangement results from a binding arrangement in which one Entity (an Agent), undertakes transactions with third parties on behalf, and for the benefit of, another Entity (the Principal).

1.15 Accounting by Principals and Agents identifying whether an Entity is a Principal or an Agent

When the Entity is party to a Principal-Agent arrangement, it assesses whether it is the Principal or the Agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an Entity is a Principal or an Agent, requires the Entity to assess whether the transactions it undertakes with third parties are for the benefit of another Entity, or for its own benefit.

Binding arrangement

The Entity assesses whether it is an Agent or a Principal, by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a Principal or an Agent.

Assessing which Entity benefits from the transactions with third parties

When the Entity in a Principal-Agent arrangement concludes that it undertakes transactions with third parties for the benefit of another Entity, then it is the Agent. If the Entity concludes that it is not the Agent, then it is the Principal in the transactions.

The Entity is an Agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction,
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit, and
- It is not exposed to variability in the results of the transaction.

Where the Entity has been granted specific powers in terms of Legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an Agent.

The Entity applies judgement in determining whether such powers exist, and whether they are relevant in assessing whether the Entity is an Agent.

Recognition

The Entity, as a Principal, recognises revenue and expenses that arise from transactions with third parties in a Principal- Agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The Entity, as an Agent, recognises only that portion of the revenue and expenses it receives or incurs, in executing the transactions on behalf of the Principal in accordance with the requirements of the relevant Standards of GRAP.

The Entity recognises assets and liabilities arising from Principal-Agent arrangements, in accordance with the requirements of the relevant Standards of GRAP.

1.16 Translation of currencies and foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand's, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- Foreign currency monetary items are translated using the closing rate,
- Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction, and
- Non-monetary items that are measured at fair value in a foreign currency are, translated using the exchange rates at the date when the fair value was determined.

1.16 Translation of currencies and foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items, or on translating monetary items at rates different from those at which they were translated on initial recognition during the period, or in previous AFS are recognised in surplus or deficit in the period in which they arise.

When a gain, or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets.

When a gain, or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rand's, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

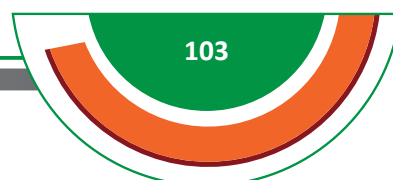
1.17 Budget information

The approved budget is prepared on a accrual basis, and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period 01/04/2022 to 31/03/2023.

The AFS and the budget are on the same basis of accounting, therefore, a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

The Statement of Comparative and Actual Information has been included in the AFS as the recommended disclosure when the AFS, and the budget are on the same basis of accounting as determined by National Treasury.



2. Notes to the Annual Financial Statements

New Standards and Interpretations

Standards and interpretations issued, but not yet effective

The Entity has not applied the following Standards and Interpretations, which have been published and are mandatory for the Entity's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	882	(829)	53	893	(726)	167
Motor vehicles	429	(102)	327	429	(16)	413
Office equipment	53	(28)	25	221	(197)	24
IT equipment	15 220	(7 252)	7 968	9 494	(4 038)	5 456
Leasehold improvements	6	(6)	-	86	(71)	15
Equipment	708	(2)	706	-	-	-
Communication equipment	187	(54)	133	73	(32)	41
Total	17 485	(8 273)	9 212	11 196	(5 080)	6 116
Reconciliation of property, plant and equipment						
- March 2023						
	Opening balance	Additions	Disposals	Depreciation	Total	
Furniture and fixtures	167	29	-	(143)	53	
Motor vehicles	413	-	-	(86)	327	
Office equipment	24	18	-	(17)	25	
IT equipment	5 456	6 030	(28)	(3 490)	7 968	
Leasehold improvements	15	-	-	(15)	-	
Equipment	-	708	-	(2)	706	
Communication equipment	41	114	-	(22)	133	
	6 116	6 899	(28)	(3 775)	9 212	

Figures in Rand thousand					
Reconciliation of property, plant and equipment - March 2022					
	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	315	-	(148)	-	167
Motor vehicles	-	429	(16)	-	413
Office equipment	66	-	(42)	-	24
IT equipment	6 323	1 985	(2 836)	(16)	5 456
Leasehold improvements	32	-	(17)	-	15
Communication equipment	28	22	(9)	-	41
	6 764	2 436	(3 068)	(16)	6 116

During the financial year R1 assets with a total book value of R30 (2022: R74) were written off. The acquisition cost of these assets were R576 (2022: R941).

Pledged as security

There are no assets that were pledged as security.

Assets subject to operating lease (Net carrying amount)

Leasehold improvements

15

Expenditure incurred to repair and maintain property, plant and equipment

Repairs and maintenance

140

111

4. Intangible assets

	2023			2022		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software- internally generated	4 292	(27)	4 265	50	(50)	-

Reconciliation of intangible assets- 2023

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	-	2 953	-	2 953
Computer software	-	1 339	(27)	1 312
	-	4 292	(27)	4 265

Reconciliation of intangible assets- 2022

	Opening balance	Total
Computer software, internally generated	-	-
Computer software	-	-
	-	-

Pledged as security

There are no assets that were pledged as security.

Intangible assets in the process of being constructed or developed**Cumulative expenditure recognised in the carrying value of Intangible assets**

Computer software under development	2 953	-
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5. Receivables from exchange transactions

Trade debtors	218	1 547
Other receivables	149	10 994
Interest receivable	2 308	966
Employee study loans	-	63
Pre-payments	2 944	2 443
Project pre-payments	858	2 031
	6 477	18 044

Pre-payments

The pre-payments includes payment for insurance cover, subscriptions, licences and project related expenditure membership fees. All receivables disclosed are from exchange transactions only.

Credit quality of trade and other receivables

Trade and other receivables past due but not impaired

Trade and other receivables are not pledged as security. The Entity does not hold any collateral as security.

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2023, R134 628 (2022: R0) were past due but not impaired.

Over 6 months	134	-
Trade and other receivables impaired		
The amount of the provision was as of 31 March 2023 R257 000 (2022: R257 000).		
The ageing of receivables that were impaired is as follows:		
Over 6 months	257	257
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	257	268
Unwinding of discount	-	(11)
	257	257

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

SANEDI previously leased a unit on Upper Grayston Office Park. The lease commenced in May 2012 and terminated in April 2017. Subsequently there was a dispute with the Landlord over the deposit, and the amount has since been provided for.

6. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	10	15
Bank balances	362 632	303 769
	362 642	303 784

Cash and cash equivalents, consists of cash on hand and balances with financial institutions and investments in money market instruments. There are no restrictions placed on the realisation or usability of cash balances.

7. Payables from Exchange transactions

Trade payables	258	184
Accrued expense	6 978	4 120
VAT	362	-
SDL	47	1
WCA	47	53
Union fees	6	6
UIF	15	-
PAYE	1 821	29
Unallocated deposits	1 324	-
	10 858	4 393
Reconciliation:		
Non-statutory payables		
Trade payables	258	184
Accrued expense	6 978	4 120
Unallocated deposits	1 324	-
	8 560	4 304
Statutory payables		
SDL	47	1
VAT	362	-
WCA	47	53
Union fees	6	6
UIF	15	-
PAYE	1 821	29
	2 298	89

8. Unspent Conditional Grants

Unspent Conditional Grants can be attributed to ring-fenced projects from various donors that are in progress at the end of the financial year. These amounts are invested in money market accounts and interest accrues on the invested money.

Unspent conditional grants and receipts comprises of:		
Unspent grants	175 372	145 631
Movement during the year		
Balance at the beginning of the year	145 631	103 413
Additions during the year	198 776	245 141
Interest recognised	10 031	5 075
Income recognised	(19 623)	(12 391)
Grant repayments / Transfers	(159 443)	(195 607)
	175 372	145 631

Deferred Income Reconciliation	Opening	Additional	Deferred	Grant	Interest	Closing
March 2023	Balance	Receipts	Income Recognised	Repayments/ Transfers/ Other	Earned	Balance
European Union Project	295	-	-	-	18	313
SA Coal Roadmap	773	-	-	-	47	820
Danish Renewable Energy Programme WASA Support	1 427	-	1 508	-	81	-
SolarTech	4 758	-	3 320	-	218	1 656
SOLTRAIN	3 539	-	1 844	-	201	1 896
Austin Offshore	339	-	-	-	20	359
WASA 3	30	-	2	-	2	30
DoD-Solar Water Heating	2 207	-	2 272	-	65	-
1M Cool Roofs Challenge	879	-	33	-	53	899
EE Industrial Comp	2 144	543	2 646	-	46	87
Energy Secretariat	120 954	195 987	5 000	159 303	8 864	161 502
EU Public Buildings	4 417	-	557	-	231	4 091
EU WWTPS	3	-	-	-	-	3
S&L Project	1 847	-	1 901	-	54	-
GDID	500	-	-	-	30	530
GIZ	548	-	540	-	2	10
TIA	-	1 130	-	72	24	1 082
GIZ H2SA	-	1 116	-	68	16	1 064
	145 631	198 776	19 623	159 443	10 031	175 372

Deferred Income Reconciliation	Opening	Additional	Deferred	Grant	Interest	Closing
March 2022	Balance	Receipts	Income Recognised	Repayments/Transfers/Other	Earned	Balance
European Union Project	284	-	-	-	11	295
FP7	33	-	-	35	2	-
SA Coal Roadmap	745	-	-	-	28	773
SDC EE Monitoring & Implementation	198	-	-	205	7	-
	1 374	-	-	-	53	1 427
Danish Renewable Energy Programme EEDSM Hub	233	-	-	242	9	-
WASA Support	938	-	3	-	36	971
SolarTech	4 959	-	389	-	188	4 758
SOLTRAIN	1 841	1 637	29	-	90	3 539
Austin Offshore	327	-	-	-	12	339
SolarPayback	602	-	-	623	21	-
WASA 3	19	-	-	-	11	30
DOD-Solar Water Heating	2 789	-	672	-	90	2 207
1M Cool Roofs Challenge	1 629	73	868	-	45	879
EE Industrial Comp	1 369	3 224	2 519	-	70	2 144
Energy Secretariat	67 044	234 912	-	184 855	3 853	120 954
EU Public Buildings	8 792	-	2 097	2 558	280	4 417
EU WWTPS	8 085	-	1 264	7 004	186	3
S&L Project	2 152	-	382	-	77	1 847
GDID	-	500	-	-	-	500
GIZ	-	1 561	1 019	-	6	548
GDARD	-	3 234	3 149	85	-	-
	103 413	245 141	12 391	195 607	5 075	145 631

Included in "Other" is the Management fees that are due to the Entity.

9. Employee benefit provisions

Reconciliation of Employee benefit provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bonus incentives	4 492	5 278	(5 009)	-	4 761
Leave	1 973	295	(326)	-	1 942
	6 465	5 573	(5 335)	-	6 703

Reconciliation of Employee benefit provisions -2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bonus incentives	5 312	4 492	(4 593)	(719)	4 492
Leave	1 227	1 407	(661)	-	1 973
	6 539	5 899	(5 254)	(719)	6 465

Bonus incentives provision

The bonus provision is calculated based on the company's performance, division's performance and individual's performance. Thus is at the discretion and consideration of the Board, once company performance has been audited. Utilised during the year relates to the provision for the March 2021/22 financial year which was paid during the year. A provision has been raised for the March 2022/23 year.

Accrued leave

The accrual is calculated using remuneration rates effective at the reporting date based on the actual leave days. Utilised during the year relates to the leave that was paid out upon termination of employment. A provision has been raised for the March 2022/23 year.

10. Grants

Operating grants			
Grants-realisation of deferred transfers		19 624	12 391
DMRE-MTEF Realisation		81 072	75 182
		100 696	87 573

11. Revenue

Services rendered: Sponsorship & consultancy	9 575	6 794
Interest income	10 173	6 319
Other income	55	230
Grants	100 696	87 573
	120 499	100 916
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	9 575	6 794
Interest income	10 173	6 319
Other income	55	230
	19 803	13 343
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Grants	100 696	87 573

12. Other revenue

Other income	55	230
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13. Employee related costs

Basic	28 358	27 290
Recruitment and relocation costs	81	-
Bonus	5 278	3 773
Medical aid- company contributions	319	455
UIF	102	84
WCA	33	26
SDL	329	311
Leave accrual	(31)	121
Provident and pension contributions	1 315	902
	35 784	32 962
Board remuneration		
Annual remuneration	1 066	259

For a detailed breakdown of fees paid to Board members, refer to note 22.

14. Impairment loss

Impairments		
Property, plant and equipment	-	16
The impairment loss relates to assets that were written off in the prior year.		

The main classes of assets affected by impairment losses are:

- Computer equipment,
- Communication equipment, and
- Office equipment.

15. Provision for doubtful debt

Reversal of debt impairment	-	(11)
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16. Research costs

Project costs relate to costs directly associated with the Entity's mandate (Programme 2 and Programme 3) which range from applied research expenditure, demonstration project expenditure as well as capacity building projects.

Research consulting fees	35 860	29 780
Travel	1 254	294
Overheads	2 924	3 760
	40 038	33 834

17. General expenses

Administration fees	620	518
Advertising	726	669
Auditors remuneration	1 717	1 997
Bank charges	48	41
Computer expenses	4 307	2 954
Consulting and professional fees	7 122	5 589
Lease rentals	1 643	1 259
Insurance	363	301
Conferences and seminars	417	410
Printing and stationery	146	112
Marketing and promotional expenditure	157	5
Software expenses	519	-
Catering and entertainment	155	28
Subscriptions and membership fees	19	19
Telecommunications cost	1 174	471
Travel- local	544	228
Employee welfare and training	520	245
Electricity	249	-
Office running expenses	879	60
	21 325	15 447

18. Cash generated from operations

Surplus	18 208	15 565
Adjustments for:		
Depreciation and Amortisation	3 802	3 072
Impairment loss/ Reversal of impairments	-	16
Provision for doubtful debts reversal	-	(11)
Movements in leave provision	31	(121)
Movements on bonus provision	238	(1 101)
Foreign exchange gain	(64)	-
Gain on sale of assets	(3)	-
Changes in working capital:		
Receivables from exchange transactions	11 567	(13 300)
Provision for doubtful debts	-	11
Payables from exchange transactions	6 106	(744)
VAT	363	-
Unspent Conditional Grants and receipts	29 741	42 220
	69 989	45 607

19. Commitments

Contractual commitments

Approved and contracted for

- Intangible assets, under development

3 752

-

This committed expenditure relates to intangible assets and will be financed by retained surpluses, existing cash resources, and developed internally.

SANEDI had previously disclosed, in addition to commitments that are required by the GRAP standards.

Additional commitments that were not required to be disclosed was a departure from the standards of GRAP and over disclosure.

Amendments have been made to the disclosure note in the current and previous financial year to limit disclosure to the requirements of the standards.

Operating leases (offices) - as lessee (expense)

Minimum lease payments due		
• - within one year	1 522	1 522
• - in second to fifth year inclusive	1 649	3 171
	3 171	4 693

Operating lease payments represent rentals payable by the Entity for its office property. Rentals are fixed for an average of three years. No contingent rent is payable. The operating lease relates to unit 1 on the first floor of Block C, Upper Grayston Office Park, located at Erf 20 Simba Township, Strathavon, Sandton, that SANEDI has leased from CEF (SOC) Ltd.

The lease term is for four years, and commenced on 1 May 2021 and terminates on 30 April 2025. SANEDI has the option to renew the lease for another four years from the first day following the termination of the lease.

The Entity does not have an option to purchase the leased asset at the expiry of the lease period. The escalation clause was not specified and quantified in the agreement, as a result no straight-line adjustment was processed.

Rental expenses relating to operating leases

Minimum lease payments	-	135
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Operating lease relates to the lease of network printers for a two year period from Konica Minolta (Pty) Ltd. The Entity does not have an option to purchase the leased asset at the expiry of the lease period. The Entity entered into a lease in the prior financial year for two years.

20. Contingencies**Contingent Liabilities Surplus funds**

SANEDI has reported surpluses for the year ended 31 March 2023 for R18,206 million (Surplus 2022: R15,6 million). The surplus is fully committed and SANEDI will be submitting a request for retention of surpluses to the National Treasury.

These amounts are recorded as a contingent liability as National Treasury has the authority to decide whether the Entity can retain these funds or return them. Over the years, National Treasury has approved retainment of surpluses.

21. Management class: Executive Management

Executive					
2023					
	Emoluments	Allowances	Leave	Bonus	Total
Dr ZT Mathe- Chief Executive Officer *	1 306	-	-	-	1 306
Ms L Manamela- Chief Financial Officer *	1 660	-	-	464	2 124
Mr V Lutchman- Acting Chief Financial Officer *	542	-	-	-	542
Mr S Mngomezulu *	564	-	-	-	564
Mr EM Lekota *	102	-	-	-	102
Mr S Mhlangu *	-	-	-	179	179
Ms B Thabane *	37	-	-	-	37
Prof S Mamphweli *	434	-	-	-	434
Mr T Snyer- Acting General Manager *	676	40	-	-	716
Mr T Yusuf- Acting General Manager *	1 060	28	-	211	1 299
Mr B Bredenkamp	881	-	-	298	1 179
Prof P Moodley *	395	15	-	-	410
Dr AK Surrige- Acting General Manager *	560	-	-	-	560
Dr M Bipath *	-	-	-	110	110
	8 217	83	-	1 262	9 562

* Relates to remuneration disbursed during the period served.

2022	Emoluments	Allowances	Leave	Bonus	Total
Miss L Manamela- Interim Chief Executive Officer	1 856	24	-	-	1 880
Mr V Lutchman- Acting Chief Financial Officer	95	-	-	-	95
Ms L Ramaotsoa- Acting Chief Financial Officer	950	-	-	186	1 136
Dr M Bipath	490	29	134	317	970
Mr S Mhlangu	943	22	136	176	1 277
Mr D Mahuma	-	-	127	224	351
Mr B Bredenkamp	1 501	24	-	342	1 867
	5 835	99	397	1 245	7 576

SANEDI operates on a cost to company system, employees contributions to the provident and other benefit funds are allocated from the overall cost to company.

22. Events after the reporting date

There are no subsequent events after the reporting period 31 March 2023.

23. Related parties

Board Members	Refer to note 23 below
Ultimate controlling Minister	Minister Gwede Mantashe (DMRE)
Entities within sphere of Government	Department of Science and Innovation CEF (SOC) Limited Technology Innovation Agency
Members of key Management	Refer to note 21

SANEDI has entered into project agreements with other Entities within the National sphere of Government. Balances payable at the end of the financial year are as follows:

Related party balances		
Amounts included in payables from exchange transactions		
CEF (SOC) Ltd	1 119	1 047
Commitments with related parties		
CEF (SOC) Limited	3 171	4 693
* Refer to note 19		
Prior year amount disclosed to ensure consistency with current year.		
Deferred Revenue		
Department of Science and Innovation	9 856	4 155
Technology Innovation Agency	108	-
Related party transactions		
Revenue received from related parties		
Department of Mineral Resources and Energy	81 072	75 182
Technology Innovation Agency	72	-
Rent paid to (received from) related parties		
CEF (SOC) Limited	1 003	1 148
Management fees paid to (received from) related parties		
CEF (SOC) Limited	625	1 386
Department of Science and Innovation	(8 792)	(4 155)
Recoveries		
CEF (SOC) Limited	197	126

Figures in Rand thousand	2023	2022
Management class: Board members		
	2023	
	Name	Board Remuneration
Mr Sicelo Xulu (Board Chairperson)		203
Miss Lungile Mtiya (Deputy Chairperson)		198
Miss Abigail Boikhutso		149
Miss Tumelo Mashabela		197
Miss Pamla Yongama *		43
Miss Masaccha Mbonambi * (Chairperson of the Audit & Risk Committee)		228
Mr Mahlatsi Movundela *		48
		1 066
	2022	
	Name	Board Remuneration
Mr Sicelo Xulu (Board Chairperson)		53
Miss Lungile Mtiya (Deputy Chairperson)		42
Miss Abigail Boikhutso		36
Miss Tumelo Mashabela		32
Miss Pamla Yongama *		21
Miss Masaccha Mbonambi * (Chairperson of the Audit & Risk Committee)		59
Mr Mahlatsi Movundela *		16
		259

No emoluments were paid to any individual members or individuals holding a prescribed office during the quarter.

The Board was only appointed during the last quarter of the financial year.

* Independent members of Audit & Risk Committees

24. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure for the current year	-	-
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25. Irregular expenditure

Irregular expenditure for the current year	-	566
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Irregular expenditure relates to minimum threshold percentage for local production and content less than prescribed.

26. Risk Management

Financial Management and financial instruments

Formalisation of a Risk Management Framework is the responsibility of the Entity and the Board of Directors.

The Framework ensures:

Efficient allocation of capital across various activities in order to maximize returns and diversification of income streams, Risk taking within levels acceptable to the Company as a whole.

Efficient liquidity Management and control of funding costs, and Improved Risk Management and Control.

Whilst the Board is ultimately responsible for the management of risk, the Board relies on Management to operate within the control structures and frameworks, established by the Board and has delegated the responsibility for implementation of the Risk Framework to functions within the business.

Risk Management structure

The Company's Risk Management Framework is summarised below. Key responsibilities lie with the following Bodies and Committees.

Board of Directors: Are responsible for strategic direction, supervision and control of the Entity and for defining the Entity's tolerance for risk.

Internal Auditor: Is responsible for assisting the Board and Management in fulfilling their responsibilities by providing an objective and independent evaluation of the effectiveness of Control, Risk Management and Governance processes.

The nature of key risks to which the Entity is exposed is categorised as follows: The Entity's activities expose it to a variety of financial risks i.e. Market risk (including Currency risk, Fair Value interest rate risk, Cash Flow interest rate risk and Price risk), Credit risk and Liquidity risk.

Liquidity risk

The Entity's risk to liquidity is a result of the funds available to cover future commitments. The Entity manages Liquidity risk through an ongoing review of future commitments and credit facilities. Timing for cash flows vary depending on contractual obligations.

As at 31 March 2023	Less than 1 year
Trade and other payables	8 560
As at 31 March 2022	Less than 1 year
Trade and other payables	4 304

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors.

The Entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

As at 31 March 2023	Less than 1 year
Cash and cash equivalents	362 642
Trade and other receivables	6 477
	369 119
As at 31 March 2022	Less than 1 year
Cash and cash equivalents	303 784
Trade and other receivables	18 044
	321 828

Market risk Interest rate risk

The Entity has interest-bearing-assets that are affected by interest rates fluctuations, these include bank and cash and cash equivalents.

Interest-bearing investments are held with reputable banks to minimise exposure.

No significant risks has been identified with regards to interest rates.

27. B-BBEE Performance

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.

28. Segment information, General information and Identification of segments

SANEDI's activities have been arranged into one reportable segment based on the overall mandate of the organisation of applied energy research, innovation and energy efficiency. Activities that are undertaken are interrelated and form part of one reportable segment.

SANEDI's activities are spread throughout South Africa. There is participation and collaboration internally, however, the research activities are undertaken locally.

It is not possible to report financial information per geographical area as this information is not available.

29. Presentation and classification of financial statement items

Presentation

Changes of name of Items

SANEDI has made amendments to the to presentation of items in the Statements of Financial Performance to align the naming conventions closer to the GRAP standards.

The follows changes have been made which did not result in the reclassification of any amounts.

Previously presented as	Currently presented as
Direct Personnel costs	Employee related costs
Director's remuneration	Board remuneration
Project Development costs	Research costs
Project Implementation costs	Research consulting costs
Telephone and fax	Telecommunication costs

Reclassification

SANEDI previously presented leave accrual as part of trade payables.

The classification has been amended to disclose this separately, with the incentive provision as one line item on the face of the Statement of Financial Position and disclosed separately in the notes as well.

Previous classification

Employee benefit provisions	4 761	4 492
Trade and other payables	12 438	6 366
	17 199	10 858
Current classification		
Employee benefit provisions	6 703	6 465
Trade and other payables	10 496	4 393
	17 199	10 858

30. Prior period errors

SANEDI adopted GRAP 109 for the first time in 2021/22 financial year.

Revenue and expenses related to the Agent / Principal arrangement were recognised in line with the standards. Additional disclosure notes are provided in the current financial statements with comparative information.

There is no impact on the opening balances from the previous financial year as presented.

Additional disclosure in note 31 of the financial statements.	
The disclosure for the 2020/21 financial year is as follows:	
Total amounts received	145 940
Expenses paid on behalf of the Principal : Research costs	76 782
Revenue recognised as compensation for transactions carried out on behalf of the Principal	3 329

31. Accounting by Principals and Agents

The Entity is a party to a Principal-Agent arrangement(s).

Details of the arrangement is as follows:

SANEDI has entered into an agreement(s) with the Department of Science and innovation (DSI), to manage the DSI Energy Secretariat. Under the agreement, SANEDI is responsible for Project Managing and co-ordinating the activities of the Secretariat, disbursement of funds on behalf of the DSI to various third parties (and implementing agencies) as directed by the DSI for the DSI's energy Flagship programmes. In return SANEDI received a Management fee calculated on the bases of the funds received.

Risk of third-party exposure is managed as part of the terms and conditions of contractual arrangements entered into with third parties.

SANEDI received R187 131 (2022: R234 912) from the Principal and paid over R150 511 (2022: R180 700) in grants to third parties for research costs during the financial year. A total of R3 856 (2022: R0) was received on behalf of the Principal.

Entity as Agent

Revenue recognised

The aggregate amount of revenue that the Entity recognised as compensation for the transactions carried out on behalf of the Principal is R8 792 (2022:R 4 155).

Additional information

Expenses that relate to transactions with third parties undertaken in terms of the Principal-Agent arrangement. Amount of expenses paid on behalf of the Principal during the reporting period.

Research costs	150 511	180 700
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As at 31 March 2023, there are no monies due to the Principal (DSI).

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables

Unallocated deposits

Cash received on behalf of the Principal	853	-
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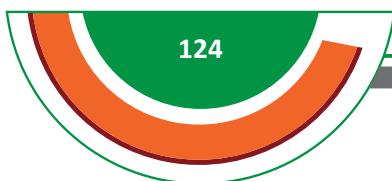
Resources (including assets and liabilities) of the Entity under the custodianship

For resources under the custodianship of SANEDI, refer to note 8.

The expected timing of remittance of remaining resources by the Agent to third parties, will be aligned to their contractual obligations with third parties.

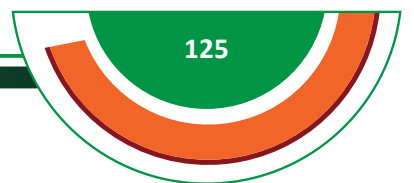
Resource and/or cost implications for the Entity if the Principal-Agent arrangement is terminated

There are no cost implications for SANEDI should the Principal (DSI) cancel the agreement. In terms of the agreement, funding to cover all the costs associated with the contracts will be made available upon termination.



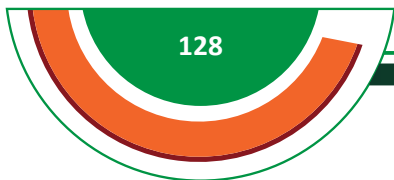
NOTES

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sanedi

South African National Energy
Development Institute

A State owned entity established under Section 7 of the National Energy Act, 2008
(Act No. 34 of 2008)

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