energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

KEYNOTE ADDRESS BY THE MINISTER OF ENERGY OF SOUTH AFRICA, MS DIPUO PETERS, MP

ON THE OCCASION OF THE

OPENING CEREMONY AND LAUNCH OF

THE TURNING ON SCIENCE:-IMPROVING ACCESS TO ENERGY IN SUB-SAHARAN AFRICA

PUBLICATION OF THE AFRICAN SCIENCE ACADEMY DEVELOPMENT INITIATIVE (ASADI) VI CONFERENCE

Date: **9 November 2010**

Venue: **The Lord Charles Hotel, Somerset West, South Africa**

Programme Director

Minister Naledi Pandor

Members of the Diplomatic Corps

Chairperson of the Portfolio Committee on Science and Technology, Dr Nqaba Ngcobo

President of the Science Academies of Africa, Professor Robin Crewe

Chairperson of ASADI Board, Dr Queta Bond

Members of the African Science Academy Development Initiative

Members of the Academic Community

Captains of Industry

Senior Government Officials

Esteemed Guests

Ladies and Gentlemen

I understand that the Minister of Science and Technology, Ms Naledi Pandor, welcomed you yesterday on behalf of the government and the people of the Republic of South Africa - our wonderful country that is full of possibilities for the emancipation of all it's peoples. Allow me the opportunity, once again, to welcome you from the side of the Energy Ministry. A very warm welcome to you all indeed.

Programme Director, allow me to look at the subject of today from a perspective that is sustainable and development focused, especially considering that we are a few weeks away from the COP 16 meeting which is scheduled to take place in Cancun, Mexico. This is a watershed meeting of all governments from around the world which is meant to discuss and seek solutions to the twin challenges of climate change and global warming within the context of sustainable development.

The political leadership of our continent has been raising the issue of the need to improve access to energy by the citizenry of Africa and this has been reverberating in many fora around the world. It is a well known fact that most of the people who do not have access to modern form of energy reside in Africa.

We also know that Sub-Saharan Africa is particularly challenged when compared to the Northern African region and other regions from the developing world. We will hear of the latest statistics from experts who will present during the course of today as to where do we actually stand with respect to energy access on this continent.

We, therefore, need to unpack the concept of energy access into its constituent parts in order to understand its nature and repackage it in a manner which will allow us, emanating from our different strengths, to address the impact it has on our societies and economies.

Energy access refers to the ability of consumers to have reach and thereby effectively utilizating every conceivable form of energy to improve their quality of life in a sustainable manner.

Successful nations have managed to strike a balance between providing energy access for socio-economic development and maintaining sustainable consumption.

From the South African side, we have experiences that we continue to share with the rest of the world with regard to how we managed to improve electricity access from 36% in 1996 to about 80%.

Part of our success has been the presence of a strong research and development component that continues to place great emphasis on innovation on low cost supply options which have reduced the unit cost per connection in real terms over time as we consolidate the two decades of continuous enhancement of energy access, especially to our poorer communities.

This was, of course, made possible by the robust energy supply infrastructure that ensured the continuation of investment in our economy, thus ensuring the sustainability of our social initiatives.

One of the experiences that we have is that access to electricity is not synonymous with access to energy. Access to energy is much broader than access to electricity. We have seen that some of the electrified poor households still continue to use biomass and other fossil based fuels like coal, for thermal applications.

What we have learnt in this regard is that access to electricity, while providing a potential for a better life, needs to be complimented by access to appliances as well as access to cash to pay for that specific access. In the absence of social support programmes, the access to energy initiatives can falter, at least at the beginning.

We have also taken note of the fact that as you finish saturating urban centres and dense rural settlements, the unit cost per connection invariably increases multiple times, thus reducing the rate of access in remote rural areas. This has the potential to continue unless the provision for capital investment also increases multi-fold too. At some point,

consideration will have to be given to the provision of access with alternative hybrid and stand alone type of interventions such as renewable energy options.

Fortunately for us, we have had a favourable fiscal allocation to enable us to roll out the access to energy at the current rate. From the government's side we have developed pro-poor policies and have created the safety net for indigent households. We also have developed renewable energy, energy efficiency and demand side management policies to enhance the sustainable use of scarce energy resources.

As the cost of grid based electricity continues to rise, we have seen an increase in the middle to higher income consumers opting for renewable energy technologies such as solar water heating and energy efficiency options such as efficient lighting, ventilation, air conditioning systems, as well as solar lighting especially for the outdoor market.

There is a need for a legal and regulatory dimension to providing energy access. In this regard we have developed through the national energy regulator, NERSA, regulatory incentives such as renewable energy and energy efficiency rebates for energy efficiency interventions.

The regulator has also approved renewable energy feed-in-tariffs for Independent Power Producers to participate in electricity generation. In this regard, we are embarking on a large scale renewable energy generation capacity building in solar concentrated power, solar thermal wind as well as landfill gas initiatives across the country to ensure a sustainable energy mix, noting the need to reduce our coal dominated electricity generation regime.

As the energy department we have an obliugation to create legal and regulatory interfaces between the utilities and the Independent Power Producers such as open access to the grid. We have an obligation to ensure that the independent market operators do indeed level the playing field for the public and private sector generators to be part of our set up.

One of the areas not mentioned on the supply side is the maintenance and refurbishment of existing energy generation plants. These have been and will continue to be a challenge for many generation asset owners in

developing countries as electricity losses, technical and non-technical, continue to mount. This is made even more difficult by the fact that utilities are not allowed to recover their costs from electricity sales.

Of course with the world still recovering from the economic meltdown of 2009, access to funding will remain a challenge for many energy infrastructure developers, and this will continue to hamper development in many sub-Saharan countries. I hope this gathering will suggest some of the innovative ways entrepreneurs and governments can embark upon to have access to capital funding to invest in new capacity projects with bankable Power Purchase Agreements (PPAs).

Inadequate regional interconnectedness is another challenge – which if resolved – should enable regional economic development, which in turn will spur the concomitant social development. Many attempts have been made on this front, and we are yet to see a quantum leap in development across the Sub-Saharan region. We know the issue of sovereignty and bankability of host governments have come to the fore in this regard.

I also need to underscore the need for human resource development, enhanced role of women, people with disabilities, as well as youth in the energy sector.

This, I believe, is one of the pillars of the African Science Academy Development Initiative. I commend you for this initiative.

As renewable technologies become more and more affordable, it will be essential for these technologies to be locally produced so that jobs and skills can be created to improve the quality of life of our countries. We cannot continue to be perpetual consumers of imported goods and services without having a stake in the products that we consume.

I am told that you will be visiting some of our energy establishments later today. While most of you will be tempted to applaud South Africa for the superb and modern assets we have, please take time to note that these technologies are on average 20 years old.

We are looking forward to seeing newer, cleaner and more efficient technology establishments that will meet the energy access needs of our children and grand children in the low carbon and greener economies.

Last month we held a Solar Park Investors conference in Upington, Northern Cape, to test i appetite of investors with regard to these kinds of projects.

The conference was an overwhelming success given the attendance by top executives (CEOs and MDs) of some of the world's top solar companies. It was oversubscribed.

The Solar Park Project has its genesis in the October 2009 Memorandum of Understanding that was signed between the Department of Energy (Doe) and the Clinton Climate Initiative (CCI). The prefeasibility study that was subsequently commissioned demonstrated that the Northern Cape has the highest radiation level in the country and is perfectly suitable to host a solar park.

We have commenced with the feasibility study. Meanwhile, the recently released Draft IRP2010 makes reference to the 7200 MW worth of renewable energy power that can be realised in the next two decades of the project.

The mere fact that government has set itself a target of 1100 MW worth of power in the first phase of the solar park is in itself a step in the right direction. We are quite pleased that the offers that are on the table go beyond government's targets.

We have to make conscious decisions to choose options that are enhancing our sustainable development. We also can do this by enhancing debates emanating from African Science Academy Development Initiative and other similar such initiatives for the emancipation of Sub-Saharan Africa.

I urge you to encourage other African states to join our country in supporting the call by UNIDO to declare 2012 as the year of Energy Access. In the same vein, we are confident that as scientists, you will play a pivotal role in helping us to find the right balance between the use of coal and nuclear as part of search for cleaner energy resources.

In conclusion, we will continue to support the Academy of Science of South Africa (ASSAf). ASSAf will continue to remain the flagship of science and technology excellence in our country.

From the energy perspective we will continue to support our colleague, Minister in the African Ministerial Council on Science and Technology (AMCOST), in her endeavour to profile and promote, at political level, the overall governance of science and technology in the region.

I wish you all the best in your engagements today and over the next day.

I thank you.