



CLOSING KEYNOTE ADDRESS

Ms Dipuo Peters, Minister of Energy of the Republic of South Africa,

United States-South Africa Business Partnership Summit

Hilton Hotel, Johannesburg, South Africa

6 August, 2012, 17h30

Programme Director;

Honorable Robert Hormats, Undersecretary for Economic Growth, Energy & the Environment, U.S. Department of State,

Honorable Francisco Sanchez, Undersecretary for International Trade, U.S. Department of Commerce,

Honorable Fred Hochberg, Chairman and President, Export-Import Bank of the United States,

Honorable Elizabeth Littlefield, President and CEO, Overseas Private Investment Corporation,

Honoured guests, Ladies and gentlemen,

Good Evening,

It is indeed a great pleasure to be given this opportunity to be part of this auspicious occasion being conducted parallel to the visit of the Secretary of State Hillary Clinton.

This US-South Africa Business Partnership Summit clearly demonstrates the willingness of business of our two countries to operationalize the agreements reached at political level. I believe that the initiatives discussed here will translate into actions

that will continue to cement the relationship between our two countries, and for our mutual benefit.

Ladies and gentlemen,

I understand that you have deliberated, amongst others, on:

- the Sustainable and Efficient Energy Technology for the Future,
- the Building of South Africa's Future Air, Rail & Roads,
- Financing the Opportunities in South Africa, and;
- Also have launched the U.S.-South Africa Aviation Partnership Program.

The launch of the South Africa –US aviation partnership program is commendable. Indeed, all these topics are most relevant to the current developments in South Africa in particular and the African continent in general.

As an Energy Minister, I must speak about energy! I will therefore give you a perspective on the opportunities in the energy sector in South Africa, the Southern African Development Community and the African continent in general for your consideration and further engagement.

I must at the onset indicate to you that South Africa, the Southern African region and the African continent is ready for business and the opportunities are abundant.

As you are aware, 2012 has been declared by the United Nations as ***“the International Year of Sustainable Energy for All”***. This programme has been embraced especially by us on the African continent because access to energy is still a critical challenge and for many a dream.

This dream presents an opportunity to you as business people, investors and financiers.

Ladies and Gentlemen,

More than a fifth of the global population does not have access to electricity. Most of these people without access to modern energy carriers live in Africa and South Asia. Within Africa, Sub-Saharan Africa is the worst in terms of energy poverty. The number of people without access to energy in Sub-Saharan African countries is projected to rise from 177 million to 190 million in 2030, despite current efforts to reduce this number.

Increasing access to improved energy services remains a global challenge.

A challenge which I hope you, the financiers, investors and business people present here today will view as an opportunity, and make efforts to respond accordingly.

Ladies and Gentlemen,

Without access to energy services the poor will continue to be deprived of the most basic economic opportunities needed to improve their standard of living.

Without energy,

- the poor face very limited or no economic growth;
- factories and businesses cannot function efficiently;
- hospitals and schools cannot operate fully or safely; and;
- Basic services that people in rich countries take for granted cannot be offered.

This is the reality of most poor countries and the situation is most bleak here in Africa and Sub-Saharan Africa in particular.

Programme Director,

Africa and South Africa in particular are riding on the cusp of not one, but two revolutions: the awakening of Africa as an emerging market with economic growth rates which the developed countries can only dream of in the next few years to come, and the

clean energy revolution. These revolutions are separate, but complementary, and they present opportunities to you present here at the business summit.

Programme Director,

The African Energy Ministers met in 2011 in preparation for the United Nations Framework Convention on Climate Change (UNFCCC).

The African Ministers acknowledged the importance of the development of a Sustainable Energy Access Road Map and issues related to strengthening regional power pools for interconnectivity, scaling up Renewable and Clean Energy drive, and Energy Efficiency as options of increasing clean and sustainable energy access in Africa.

Through the declaration Minister committed to deployment of sustainable energy carriers on the continent and pledged to develop energy plans that would provide the investors with the future intentions of each country on the continent. Such plans will assist investors in making investment decisions regarding opportunities in Africa.

In South Africa, the clean energy revolution had made many advances through the development of the Integrated Resources Plan – the IRP 2010.

Through this plan, the South Africa government committed to increasing generation capacity by 40 000 MW by 2020.

The new generation capacity is comprised of the following:

- renewable energy at 42%,
- nuclear- 23%,
- coal 15%,
- Hydro 6%
- Gas 6%and
- 6% Peak OCGT or open cycle gas turbines.

This is an ambitious plan and it equally needs ambitious investors, financiers and entrepreneurs to make it happen. As South Africa, we rely on our domestic resources and also on international resources from our friends and business partners like you.

With regard to renewable energy, we have developed the South African Renewable Energy Initiative also referred to as SARi. The initiative aims to mobilise domestic and international funding and exchange experience to support South Africa to implement its ambitious plans for scaling up of renewable energy.

SARi will contribute towards the growth and deployment of renewable energy, reduction of greenhouse gas emissions and enhance sustainable energy access. But equally important, SARi will enable South Africa to boost the development of new green industries, and the creation of new green jobs. Thus, SARi is meant to contribute towards creation of local jobs, expand generation capacity to meet growing energy demand, and contribute towards the global effort to reduce carbon emissions.

We invite partners to work with us and sign a declaration of intent to support the scaling up of renewables in South Africa. SARi aims to unlock the environmental, industrial and economic benefits that large-scale renewable energy offers to South Africa, without imposing an unacceptable financial burden on our economy, public finances or citizens. The full renewable energy potential can only be realized with financial, technical and skills support from our international partners such as you.

With regard to renewable energy, good progress has been made.

I have made a determination to procure 3725 MW in for bidding windows. The first window was concluded in December, 2011 and a total of 1415.52 MW were procured from 28 preferred bidders as follows:

- Solar PV had 18 bidders with a total capacity of 631.53,
- wind had 8 bidders with generation capacity of 633.99 MW, and,

- Concentrated solar power had 2 preferred bidders with generation capacity of 150 MW.

The second window was concluded and a total of **1044MW** was allocated.

My Department has so far concluded two bidding rounds. The financial close of these bids is in process and again this is where you, especially the financial institutions are needed the most. The support for renewable energy has to be more pronounced for this sector and industry to be successful.

I am pleased to note here that the US government through Secretary Steve Chu has launched the Clean Energy Ministerial, which among other things promotes clean energy initiatives of which renewable energy namely wind and solar are very important. What we are implementing here in South Africa is partly aligned to the aspirations of this initiative.

Ladies and Gentlemen,

You are aware that investing in generation capacity only will not enable South Africa and the continent to access energy, enhance energy security and trade in energy products such as electricity.

It is, therefore, important to also consider investment in the energy infrastructure in general and interconnectivity in particular. African regional power pools have been gradually established in the continent and are playing a crucial role in laying the basis for cost-effective regional electricity supply and successful grid extension programs in rural areas.

For instance, the SADC region has a number of projects. There are about seven projects developed by the Southern African Power Pool, which if implemented will enhance electricity trade among member countries.

These projects include work on interconnecting infrastructure in the DRC, Zambia, Mozambique, Malawi, Tanzania, Namibia and Angola. Besides these interconnectors, there are other SADC infrastructure projects that have been tabled and approved and at the point of being packaged as bankable projects. However for any project to be defined as bankable, funds are needed to conduct feasibility studies and these are some of the barriers that countries have and will need assistance to translate projects into bankable projects.

This provides an opportunity for engagement by the private sector players of both countries on you can assist and ensure that projects that have been tabled can be completed. As financiers, it is important that you assist in translating these projects to reality.

I am also at this point compelled to mention the Grand Inga project in the DRC. The Grand Inga hydropower project has a potential to generate 40 000 MW of hydropower. This project has been on the table for a long time and not much has been done. Given this clean energy revolution sweeping the continent and our times, it is imperative that in your investment plans, you also consider the opportunities from this project.

It is estimated that Africa needs about US\$ 40 billion per year to invest in the energy sector to achieve its goals. Africa needs both private and public partners to work hand in hand to reach its dream of energy access for all by 2030.

I have read in the Bloomberg New energy Finance that the world fund management industry is sitting with a \$100 trillion fund composed of venture capital funds, equity funds, pension funds, real estate funds, life insurance funds, infrastructure funds, sovereign funds private equity funds, debt funds etc.

We need to model our risk to attract these fund managers to invest on this content and convince them through you that Africa is ready for investment. Currently, solar photovoltaic costs about 17 US cents per kilowatt hour.

At present, African energy consumers are currently on average paying 18 \$US cents per kilowatt hour - that is where they have access to electricity.

Where they do not have access to electricity, they are paying annually about US\$8 billion for kerosene which is equivalent to 50 US cents per kilowatt hour. This simple economics indicates that the buying power is available and that you as investors need to take the bold step to invest in South Africa, SADC and the African continent.

The energy and clean energy revolution is here and unfolding. The time to create the necessary condition for South Africa to revolutionize its economy is now. The opportunities are available in the infrastructure sector in general and the energy sector in particular. I urge you to use this time in South Africa to identify these opportunities and ensure that you play a role in the industrialization of the economy, technology transfer, skills development and the much needed economic growth and development of our economies.

Ladies and gentlemen,

Let me conclude by thanking you all for your active participation on this business forum and allow me to leave you with this message from one of the greatest hockey players – a Canadian named Wayne Gretzky who said of his secret to success: ***“Good players play where the puck is. Great players play where the puck is going to be.”***

As I mentioned before Africa is now a confluence of two revolutions unfolding but at initial stages of development. South Africa is a stepping stone to Africa and where the puck will be and great players play here.

I thank you.