



**Speech for the Minister of Energy, Her Excellency Ms. Dipuo Peters, MP at
the Green Cars Launch by the Department of Environmental Affairs**

Venue: Gerotek, WF Nkomo Rd, Pretoria West

Date: 26th February 2013

Time: 08h00 – 14h00

Programme Director,

Minister of Water and Environmental Affairs, HE Edna Molewa,

Cllr Petunia Mashaba, MMC: City of Tshwane Environmental Management
Services

Managing Director of Nissan, Mr Mike Whitfield

Dr Tania Abrahamse - SANBI

All Senior Managers in Government

Members of the Business Community,

Distinguished Guests,

Ladies and Gentlemen

Good Morning,

It is really exciting to see how Government together with various stakeholders in the country are implementing initiatives that will assist South Africa to meet its Greenhouse Gas (GHG) emissions reduction targets. We committed to achieve 34% of GHG emission reduction by 2020 and 42% by 2025 under Business As Usual subject to the availability of resources that the President of the Republic of

South Africa, HE Honourable Mr Jacob Zuma pronounced at Copenhagen in 2009. Most importantly, is to note the progress on the implementation of the National Climate Change Response Policy driven by the Department of Environmental Affairs.

Let me take this opportunity to thank DEA for ensuring that Government leads by example and that Nissan in particular is taking this bold step of demonstrating that you are taking Climate Change serious. The time to just talk has passed, we need action. For Government to achieve the Green House Gas mitigation targets by 2030 we must understand that time is of the essence so that we can convert the plans into action and theory into demonstration if we are to score the goals we have set.

When I received an invitation to this Green Cars launch, I realized that the programme is cutting across the implementation of several Commitments in the Green Economy Accord, that is:

Investment in the Green Economy;

Rollout of Renewable Energy;

Energy Efficiency;

Biofuels;

Reducing Carbon-Emission on our Roads; and

Economic Development in the Green Economy through the Promotion of Localisation; Youth Employment; Cooperatives and Skills Development.

Of course this is notwithstanding the fact that this pilot project at a later stage will certainly translate into the implementation of other accords such as the Local Procurement Accord and National Skills Accord.

Programme Director, the reason I mention these Commitments is because Government and its social partners have committed to work together to realize

the benefits out of our national objectives. Principal amongst the challenges is energy access which in most instances has confined us to mostly the use of fossil fuels for transportation and that constrained local economic development and increased vulnerability to external shocks, including vagaries of the global economy . I am happy that we are all doing our bit in this transition towards the low carbon economy. Of course, in doing so, we are becoming energy efficient and cleaner.

Ladies and Gentlemen

Research on alternate fuels such as Liquefied Petroleum Gas (LPG) and Compressed Natural Gas (CNG) are ongoing and some exciting data has already begun to emerge from collaborative studies being run by the Industrial Development Corporation (IDC), SANEDI and the Automobile Industry Development Council (AIDC), and these results will no doubt prove essential for the larger feasibility rollout to commercialisation in future. Such research and the demonstration of these technologies in active transport scenarios will provide impetus to South Africa's efforts to silence critics regarding the use of alternative technologies that are crucial in building sound economic models for sustainable development to triumph. Electric Vehicles offer our country a great opportunity over time to significantly reduce the dependence of conventional fuels in the transport sector. This is in line with our Integrated Resource Plan, which sees us diversifying our energy carriers for transportation purposes more and more away from fossil fuels.

Minister Molewa, the Green Cars programme augurs very well with the work that is currently being finalised on the Draft Electric Vehicle Strategy for the country and I believe that the outcome of this pilot project will also contribute towards the Research and Development done in the sector by the Department of Science and Technology and SANEDI on Electric Vehicles as well informing the implementation of the EVI Strategy.

Distinguished guests, the Department of Energy has made its intentions very clear regarding the future tightening of fuel specifications and standards to reduce the concentration of fuel components that are harmful to both human health and the environment. On 01 June 2012, the Department published Regulations regarding Petroleum Products Specifications and Standards that would come into effect by 2017. The changes in fuel specifications and standards to the equivalent of Euro 5 emission standards would require oil companies to invest in refinery infrastructure upgrades.

The estimated cost for refinery upgrades is in the order of \$3.7 billion or R40 billion and is the main issue that Government and industry are grappling with. The Department is collaborating with National Treasury (NT) in finding a workable solution, considering the prevailing and foreseeable high energy costs. I believe that such a solution would be found soon. Ensuring energy security and addressing climate change cost-effectively are key global challenges, and tackling these issues remains a task all of us need to address, and will require efforts from stakeholders in all relevant sectors.

Ladies and Gentlemen, to find these solutions, the public and private sectors must work together, sharing burdens of resources, while at the same time multiplying results and outcomes as we look at energy efficiency and alternate fuels in a two pronged approach against GHG emissions. The road transport sector accounts for about 60% of oil consumption and utilises some 32% of final energy use in the Country.

Though a growing number of RE technologies are technically mature and are being deployed at significant scale, others are in an earlier phase of technical maturity and commercial deployment or fill specialized niche markets. Significant advances in RE technologies and associated long-term cost reductions have been demonstrated over the last decades, though periods of rising prices have

sometimes been experienced (due to, for example, increasing demand for RE in excess of available Supply). Further cost reductions are expected, resulting in greater potential deployment and consequent climate change mitigation. I believe this would be the case with South Africa, as the deployment gains momentum and reaches a peak.

While public funding may be tight for us as a country we cannot reduce our ambitions and I strongly believe that innovative approaches like this one can help us to continue progress even under challenging circumstances. South Africa is the only country on this Continent actively participating in the Clean Energy Ministerial which drives energy related initiatives from like-minded countries that are focusing and implementing low carbon economy policies. I am happy that there is collaboration with Japan on this initiative as it is one of the advanced countries on EVI and a member of the Clean Energy Ministerial. The Clean Energy Ministerial meeting grew from the Major Economies Forum on Energy and Climate (MEF) Leaders' decision in July 2009 to launch the Global Partnership to drive transformational low-carbon and climate-friendly technologies, as well as encourage dialogues among countries interested in accelerating clean energy technologies and I should say it is a pleasure to see South Africa engraving its mark into this sector.

At the first Clean Energy Ministerial held in Washington, D.C. in 2010, the 22 member countries affirmed their commitment to amongst others the deployment of electric vehicles, which the International Energy Agency (IEA) has estimated will create a global market momentum by 2020 to at least 20 million electric vehicles on the road worldwide.

Programme Director, it is no longer questionable that Electric vehicles and emissions reduction cars have become a strategic focus of the automotive industry during recent years, but the technology is still nascent in the global market place notwithstanding the fact that in most cases it has become a government-led global initiative that will collaborate with relevant industry,

academic, and end-user stakeholders to dramatically scale-up electric vehicle sales.

I would like to urge all the key role players to strategically invest in research and development, leveraging all sorts funding to help lower the cost of clean energy technologies while sharing best practices that enable deployment of these cost-effective solutions in the near term. We need to become energy efficient in all aspects of our activities so that we are able to take advantage of our abundant energy sources. We should also realise that as we implement these initiatives as part of our energy diversification, we also have to instil behavioural change in our homes, work and schools for these initiatives to translate into tangible deliverables that we are accustomed of.

Programme Director, I also need to highlight some of the incentives that are put in place to create an enabling environment for these kinds of programmes once we start scaling up. We have just finalised the Regulations for Tax Allowance on Energy Efficiency Savings in terms of Section 12L of the Income Tax Act which we will be promulgating anytime soon. This will allow the companies to claim an allowance through their tax returns, commensurate with savings achieved.

I agree with the Minister of Trade and Industry on Section 12i of the Income Tax Act that with the introduction of the tax allowance we need to combine both the regulatory and market instruments by offering green tax allowance and mobilizing private, financial resources to invest in energy efficient industrial development, skills and green jobs. This assistance is offered to enhance energy efficiency and skills amidst rising electricity prices, global pressure for cleaner production and threats of trade restrictions on high-carbon footprint manufacturing practices and products. I hope that manufacturers and all stakeholders along the value chain are getting ready to scale up this initiative.

I am pleased to see that this launch happens when we are also focusing on the Standard and Appliance labeling programme which is a Global Environment Facility funded to be implemented through the United Nations Development Programme (UNDP). This completes the picture on the objective of being energy efficient from the Kitchen, living rooms and garages. Government and the private sector should work together to “pull” super-efficient technologies into the market and at the same time, we should accelerate efforts to “push” the most inefficient technologies out of the market by co-operating on measures such as global standards.

Some policies have been shown to be effective and efficient in rapidly increasing RE deployment. However, there is no one-size-fits-all policy. Experience shows that different policies or combinations of policies can be more effective and efficient depending on factors such as the level of technological maturity, affordable capital, ease of integration into the existing system and the local and national RE resource base.

Overall Government remains committed to:

- Ensure security of energy resources, and pursuing an energy mix that includes clean and renewable resources to meet the needs of our fast growing economy, without compromising our commitment to sustainable development.
- Put in place clear programme of incentives for investment, as well as the development of the requisite human resource capacity to take full advantage of the opportunities presented due to the growth in this sector

Many of the building blocks to support the scale up of RE and EE initiatives exist today. Effort therefore should be concentrated on regrouping these building

blocks and ensuring the right level of coordination between public and private sector finance to maximize the available financial resources.

I also need to thank all those who are working tirelessly on this initiative to achieve our national objectives and also contribute the country's share on climate change.

Thank you