

**KEYNOTE ADDRESS BY THE MINISTER OF ENERGY OF SOUTH AFRICA
HONOURABLE DIKOBÉ BEN MARTINS, MP AT THE AFRICA ENERGY INDABA
TUESDAY, 18 FEBRUARY 2014 SANDTON**

Programme Director,

HE Minister Yaluma, Ministry of Mines, Energy, and Water, Zambia,

Fellow panelists,

Ms Marie- Jose Nadeau, Chairperson, World Energy,

Dr Ibrahim Mayaki, Chief Executive Officer of the NEPAD Planning and Co-ordination Agency,

Mr Brian Statham, Chairman, The South African National Energy Association,

Energy and infrastructure leaders and representatives from various African countries,

Esteemed Representatives of Government, State owned companies and Regulators,

Senior officials of the World Energy Council,

Distinguished stakeholders of the Energy industry,

Ladies and Gentlemen

Good morning!

I wish to commend the organisers of the Africa Energy Indaba.

The Indaba affords us all an opportunity to reflect on a number of critical and new-fangled issues pertinent to the African continent

Furthermore, this forum also avails the opportunity to deepen critical and constructive dialogue between government officials and stakeholders in the energy sector.

We live in a global environment, what happens in one part of the world has repercussions in other parts of the world

The uncertainty and insecurity about energy, underscores a fundamental reality, namely, how important energy is to the world.

It also underlines the rewards that accrue from energy and the security it affords.

In theorising and problematizing the energy question in the African continental context, there are obviously a number of important questions to address.

I am however of the opinion, that there are three fundamental questions that will have to shape our disclosure and narrative, namely:

1. How do we ensure that enough energy is available to meet the needs of growing, developing and rapidly industrializing and Africa: and at what cost and with what technologies?
2. How can the security of the energy system on which we depend be protected? and
3. What will the impact of environmental concerns be, especially climate change, on the future of energy?

Given the fact, that we will still live in the fossil fuel age, where today oil, coal and natural gas still provide eighty percent (80%) of the world's energy.

Facts are facts, and facts are stubborn things:

The “globalisation of energy demand” is another fact that cannot be ignored.

Billions of people are becoming part of the global economy, and as they do so, their incomes and their use of energy increases, for example currently, it is estimated that, oil use in developed countries averages fourteen (14) barrels per person per year. The afore going , begs the question: how will the world cope when billions of people go from three barrels to six per person?

There are also other kinds of risks and dangers. It is imperative to anticipate them, prepare for them and ensure the requisite resilience to respond.

A new, more complex world of oil has emerged in the decades since 1991 Gulf War.

The drama of oil : the cut-throat struggle for access, the battle for control, the geopolitics that shape it will continue to be a decisive factor in a changing world.

Energy security and the future of supply are other pertinent factors that require study.

Another factor requiring close scrutiny is electricity. Africa has become progressively more electrified over the past four decades. But it still lags behind. In developed countries, electricity is almost taken for granted. On the other hand in developing countries, shortages of electricity take their toll on economic growth, and in some instances, on people's lives.

The challenge that we face is that, there are nearly 1.3 billion people that have no access to electricity today, and of these, 589 million are in Sub Saharan Africa.

Furthermore, approximately 2.6 billion people are without clean cooking facilities. The conclusion that can be drawn from this is that, on the African continent, we have the lowest rate of energy access, which results in constrained economic development and job creation.

Energy is thus an important catalyst for economic growth and increased social equity. It is important for African Governments to prioritize investment in energy infrastructure.

Institutionalized long- term planning and co-ordination capacity within the state to drive consolidated industrialization and infrastructure development programmes for inclusive growth and job creation are thus of cardinal importance.

Government, business, labour, social organization and energy stakeholders must thus be encouraged to work in concert to contribute to economic transformation.

Regional Integration for Africa co-operation and development is thus very important and crucial for the realization of the Programme for Infrastructure Development for Africa (PIDA). Some of the priority Energy Projects are:

- ❖ The six power generation Projects
 - i. The Grand Inga Project :4800 MW in the Democratic Republic of Congo;
 - ii. Mpanda Nkuwa : 1500 MW in Mozambique;
 - iii. Kaleta : 117 MW in Zambia;
 - iv. Batoka: 1600 MW in Zimbabwe;
 - v. Ruzizi III :125 mw in DRC;
 - vi. The Renaissance Dam: 5250 MW in Ethiopia.
- ❖ The four power transmission corridor Projects
 - i. West Africa interconnector:2000 Km
 - ii. East Africa interconnector:3000 Km
 - iii. The North-South Power transmission corridor :8000 Km to cover Egypt; Sudan ; South Sudan; Ethiopia; Kenya; Malawi; Mozambique ; Zambia; Zimbabwe & South Africa.
- ❖ A petroleum product pipeline project between Uganda and Kenya;
- ❖ A gas pipeline project 4100 KM between Nigeria and Algeria.

In realising our developmental goals; it is important to take cognisance of the political and economic realities; and the development stage of our countries.

The nexus between economic ideals and political realities are thus important, as energy and its challenges will define our future

Turning to South Africa, I should like to make a few remarks on the Integrated Resource Plan:

1. Since the Integrated Resource Plan (IRP): was initiated in March 2010, the Department of Energy has:
 - under Bid Window 1: entered into 28 agreements on the 5th November 2012;
 - under Bid Window 2: it entered into 19 agreements on the 9th May 2013

In regard to the current Bid, Bid Window 3:

- 93 bids were received on 19 August 2013.
 - The bids amount to 6023 Mega Watt, whilst the available MW for allocation is 1473 MW.
 - The Department of Energy was obviously pleased to note the competitive pricing offered in the bids received.
2. The Renewable Energy Independent Power Producer Programme (REIPPP): is aimed at bringing additional Megawatts into the electricity system through private sector investment in wind, Solar, photovoltaic, solar concentrating power, biomass, biogas, and small hydro technologies.

These renewable technologies form part of the broader energy mix, that include coal, gas, nuclear and imported hydro technologies that we intend to utilize to meet South Africa's energy demand.

To date the Department has committed to purchase over 2400 MW from Independent Power Producers under Windows 1 and 2 of the Renewable Energy Independent Power Producer Procurement Programme (REIPPP). Most of the projects under Windows 1 and 2 are under construction.

It was anticipated that by December 2013, some of these projects will deliver energy.

South Africa is presently rated as the 12th most attractive investment destination for renewable energy. The programme has to date, attracted over R150 billion, in foreign direct investment. This bodes well for South Africa, as the programme has received international over claim for fairness, transparency and the certainty of its programme.

A progressive increase in local content and job creation numbers has also been witnessed. Window 3 will contribute approximately R4.4 billion to socio-economic development, aggregating to a cumulative investment of 9 billion.

In conclusion, I wish to thank you for the courtesy of listening to me.