

## **BUDGET VOTE 26 SPEECH**

**DEPUTY MINISTER OF ENERGY, AMBASSADOR THEMBISILE MAJOLA**

**19 MAY 2017**

Honourable House Chair

Honourable Minister of Energy, Nkhensani Kubayi

Honourable Ministers, Deputy Ministers

Chairperson of the Energy Portfolio Committee, Fikile Majola and Members of the Portfolio Committee

The Leadership of State Owned Entities

Our guests and members of the public in the gallery

Members of the Media,

Fellow South Africans,

Sanibonani.

The Department of Energy's mandate is to ensure access to secure, sustainable, accessible and affordable energy for all.

South Africa's aggressive and successful household electrification programme has seen a significant number of households with access to electricity increase from 35% in 1994 to over 85% currently. However, the non-electrified households backlog has remained stubborn as the costs per connection is increasing significantly for more remote households and the budget available for traditional grid connections is simply inadequate to accommodate these increasing costs.

An innovative approach has been adopted by the Department to ensure electrification in the most remote rural households quicker and at reasonable cost. In this regard, the government launched an off-grid programme in the early 2000s which was intended to be an interim solution until grid access reaches the households. This solution has evolved further into a permanent solution with the increased MW output. We are working on a framework which will bundle this off grid solar home system with gas for cooking and solar water heaters for provision of hot water. This solution has a potential to create entrepreneurs and jobs in the local communities. Local LPG cylinder manufacturing will lead to a renewal in this industrial sector.

Honourable House Chair,

In order to ensure security and sustainable supply of electricity, the development of different energy sources, to secure the appropriate energy mix, is key to ensure reliable energy for households, economic development and industrialization, while taking into account our commitment and obligations to the reduction of greenhouse gas emissions.

You are all aware of the very robust debates around technology choices that are suitable for our country, while looking at related cost, reliability, sustainability and other benefits as we strive for security of supply. However, we should never lose sight of the need for our choices to be underpinned by relevant technological advances, innovation and research that promotes localization. We cannot afford to continue to be an exporter of raw materials and importer of finished products, as the lack of technological innovation makes it difficult to counter cheap substitutes, or to be a dumping ground for outdated technologies from elsewhere.

In the chemicals sector, we used the coal to liquid technology to develop a world leading petrochemicals sector. It was not only because electricity was cheap, and sold below cost in the 80s, but also its reliability was instrumental in incentivizing investment in this industrial sector. The strategy of attracting investment through cheap electricity in the industrial sector only works when there is excess electricity generation capacity. Our planning framework today specifically seeks to reduce the risk of over-investment in the electricity sector, which is devastating on electricity tariffs in the long term. I am happy to say, that our strategy today is based on reliable, sustainable and competitively priced electricity.

In this year dedicated to the great son of the soil, President of the ANC OR Tambo, I would like all of us to remember one of his quotes, that remains as relevant today as it did in 1987 at Georgetown University. I quote:

“In our country, racism is more than an expression of prejudice and the practice of discrimination. It is based on the definition of the black people as subhuman, a specific creature of the animal world available for use by those who are described as truly human and to be disposed of as befits the desires and the perceived interests of these superbeings. Apartheid is therefore inherently an act of violent.....In practice what we are talking about a system of virtually genocidal violence.”

OR Tambo articulated the above to illustrate that apartheid is beyond reform, and must be destroyed. He went on to seek the support of the people of the US to support us our just cause – and I quote:

“We seek to create a united, democratic and non-racial society. We have a vision of a South Africa in which black and white shall live and work together as equals, in conditions of peace and prosperity.”

He went on to urge his audience to use their knowledge and power derived from understanding the truth about racism in South Africa to help make our part of the world into a corner of the globe in which all – of which all of humanity can be proud.

I believe we can claim without fear of contradiction, that we have achieved a great deal, but clearly a lot more has to be done to lift our people from the shackles of poverty, unemployment and inequality. The alarming rate of the heinous rates of abuse and murder of women, particularly young women and girls is a cause for grave concern. The ease with which our most vulnerable, the poor and most disadvantaged are maimed and killed for trespassing, or being mistaken for a monkey, or demanding overdue wages must surely be an indication that something is drastically wrong with our society. Have we perhaps underestimated the levels, the depths of brutalization that has been internalized in the national psychic that has reduced us to shaking our heads in disbelief and numbed by outrage and horror of the increasingly horrific human rights abuses that are a daily occurrence?

We have a responsibility to break down the barriers of racism and the economic exclusion of the vast majority of our people, if we are ever to build the country that OR Tambo dedicated his entire life to making a reality.

Honourable House Chair,

It is a fact that due to our endowment with coal, it has in the past, to a large degree determined the trajectory of policy development and rightly so. However we are at a stage where concerns on carbon emissions and the dire need for diversification require us to maximise the potential of each of the energy sources found in our country and indeed the continent.

Another important energy source is gas. By its very nature gas is a more efficient energy source and the opportunity for its use, due to its flexibility in applications are ever increasing. It is important that we should, together with all sectors of society, determine the way forward in a manner that takes national and regional interests into account. This is an area that provides an opportunity to develop it in a manner that is inclusive and helps to grow a truly South African product.

The relatively low utilisation of gas in South Africa can almost entirely be attributed to the scarce gas resources in our country. We are working to change this state of affairs as we are all aware that the use of unsafe, and often non-SABS compliant heating and cooking stoves have led to the loss of life and personal belongings. We are working to massify the use of gas for space heating and cooking as it is also much better for the environment.

We have signed a Treaty with the DRC on the Grand Inga, that will be developed in 7 phases. The 1<sup>st</sup> Phase will generate 4,755 MW and is the most critical as it anchors the project by carrying the biggest share of the development risk related to the so called 'common works' that includes the most technically challenging engineering works and risks. We as South Africa, through an off-take Agreement of 2500 MW in Phase 1, have de-risked the project.

To align the technical solution with political support for evacuating power from the Inga through the transit countries, we have initiated an inter-governmental framework agreement (called the Inter-Governmental Memorandum of Agreement, or IGMoU) involving DRC, Zambia, Botswana and Zimbabwe. This represents the countries through which the transmission line to RSA must traverse, and it is critical that their collaboration is secured. In this regard the draft IGMoU proposal was tabled at the

SADC Energy Ministers meeting in Gaborone, Botswana in June 2016. The participating Ministers responsible for Energy endorsed this approach and the due legal processes have commenced in the participating countries to adopt it.

The Grand Inga project will play a key role in fostering that integration as transmission lines and interconnectors have to be built in the region, thereby strengthening the ability and capacity of SAPP and trade in energy in the SADC region.

Honourable House Chair,

Access to electricity and other modern forms of energy for women and young people open up access to economic opportunities, access to information, education and knowledge through ICT carriers, and a dramatic improvement in the quality of life. It also has a very positive impact on the environment as women are no longer compelled to chop trees for firewood, etc. A key benefit for many women and children is the sense of safety and security the lighting in the home and in the community. Access to electricity means that we can buy in bulk, we can save on daily transport costs and have a better quality of life. It changes lives for the better. It is gratifying to see the steady, though slow, growth of women in energy. I must also thank my colleagues, the Deputy Ministers for their support in this important work.

One area where South Africa has the potential to lead is hydrogen fuel cell technology. This involves amongst others beneficiation of platinum, which will not only support the mining sector but also sustain jobs in that sector. These to a large degree can and be localized and contribute to transformation. We have already seen how fuel cell technology can be used to electrify smaller communities, particularly in rural areas such as the current pilot in Moqhaka Municipality in the

Free State, which is a world first and holds great promise for our electrification success in some of the less accessible and challenging parts of the country. The Minister of Science and Technology is an ardent promoter and supporter of this technology.

We continue to develop and build relations with countries on the continent and abroad, in pursuance of our goal of building a Better Life for All Our People and a Better Africa. Let us celebrate this month dedicated to Africa and to one of the greatest internationalist, President Oliver Reginald Tambo. In Conclusion

We, as Team Energy, we remain committed and determined to accelerate electrification of households and ensure universal access by 2025. My thanks to the Minister of Energy, to the Portfolio Committee on Energy for their oversight and to the hardworking members of Team Energy.

Kea A Leboga!