

Opening Remarks by Honourable Ms Mmamoloko Kubayi, MP  
Minister of Energy of the Republic of South Africa  
On the occasion of the Gas to Power Conference  
Cape Town  
16 May 2017

Thank you Pippa Brown, to the energy council, oil and gas council.

Let me start by expressing my sincere gratitude and pleasure for being invited to participate at this very eminent gathering of experts, investors, service providers and regulatory bodies from the gas industry. It is indeed an honour and I wish to warmly welcome you to the beautiful City of Cape Town and hope that over the next few days, over and above deliberating over matters relating to gas, you will take time to visit some of our treats in this part of the country; I am talking about the wine farms, Robben Island, Table Mountain, and other attractions too numerous to mention.

The timing of this conference is very fitting, given that May has been designated as Energy Month. This is an opportunity for us to focus South Africans on matters related to energy, be it improving energy access, reducing energy costs, energy

efficiency, security of supply, public discourse and engagement on topical energy issues, mainstreaming women and youth participation, investment opportunities in the energy sector, and so forth. Over the next few weeks I intend to use the opportunity of Energy Month to build heightened awareness about the energy sector and I am glad that the members of the Fourth Estate are well represented here. I trust they will represent these proceedings well.

The existing policy framework for South Africa's energy sector is governed by the White Paper on Energy Policy of the Republic of South Africa, 1998; the Integrated Energy Plan (IEP); the Integrated Resource Plan and the National Development Plan (NDP) of 2011.

The National Development Plan sets out a vision for the energy sector of South Africa in 2030. Under the heading of key policy issues and planning priorities, the issues relevant to gas include:

- Explore gas as a viable alternative and complement to coal as well as renewable energy;
- Diversify power sources and ownership in the electricity sector;

- Balance supply security, affordability and climate change mitigation aspirations in the power sector; and
- Leverage cross-sector synergies for integrated energy planning

We are working towards a vision of an industrialised, globally competitive South African economy, characterized by inclusive growth and meaningful participation by previously disadvantaged members of our society, decent employment and equity, and built on the full potential of all citizens.

From a legislative perspective, the Energy Act of 2008 and sector specific legislation are well developed in relation to electricity, petroleum and gas. The Electricity Regulation Act of 2006 and the National Energy Regulator Act of 2004 provide the regulatory framework for electricity.

Insofar as petroleum, the Petroleum Pipelines Act and the Petroleum Products Act cover that sector. It is nonetheless the gas sector that is under focus this week at this conference.

The decline in production output for electricity intensive sectors such as the iron and steel, metals and machinery production sector has seen a major contraction of about 16% since 2008, while overall manufacturing output levels have declined by around 4% over this period. For context, this group is part of the 25% of Eskom generated electricity consumed in the national economy.

The preliminary outcomes of updated planning scenarios point to South Africa requiring installed generation capacity with high load factor, or base load, provided by a mix of technologies such as coal, regional hydro, nuclear and gas of around 45 to 55 GW for the next 30 to 40 years, while renewable power and gas-to-power could be applied to service the non-base load requirements.

Natural gas is capable of providing more than just electrical power, and in our assessment it can also provide direct heat and chemical feedstock for industrial processes, commercial and residential cooking and heating applications as well as an alternative fuel source for transportation purposes. Depending on the economics, water desalination capability from natural gas-to-power projects at coastal locations is also possible.

Our gas strategy and vision must be viewed within the context of a wider government strategy to grow the economy and we have adopted the 9 Point Plan in that regard, which I don't have enough time to outline today, save to mention that the resolution of our energy challenge is one of the points in the 9 Point Plan and that we have prioritized the following interventions:

- Solar water heater rollout;
- Municipal energy efficiency and demand side management
- Energy efficiency in public buildings
- Updating our energy planning through the IEP and IRP
- Increase generation capacity through independent power producers
- Gas infrastructure development

It is therefore not accidental that we have decided as the Department of Energy to participate in the 2017 Gas to power Conference in the Mother City, but in fact this is aligned with our policy objective and our strategy to introduce a vibrant gas sector. In order to meet our energy challenge, the availability of natural gas as reliable combustible fuel and as an enabling source of electricity power supply to the South African economy will produce direct and indirect benefits for the South African

economy as a whole, thus contributing to macro-economic stability and economic growth.

Over the past few months we have indicated our indication to launch gas infrastructure development through the section 34 determination under the Electricity Regulation Act, in pursuit of an initial 3 700 megawatts of power plants. We also issued a preliminary information memorandum regarding the programme. As the Minister of Energy, I wish to reiterate my support for this programme and to assure you that we intend to proceed with the vision and policy objectives that we have outlined.

In conclusion, may I take the opportunity to indicate that on Friday the 19<sup>th</sup> May 2017, we will be deliberating over my budget and please take the time to follow the space. With the budget vote debate in mind, please forgive my reticence to go in detail at this stage, but I promise that more will be revealed by Friday.

I would like to take this opportunity to wish all delegates fruitful deliberations and we look forward to engaging with outcomes of this congress.

I thank you.