



mineral resources & energy

Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

OPENING REMARKS BY MINISTER S.G. MANTASHE: DURING THE SOUTH AFRICA INVESTMENT CONFERENCE

Building and implementing South Africa's energy plan

17 November 2020

As the Department responsible for energy security of supply, we are on track to fully implement the Integrated Resource Plan, IRP 2019.

Energy security in the context of the IRP 2019 is defined as South Africa developing adequate generation capacity to meet its demand for electricity, under both the current low-growth economic environment and even when the economy turns. Generation capacity must accordingly be paced to restore the necessary reserve margin and to be ahead of the economic growth curve at least possible cost.

As reflected in the IRP2019, we continue to pursue a diversified energy mix that reduces reliance on a single or a few primary energy sources. The extent of decommissioning of the existing coal fleet due to end of design life, could provide space for a completely different energy mix relative to the current mix. In the period prior to 2030, the system requirements are largely for incremental capacity addition (modular) and flexible technology, to complement the existing installed inflexible capacity.

In line with our commitments to reduce emissions, the IRP2019 allocates the biggest growth to renewable energy for the period between now and year 2030. The IRP also recognise the challenges posed by Eskom plant performance and hence ***“Decision 1”*** directs that ***“we must undertake a power purchase programme to assist with the acquisition of capacity needed to supplement Eskom’s supply.”***

We have initiated a number of interventions to implement Decision 1. These include the following:

- **Risk Mitigation Independent Power Producer Procurement Programme:**

This is targeted at procuring two thousand megawatts (2000 MW) from a combination of technologies.

The deadline for submission of response to request for proposals is 22 December 2020.

- **Procure Additional Power from Existing renewable energy IPPs:**

The Head of IPP Office will talk to this in detail, including Risk Mitigation Programme.

- **Short Term Power Purchase and Demand Side Management:**

This is an initiative by Eskom which is supported by the Department.

- **Generation for own use:**

We have enabled generation for own use by removing the licensing requirements for certain category of *generation facilities under one megawatt (1 MW)*.

We have also eased the licensing of generation for own use above 1 MW. The IRP 2019 now makes provision for *distributed generation for own use above 1MW*, which takes away the need for a Ministerial approval for deviation from the IRP before NERSA can process a generation license application. NERSA is reviewing their processes to ensure quick turnaround times.

- **Municipal Generation**

In line with pronouncements by the President in SONA, the Department has amended New Generation Capacity Regulations and clarified requirements from municipalities when they apply for Section 34 Determinations from the Department.

We will soon publicly share procurement timelines for the rest of the 11 813 megawatts Determination, that is beyond bid window 5 of renewable energy.

Recognising Eskom's role in the electricity sector Government under the leadership of Deputy President Mabuza is working tirelessly to achieve significant systems improvement through the Eskom maintenance

programme. Work is underway to achieve operational and financial stability at the entity.

We are therefore on track to resolving our energy challenges and South Africa is open for business.