



mineral resources  
& energy

Department:  
Mineral Resources and Energy  
REPUBLIC OF SOUTH AFRICA

**ADDRESS BY THE DIRECTOR GENERAL OF THE DEPARTMENT OF  
MINERAL RESOURCES AND ENERGY MR JACOB MBELE AT THE  
DFFE DMRE JOINT OIL AND GAS COLLOQUIUM**

**JOHANNESBURG, 15 JULY 2022**

*Paving the way for dialogue in respect of oil and gas activities in South Africa*

Programme Director;

Having observed that there are many divergent views (I may even say polarised views) on possible energy pathways for South Africa, we felt that it is important that as national government Departments we come together to create a platform for a dialogue on our The Director General of the Department of Forestry, Fisheries and the Environment, Ms Nomfundo Tshabalala who is on a well-deserved leave and is represented by Ms Vanessa Banderman; participants physically present here at the venue in Parktown and those joining us on the virtual platform, representing our different key stakeholders - academia, energy industry, NGOs, the public at large and government officials.

This is the first of a series of events that will culminate in the Joint Colloquium to be hosted by the Minister of Mineral Resources and Energy and the Minister of Environment, Forestry and Fisheries.

It is very important that we create this platform for a dialogue considering the need to balance our goal for energy security with our climate change commitments especially considering that climate change policy is now

beginning to be inter- twined with trade policy, like in the case of the carbon border tax that the EU is developing.

The dialogue is also important considering how the global energy crisis as a result of the conflict between Russia and Ukraine has brought to the fore the issue of energy sovereignty and therefore the need to maximise the use of indigenous or local energy resources.

energy policy and plans in the context of the threat of climate change that humanity faces.

We cannot afford to make uninformed or less informed lock-in or lock-out energy mix decisions or debate into a paralysis. We need to ensure that our chosen energy transition pathway provide security of energy supply that takes into account our climate change commitments and the need to grow the economy which is a necessity if we are to address the triple-challenge our country is facing.

Hydrocarbons including oil and gas will remain part of the global energy mix including South Africa's energy mix into the foreseeable future.

The Africa Energy Outlook 2022 by International Energy Agency supports the argument of gas as a transition fuel. There is growing consensus supported by technical studies that for South Africa to achieve its targets to reduce emissions in the electricity sector through the deployment of renewable energy gas is part of the options necessary to support the network and ensure security of supply.

Indigenous gas can be used for manufacturing liquid fuels as was done in the gas-to- liquids refinery in Mossel Bay which at its peak contributed R2 Billion/year or 26% of the Eden district economy.

And natural gas can be used directly as a cheaper transport fuel with at least 30% less carbon emissions and no NOx and SOx emissions associated with the use of diesel. This has been demonstrated in the country at the pilot project of the recently discovered natural gas in the Free State.

We have also seen that Europe is looking to Africa to diversify its gas supplies. This presents a good opportunity and market for local gas beyond our own use.

This versatile use of gas application technologies gives us optionality for our energy pathways and therefore does not “lock-in” the country into perpetual gas-use as some may want to argue.

Let me also remind you that the use of internal combustion engine in Africa including South Africa is predicted to continue in the medium term thus requiring conventional liquid fuels. Availability of indigenous oil resources and processing or refining capacity in the country is critical for security of supply.

The biggest risk we face as a country as we develop our policies, plans or pathway to decarbonisation is that we have become litigious which inhibits or delays project implementation and exacerbates the energy security challenges.

We need to get over our disagreements that are at times based on narrow considerations, for example: looking at gas only in the context of electricity generation and therefore objecting to the development of indigenous upstream oil and gas projects “because there is solar and wind for electricity generation.”

As I draw towards conclusions, it is the view of the Department that we must sustainably continue to develop our oil and gas in the country.

It is the view of the Department that, Energy security requires the development and optimal use our indigenous resources to mitigate against geopolitical risks as we have recently seen in Europe.

It is the view of the Department that the development and optimal use of our indigenous resources will help re-industrialisation, manufacturing and ultimately job creation.

It is the view of the Department that the development and optimal use of our indigenous resources will help reduce exogenous shocks (e.g., commodity price and foreign exchange rate fluctuations) arising from importing primary energy.

I am looking forward to the insights from today's and future engagements on this matter.

I thank you!