



Keynote Speech by

**Hon. Dr. Nobuhle Nkabane, MP, Deputy Minister of Mineral Resources
and Energy at the Southern Africa Oil and Conference to be held on
15 and 16 September 2022**

**Programme Director, Mr. Madala Masuku
Chairman of Petroleum Agency SA (PASA)**

**Mr. Dirk Kotzé
Executive Mayor of Mossel Bay Municipality**

**Ms. Maggie Shino
Namibia's Petroleum Commissioner**

**Mr. Adrian Strydom
Executive Director/CEO of SAOGA**

Representatives of different companies and sponsors

Representatives of different public and private sector institutions

Esteemed Guests

Ladies and Gentlemen

It is an honor and privilege for me to welcome you to the Southern Africa Oil and Gas Conference, 2022.

The Department of Mineral Resources and Energy, Petroleum Agency of South Africa and South African Oil and Gas Alliance are in partnership to deliver the second conference under the theme "*Shifting gear: towards a sustainable oil and gas future for Southern Africa*".

We value this Public-Private Partnership as a seamless relationship with a common vision to develop vibrant energy sector and increase the security of energy supply in Southern Africa.

It is envisaged that this conference will provide critical platform to engage with topical issues, challenges, and opportunities of the local and regional industry with the objective of restoring investor confidence while providing a networking opportunity.

This will set up a platform of intense deliberations that substantially diagnose the weakness in the energy industry and seek to offer solutions to our policy development and legislative framework.

I am happy to announce that the Upstream Petroleum Resources Development Bill was tabled in Parliament.

Ladies and Gentlemen

Energy security is critical for economic reconstruction and recovery, particularly for a developing economy like ours, that seeks to industrialize.

In retrospection within the energy space, the Department has been placing emphasis on the development of indigenous oil and gas resources, to reduce major dependencies on the imports of petroleum products and thus contribute towards worsening South Africa's economic status on the balance of payment.

We are implementing the Integrated Resource Plan (IRP) 2019 and driving required policy reforms to increase investment and ascertain energy security of supply. Hydrocarbons including oil and gas will remain part of the global energy mix including South Africa's energy mix into the foreseeable future.

The IRP 2019 provides for gas as a transition fuel to support large penetration of renewable energy into the grid. Although combustion of gas as a fossil emits relatively less greenhouse gas emission, it is comforting to realize that there is now growing global consensus on the role of gas in the energy transition.

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.

On recent Oil and Gas Developments in and around South Africa

Ladies and gentlemen,

We are following closely on developments that are happening globally and in our continent on Oil and Gas discoveries. Multinational gas companies have been placing their focus on Southern Africa as a geological exploration hot spot for oil and gas resources.

There are several gas discoveries in the country that are either in development or near development, offshore and onshore. These discoveries include Brulpadda/Luiperd, Renergen Virginia Gas, Eco (Atlantic) Oil & Gas and Lephalale Coal Bed Methane.

Gas is one of the significant milestones in the country's drive to reduce carbon footprint.

Ladies and gentlemen,

In pursuance of improving energy supply security and trade within the SADC region, South Africa entered into a Gas Trade Agreement with the Republic of Mozambique in 2004. There is ongoing Gas Commissions between South Africa and Mozambique as well as Namibia; It will be of paramount importance to expand the Gas Commissions between South Africa and

either Tanzania or Angola, to increase our energy coordination, cooperation and trading patterns within SADC.

The Gas Commission serves as a platform for collaboration to exchange knowledge and experience regarding the provision, access, use and management of natural gas resources in an environmentally responsible manner as well as for social and economic development.

In February 2022, Shell through the Graff project and TotalEnergies through the Venus project, both in Namibia, made significant discoveries of oil within the SADC region.

Energy Drilling Campaign – Zimbabwe

In our neighbouring country Zimbabwe, Australia-listed company Invictus Energy expects to start drilling its first exploration well for oil and gas in the northern part of Zimbabwe.

On development Around the World – Change in EU Energy Policies

Europe is currently facing its worst energy crisis as a result of Russia reducing its supply of natural gas to the region. **Germany, Austria and Netherlands** restarted mothballed coal-fired power plants that were on standby and not dismantled, to offset against Russia's reduction in supply of its natural gas.

Furthermore, the Germans are also extending the life of their nuclear power plants. This demonstrates an inevitable energy policy shift by Europe that

renewables alone cannot sustain the economy, they need to form part of the energy mix.

The **United Kingdom (UK)** is now expected to announce dozens of new North Sea oil and gas exploration licences to boost domestic production. The new Britain's Prime Minister, MP- Liz Truss has indicated that boosting domestic energy supply would be part of her priorities as the government cushions citizens against souring energy prices.

Impact of Russian and Ukraine crisis

Dialogue is also an important consideration in resolving difference; failure to maintain regional unity and cohesion in geopolitical space had deteriorated into global energy crisis as a result of the conflict between Russia and Ukraine; this has brought forward the issue of energy sovereignty and therefore the need to maximize the use of indigenous or local energy resources.

This energy crisis highlights the need to have indigenous oil and gas resources as part of the country's mineral resource endowments that cannot be subject to fluctuations due to currency exchange rates, either Dollars, Euros, Yuan and Rubles.

In Europe there is current rise in energy prices that had ultimately resulted in energy poverty to specific sectors of the society.

It is indeed a reality that Globally, Covid 19 through slow down, blockage and shutdown of business and the industrial sector had negatively impacted on oil and gas prices, resulting in energy crisis that we are still facing today.

I am looking forward to the successful and meaningful deliberations emanating from this conference.

I thank you!