



**MINERAL RESOURCES AND ENERGY  
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE HONOURABLE  
MINISTER OF MINERAL RESOURCES AND ENERGY**

**MR GWEDE MANTASHE**

**AT THE NATIONAL ENERGY DIALOGUE**

**25 FEBRUARY 2022**

**09H00**

Programme Director,

Distinguished guests

Members of the media

Ladies and Gentlemen

It is gratifying that you have elected to have this as a dialogue, thereby suggesting that, as participants, we share the desire and willingness to recognise a world outside of our own. This way, we can enhance, collectively, our country's outlook in the global debate on the Just Energy Transition.

To illustrate what we think this dialogue should entail, I wish to begin with a quote from a BusinessDay article by Mike Schussler and John Fraser,

"...the discovery and development of new gas fields form a vital element in the government's energy transition strategy.

Instead of shutting down offshore exploration...the business and economic case needs to be better made, more often and with real passion. Let the environmentalists protest, chant, and agitate. They have many valid arguments that can and must be considered when the pros and cons of economic activity are weighed up. But we cannot allow them to dominate to the detriment of the majority, especially those whose agendas are explicitly antigrowth and anti-employment".

Transition from high to low carbon emissions is premised on national interests, that is, security of energy supply, economic reconstruction and recovery, international competitiveness, and climate change imperatives.

The National Development Plan (NDP) envisages that by 2030, South Africa will have an energy sector that,

- provides reliable and efficient energy service at competent rates,
- is socially equitable through expanded access to energy affordable tariffs,
- and, is environmentally sustainable through reduced emissions and pollution.

We are committed to accomplish the NDP vision through the implementation of our electricity infrastructure-build towards 2030, the Integrated Resource Plan (IRP) 2019.

## **ENERGY GENERATION AND SECURITY OF ENERGY SUPPLY**

The IRP 2019 advocates pursuit of an energy mix, inclusive of all energy technologies, such as renewables (Wind and Solar), Gas, Nuclear, Coal, Hydro, and Battery storage.

Between now and 2030 renewable energy will receive the lion's share of the new energy generation capacity to be developed. This includes fourteen thousand four hundred megawatts (14 400MW) to Wind, six thousand megawatts (6 000MW) to PV, two thousand and eighty-eight megawatts (2 088MW) to battery storage, and two thousand five hundred megawatts (2 500MW) to Hydro.

Implementation hereto has begun through the Independent Power Producers Office.

We have committed to procure more energy through additional Bid Windows, including two thousand six hundred megawatts (2 600 MW) under Bid Window 7, on six-month intervals.

Bid Windows 5 to 7 will add about seven thousand eight hundred megawatts (7 800 MW) of additional energy from renewables to the grid. Thus, addressing the current shortfall of about four thousand megawatts (4 000 MW) of electricity, announced by President Cyril Ramaphosa in the 2022 State of the Nation Address.

Cognisant that renewables do not provide baseload, we must increase investments in alternative energy sources that will provide the baseload energy needed to ensure uninterrupted energy supply. This is critical during the transition.

The IRP 2019 provides for gas as a transition enabler, and a catalyst for industrialisation.

The Central Energy Fund, working with Coega Development Corporation, has issued a request for proposals (RFP) for a gas aggregator. This means, the country will be able to secure the liquified natural gas necessary for the gas-to-power generation, for which a request for proposals (RFP) will be issued before the end of the year. This is in line with the allocated three thousand megawatts (3 000 MW) of gas power in the IRP to be procured between now and 2030.

The plan has further allocated one thousand five hundred megawatts (1 500) of coal power to be procured between now and 2030. Without disregard to the outcry of the environmental lobby, coal is necessary to sustain some level of baseload power, also for research and development in clean coal technologies. Among these is the initiative by the Council for Geoscience (CGS), in collaboration with the World Bank, on the Carbon Capture Utilisation and Storage (CCUS) research.

It is equally important to note that COP26 refers to *phasing down, not out*, of coal use. Thereby recognising the development challenges between the industrialised and industrialising nations.

Nuclear, which is increasingly being recognised as a clean energy source, offers baseload. We are addressing the suspensive conditions from NERSA that will enable the Department to issue a request for proposals for the two thousand five hundred megawatts (2 500 MW) of nuclear energy. This is in line with Decision 8 of the IRP which enjoins us to commence preparations for a nuclear build programme at a pace and scale that the country can afford.

There are other initiatives in green hydrogen and battery storage, involving the DMRE and other government departments.

We must explore, prospect, and manufacture our mineral resources to be a global competitor and a supplier in these new markets. South Africa is a host to the world's largest resources that will play a leading role in these markets.

## **POLICY REFORMS**

We are reviving the Independent System and Market Operator (ISMO) Bill that passed the scrutiny of parliament in 2013 but could not be implemented as there was no established market at the time. We have amended the Electricity Regulation Act and the Electricity Pricing Policy.

These reforms will enable the creation of a non-discriminatory and competitive power trading platform on a willing buyer – willing seller basis, and drive affordability through fair competition.

The amendments have been gazetted for public comments. We urge you to submit your comments in this regard.

## **DEVELOPMENT OF THE UPSTREAM PETROLEUM INDUSTRY**

We intend to establish and develop the upstream petroleum industry.

We believe the Upstream Petroleum Development Bill, that is currently in parliament, will assist in ensuring that the country can explore and exploit its natural resources systematically and in accordance with Section 24 of the Constitution.

## **FINANCING THE JUST ENERGY TRANSITION**

Developed nations, in Paris and at COP26, committed to support transitions of developing nations. Welcome as these are, they leave much to be desired on trust.

Honourable Mia Mottley, Prime Minister of Barbados, reminded the world that,

*“these commitments, made by some, are based on technologies yet to be developed and this is at best reckless, and at worst dangerous. On Finance, we are \$20 billion short of the \$100 billion, and this commitment even then, might only be met in 2023... adaptation finance remains only at 25%, not the 50/50 split that was promised, nor needed given warming that is already taking place. Climate finance...declined by 25% in 2019”*

The much-praised R131 billion deal to South Africa in the run-up to COP26 is as clear as mud.

The President has undertaken to appoint a Head of the Presidential Climate Finance Task Team to lead the mobilisation of funds for our just energy transition. We will cooperate with the team to ensure that what is being offered to us will be sufficient to finance the upgrade of our national grid infrastructure, repurposing and repowering some of our coal fired power stations that are reaching the end of their lifespan.

## **CONCLUSION**

We are committed to implementing a rational energy transition that addresses our national interest and desire to industrialise. It will not be reckless. It is systematic and orderly to ensure security of energy supply to society. It accepts our global commitments to reduce carbon emissions and mitigate against global warming.

Let me conclude by urging all participants at the dialogue to engage one another with an understanding that we have a bigger responsibility to society. Our differences should not make us enemies, they must instead empower our collective approach.

I thank you.