



**REMARKS BY THE HONOURABLE MINISTER  
OF  
MINERAL RESOURCES AND ENERGY  
MR SAMSON GWEDE MANTASHE  
ON THE OCCASION OF THE SONA DEBATE  
15 FEBRUARY 2022**

Speaker of the National Assembly, Ms Nosiviwe Mapisa-Nqakula,

Chairperson of the National Council of Provinces, Mr Amos Masondo

The President of the Republic, His Excellency, Cyril Matamela Ramaphosa

Deputy President of the Republic, His Excellency, David Mabuza

Honourable Members of Parliament

Yesterday, we were honoured by a right-wing blue party asking for our heads instead of focusing on our ability to execute. All this did, was to confirm that we must work harder and that we are on the right track to the irritation of the DA.

The reality is that the Blue Party is trapped in the polarised energy debate and fail to listen to free intellectual advice they get.

- An economist Chris Hart cautioned that shutting down coal fired power stations “will mean costlier electricity, fewer jobs and a country with a quasi-third-world economy being relegated to the fourth-world division”.
- John Kane-Berman, a former CEO of IRR, asserted that “Mantashe is right, and the DA is wrong” referring to SA nuclear and coal contributions. He described Mr Mileham as “out of touch”.

Hence our support for a just transition instead of a pendulum swing from coal to renewables that is unworkable. The Just Energy Transition means, we have a duty to travel through a journey from high carbon emissions to low carbon emissions.

The President informed the Joint Sitting of our steps to quickly instal additional electricity generation capacity to close the current shortfall of about 4 000 megawatts of electricity.

We are implementing the Integrated Resource Plan (IRP) 2019 and driving required policy reforms to increase investment in and ascertain energy security of supply.

We have since amended and gazetted the Electricity Regulation Act and the Electricity Pricing Policy for public comments. These amendments are aimed at reviving the ISMO Bill,

First, enabling the creation of a non-discriminatory and competitive power trading platform on a willing buyer-willing seller basis, and drive affordability through fair competition.

Second, establishing an Independent Transmission System and Market Operator which will enable a competitive market for electricity generation in the country.

This legislation passed the scrutiny of parliament in 2013 but had to be shelved as there was no established market that would trade at the time.

Next month, and in April, we will conclude the power purchase agreements for:

- the two thousand megawatts (2 000MW) Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP). The challenge is that, not all of the RMIPPPP preferred bidder projects may be in a position to conclude power purchase agreements due to outstanding processes on their side.
- two thousand six hundred megawatts (2 600 MW) from the renewable energy, Bid Window 5, for which preferred bidders were announced by the end of October 2021.

In addition,

- at the end of March, we will issue a request for proposals for two thousand six hundred megawatts (2 600 MW) from renewable energy, Bid Window 6.
- in April, there will be a request for proposals for five hundred and thirteen megawatts (513 MW) from battery storage.

Thereafter, additional bid windows, including bid window 7, will follow at six-month intervals.

The IRP 2019 provides for gas as a transition fuel to support large penetration of renewable energy into the grid. It also provides for cleaner coal technologies and nuclear for sustaining some level of baseload power, necessary for power system stability. It is comforting to see that there is now growing global consensus on the role of gas and nuclear in the energy transition. The European Union has labelled these technologies as part of the green transition.

Recently, through the Central Energy Fund, working with Transnet and Coega Development Corporation, a request for proposals for a gas aggregator was issued. This will enable us to secure the liquified natural gas necessary for the gas-to-power generation, for which a request for proposals will be issued towards the end of the year. Through this, conversion of existing generation facilities in the Eastern Cape, currently running on expensive diesel, will be realised.

We are addressing the suspensive conditions from the Energy Regulator (NERSA) before we can issue a request for proposal for the two thousand five hundred megawatts (2 500MW) of nuclear energy.

Notably, there is no immediate solution to our energy shortage challenges. Energy projects have long lead times. We must be systematic in our approach and appreciate that it will be a little while before these initiatives impact the economy.

We urgently need to meaningfully establish the Upstream Petroleum Industry to support economic growth and meet our energy needs. The Upstream Petroleum Development Bill before Parliament seeks a systematic and orderly exploration and exploitation of our oil and gas resources, doing so in accordance with Section 24 of the Constitution.

We should pay attention to the developments between Western countries and the Russian Federation on the Ukraine matter, in so far as it impacts crude oil prices. This could result in huge increases in fuel prices globally and negatively affect local consumers and transport users.

This highlights the ill-informed clamour against oil exploration on our coastal lines by both ENI and Shell. Both have since discovered oil in Namibia and Ivory Coast after being booted out by environmental lobbies.

Related is the greed and arrogance of certain petroleum entities that want to shut local refineries and import the product, something that will cause job losses to our people, cost our economy dearly, and lead to uncertainty of supply. For our national and economic security, we are taking drastic measures in this regard.

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

Honourable Members

We must address energy poverty at the same time as the transition from high carbon emissions to low carbon emissions.

We remain committed to our global commitments towards net zero emissions to mitigate against global warming. Between now and 2030, the largest allocation for additional energy generation is towards cleaner energy sources.

Lobbyist of all kinds, with unspecified incentives, seek to entice our country to jettison our present energy sources overnight. Doing so is detrimental to our economy, our industrialisation, and our global competitiveness. Notably, in Glasgow, developed and developing countries committed phasing down to net zero emissions in 2050, 2060 and even 2070. Critically, everyone of the industrialised countries continue to use fossil fuels, in the form of coal and gas.

We should be wary of being used as guinea pigs for costly technologies by developed economies, as it has been for centuries. Our country also needs technological innovation and advance and skills upgrade for our people. Therefore, where appropriate, global partnerships should be pursued.

Our own Council for Geo-Science (CGS) is collaborating with the World Bank to experiment on the Carbon Capture Utilization and Storage (CCUS) research. Success in this regard will mean continued exploitation of our coal resources for energy security, jobs, skills and technology development, and low carbon emissions.

South Africa must explore, prospect, and manufacture its mineral resources to be a global competitor and supplier in the burgeoning global Green Hydrogen and Battery Storage markets.

We possess the world's largest high-grade resources in, at least, six key commodities that play a critical role in the global hydrogen and energy storage sector. These are vanadium, platinum, palladium, nickel, manganese, rare earths, copper, and cobalt.

Support for the development of the local green hydrogen and battery storage sectors, working with Science and Technology, other departments, the private sector, and global partners, is key for us.

Our draft exploration strategy, presently in Cabinet processes, aims to take advantage of this and drive investments into the future demand of these minerals, for the just energy transition.

Let me conclude by welcoming the work underway in Transnet to improve operational efficiencies at the ports. Mining relies heavily on efficient railways and ports for their export logistics.

I thank you.