



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

**REMARKS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE (MP)**

**SONA DEBATE
14 FEBRUARY 2023**

Speaker of the National Assembly, Ms Nosiviwe Mapisa-Nqakula

Deputy Speaker of the National Assembly, Mr Lechesa Tsenoli

Chairperson of the National Council of Provinces, Mr Amos Masondo

Deputy Chairperson of the NCOP, Ms Sylvia Lucas

The President of the Republic, His Excellency, Cyril Ramaphosa

Deputy President of the Republic, His Excellency, David Mabuza

Honourable Ministers and Deputy Ministers

Honourable Members

In the State of the Nation Address, President Cyril Ramaphosa identified loadshedding as a crisis facing our country which is solvable. He made two commitments to confront this crisis. Firstly, he declared a state of disaster so that there should be no obstacles and limitations in addressing it. Secondly, he announced that he will appoint a Minister of Electricity in his office to focus on this crisis. Many people asked what this appointment means? We characterised it as a project management approach in dealing with a crisis.

Some people in the media say, *“when we characterise it as project management, we are reducing this Ministry and its authority”*. I think something called school will help them understand that project management is not reductionist. It emphasises urgency of execution and delivery. In project management, one will have clear timeframes, milestones, and a critical path which we must not deviate from. We don't have the luxury of waiting for the 24 months to resolve loadshedding. If we derail from the identified critical path, we will derail the whole project. That is how serious the President takes this crisis.

Unfortunately, we have political parties that never want to be involved in finding solutions to any crisis. They believe that opposition means opposing anything that is tabled by the ANC and its government.

In January 2023, the DA pronounced that they would support the declaration of the state of disaster on the energy crisis. When the state of disaster was declared on the 09th of February 2023 by the President, the same DA pronounced that they will take the ANC government to court and oppose the declaration of the state of disaster. This means they are talking from both sides of their mouths. We can't help that.

I don't want to refer to the EFF and the ATM because they opted out of the State of the Nation Address. The EFF went further and did the unthinkable by storming a stage in a country where a prime minister was once assassinated in Parliament. I am leaving this, because I would imagine that the President will address it further in his response.

I referred to a crisis that is solvable because there are immediate actions that government is taking to address it in the short to medium term. These include:

- **Improving Eskom's Energy Availability Factor (EAF) through *maintenance and servicing of existing power stations,***
- ***Procurement of emergency or short-term power,***
- ***Purchase of electricity from neighbouring countries,***
- ***Improving skills capacity at Eskom.***

The main focus is on improving the EAF of the following power stations:

- ***Tutuka (33.3% EAF)***
- ***Kendal (45.5% EAF)***
- ***Duvha (20.7% EAF)***
- ***Majuba (44.3% EAF)***
- ***Kusile (24.7% EAF)***
- ***Matla (42.8% EAF)***

If all these stations could give us EAF of more than 50% we would have resolved the better part of the electricity crisis.

Government continues to develop generation capacity for the long-term sustainability of energy security for the country.

Honourable members are reminded that two thousand two hundred and five megawatts (**2 205 MW**) of Renewable Energy was procured under Bid Window 4 of which two thousand one hundred and thirty megawatts (**2 130 MW**) are connected to the grid and providing us with the much-needed capacity.

Two thousand five hundred and eighty-three megawatts (**2 583 MW**) have been procured under Bid Window 5 of which one thousand seven hundred and fifty-nine megawatts (**1 759 MW**) are under construction.

Under Bid Window 6, we procured four thousand two hundred megawatts (**4 200 MW**) of which one thousand megawatts (**1000 MW**) have been contracted. Three thousand two hundred megawatts (**3 200 MW**) could not be contracted due to grid transmission constraints. We welcome the interventions by government which will ensure that Eskom makes the necessary investments in grid transmission, particularly in provinces such as the Northern Cape, Western Cape, and Eastern Cape.

The Department of Mineral Resources and Energy (DMRE) will issue request for proposal (RFP) consisting of:

- **513 MW** of battery storage by the end of February 2023
- **3000 MW** of gas to power by the end of the current financial year
- Bid Window 7 of up to **5 000 MW** subject to grid capacity availability

Mining Sector

The South African mining sector contributes over 8% to the Gross Domestic Product (GDP), which is 4% less than the envisioned 12% contribution. This low performance is largely attributed to the global increase in energy prices because of the continued geopolitical dynamics, the ongoing power disruptions (loadshedding), logistical bottlenecks on our rail network, port systems and crime.

As a result, mineral production contracted by 9% year-on-year in November 2022. In the same period, mineral sales declined by 15%. However, Gold Fields increased production by 10% because of the foresight and initiatives they took following the

reforms on embedded generation. This talks to the need for mining companies to take advantage of these reforms.

We appreciate that in 2022, the National Energy Regulator of South Africa (NERSA) approved registration of four hundred and six **(406)** embedded generators out of the **509** applications received. The total capacity of the registered generators is one thousand six hundred and sixty-four megawatts **(1 664 MW)**. Among these generators, Seriti will soon begin with the construction of a one hundred and fifty-five megawatts **(155 MW)** wind project in Mpumalanga. Exxaro will also construct a seventy megawatts **(70MW)** Solar PV plant to supply electricity to their Grootegeeluk mine. We hope that other mining companies will follow suite.

We welcome the establishment of the joint structures between Transnet and the Minerals Council South Africa (MCSA) to accelerate the improvement of our rail and port infrastructure.

There was a lot of interest shown by investors in exploration at the 2023 African Mining Indaba. We will work on these interests so that these investments are realised. Furthermore, there is an interest in the minerals of the future which include lithium, rare earth minerals, copper, nickel, and many others. These minerals which our country is endowed with are essential for the development of a low carbon economy in the future.

The DMRE is also seized with addressing the backlog in prospecting and mining applications. In the last 18 months, we have reduced the backlog by 42%. The procurement of a customized cadastral system is underway. In this regard, a request for proposal will be issued by no later the end of this month, February 2023.

Let me conclude by expressing our appreciation following the reduction of mining industry fatalities to the lowest level ever. In 2022, the industry recorded 49 fatalities in our pursuit of our goal for zero harm. This is an improvement to the record set in 2019 of 51 fatalities. Over the last two years we slipped to 60 and 74 fatalities respectively. The improvement is worth acknowledging because every one life lost, is one life mourned. **I thank you.**