WELCOME ADRESS BY DEPUTY MINISTER OF MINERAL RESOURCES AND ENERGY

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ON THE OCCASION OF ENERGY STRATEGY FORUM

10 OCTOBER 2023,

CAPE TOWN

Programme Director,

Honourable Ministers present here,

Distinguished guests,

Ladies and Gentlemen,

It is my great pleasure and honour to welcome you to the Energy Strategy Forum to generate ideas to improve energy access and efficiency through new energy, drive regional integration and global investments into Africa's green energy projects.

However, I wish to reiterate what Minister Mantashe said yesterday about the need for all role players within the energy sector to come together under one umbrella body that will represent the interest of all role players, just like what the Minerals Council has done. In our view the consolidation will assist in eliminating these multiplicity of events whose focus is one the same subject, which is energy. This will also help us as government to

spend less effort and time speaking to different stakeholders in the sectors, as they will be represented by one organisation.

Ladies and gentlemen, affordable and clean energy is one of the 17 Sustainable Development Goals because energy is crucial to economic development. It is truism that countries with low electrification rates tend to have lower GDP per capita and are less developed.

The basic logic is that increased energy access leads to improvements in healthcare, education, life expectancy and economic opportunities. Light is what keeps rural medical clinics open for the woman who goes into labour late in the night. It allows students to study and businesses to stay open after the sun goes down. These factors all lead to increased national productivity which is a precursor to economic development.

We know as African countries that economic growth in 21st century needs to be driven by, among others, renewable energy, and some countries in the continent are already making astonishing leaps. We need look no further than Morocco which is home to Africa's biggest solar project, whereas South Africa hosts eight of the ten largest solar plants in Africa.

The continent needs low-carbon energy not just to climate-proof African growth, but to expand access to modern energy. Across the continent, 30 countries generate over 70% of their energy from renewable sources. Accordingly, one of the major solutions to achieving universal access to electricity in Africa; a continent where approximately two-thirds of the population do not have electricity, is green energy.

Despite Africa's rich endowment with green energy sources, It takes a long time to design, finance and build big power stations, and to extend grid access to remote areas.

Therefore, off - grid solutions seem to more viable as an option to improve access to electricity particularly in the rural areas of many African countries. It is imperative for forums such a this one to address the availability of these off-grid solutions, such as solar and mini-grid to many poor households in the continent.

As we aspire to achieve the United Nation's Sustainable Development Goal 7 of "ensuring access to affordable, reliable and modern energy for all by 2030", we must have a serious conversation about how do we get there. I have no doubt that policy certainly should feature prominently in those conversations, as it is one of the drivers for creating a conducive investment environment.

The irony of Africa's energy poverty is that Africa is actually very rich in energy resources but most of the energy potential on the continent is unexploited. In its 2022 report, the International Renewable Energy Agency (IRENA) and the AfDB (African Development Bank) estimate the continent's solar photovoltaic (PV) to be at 7,900 GW, suggesting Africa possesses some of the globe's greatest potential for solar power generation.

This is in addition to sizeable, additional potential for hydropower (1,753 GW), and wind energy (461 GW), as well as in some parts of Africa geothermal and modern bioenergy.

Despite Africa's vast potential of renewable resources, the IRENA and AFDB report states that only 2% of global investments in renewable energy in the last two decades were made in Africa.

In my view we need to rapidly scale up energy transition investments, because if we don't the world will not be able to meet global sustainable development and climate commitment. Multilateral development banks and finance institutions must take urgent action to increase financial flows to Africa for both developing its energy sector and adapting to climate change.

The declining costs of wind and solar has already fuelled growth in renewable energy generation in a number of African countries. With demand for energy services in Africa set to grow rapidly, ensuring affordability is an urgent priority. Increased energy efficiency is essential for this, since it reduces fuel imports, eases strains on existing infrastructure and keeps consumer bills affordable.

In South Africa, the private sector has played a critical role in financing and investing in renewable energy projects. The Renewable Energy Independent Power Producer Procurement Program (REIPPPP) has attracted significant private sector investment in renewable energy projects. This program has also created jobs and promoted economic growth in the renewable energy sector.

We are steaming ahead as a country to rollout renewable energy projects independently produced by various private sector companies from both domestic and international investments. Also, the uncapping of embedded power generation has resulted in private sector interests of at least 9000MW. Municipalities can now procure their own electricity needs, as we seek to remove all red tapes impeding access to energy.

Southern Africa is home to almost all of the emerging green economy's high-demand minerals. Indeed, the region dominates both current supply and known reserves for two of them – cobalt (Democratic Republic of the Congo) and manganese (South Africa). Discoveries over the last decade have revealed substantial quantities of other elements in the green mineral treasure chest, notably lithium (Zimbabwe and Namibia) and graphite (Mozambique and Namibia).

Therefore, investment in exploration and mining of these minerals is crucial for addressing the existential challenge of climate change. The green energy transition is not going to happen without "green metals" and minerals

South Africa is endowed with 90% of globally known platinum reserves which are crucial for hydrogen production, and as the DMRE we believe South Africa can lead a global hydrogen revolution which is as green energy source. We launched the Hydrogen Valley as a futuristic programme. The establishment of a South African hydrogen valley is therefore seen as an opportunity that has great potential to unlock growth, revitalise the industrial sector, and position South Africa to be an exporter of cost-effective green hydrogen to the world.

South Africa has committed to a just energy transition and has developed policies and strategies to achieve this goal. The country's Integrated Resource Plan (IRP) outlines the transition from coal-fired power plants to renewable energy sources, including wind, solar, and hydroelectric power. The IRP also includes measures to improve energy efficiency and reduce energy demand.

We believe he just energy transition requires the participation of various stakeholders, including the government, civil society organisations, and the private sector. The government plays a critical role in providing policy and regulatory frameworks that promote renewable energy investment and deployment. Civil society organisations also play a vital role in advocating for the rights of marginalized communities and promoting public awareness of the benefits of renewable energy.

The just energy transition in South Africa faces several challenges, including the high cost of renewable energy technologies, the limited availability of financing, and the need for infrastructure upgrades. These challenges require innovative solutions, including partnerships between the public and private sectors and the use of innovative financing mechanisms.

Notwithstanding our commitment to de-commissioning of the coal-fired power plants by 2030 in order to reach net-zero carbon dioxide emissions by 2050, coal still dominates the South African energy mix, providing 81.4% of the total system load and the sector employers more than 93 thousand people.

European countries and the USA have pledged an investment of about 8.5 billion dollars to assist South Africa to accelerate a shift from coal to renewable energy. Whiles we fully appreciate this offer, we believe the transition should happen at a pace determined by us, within the context of our socio-economic development.

We therefore reiterate that a Just Transition for South Africa must ensure that the transition to a low carbon economy is conducted in a manner that addresses present and historical inequality, creates jobs, relieves poverty, restores our natural systems to build climate resilience, and, critically, leaves no one behind.

I trust this Energy Strategy Forum will help facilitate robust discussions on the various energy related challenges facing the continent. Africa must take full custodianship of its development agenda particularly on how the energy trajectory must interface with national and continental comprehensive socio-economic development.

I thank you!