



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

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

**AFRICA ENERGY INDABA
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Programme Director,

Distinguished Guests

Members of the Media

It is an honour for me to engage with you once again at the 16th edition of the **Africa Energy Indaba** convened under the theme, “*African Energy Transitioning from Aspiration to Action - Delivering a Sustainable and Prosperous Future*”.

In keeping with the theme, and consistent to our message at this year’s Mining Indaba, we have decided to submit to this Indaba a **balance sheet** of progress made in driving the **energy sector** to become a **flywheel of South Africa’s economic growth**.

In the recent editions of the Africa Energy Indaba, we consistently expressed our desire to **eradicate energy poverty** not only in South Africa, but on the African continent, and to **achieve a just energy transition** from high-to-low carbon emissions.

At the centre of our actions to achieve these intertwined objectives was a rigorous implementation of South Africa’s electricity infrastructure development plan, **the Integrated Resource Plan (IRP)**, which identified a diversified energy mix required to meet the expected electricity demand growth and reduce carbon emissions.

In 2011, South Africa introduced the **Independent Power Producer Procurement Programme** to reduce the country’s reliance on a single or a few primary energy sources, stimulate an indigenous renewable energy industry, and contribute to socio-economic development and environmentally sustainable growth.

As detailed during the *Parliamentary Debate on the State of the Nation Address*, the **6th administration** has, through the IPP Office, **procured a total of five thousand, nine hundred and thirty-nine megawatts (5 939 MW)** from **46 IPPs**. Of this capacity,

- *One hundred, and fifty megawatts (150 MW)* from Scatec Projects have been **connected to the grid** and supply the much-needed electricity.
- *One thousand, five hundred and eighty-seven megawatts (1 587 MW)* from 15 IPPs are currently **under construction** and expected to supply electricity to the grid from **September 2024 onwards**.

- *One thousand, three hundred and sixty megawatts (1 360 MW)* from 10 IPPs are **preparing to reach commercial close**.
- *Two thousand, eight hundred and forty-two megawatts (2 842 MW)* from 18 IPPs **failed to reach commercial close** for various reasons.

Informed by the existing IRP 2019, the 6th administration has further issued **Requests for Proposals (RFPs)** for the procurement of:

- *Five thousand megawatts (5000 MW)* under **Bid Window 7** of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)
- *Two thousand megawatts (2000 MW)* under Bid Window 1 of Gas-to-Power
- *Six hundred, and fifteen megawatts (615 MW)* under Bid Window 2 of Battery Energy Storage.

We further intend to issue **RFPs** for the procurement of a combined five thousand, six hundred and sixteen megawatts (**5 616 MW**) for **Bid Window 8** of renewable energy and the 3rd Bid Window of **battery storage** by the end of the current financial year.

This capacity will add up to the **seven thousand, three hundred and twenty-seven megawatts (7 327 MW)** procured by the previous administrations since the launch of the IPP Programme.

As we execute this programme, we are conscious of the challenges that hinder our progress towards ensuring reliable energy supply to society, which includes **limited grid capacity**, the **intermittent nature of renewable energy** and the **decline in Energy Availability Factor (EAF)** due to aging infrastructure.

Hence, the South African government continues to **invest efforts and resources to arrest the decline in the EAF and resolve the grid capacity challenges**, while on the other hand, it continues to **invest in baseload energy sources** to guarantee **access to affordable and reliable energy supply** for the people of South Africa.

It is against this background that we appointed the Council for Geoscience (CGS) as an implementing agent for implementation of the **Carbon Capture, Utilisation and Storage (CCUS) project** in Leandra, Mpumalanga Province. With Phase 1 of the research nearing completion, we are convinced that it is possible to institute **clean coal technologies cost competitively** in order to transition justly from the high-to-low carbon dioxide economic development trajectory.

It is increasingly becoming clearer that the **role of coal** in our context presents itself as not only a **strategic mineral**, but an **important source of our baseload provision** with the application of technology that will enable us to not only to comply with our international commitments but ensure that we continue to leverage the abundance of coal that can catapult development, when used responsibly.

Let me pause here and express our appreciation to the **World Bank** for partnering with us during the first phase of the research, and urge other progressive institutions, within our borders and beyond, to support this programme as it will not only benefit South Africa, but the world at large.

In its 72nd edition of the **Statistical Review of World Energy**, the **Energy Institute** states that “*fossil fuel consumption as a percentage of primary energy remains steady at 82%*”, whereas “*renewables’ share of primary energy consumption reached 7.5%*” in 2022.

In the same year, the **European Union** taxonomy declared both **nuclear and gas as sustainable** and **part of transitional activities**. It is, therefore, crucial for African nations to invest in gas infrastructure, including expansion of pipelines. It is in this context that iGas, a subsidiary of the Central Energy Fund (CEF), acquired an additional 40% ownership of the **ROMPCO pipeline**, resulting in both South Africa and Mozambique jointly owning 80% of the pipeline.

We have noted **concerns regarding the current and future gas supply** in the South African market due to commercial disputes between Sasol and its customers. Our understanding is, that this is in relation to the gas flow decline at source. It is a known fact that natural gas, like other natural resources, is a finite resource and, therefore, Sasol reaching a cliff in its gas block in Mozambique is not an anomaly.

Having noted this eventuality, we, together with the Department of Trade, Industry, and Competition (DTIC), have established a task team that includes private sector players to develop a joint strategy that will ensure a seamless transition and business continuity, thus ameliorating potential job losses. The DMRE has also completed all the modelling and drafting work for the country’s **Gas Master Plan**, which we intend to present to Cabinet this month.

To further mitigate the negative impacts of this eventuality, last year we entered into negotiations with the **Mozambican Government and crafted a memorandum of understanding (MOU)** covering two aspects:

- Partnering and trading on electrons from their Mpandankuwa project, and
- Partnering and trading on gas molecules from their newly discovered gas fields and Matola LNG hub.

Having gone through all the legal processes and certified by the Department of Justice, the MoU is ready to be signed and be put into action. We are in engagements with my counterpart in Mozambique to finalise a date for the signing of this MOU within this month.

As part of our interventions, through the CEF, we have signed a **gas sales agreement** with Empresa Nacional de Hidrocarbonetos (**ENH, a central energy fund equivalent entity in Mozambique**) with a potential to deliver up to 200 peta joules of natural gas. To breathe life into this agreement, PetroSA, another subsidiary of CEF, has applied for a **gas trading licence** with the National Energy Regulator of South Africa (NERSA). We are convinced that the granting of this licence will ensure continuous gas supply.

Notwithstanding these challenges and the persistent threats to the **development of the South African Upstream Petroleum Industry** by foreign-funded lobby groups, South Africa has made significant new finds of natural gas. The discovery of gas by **TotalEnergies in the Outeniqua Basin**, and the discovery of maiden gas reserves by **Kinetiko Energy in Amersfoort, Mpumalanga**, are strategically placed to strengthen South Africa's energy security and propel the quest for industrialisation that will bring about growth and development.

As a matter of fact, gas to power is a critical component of Africa's energy transition. Given **the increase in global LNG demand and supply**, it is critical for the Southern African Development Community (SADC) to invest in the development of the upstream petroleum industry and place itself as a key player in the supply of these critical resources.

Namibia's accelerated exploration programme has not only led to discoveries of oil and associate gas but has increased its potential to double its country's Gross Domestic Product (GDP) by 2040.

Fact of the matter is that Africa is blessed with a plethora of natural resources, of which significant quantities are needed for the just energy transition. **Uranium** is one such a mineral that can be used in various **nuclear applications** including the generation of clean baseload energy, and nuclear research reactors for medical purposes.

At a global stage, **small modular reactors** are increasingly considered a game changer due to their potential to guarantee reliable, clean, and affordable energy. It is in this context that, we have initiated the procurement process for the procurement of **two thousand, five hundred megawatts (2 500 MW) of nuclear capacity, following NERSA's concurrence to the ministerial determination for the procurement of this capacity, and the subsequent gazetting of the determination.**

Reality of the matter is that **climate change and energy security** are two sides of the same coin. As we transition from high-to-low carbon emissions, we must ensure that we **address energy poverty**, ensure energy security, and **leave no one behind.**

I thank you.