

## **Mantashe has repeatedly demonstrated that he has no real desire to transform our energy sector**

By **Kevin Mileham MP** - DA Shadow Minister of Mineral Resources and Energy

Chairperson,

It makes one wonder why it is, that every year at SONA and Budget Speech and BRRR time, we have loadshedding. Factor in that Eskom is currently participating in wage negotiations, and it comes as no surprise that we are in the dark once again.

In considering the annual performance plan of the Department of Mineral Resources and Energy, there are several facts that need to be taken into consideration. These facts may be unpalatable to Minister Mantashe and the Department, but they are nonetheless of critical importance in deciding whether or not to approve the departmental budget and its APP.

The first fact that we need to appreciate is that our electricity generation crisis is nothing new. It has been a reality the citizens of South Africa have had to live with since at least 2007.

It is a lack of planning, poor implementation and frankly, corruption that have brought us to this state of affairs. Minister Mantashe, in his former capacity as secretary general of the ANC, bears some responsibility for this: he oversaw the Chancellor House investment in Hitachi Power Systems which saw the ANC directly benefit from the Medupi and Kusile power station builds. This will become relevant a little later in this debate...

So we urgently need new power generation. And what has this government done? It stalled the Renewable Energy Independent Power Producers Procurement Programme for over 5 years. When it had the chance to reopen it in October 2019 (after the long delayed Integrated Resource Plan was finally approved), it delayed further, only re-opening new bid windows a few weeks ago. And while we welcome this, it has effectively hamstrung South Africa's economy for the past 5 years and resulted in the loss of both manufacturing capacity and jobs.

The second unpalatable fact is that this government has completely botched the Risk Mitigation Independent Power Producers Procurement Programme. From the very start, it was clear that this programme – despite its claims of being technology agnostic, was anything but. It was set up with the clear intention of ensuring that gas power – and more specifically, gas powerships – would be the primary solution identified. More concerning, are the allegations around manipulation of the process. Allegations that point directly to Minister Mantashe and the Department.

Now, remember what I said earlier about Chancellor House? This programme appears to have been a conduit for ensuring the politically connected benefit, and South Africa bears the cost. In scenes reminiscent of the early days of state capture, the ANC members of the portfolio committee believe that an investigation into the RMIPPP bid process, its scoring and the role of politically connected individuals in the process is outside the scope of the Committee. The lack of transparency on this programme and lack of political will to probe it aggressively speaks volumes about the scale of the cover-up.

The third unpalatable fact is that South Africa cannot afford a new nuclear build in the short to medium term. Decision 8 of the Integrated Resource Plan states that the country should *“Commence preparations for a nuclear build programme to the extent of 2500 MW at a pace and scale that the country can afford because it is a no-regret option in the long term.”* No affordability data has been presented to the committee. What information we have seen is based on figures dating back to 2015, and does not reflect a realistic projection of the true overnight cost of such a build. Eskom do not appear to have real appetite for a nuclear build at this time. And given the perilous state of our fiscus, it is something we do not have the resources to undertake. A further concern is that the IRP talks about preparations, and yet the APP **commits** the department to procuring the 2500 MW in 2024. There is clearly a disconnect here. This is **not** a no-regret option!

Next, we need to consider the National Solar Water Heater Programme. This project has been a disaster from the moment it was transferred from Eskom to the Department of Energy. One million were supposed to be installed by 2015, but apart from the 400 000 installed by Eskom, there has been no real progress. This committee has been highlighting this as an issue for 3 years now, and every year, the department promises resolution in mere weeks. So far, this programme has cost spent over R300 million rand – just on storage. When we conducted oversight on some of the storage facilities late last year, we were promised that there would be significant progress on the installation of the geysers by January 2021, which have been sitting in storage since 2015. When we reviewed the situation earlier this year, there had been little movement. And now the department has budgeted a further R73 million for this financial year?

Lastly, I would draw the Minister’s attention to the fact that there has been no real movement on the promises made over a year ago on the raising of the licencing threshold for Eskom generation. Despite the advice of Eskom, organized business, and civil society, it is now clear that the Minister and the Department are determined to hold on to absolute control of the electricity supply market, at the cost of energy security and the saving of our economy.

Minister Mantashe has repeatedly demonstrated that he has no real desire to transform our energy sector. He was handed a golden opportunity to ensure a better future for all South Africans, and, to put it bluntly – like most of the transformers in this country, he’s blown it.