

Don't blow it, Mr President, put SA at the forefront of the green economy NOW

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

***Note to Editors:** The following speech will be delivered today during Parliament's debate on the State of the Nation address and is under embargo until delivery.*

Mr President,

As has become the norm at SONA, you said many of the right things, but then your government fails to follow up with concomitant action.

Take electricity generation for example. It's no secret that Eskom's energy availability factor is at a record low, and continues to decline, making loadshedding – or what we should more accurately term rolling blackouts – ever more likely. 2021 saw more hours of loadshedding than any year previously – despite 15 years of government allegedly addressing the problem. And in spite of its non-delivery, Eskom has the temerity to demand a 20.5% tariff increase!

You spoke, sir, of the pipeline of projects to install new generation capacity. That is indeed a very welcome development. But we need to do so much more! The draft amendments to the Electricity Regulation Act to provide for a National Transmission Company are a step in the right direction, but do not go far enough to ensure that this entity is truly independent, run by experts rather than politically deployed cadres, and that it fosters competition both in the private and public sector. In this regard, I refer you to the DA's IEMO Private Members Bill, which the ANC rejected “with contempt” two years ago.

That pipeline made no mention of new nuclear, which Minister Mantashe is pursuing aggressively. Mr President, let me be blunt: we cannot afford a nuclear new build at this time, nor can we wait 15 years for such a plant to provide power to the grid.

Another glaring omission in your pipeline announcement is that of new coal builds – which is hardly surprising given the lack of investor appetite for such developments, and the disasters that were Medupi and Kusile.

The pipeline also indicated 800MW of electricity coming from the Risk Mitigation Independent Power Producers Procurement Programme, which was supposed to provide 2000MW. Does that mean that the irrational and questionable decision to award 1200MW of generation to Karpowerships is now off the table?

Our Ministry of Energy is headed by a self-confessed “fossil fuel dinosaur”. We have no Energy Policy to speak of, basing what passes for strategic planning in the Department on the 1998 White Paper on Energy - a document that is so outdated it might as well be written on papyrus. The National Energy Act of 2008 mandates the development and annual review of an Integrated Energy Plan to provide a roadmap of the future energy landscape for South Africa and guide future energy infrastructure investment and policy development. A draft IEP was gazetted in 2016, but apart from that, this government has failed spectacularly to

secure our future energy requirements. The 2019 Integrated Resource Plan is already outdated, and there appears to be no impetus to review the assumptions and models contained therein.

Mr President, Minister Mantashe is often at odds with your vision for South Africa's energy sector. Consider, for example, your announcement at COP26 of 8.5 billion dollars in international funding to secure a just energy transition and accelerate decarbonization. Just days later, Old King Coal was at pains to claim that it was "unfair" to expect South Africa to move away from coal and called on African nations to urgently form a united front to resist global pressure to rapidly abandon fossil fuels.

Last week, the largest fuel refinery in South Africa, SAPREF, announced it was ceasing production. This brings to 4 the number of South African refineries that have closed down in the last two years. The vaunted Saudi Aramco refinery is a non-starter.

Much of the blame for this can be laid at the feet of the national government, who have dithered over clean fuels standards, and made it increasingly untenable for multinationals to operate in our country. Who wants to invest in a country where policy certainty is little more than meaningless words?

In the meantime, fuel prices have risen by more than 50% in little more than a year. As we become increasingly dependent on imported refined fuels, it is vital that a comprehensive review of our fuel pricing model be undertaken, and in particular, the impact of fuel taxes and levies be considered.

Just last week, the City of Tshwane started cutting the power at government departments and businesses who were in arrears on their electricity accounts. It resulted in quick payments in most cases. Perhaps we should cut the lights at the Department of Energy and NERSA, and make Ministers and DG pay for their own fuel? It may be the only way to get them to realise the horrendous impact rising electricity and fuel costs have on citizens, businesses and both producer and consumer inflation.

Where the DA governs, we have taken proactive steps to ensure we keep the lights on and businesses operating. The City of Cape Town will in the next few weeks open tenders for independent power producers to supply it with electricity. The Western Cape Provincial Government has established the Municipal Energy Resilience Programme to assist municipalities to become less reliant on a dysfunctional Eskom. Smaller municipalities, like Drakenstein, are innovating to generate their own electricity – in Drakenstein's case through using a water-driven "pump as turbine" system.

Mr President, it is past time to reimagine South Africa's energy supply chain. Even Andre de Ruyter this week acknowledged the need for a greater role for market forces, and the impact onerous procurement processes and regulatory requirements have on inhibiting investment in the energy sector. One such example is the ludicrous 35% localization requirement in the Renewable Energy Independent Power Producers Procurement Programme, imposed by the Department of Trade, Industry and Competition.

As we build towards a decarbonized energy future, we need to remove the handbrakes that are hindering our development. Chief among these are a coal fundamentalist Minister and a bloated, dysfunctional, and overly bureaucratic department.

We need to incentivize investment in energy efficiency and make it easier for businesses and consumers to generate their own electricity.

We need to invest in a smart transmission grid, and build transmission capacity to areas such as the Northern and Eastern Cape, where renewable energy can be generated.

We need to radically overhaul the regulatory environment and make it easier for municipalities to become self-sufficient.

Mr President, South Africa is at a tipping point in terms of its energy future. The opportunity to put South Africa at the forefront of the green economy is *now*.

Don't blow it.