

# **Electricity generation must be our number 1 priority**

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

Chairperson,

They say that insanity is doing the same thing over and over, and expecting different results.

South Africa is in an energy, and more specifically, an electricity crisis. President Ramaphosa admits it. Andre de Ruyter admits it. Pravin Gordhan admits it. I think even Minister Mantashe would admit it, albeit reluctantly.

Our electricity generation is insufficient to meet demand, and ESKOM is unable to do much needed maintenance, because it is forced to run its power stations beyond nameplate capacity just to keep the lights on. And even there, it is failing, as evidenced by the stage 4 loadshedding we have seen this week. ESKOM indicated earlier this week that they may have to go to higher stages of loadshedding because of diesel supply constraints – in a month where they have gone through more than 40 million litres of diesel at a cost to South Africa of more than R800 million rand!

We are unable to ensure a steady supply of jet fuel to our airports, and a number of international airlines have diverted to other countries to refuel, or cancelled flights altogether, with a consequential impact on our economy.

Our fuel price is at a record high, with further massive increases in the pipeline for June. And despite promises, there has been very little movement on reviewing the structure of the fuel pricing model.

We need to be crystal clear that our economy is suffering because of these issues. Every day of loadshedding wipes hundreds of billions of rands from our economy. It deters investment in businesses, who would rather take their investment elsewhere, where the lights stay on. It affects the small business owner who is unable to operate, and the spaza shop owner who can't keep food cold.

Let me state it as bluntly as I can: loadshedding is job shedding!

My purpose today, however, is not to point fingers or highlight the myriad of challenges we face in the energy sector. It is to say that there is a way we can fix this. It is to focus on solutions. We need to do things differently!

Minister Mantashe, as a country, we need to make electricity generation our number one priority for the next 5 years. We need to focus our attention on getting as many megawatts added to the grid as possible. That needs a fundamental change in the way we operate. The integrated resource plan is out of date, and works off old assumptions that are no longer justified or viable. We should scrap it, and look for new solutions. Like incentivising investment in rooftop PV – whether residential, commercial or industrial. Perhaps the Minister is unaware that in 2021 Vietnam, a country at roughly the same level of industrialization as ourselves and

without many of our natural resources, added 9 gigawatts of rooftop solar to their generation capacity simply through legislative changes that incentivised the installation of these systems.

We should increase the offtake in future bid windows of the Renewable Energy Independent Power Producers Procurement Programme from 2.5 gigawatts to whatever the market is prepared and able to provide. In the recently concluded bid window 5, some 9 gigawatts of electricity was tendered, but only 2.5 gigawatts procured. This is completely unsustainable in a country where daily loadshedding is killing our economy and our citizens.

We need to remove the red tape and bureaucracy at NERSA that is stifling innovation and delaying the roll-out of sub 100 megawatt generation. I know you, and NERSA, have spoken about the reduced timelines it takes to process an application, but the reality is that it is still too long and too onerous. That's not my opinion: just ask the Minerals Council of South Africa who claim to have more than 30 projects ready to go, worth more than R60 billion in investment. They will tell you that they are held up because of NERSA administrative processes.

And before we start criticising these proposals as not addressing baseload demand, let me be clear: I'm not suggesting we shut down ESKOM's plants. I'm saying we need to supplement the supply we receive from ESKOM so that they don't need to run those plants so hard, and so that they have a chance to build up storage reserves at the Ingula and Palmiet and Drakensberg pumped storage schemes. We need to ease the burden on ESKOM so that they can do the much needed maintenance necessary to keep those plants running.

You will have noticed, Minister, that my proposals relate to issues that are very short term. That is because we need to plug the electricity shortfall of between 4 and 6000 megawatts NOW. Not in 10 years' time. Once we've addressed the short term supply challenge, we can start looking at long term solutions – and that's where nuclear and other technologies can be considered. But let's focus on the immediate crisis first!

I've spoken a lot about electricity, because that is our biggest challenge. But our energy sector as a whole needs urgent attention. We need to fast track the review of the fuel pricing model and look to securing our fuel supply pipeline. We need to acknowledge that perhaps refining our own fuel is not the best solution, and see what alternatives exist to bringing in more refined fuel, and ensuring it gets to where it is urgently needed.

Minister, I am reaching out to you to open up a discussion with all sectors of society: the government, opposition parties, ESKOM, independent power producers, engineering experts, non-governmental organizations, the unions and ordinary members of the public. A discussion in which we don't seek to raise more challenges or apportion blame, but rather try to find solutions. A discussion in which we make getting more generation onto the grid in the next 5 years our number one priority as a country.

As a starting point, Hon. Mantashe, let's have lunch. A long lunch, where we set aside politics and ideology, and map out a plan to fix our electricity crisis. I'll even pick up the bill, although I do expect you to declare it in your member's interests!

Let's fix our energy crisis and build a country we can all be proud of!