

Energy independence and security

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graduated with a BA in social work from the University of the North. She joined the African National Congress (ANC) Youth League as Secretary for Women's Affairs in 1990, becoming a member of the ANC's Provincial Executive in the Northern Cape in 1996. Ms Peters was elected as a Member of Parliament in 1994 and held the posts of Chief Whip and ANC Treasurer of the Northern Cape Provincial Legislature from 1997-2003. She was Premier of the Northern Cape Province from 2004-2009, a position she held until she assumed her current role in May 2009.

This State Visit is taking place at a time when South Africa is facing a set of challenges far greater than any we have seen in generations. Our economy, like that of the rest of the world, is showing early signs of recovery from what undoubtedly is the most debilitating recession in nearly a hundred years.

When it comes to the future of our country and the future of our planet, energy occupies a central place. Energy has assumed the kind of importance that the mining industry has enjoyed since the turn of the last century. The decision of our Head of State and Government, President Zuma, to establish a distinct and stand-alone energy ministry and department is once again a demonstration of the importance the government is attaching to the energy portfolio.

We have asked ourselves whether or not it is about time that we leave to our children and the future generations a South Africa that is truly capable of using its energy policy and independence to meet the challenges of the current period. We are pretty clear that if we adopt correct and bold and imaginative policies then we shall be setting ourselves on a course of self-sufficiency and sustainability. We could be getting ourselves into a situation where we place our own destiny in our very own hands.

We can exploit our own natural resources, such as coal and uranium, and the vexing challenge is to do it in a manner that ensures that there is sustainable development, as was so eloquently spoken about since the Johannesburg declaration of a few years ago.

With regard to the security of energy supply, our country's liquid fuel energy needs depend, largely, on the product produced in the crude oil refineries owned by international oil companies. Our healthy economic growth has resulted in the capacities of these refineries being exceeded and we currently rely – for more than half of our requirements – on imported finished products in order to meet our liquid energy requirements.

Future growth forecasts indicate that, without increased local refining capabilities, we will be importing up to 20 per cent of our total refined fuels by 2015 and doubling that by 2025. This surely has to be addressed by two entities, namely SASOL and the national oil company, PetroSA. The latter, being wholly owned by the state carries an onerous responsibility

to ensure that it has enough feedstock to carry us during unexpected fuel supply challenges. However, investments – not offshore – but here at home are crucial if we are to join the rest of the world on the road to independent, self-sustainable nationhood.

Even though the matter must still come back to us formally, we however broadly support the proposal of PetroSA to build a mega crude refinery at Coega (Ngqurha) in the Eastern Cape. Known as Project Mthombo, this modern world-class refinery will provide the lowest-cost refined products sufficient to cater for the country's shortfall needs until 2030.

Importantly, Mthombo will enable the economic introduction of globally competitive clean fuels, ensuring that South Africa meets new, best-practice standards that improve our environment and make our motor industry globally competitive.

The new refinery project will have a major positive impact on government's stated objectives of skills training and transfer, creating thousands of jobs associated with supporting and operating this mega refinery. It will attract much needed foreign direct investment, generate significant and sustainable improvement in the economy of the Eastern Cape and provide considerable prospects for BBBEE participation. Further, being a coastal facility with export capability, the opportunity to secure international partnerships is highly possible. This could very well be the area of collaboration and investment by our companies from the United Kingdom.

It was President Obama who reminded us of the difficulties that were faced by the Americans during the era of President Roosevelt. When some informed President Roosevelt that their goals were impossible to meet, he waved them off and said: "Believe me, the production people can do it if they try." And they did. This was also the case during the period of President Kennedy. When scientists and engineers told President Kennedy that they had no idea how to put a man on the moon, he told them they would find a way. And they did. This is how the democratic South Africa hopes to carry itself in ultimately creating a society where all her citizens are working together to establish, even during the global economic crisis, one of the most successful states on planet earth.

We are now in the second phase of developing an integrated view of the energy sector. We shall do

this guided by the various pieces of legislation and policies that we have developed particularly since the groundbreaking and pioneering energy white paper of 1997. We are moving away from the previous practice of separating electricity from liquid fuels. We are starting a process that will eventually culminate in a single forward-looking comprehensive energy plan.

Clean energy is one of the key components of our energy mix going forward. We, as a government, have set ourselves a target to reach 10,000 Gigawatt hours of energy derived from renewable energy by 2013. This scenario pre-supposes that there will be greater use of Solar Water Heating, Wind Energy, Mini hydro schemes, Concentrated Solar Power and many more.

We are doing everything in our power to create an enabling environment for increased participation by the Independent Power Producers in our electricity generation. We have set a target of 30 per cent minimum participation by these IPPs. This terrain has been the exclusive preserve of Eskom. The inter-Ministerial Committee on energy is currently finalising the discussion with regard to the funding model of Eskom.

This development will be enhanced by the establishment of the Independent Systems and Market Operator (ISMO). This will be an institution that will be distinct from the current one which exists within Eskom. It will assume the mantle and role of a non-conflicted buyer of electricity from these IPPs. Eskom cannot continue to be a player and a referee at the same time.

Investment and involvement of companies from the UK in these ventures is encouraged as it will enable us to benefit from the experiences of companies that have gone through this route for many decades.

When the electricity emergency happened in January 2008, it had the effect of galvanising the entire nation. We are currently embarking on a programme of building Kusile and Medupi Power Stations. These are coal based power stations, which does not help our cause in reducing the impact of greenhouse gas emissions. However, these projects require a lot of up-front capital outlay and they are by nature big capital projects. As we do these we are continuing to encourage South Africans to reduce electricity demand and embrace energy efficiency initiatives. This is also a possible area of collaboration between our two countries with our private sectors in behind us.

We have released the first Integrated Resource Plan (IRP1) which places a lot of emphasis on renewable energy projects. We are in the process of developing the second Integrated Resource Plan (IRP2). This plan – which will be thoroughly canvassed within and outside of government – will provide guidance on the building of new generation capacity. It will be projecting at a long-term 20 year horizon which will culminate in the building of the first post apartheid second generation

nuclear plant or plants.

We will continue to engage with the global community through multilateral initiatives such as the Copenhagen Accord so as to reduce the impact of climate change. South Africa is not an island, it is part of the global village. So we have no choice but to sift through the rubble and be part of the globally negotiated protocols and conventions.

We are determined to participate in all the projects with climate change mitigation potential. In this respect, we are registered with our Designated National Authority (DNA) office to ensure that we derive benefits from the Clean Development Mechanism as well as other climate change mitigation instruments. We are also engaging very strongly with the UK and other Carbon Sequestration Leadership Forum members with regard to the issues of Carbon Capture and Storage.

We are currently doing a lot of work with other government departments and other relevant parties in ensuring that there is security of fuel supply throughout the country during the 2010 FIFA Soccer World in June. There will be particular emphasis on the availability of diesel for stadium generators as well as jet fuel at all our airports.

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Mossel Bay, Western Cape province: The PetroSA gas-to-liquids refinery, the largest of its kind in the world

