



Address by the Deputy Minister of Mineral Resources and Energy, Bavelile Hlongwa on the occasion of the Department of Energy Budget Vote

11 July 2019, Cape Town

Honourable Chairperson

Minister of Mineral Resources and Energy, Gwede Mantashe

Chairperson and Members of the Portfolio Committee on Mineral Resources and Energy

Honourable Members

Invited Guests

Ladies and gentlemen

I welcome the opportunity to participate in today's debate on such a critical sector of our economy. We have received our marching orders from His Excellency President Cyril Ramaphosa. Ours is to ensure that the seven priorities as outlined in the State of the Nation Address find expression in our work, as we execute our mandate.

Our responsibility is to ensure that the country has secure and sustainable security of energy supply that is affordable, in order to realise our aspirations of growing the economy and creating much-needed jobs **in the spirit of Khawuleza as our people cannot wait much longer to deliver on our manifesto (the African National Congress).**

Biofuels Regulatory Framework

In the current year, Government will finalise the regulatory framework for blending biofuels into the existing fossil-based fuels. Introducing biofuels will reduce the amount of fuel imported and contribute to the moderation of the current account, as biofuels will offset volumes of imported refined product. Importantly, the growing of feedstock for biofuels will create much-needed jobs in the agricultural sector and support - amongst others - the local sugar and sugar bit industry which continues to face challenges.

Upon finalization of the Integrated Resource Plan which the Minister mentioned, we intend to proceed with a Gas to Power Programme, with Coega in the Eastern Cape being the site for the first Liquid Natural Gas (LNG) Import infrastructure. This will allow for a pipeline to Mossel Bay to be constructed to feed the PetroSA Gas-To-Liquid (GTL) Plant and also provide gas feedstock for Eskom's Gourikwa plant. A power plant in Coega which currently uses diesel will be converted to run on imported gas by March 2020.

National Solar Water Heater Programme

Honourable Speaker, the National Solar Water Heater Programme has been identified as a strategic programme with several benefits to the country, in particular the end users.

The programme will provide hot water through reliable, affordable, sustainable energy measures by tapping into the abundant natural solar resource while assisting the country to contribute towards the reduction of greenhouse gas (GHG) emissions and overall low carbon economy. It is important that as a Department we acknowledge that while it has taken a few years to turn around the programme which was beset by a

number of challenges, all the weaknesses and lessons learnt from the first phase roll out of a rebate programme to the current social programme, have now been incorporated into the revised implementation contracting model. The programme has already been successfully tested through a pilot project in Nelson Mandela Bay Municipality, in the Eastern Cape, with a national rollout planned in 19 municipalities across the country from the third quarter of the financial year.

This programme will afford the beneficiaries the use of quality infrastructure for the solar geysers with local content requirements. The Department can confidently confirm that indeed South Africa has the local content manufacturing capacity for solar water heater manufacturing, however, a lot still needs to be done in building and supporting the manufacturing value chain so that it represents the demographics of the country. Across the manufacturing value chain, over 400 jobs were created, while around 2 000 learners are to be trained and capacitated by working with installation service providers.

I urge South Africans to be energy efficient wherever they are, as it is in the interests of the country to save more energy which can then be re-directed towards much needed local economic development. In the current financial year, the Department will be tabling the post-2015 National Energy Efficiency Strategy for Cabinet consideration and subsequent promulgation. More sectors of the economy have been incorporated into the strategy. I must acknowledge that it is encouraging to note the efforts and capacity from the private sector which have been demonstrated through initiatives in public and private sector energy efficiency measures which are also of international standards.

In the next three financial years, that is, 2019/20, 2020/21 and 2021/22, a budget support programme of R120 million has enabled commitments by the Department to expand the Municipal Energy Efficiency and Demand Side Management (EEDSM) initiatives into the water sector infrastructure, by focusing on waste water treatment plants and fresh or potable water pumping systems. While the Division of Revenue Act makes provision for the reduction of electricity consumption in municipal infrastructure, I would like to urge municipalities to make firm commitments on these initiatives which if implemented as per the plans could save the country a lot in terms of reducing emissions, efficient resource utilisation, and monetary value.

These initiatives are already being piloted in 13 municipalities across provinces. That is, 2 in Limpopo; 4 in Gauteng; 1 in Mpumalanga, 3 in Free State, 1 in Kwa Zulu Natal; and 2 in Western Cape.

Nuclear energy

The Department undertakes a number of projects which assist us to contribute to the education, skills and health priority of government.

The Minister mentioned briefly the important role of nuclear technology to our economy. Nuclear energy provides many important applications that improve the quality of the lives of South Africans. The Department has consequently identified the need to develop a Nuclear Research, Development and Innovation Policy and Strategy in order to resolve fragmentation challenges in this area, ensure better coordination, planning, prioritisation and alignment with national objectives and ensure funding is directed to priority projects and activities. We have established a National Committee that has embarked on work to develop this strategy.

The South African Nuclear Energy Corporation, NECSA, has a core mandate of nuclear research and development, and it has been undertaking this mandate primarily using the SAFARI-1 reactor, which is used for – among others - the production of medical isotopes, and has capabilities for fuel and material irradiation testing. Research and development at Necsa has contributed immensely to nuclear skills development within South Africa and the African continent, with artisan training, and we have produced engineers and scientists for research emanating from utilization of the research reactor.

This research reactor, which has operated safely for more than 50 years, is expected to reach its end of life around 2030. A Ministerial Task Team has been established to undertake the feasibility work for the replacement of the reactor with a more modern, efficient and multi-disciplinary multipurpose reactor. We are already world leaders in this area, and it is in our interest to continue to grow our capability in this field, and take us to a new era of nuclear energy applications and beneficiation.

Community Outreach

Women

The department has developed and approved a Policy on Women Empowerment and Gender Equality in the energy sector. A Draft Energy Sector Strategy on Women Empowerment and Gender Equality Strategy has been consulted with stakeholders and is in the process of finalisation. *We shall dare not betray the struggle for women empowerment. A struggle in which our gallant revolutionaries had to pay a price, as they suffered most under the apartheid regime. This spirit of Mama Winie, Lilian Ngoni, Bartha Gxowa, Adelaide Thambo, Sharlot Maxeke and many others shall forever give us courage to defeat gender parities in our communities.*

Youth

Honourable Speaker, one of the stalwarts of the African National Congress, Oliver Reginald Tambo demonstrated his optimism about the youth of South Africa when he said, *"We will have a South Africa in which the young of our country have access to the best that mankind has produced"*. The department is finalising a Youth in Energy policy which will guide implementation of programmes and projects to integrate young people in the energy sector. Current projects implemented include the following:

School Energy Days – in partnership with the private sector, the department hosts school energy days targeting mathematics and science learners in grades 10 to 12 throughout the country. This event focuses on creating awareness of the energy value chain and career opportunities available in the sector to learners. Through this programme, a cumulative figure of about 12 000 learners throughout the country have been exposed to the energy value chain and related career opportunities.

Learners Focus Week - the Department hosts an annual Learners Focus Week (LFW) programme aimed at encouraging learners to enter into science, technology, engineering and mathematics fields to supply critical skills in the energy sector.

Through a public private partnership within the sector, this programme is contributing to the development of STEM based skills among the youth from disadvantaged communities. Under this programme, a total of 220 bursaries were secured between 2016 and 2019. The bursaries have been awarded to learners primarily in the most disadvantaged communities of our country, in the rural and township areas. This year alone we have awarded 57 bursaries, at a total value of R22.4 million. The learners are placed in different institutions nationally, including universities and technical colleges, and are enrolled in programmes such as engineering, actuarial sciences, and computer sciences.

Energy Access to disadvantaged communities

Recognising the challenges that currently exist with energy access for rural communities, the Department initiated a programme to enable access to petroleum products by remote communities. Through this programme the department works with the petroleum sector and gas companies to provide Integrated Energy Centres (IeC's) which enhance access to energy, job creation and stimulate enterprise development in rural areas and townships. Noting the greater need for such facilities countrywide, the Department has completed a comprehensive Integrated Energy Centre strategy which will guide the rollout of IeCs into the future. The strategy focuses on good governance, funding, transformation, capacity building and commercial viability.

Conclusion

Honourable Members the work that lies ahead of us as we seek to grow this economy is enormous, but we are more than equal to the task. I know we are all in agreement that we want a South Africa that is growing, and benefits all its people. We will rely on the support oversight of this House as we accelerate the execution of our mandate to achieve this objective.

I thank you.