



**Opening Remarks by the Minister of Mineral Resources and Energy, Mr
Samson Gwede Mantashe (MP) at the IEA 2019 Coal Report Global Launch**

17th December 2019, Hilton Hotel, Rivonia Road, Sandton

Programme Director,

Mr Keisuke Sadamori, the IEA Director for Energy Markets and Security

Mr Carlos Fernandez Alvarez from the IEA

Officials from the DMRE and its entities

Industry Stakeholders

Ladies and Gentlemen

We are delighted as the Department of Mineral Resources and Energy (DMRE) to host the global launch of the IEA Coal 2019 Report. The IEA Coal 2019 Report provides an analysis and forecast of global coal trends to 2024, and is a key event in the IEA annual schedule of Global Report Launches. This launch also constitutes a major event for South Africa in our efforts to foster an ongoing and balanced dialogue, in support of the recently approved Integrated Resource Plan 2019 (IRP2019), and energy planning in general.

Secure, reliable energy supply is a catalyst for economic growth and development. Among my key priorities when I was appointed to the now merged minerals and energy portfolio, was the need to ensure that the IRP was finalised and gazetted before the end of this year. This would bring certainty not only to the sector, but to the economy as a whole. This process has now been concluded.

As the Ministry responsible for providing energy policy for the country, it is important for us to keep security of supply at the back of our minds in all our deliberations and planning. The current polemical nature of the debate on which source of energy technology is better than another, is not helpful to the process. It should not be about coal vs renewables vs nuclear, but rather about an energy mix that uses all available resources to achieve this mandate.

We have moved with the necessary speed to ensure the implementation of the IRP, particularly given the current challenges faced by Eskom. On Friday last week we published a Request for Information (RFI), which will assist us to analyse options to enable the procurement of 2000 to 3000 MW of power generation capacity that can be connected to the grid in the shortest time, at the least possible cost. We call on the sector to assist us in this regard. We have also commenced discussions with the Independent Power Producers to establish which of the Bid Window 4 projects, originally scheduled to come on stream in 2023, can be brought on stream from February 2020.

As you would know, the IRP 2019 recognises coal as part of the South African energy mix, and projects that the mineral will remain a key energy source to generate electricity in South Africa by 2030, with a strong uptake

of renewable energy and other complementary energy sources and technologies, including gas.

The IRP 2019 – inter alia - maintains room for additional capacity from coal-fired power plants through the inclusion of 750 MW in 2023 and 750 MW in 2027, which is preferred to comprise of high-efficiency, low-emissions technologies.

South Africa has reduced its reliance on coal for generating electricity from over 90% to just over 75% over the past few years. Coal faces pressure from a number of areas, including access to funding for coal projects, decommissioning of ageing power plants, and key trading partners aiming for coal sovereignty. We are of the firm view that the country's transition to cleaner sources of electricity should be systematic, and done in a manner that is mindful of social, economic as well as environmental considerations.

Coal-sector workers do not only have a positive impact on the welfare of their communities through direct compensation, but also through the indirect and induced income earning potential in broader formal and informal economic activities historically made possible by the coal sector. Entire towns and settlements exist around coal mining areas, and as such, our focus must be on how to mitigate the impact of coal sector downscaling and closures. As the DMRE, it is therefore our responsibility to play a leading role and participate in the 'just transition' debate. In recognising that there are different energy transition paths for different countries, it is important for all stakeholders to guard against promoting policies (including through funding) that support a specific transition path, and therefore certain technologies, while excluding others.

As a global dialogue leader on energy, the IEA plays a critical role in providing authoritative analysis through a wide range of work and publications, of which the Annual Coal Report is an important and much anticipated contribution in the annual calendar.

I recently participated in the IEA Ministerial Meeting in Paris, which I found to be very engaging and productive. In this regard, I would again like to commend the IEA for recognising that international energy cooperation needs to be extended, given the rapid rise of emerging markets and the associated persistent growth of their regional and global influence, including in energy.

Ladies and Gentlemen, South Africa formally joined the IEA as an Association Country in November 2018, and our relationship with the IEA is growing stronger. We value our partnership as we firmly believe that we should work with international partners to find a balance around the energy sector debates, transition risks and opportunities. Strategically, South Africa collaborates with the IEA in a manner that advances and supports our domestic economic and socio-economic interests, and improves the developmental prospects of other emerging markets and developing countries.

This includes strengthened cooperation in areas of mutual interest such as mitigation against climate change, transitioning to an environmentally sustainable energy system, universal energy access, energy efficiency and affordability, diversification of energy supply sources, investments in energy and energy infrastructure, technological progress, energy industry and market development, research, policy analysis, finance, trade and inclusive economic growth.

We look forward to welcoming the IEA Executive Director to South Africa in early 2020 at which point we will formally sign our Joint Programme of Work for the period to 2022. Furthermore, as the incoming Chair of the African Union in 2020, we value the IEA's expanded focus on the African continent. While Africa faces challenges, it also offers enormous opportunities. This enhanced activity is both timely and will hopefully culminate in more African countries being invited to join the IEA, and contributing to global energy governance. We are therefore delighted to be the host of the African Union Commission – IEA Ministerial Forum in April 2020, in Johannesburg.

We remain resolute in our conviction about the importance and role of all energy carriers in our energy mix. South Africa, and indeed Africa is endowed with primary energy resources and as such should develop them for the benefit of its inhabitants. As much as we intend to utilise the sun and wind resources we have, we intend to continue to use our fossil fuel resources, and to increase investment in the use of clean coal technologies. We are not consumed by denialism when it comes to challenges of climate change.

We must reiterate that the South African government is committed to decreasing greenhouse gas emissions and to our commitments under the Paris Agreement, in line with our nationally determined contributions. Our goal is to pursue a cleaner, technologically advanced, low-cost and reliable energy system that not only contributes to environmental sustainability, but also to improved social welfare and economic growth.

We are of the view that technological change should be pursued without exacerbating electricity prices by more than would otherwise be the case,

given the impact of rising prices on South Africa's entire economic and industrial structure, as well as the livelihoods therein.

To mitigate against health impacts, industry compliance with air quality legislation has to be ensured, including through the implementation of cleaner coal technologies, such as carbon capture, utilisation and storage (CCUS). Such plant retrofits should be implemented cost-effectively and in consideration of both economically available alternatives and envisioned social consequences. In 2009, the South African National Development Energy Institute (SANEDI) created the South African Centre for Carbon Capture and Storage, which is funded by the South African government, the World Bank, the European Union, Eskom and private sector companies such as Anglo American.

The Centre is mandated to explore carbon capture and storage in South Africa and has made good strides in research into carbon capture and storage (CCS) and its potential use through the collaboration. We will be stepping up our efforts in this area, including through SANEDI's recent membership of the Global CCS Institute and our continuing participation in the carbon capture, utilisation and storage work of the IEA.

In conclusion, I wish to thank the IEA again for your decision to partner with us on this launch. Like yourselves, we firmly believe that there is a role for all fuels and technologies in the energy mix. We must have a Just Energy Transition, and our debates and dialogue must be multi-layered and inclusive, taking into account the unique and historical realities of the South African economy and energy sector. We must ensure a balanced and comprehensive approach that leaves no one behind.

We look forward to the Presentation by the IEA and the dialogue and debate that this will hopefully encourage.

I thank you.