



The following Op-Ed was published in the Business Day on Monday 27 November 2023

South Africa can show the world how to implement a win-win energy transition.

South Africa is on the cusp of an exciting new era of enormous economic opportunity and technological innovation. Government, partnering with business, has the potential to unleash historic levels of investment, job creation and economic growth as part of its vision to create a secure and sustainable energy sector.

Delivering this win-win scenario will require ongoing collaboration between government and the private sector, as well as broad societal consensus on the practical reforms needed to achieve a just energy transition. Our high dependence on a coal sector, that has long served our economy will make our transition even more challenging, but we do not have time for ideological squabbles about technologies; we need all energy sources to end loadshedding and grow our economy,.

The good news is that significant progress has already been made in collaboration between government and the private sector. The delivery partnership backed by a pledge from over 130 CEOs from South Africa's leading companies is already focused on the practical reforms needed to achieve a just energy transition through economic growth.

The launch last year of the Presidential Energy Action Plan, resulted in the National Energy Crisis Committee (NECOM) being established as a collaboration between government, business and Eskom. There is growing confidence that we have reached a turning point in our energy crisis and steady progress is being made towards ending loadshedding. Accelerating investment in new generation and with rooftop solar nearing 5 GW, our energy sector is rapidly changing.

However, our longer-term energy transition will remain challenging. Global experience has shown us that while the energy transition from fossil fuels to clean renewable technologies is well underway, it is never without contradictions or bumps in the road. Russia's invasion of Ukraine had a profound impact on global energy security as well as the cost of materials and capital. This has stalled the pace of the energy transition in many developed economies, where reverting to the use of fossil fuels and failed renewable auction rounds have underscored how even the most well conceptualised and funded energy transition plans are vulnerable to disruption.

South Africa, post the 2016 Paris Climate Change agreement, was widely regarded as helping to set the pace for global decarbonisation. Unfortunately, we have lost much of that momentum in the intervening period and many other countries, including the BRICS nations have subsequently overtaken us. We have started to make up for lost time – climate legislation is being finalised in parliament and international financial support for our decarbonisation journey has been negotiated.

Now is the time to act; we must leverage the energy crisis and national partnership to focus on delivery in 2024, these must include:

- Eskom must continue to focus on progressing the power station turnaround plans to improve plant availability. This is the quickest way to end loadshedding and grow our economy.



- Efficient access to and rapid expansion of the transmission grid, including urgently beginning to crowd in the skills, expertise and resources needed to prepare for and implement the *Transmission Development Plan (TDP) 2022*. Transmission is the backbone that provides reliability and delivery of energy services and will be ring-fenced into a New Transmission Company in 2024.
- Significant increase in the scale of dispatchable power to support demand peaks and the system variability caused by renewable energy. Battery storage for shorter response and Gas-to-Power for peaking and long duration are widely agreed as the solutions and 2024 will see an exponential increase in both public and private procurement windows for these technologies.
- Passing the *Energy Regulation Amendment Bill* which was introduced to Parliament in August 2023 will provide a strong signal to investors and the international community that South Africa is moving forward on sector reform. The Bill provides the legislative basis for a new independent transmission company and the shift to a competitive electricity market.
- Continue to unlock energy investment and job creation through efficiency drives that are cutting red tape, reducing transaction risk and cost and importantly focusing on bringing municipal utilities into the energy transition.

The stakes could not be higher. If we fail to adequately reform our energy sector, we will revert to the crisis of severe load shedding, increasingly lose access to global markets for key exports, face the prospect of unaffordable carbon taxes in these markets, and experience even higher levels of unemployment and poverty. We would also face the unjust outcome where access to affordable, reliable, carbon-neutral energy will rapidly become a function of income. Given our socio-economic reality, this will significantly exacerbate current inequalities. This is why there is an overarching emphasis on the need for a 'just' energy transition.

The energy transition should not be viewed as a threat to South Africa's economic well-being, but rather a moment of *significant technological disruption* with enormous potential socio-economic upsides for our country. These opportunities exist even though achieving the energy transition will be tough because of the scale of investment and expertise required, as well as the tight deadlines set, which combined leave little or no room for mistakes.

However, if the required reforms are implemented by government with the support of business, then billions of rands of investment will be made into the South African economy over the coming decades - the largest ever capital investment in the country's history. This scale of investment will help reinvigorate local manufacturing, create millions of direct and indirect jobs, put South Africa on a higher economic growth trajectory and mitigate the impact of climate change.

South Africa has the expertise and goodwill to ensure that we succeed. We can join other nations in the developed and developing world who are leaders in turning the crisis of climate change into an economic opportunity that will provide energy, jobs and prosperity for generations to come.

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