



**MINISTER
MINERAL RESOURCES AND ENERGY
REPUBLIC OF SOUTH AFRICA**

MEETING OF THE PRESIDENTIAL CLIMATE COMMISSION ON JUST ENERGY TRANSITION

**FRIDAY 30TH JULY 2021
VIRTUAL PLATFORM
08H00 – 13H30, Pretoria**

Deputy Chairperson of the Commission, Dr Valli Moosa
Ministers, Deputy Ministers
The Executive Director of the Commission, Dr Olver
Our valued Social Partners,

Thank you for this opportunity to engage again. The DMRE welcomes the opportunity to engage with the Commission on the Just Transition broadly, and to discuss the synergies with the work both the Commission and the Department are doing specifically on the Just Energy Transition, and as far as our mandate and responsibility entails.

I need to emphasise that this Commission must engage with a diverse range of views, as this will allow us to also identify and focus on the blind spots in this complex discussion. This cannot just be a dialogue about financing and money, we need to understand the context of our domestic setting, which is characterised by rising unemployment and poverty.

Let me further emphasize from the onset that as Government, and in particular the Ministry of Mineral Resources and Energy, our key priority remains to ensure security of supply of affordable, accessible, and reliable energy as a catalyst for economic growth. Therefore, our primary focus will be to continue working tirelessly to prioritise interventions that contribute to reducing high energy costs, whilst in parallel dealing with the high levels of unreliable supply of energy by stabilising the system through the implementation of the existing energy policy priorities.

We want to take this opportunity to note and welcome ongoing dialogue on the proposed 2050 net zero pathways, and the contributions and engagement on the Nationally Determined Contribution (NDC) under Paris Agreement ambition target by the Commission. We are encouraged by the recognition that further ambition on NDC targets will be highly dependent on innovative international collaboration at technical, legal, and financial levels. We also support the collective belief that ambition can be realized through the requisite policy enablers and the means of implementation support by the developed countries, this as part of the Rules Based global governance order.

Our efforts to shape resilience and to moderate and manage the transition risk will undeniably have to be framed in accord with national priorities and our sustainable development objectives and must consider context specific conditions. The transition is not and cannot be a one size fits all, violent pendulum swing. It is a process and a journey, and must be considered from its short-, medium- and long-term perspectives and outlooks.

To this effect, we want to recall our previous input to this Commission, where we indicated that we are pursuing the implementation of the Integrated Resource Plan 2019 (IRP 2019) as well as the National Energy Efficiency Strategy (NEES). At the same time, in collaboration with the dtic and other stakeholders, we are working to accelerate finalisation of the South African Renewable Energy Master Plan as well as the Gas Master Plan. These instruments form part of providing a comprehensive energy framework with key objectives and targets on how to transition energy intensive sectors in South Africa to a low-carbon path.

The 2019 IRP, which remains our guiding policy framework for electricity, proposes a path that ensures that we implement the proposed energy mix in a manner that also mitigates and manages the challenges and risks for a socially just transition that we will face, as the country moves to a low-carbon and climate resilient growth trajectory. Energy security and market stability are key determinants for how we respond to various energy sources and choices. We therefore need to ensure that we take an open and balanced approach and try to avoid a competition of technologies, but rather to analyse and define the energy mix suited to our economic and developmental context. As such, we cannot avoid speaking about the role of gas and nuclear in our path towards lower carbon economy. For instance, the International Energy Agency, in both its Net Zero by 2050 and Sustainable development Scenarios, underline the critical role of nuclear fleets to low carbon transitions around the globe. As such, in the Net Zero Pathways, amongst others, the IEA sees renewable technologies and nuclear making up the global electricity supply system by 2050. We need to consider these matters in a frank manner, always underscoring the centrality of energy security and stability.

We have observed a myriad of diverse efforts and initiatives on just transition and energy transition, albeit these are implemented in a fragmented and uncoordinated manner. At times these efforts create competing policy choice, and as such they are likely to render the efforts for just energy transition difficult to manage and quantify. We do hope that the PCC efforts in terms of setting the broad framework for Just Transition dialogue will allow for enhanced and stronger coordination and alignment.

As part of our strategic commitment and delivery plan for this current financial year, we have conducted a study to map all these just energy transition initiatives to create a balanced, integrated, and enhanced effort that will enable us to ultimately agree on a pragmatic and balanced approach to the transition, and specifically a transition that is inclusive and does not leave anyone behind. The way we talk to the consequences of the decommissioning of coal power generation stations sometimes sounds like EPWP is the option to replace jobs in the province. There is no appetite to discuss the alternative economic options, including for instance where gas is factored in as a low carbon technology, or even the application of advanced nuclear technologies in the form of smaller modular reactors.

Work has commenced over the past few months on identifying key energy transition indicators relevant to our domestic context, as well as a modelling process that will look at the socio-economic impact of the implementation of the IRP2019 mix of measures. While this work has not been fully presented to the broader Commission, it has been consulted with some stakeholders, in anticipation of a broader public stakeholder engagement targeted at the third quarter of this year.

It is in this context that it is important to forge continuous relations with the Presidential Climate Commission, Eskom, the Departments of Forestry Fisheries and Environment, Public Enterprises and National Treasury on the one hand, and business labour, civil society to ensure concrete alignment of all efforts on just energy transition.

We are pleased that the Commission has initiated a steering committee to focus on among others, the specific energy transition issues, and we hope that this will be a great opportunity to rally not only the modelling expert capacity both within government and private sector, but also our social partners to work together on a common purpose

that will ultimately culminate in a clear, balanced, and inclusive framework for the implementation of the Just Energy Transition.

To this end, we hope that our collective efforts will be guided by the desire for realistic employment protection and diversification of opportunities for existing workers, compensation of the socio-economic impact of the transition and economic rejuvenation in especially coal areas; and importantly, ensuring energy security, in terms of both supply and affordability for South Africa. We must continue to invest in cleaner coal technologies and innovation, and make sure that these options are not kept under the radar. Some work is happening in this regard, and we need to intensify this effort.

Therefore, as the department, we want to make the call to all stakeholders to act in a manner that contributes to a transition that ensures energy security as the flywheel for growth and development, that does not cause instability to the economy, that stimulate growth, build confidence, enhance competitiveness, but most importantly, create jobs through industrialised centred localisation and export sector growth. An engagement I have had with renewable energy sector players have accepted that manufacturing is not happening in this space, this must change, another area we need to engage on frankly.

We are looking at the Commission to discharge its responsibilities as an independent advisory body and to provide impartial support to our government in the development of the just transition, which ultimately should set the frame for how sectors, including the mining and energy sectors, will respond to our stated national objective of a low-carbon and climate resilient economy.

I thank you