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## South Africa energy sector reform central in climate talks

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Fri Mar 6, 2009 6:40pm GMT

By Agnieszka Flak

MIDRAND, South Africa (Reuters) - Reform of its coal-dependent energy sector is central to South Africa's climate change debate, but consensus on the best way forward is still elusive, a climate conference concluded on Friday.

Representatives from the government, unions, industry and environmental groups met at the four-day event to help shape South Africa's climate change policy, to be wrapped into a fiscal, regulatory and legislative package by 2012.

"Strong consensus on making the transition to a climate resilient and low-carbon economy and society will underpin our future work," said Environment Minister Marthinus van Schalkwyk.

But more work is needed to balance the varying viewpoints.

"Most importantly on the optimal energy mix for the country -- this is the single most important area of work," he said.

South Africa, the largest emitter on the continent and 12th in the world, depends on coal for 90 percent of its power.

The country, often commended for being most active among developing countries in fighting climate change, set a target to cap emissions by 2020-25, and to reduce them by mid-century.

But moves to diversify the energy mix have stalled due to a lack of policy framework and incentives for investors, which the government now hopes to change by introducing a feed-in tariff for renewables, a possible escalating carbon tax or subsidies.

Ferrial Adam, a researcher for think-tank Earthlife, said rather than organizing conferences and drafting policy, South Africa should focus on implementation and adaptation instead.

"The problem is not the policy but putting it into action; climate change is here, we need to deal with it now," she said.

### ENERGY CULPRITS

State-owned utility Eskom and petrochemicals group Sasol, together responsible for more than 70 percent of the emissions, have been targets of wide criticism for not tackling the issue and even making it worse by building plants.

But Eskom's Climate Change and Sustainability Manager Mandy Rambharos said the utility was bound by financial constraints.

"We can't fund renewables from our own balance sheet -- it has to come from international funds or from subsidies where the government, not us, has to take the lead," she said.

Think-tanks have urged government to take a more radical stance to urge Eskom and Sasol to work on an emission cap, and not to approve new plants without a carbon capture readiness.

But enforcing it is difficult as the government tries to balance climate concerns with a chronic power shortage that has forced the utility to ration electricity since early last year.

Eskom said it might decide on solar for its next baseload plant, signaling a first big move away from its coal base.

The government also plans to split the current department of minerals and energy into two separate entities, giving each its own focus, and hoping to silence critics who blame it for using the energy sector to support the mining industry.

Delegates said a full-scale deal on emission curbs may not be reached at a meeting of nearly 200 nations in Copenhagen later this year, with too many diverging interests at stake.

(Editing by Keiron Henderson)

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