

Speech by Ms Buyelwa Sonjica, MP, Minister of Minerals and Energy, at the National Climate Change Summit, Gallagher Convention Centre, Midrand 3 March 2009

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Programme Director
Honourable Ministers and Deputy Ministers
Members of the Labour Movement
Members of the Business Community
Civil Society Representatives
Distinguished Guests
Ladies and Gentlemen

I appreciate the invitation and it is my privilege to address you on this occasion that marks our second national summit on climate change. I must also thank the organisers of this event for facilitating this process, and helping us to come together to discuss this important matter.

Climate change poses a number of challenges for South Africa, more so in the energy sector. From our increasing understanding of climate change, it is clear that strong temperature rises could have significant impacts on South Africa's agriculture, biodiversity, economy and people.

The energy sector impacts directly on changes in climate. Climate impacts include effects on water availability for power stations and changing the country's energy supply and demand patterns. We know that South Africa is endowed with rich deposits of coal, which therefore means that our energy industry is particularly carbon intensive. We do rely heavily on fossil fuels for energy generation. Our industries, which are also energy intensive, play a critical role within our economy, which means that we face particular challenges in greenhouse gas reduction. The country is also exposed to changes in global fossil fuel markets due to climate change response measures.

Energy and climate change are clearly intimately connected and it is therefore important that as the Department of Minerals and Energy we play our part in the drive to preventing the worst impacts of climate change, while protecting our energy sector and ensuring that it remains a key platform for economic growth and development in the country.

Fortunately, the mitigation of climate change also offers opportunities for South Africa, including significant potential for growing small, medium and micro enterprises in the renewable energy and energy efficiency sectors, and we must ensure that our climate change policies assist in promoting these opportunities. International funding sources, such as the Clean Development Mechanism, also

need to be extensively tapped into, in order to obtain the greatest socio-economic and environmental benefit from our domestic mitigation actions.

The DME and allied agencies have already implemented a range of policies and practical measures to start re-orienting the energy sector towards a more climate friendly path. The Energy Efficiency Accord, agreed on with the private sector, alongside broader initiatives to promote energy efficiency amongst households, should go some way to reducing demand for electricity. I must say that government has really come to the party on this one and the Department of Public Works is working hard to ensure energy efficient government installations.

The recent budget speech announced by Minister Trevor Manuel also provides tax incentives for investments in energy efficient technologies, favourable treatment for income received from the sale of emission reductions under the Clean Development Mechanism, and disincentives on incandescent light bulbs and cars with high carbon dioxide emissions. All of these will support a more energy efficient economy.

On the supply side, the National Energy Regulator of South Africa has recently carried out consultations on a Renewable Energy Feed-In Tariff in South Africa. This Feed-In Tariff could play an important role in stimulating the renewable energy market in South Africa, diversifying our energy mix, and promoting the development of Independent Power Producers. Other policies, such as the bio-fuels strategy, are also being considered to improve the sustainability of the supply of energy.

The DME is supportive of these processes and looks to other successes in the energy sector from Provincial and Local Government, NGOs and the private sector as evidence of South Africa's growing stature in addressing climate change.

In the context of these growing efforts, the DME welcomes the opportunity to provide input to this Summit, and to play our role in the evolution of South Africa's framework and policy for climate change. We applaud the work that has been done thus far in the development of the Long Term Mitigation Scenarios, and the research and analysis that this offers to the country.

In support of this climate change framework, of which the LTMS is part, the DME recognises the critical role of the energy sector in mitigation, and the need to step up implementation to address greenhouse gas emissions.

Ministers, ladies and gentlemen, as we are well aware, South Africa is blessed with significant renewable energy potential. We are continuing with the pilot projects around strong wind and solar which we hope to upscale at the right time. The well-developed sugar industry is in discussions with us with the mind of playing a critical part in these efforts. Our forestry industries are a big part of the potential this country has in coming good on matter of mitigation against climate change.

Clearly more needs to be done to support both public and private investment in renewable energy technologies, in support of a buoyant renewable energy industry in South Africa. The global renewable energy industry has shown remarkable growth in recent years, and these technologies offer a number of economic opportunities and job creation benefits that our society can capitalise on. Such opportunities will also ensure that our attempts to create a better life for all would be more comprehensive.

The widespread adoption of energy efficiency measures is an example that multiple benefits can be achieved for South Africa. This would be by enhancing security of supply, promoting the competitiveness of industry, improving the balance of trade and supporting a host of environmental objectives.

The recent power shortages in the country have helped to galvanise the nation's understanding of the importance of energy conservation in the economy. What is needed, however, are sustained efficiency drives for the household, commercial and industrial sectors, to ensure that we capitalise on these efforts and promote continued economic growth, prosperity and environmental protection.

Nevertheless, the energy sector will be required to adopt a balanced approach towards mitigation, one that maximises on available opportunities and 'win-win' scenarios, but also recognises that certain efforts may be prohibitive. Cognisance will need to be given to the long-term nature of many energy investments, and consequently factored into current and future planning for mitigation activities.

Mitigation efforts will also need to be aligned with national priorities around electrification and improved energy access, reducing energy poverty, affordable, safe and efficient public transport, socio-economic development and the maintenance of national energy security in both the electricity and liquid fuels sectors. In this regard, the DME is to adopt a proactive approach to curbing greenhouse gas emissions, whilst recognising the need to ensure the achievement of wider national objectives.

In support of the department's mitigation activities, the DME has recently commenced with the development of an Energy and Climate Change Strategy for the energy sector. The purpose of this strategy is to assist the DME in establishing an effective response to climate change, which takes into consideration the key drivers and challenges for the sector.

The Energy and Climate Change Strategy will ensure that the DME contributes meaningfully to mitigation efforts, and is effectively positioned to address the implications of international climate change negotiations on our energy industry, so as to maximise potential benefits and minimise risks where possible.

The Strategy is scheduled for completion by the end of September 2009. It will also consider technological opportunities in energy efficiency, renewable energy and carbon capture and storage, whilst assessing possible mitigation measures for the energy sector as a whole.

We trust that the Strategy will provide effective input into the energy and climate change framework in South Africa, securing the DME's role in promoting a sound response to climate change.

We look forward to the outcomes of the Summit and trust that this event will help us to share a common vision for the achievement of climate change objectives in South Africa.

I thank you