



South Africa's energy sector is facing numerous challenges, all contributing to our current energy crisis and with a direct bearing on our country's future. We must decisively deal with energy security and load shedding, whilst urgently securing broad sector reforms and accelerating large-scale investment. The Energy Council aims to enable a unified strategy and vision for a South African energy transition pathway that will support clean industrialisation and global competitiveness, address our economic and social deficits and importantly contribute to a sustainable environment.



#### Message from the CEO

I have just returned to South Africa from a week in Paris at the Enlit Europe energy conference. Besides the expected vastly different scale and sophistication of technology, I would like to share some more intuitive takeaways:

1. The level of maturity and balance when talking about energy challenges in Europe made me realise how much societal anxiety and distrust we are shouldering in South Africa. They see challenges as opportunities to innovate, experiment and collaborate. We unfortunately seem to be so focussed on finding someone to blame that we can't move beyond talking about the problem to actually solving it.
2. The scale and pace of technology innovation is outside of our radar in South Africa. The energy transition is actually all about digitisation and smart everything. It made me think that a critical part of the transition in South Africa should involve educating people about technology choices. Yes, we need to phase out coal, but the energy transition is akin to "cheque books to mobile banking" or "fixed line to cellular" and there is no stopping the digital revolution of energy. When we get there, similar to our phones, we will wonder how we ever did anything differently.
3. When talking about the energy transition and decarbonisation, South Africa is important but inconsequential to the global debate. It's clear that we need to close coal over time, but how we evolve our energy mix is a journey not a destination. We MUST ensure energy security, otherwise our economy and job creation stalls (as we have recently seen in the unfortunate closure of Newcastle Steel). Two interesting comments made at the conference:
  - a. Africa must be allowed to use the same energy mix that Europe used to transition, but coal must be closed as quickly as possible
  - b. Stop asking people to make sacrifices to solve climate change – they just stop listening. The future energy system will better serve all customers as well as the planet, the benefits of the transition must be shown to consumers.
4. And lastly, it was interesting to see that although our level of maturity differs vastly, our challenges are similar. The four major EU challenges were summarised as 1. Grid 2. Regulatory environment 3. Skills and workforce and 4. Supply chains. The opportunities to knowledge share and collaborate are endless!



We don't need to reinvent the wheel in South Africa, and we must learn from economies ahead of us. We also must accept that if we are not competitive, transparent and consistent, we will not attract international support or participation. With this in mind, myself and my team at the Energy Council will continue to drive stakeholder and policy alignment in South Africa, assisting in addressing major issues in the energy landscape for inclusive economic growth.

James did a presentation at the Enlit Europe energy conference on the progress of the energy transition in South Africa. His presentation was well received by the European audience and William Wakeham, Divisional Director as Price Forbes gave the following feedback:

"Then to meet and hear James Mackay from the Energy Council of South Africa summarise the South African energy market. His talk was extremely informative and helpful.

My two takeaway points were:

1. The need for new generation - to include system integration and increased grid capacity.
2. The need for energy reform - to include the introduction of a multi-market model."



#### Energy Council of South Africa in the News



**South Africa's next crisis is near – threatening almost half a million jobs, warns CEO**

South Africa's supply of natural gas is set to plunge within the next three to four years, and there's a risk of a shortfall triggering the country's next economic crisis, the head of an industry body warned.

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**JAMES MACKAY: SA has a grand opportunity to implement win-win energy transition**

Government, partnering with business, has the potential to unleash historic levels of investment, job creation and growth.

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**Energy Council delivers a call to action**

Closing the door on load shedding is undoubtedly one of South Africa's most urgent priorities. The load shedding crisis has had a direct impact on lower economic growth, higher levels of unemployment and a deterioration of investor confidence.

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

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

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