

MEDIA STATEMENT

Business: urgent action, focus and partnership needed to avert energy crisis

Johannesburg, 14 July 2022 – Business, under the leadership of Business Unity South Africa (BUSA), is standing by to rally its resources, skills, and capacity to assist with the urgent implementation of focused interventions to address the energy crisis expected to be announced by the President over the coming days.

The impact of the current load-shedding cycle has a significant impact on South Africa's economy, its business community, and its citizens. BUSA is deeply concerned that if this is not remedied urgently, the country and economy will continue to be damaged by negative growth, further ratings downgrades and a deeper decline in consumer and investor confidence for many years to come.

The apex business body says that while there has been good work done under Operation Vulindlela to address the energy crisis, progress has been slow, and what is now required is the same sense of focus, urgency, and collaboration that the nation saw during the national vaccine rollout.

Cas Coovadia, BUSA CEO says: "We hope that the President's announcement will provide a clear path, with deadlines that demonstrate the urgency with which the proposed actions will be implemented. Once it is announced, we would like to see a joint government and business working team configured and deployed to focus on delivering results against hard deadlines. This includes working towards deliverables that are communicated regularly, both to the President and to the public."

BUSA, which is already working with government to accelerate priorities under Operation Vulindlela, has proposed a list of urgent and focused actions that it believes can have a significant impact on accelerating the stabilisation of the country's energy supply, to ensure new generation and storage capacity is brought online, and to help reduce and ultimately to eliminate load-shedding.

"In order to achieve this, we urgently need government to create the regulatory and administrative environment that will clear the path to energy security," says Coovadia.

Business and energy experts already agree that a set of key interventions are urgently needed:

1. Resolving embedded generation registration and licencing issues, and accelerating the time it takes to get applications approved;
 2. Unblocking red tape constraining private sector investment in generation capacity;
 3. Removing caps on registering self-generation projects;
 4. The suspension of local content rules until the energy crisis has been averted;
 5. Increasing the regularity and size of IPPO rounds for renewable energy;
 6. Establishing an emergency feed-in tariff framework to enable Eskom to buy power from existing generators;
 7. Resolving bottlenecks in the transmission infrastructure to unlock additional generation capacity;
 8. Developing a unified and scalable wheeling framework;
 9. Developing a public-private transmission partnership framework to speed up build times;
- and

REGISTRATION NUMBER: 2014/042417/08

PRESIDENT: Bonang Mohale VICE PRESIDENT: Adrian Gore CEO: Cas Coovadia NEDLAC CONVENOR: Kaizer Moyane

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10. Urgently addressing sabotage at Eskom, and the theft of copper cables.

BUSA believes that these interventions need to be actioned urgently so that significant new generation and transmission capacity can be brought online within the next 24 months.

“The ultimate objective is to add 15GW of new capacity, mainly renewables, to the grid, as well as 4GW of battery capacity by the end of 2024, which will help supply catch up with the expected demand, and where there is currently a 6GW gap,” says Coovadia.

Of the 15GW of new capacity needed on grid by 2024, only around 3GW is currently planned from Eskom or IPPs. Recent policy reforms and ongoing procurement rounds have led to another 3.5GW being forecast. BUSA notes that the urgent implementation of the interventions identified will help close the remaining 9GW gap and will entail (including batteries) additional investment totalling approximately R170bn.

Martin Kingston, who chairs B4SA’s steering committee, which has been re-mobilised as BUSA’s implementation arm, adds: “Business is ready to intensify its participation and deploy its expertise, capacity, and resources to support the President and assist Government to stabilise the country’s energy sector. There is enormous upside to getting this right. Not only for the economy, but also to unlock capital that is available for investment in the sector. The sooner the conditions for investment are in place, the sooner the country will be able to unlock the funding needed.”

Adrian Gore, BUSA’s Vice-President says: “While there are challenges facing our country, the economy is more resilient than we give credit for – as we saw in recent GDP data. We should not fall into the trap of thinking that these problems are intractable or that nothing is being done. Many good people, including within Eskom and the broader energy sector, are working very hard to make a difference, so we need to acknowledge and celebrate the successes and the progress that has been made. We also must change the narrative of the country to one which sets out our undoubted potential. A few priority interventions, executed with urgency, will turn the flywheel which will, in turn, encourage investment and help us realise the inclusive economic growth needed.”

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