

## **MEDIA STATEMENT**

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**The urgent overhaul of South Africa’s energy supply sector by including the private sector as a key partner is supported, and the Minerals Council South Africa and its members will play their part**

**Johannesburg, 26 July:** The inclusion of the private sector to play a major role in resolving the country’s energy crisis, fixing Eskom, and the recognition of the severity of the problem by President Cyril Ramaphosa on Monday evening in his detailed plans to resolve the country’s crippling electricity shortage has the full support of the Minerals Council South Africa.

President Ramaphosa outlined a detailed plan by the government to abolish the 100MW licencing cap on private sector renewable energy projects, ensure greater private sector participation to urgently install electricity generation capacity, address Eskom’s R400 billion debt and its internal crime and corruption problems, and streamline regulatory processes by eliminating red tape. This represents the most fundamental reforms of South Africa’s energy sector in 20 years, says Roger Baxter, CEO of the Minerals Council.

“Overall, we rate this plan as very good for its boldness and for recognising that the private sector, along with fixing the reliability of Eskom, is the solution to energy security going forward. The Minerals Council and its members, which are already active in coming up with solutions, are ready to play their part ,” he says.

“The President and cabinet recognise that we have a fundamental energy crisis, and that there can be no more tinkering around the edges. This is a comprehensive overall reform plan, with the private sector playing a critical role in ensuring South Africa’s energy security into the future. We support this bold and ambitious plan,” Baxter says.

The mining industry already has a pipeline of 73 projects from 24 mining companies to generate 5.1GW (5,116MW). The value of these projects is more than R65 billion. So far this



year, the National Energy Regulator of South Africa (Nersa) has registered 295MW for mining companies.

The mining industry can play an important role in reducing the pressure on Eskom which must undertake extensive maintenance of its fleet of aged and neglected power plants that have an average age in excess of 35 years and take old coal-fired plants out of service and repurposing them to renewable energy and battery storage solutions.

“We acknowledge the President’s focus on addressing the crime and security challenges facing Eskom,” says Baxter.

The regulatory processes that took up to three years to approve renewable energy projects delayed the private sector’s ability to relieve the energy crisis, but President Ramaphosa’s commitment to cut red tape, develop a “one-stop shop” for renewable energy project applicants, ease the local procurement rules, and bring a level of pragmatism to the environmental authorisations are important developments that must be implemented with a degree of urgency.

President Ramaphosa’s establishment of a National Energy Crisis Committee drawn from key ministries and entities involved in the provision of electricity, and chaired by the DG in the Presidency, is supported. We recommend the right experts are consulted, including those from the Minerals Council, the Energy Intensive Users Group, and Business Unity South Africa.

Included in President Ramaphosa’s fundamental structural reform of the energy market is the division of Eskom into its three constituent parts of generation, transmission, and distribution, creating a liberalised, competitive market for electricity generators while the grid remains state controlled.

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