

Part 5: Energy

15 June 2021

In the 20 months since October 2019 I have written about energy five times. Since government's long-term plans with both Eskom and the energy market were announced in 2019, it was clear where we were going. The recent announcements about 100MW private generation has given huge traction to these plans.

It is also not the last of the evolution of the energy market in SA. Arrangements that are nearly 100 years old are being turned on their heads. We will see much more change over the next five years.

This does not mean that load-shedding will stop tomorrow. Eskom has indicated to parliament that due to stringent maintenance programmes, load-shedding will persist at current levels until September, after which it will taper off, but it will still be with us until the middle of next year. By the end of next year new capacity should plug the generation gap.

In the meantime, the German Development Bank, KfW, has launched a R3.3 billion programme in South Africa to stimulate the development of hydrogen power. The CSIR and the Cape Town-based consultancy Meridian Economics are the project leaders. The presidency has come in behind the programme. It is an area to watch in addition to renewables.

So what?

- I stick to my view that electricity/energy is the new investment frontier for South Africa. The ten-year slide in investment that the country has experienced will be reversed by money poured into energy. It is the new gold rush.
- In the process SA will also make the transition from a fossil fuel economy to a greener economy.
- Load-shedding will continue for the next 12 – 18 months, but the longer-term picture is clear...it is not mired in despondency.