Input to Energy Dialogue 25 January 2023, Kenneth Creamer

Congratulations to the ANC for arranging this Dialogue. It is very important during this time of our ongoing electricity crisis to hear from those in government as well as from practitioners and experts in the field.

The ANC is in a unique position to provide political support to the numerous technical and policy interventions that are required for us to overcome loadshedding and achieve greater energy security. To be most effective, the ongoing work being done by the National Energy Crisis Committee requires the support of the ANC and society more broadly.

The ANC is also very well placed to motivate for targeted policy interventions to assist poor households, small business and key sectors like our agricultural sector so that we can mitigate some of the most disastrous effects of loadshedding.

Targeted interventions like support for poor households to access lighting and batteries during loadshedding, or to support small business access to solar power systems, or to time loadshedding schedules to better suit farming activities are much needed in the current context. As are the need for plans to alleviate the impact of loadshedding on public health and education services.

We need cool heads – and seasoned leadership – as we navigate this crisis. We must avoid the kind of panic that will result in policy errors and lead to negative unintended consequences.

As much as it may seem to be appealing to delay electricity price increases, if we do this it will likely further weaken Eskom, will increase loadshedding, and will ultimately require additional taxpayer bailouts which will eat into other government services.

Rather, as loadshedding will be with us for some time, targeted responses are required to support households in distress, small businesses, co-operatives and sectors, like agriculture, with specific needs. Such interventions will have budgeting and financial implications, but will not run the risk of deepening the crisis by depriving Eskom of the funds that it requires to improve its operational and financial performance.

There are at least four key interventions required to help us overcome our electricity crisis in the shortest possible time.

Firstly, more resources - financial and human - must be applied to improving the performance of Eskom's existing power stations. As a temporary measure over the next year or so Eskom must be given enough resources to purchase diesel so that we don't face the spectacle of OCGT plants standing idle as we push up the stages of loadshedding

Secondly, we must show greater unity of purpose and improved policy alignment in implementing the country's Just Energy Transition. Despite what you read in the 'fake-news', the Just Energy Transition is not the cause of our problems, the financing and accelerated implementation of the Just Energy Transition is key to resolving the crisis.

Thirdly, Eskom restructuring cannot be delayed any longer. A National Transmission company must be established to extend the grid and allow effective grid access for multiple public and private electricity generation companies.

Fourthly, incentives and feed-in tariffs must be put in place to allow our energy transition to be driven from the grassroots. We will end loadshedding much more rapidly if firms, households and communities are empowered to invest in their own generation capacity and battery systems.

Next month's State of the Nation Address and Budget Speech offer important opportunities to show that South Africa has a plan to deal decisively with our electricity crisis. As with our response to the Covid pandemic, there is tremendous potential for all of us – government, business, labour and communities – to show unity of purpose in this area.

On the upside, the social and economic dividend if we are able to overcome this crisis will be really sizeable. If we get our policies right, sustained large-scale investment in new electricity infrastructure by the public and private sectors, as well as by households, will help to boost economic growth and job creation.

This investment has the potential to be a new growth and jobs driver for South African industry, both upstream and downstream of the electricity sector. Upstream, we must seek over time to make locally more of the equipment needed. Downstream, new industries and products will be possible, including electric vehicles and green hydrogen for local consumption and for export.

We must resist the urge to panic, as it is through clear-thinking and well-thought-through policy interventions that we can move beyond the crisis into a new era of growth and progress.