WELCOME REMARKS BY ETHEKWINI MUNICIPALITY MAYOR CLLR MXOLISI KAUNDA AT THE ENERGY TRANSFORMATION SUMMIT, 1 MARCH 2023

- Programme Director
- Minister of Minerals and Energy: Mr Gwede Mantashe
- KwaZulu-Natal Premier: Ms Nomusa Dube-Ncube
- KwaZulu-Natal MEC for EDTEA: Mr Siboniso Duma
- All Mayors Present
- Amakhosi AseNdlunkulu
- Councillors
- President of the Durban Chamber of Commerce and Industry: Mr Prasheen Maharaj
- City Manager and Senior government officials present
- Industry Experts
- Distinguished Guests
- Members of the Media
- Ladies and Gentlemen

Good Morning

It is a singular honour to welcome you to the EThekwini Municipality Energy Transformation Summit - the first of its kind in the country. As the leadership of the municipality, we view this two-day gathering as a landmark event that will provide lasting solutions to the perennial energy crisis.

The fact that in our midst we have energy experts, academics, investors and the leadership from all spheres of government demonstrates that energy security is everybody's business.

We want to state from the outset that we align ourselves with the national government's position that energy transition must be just and support national development aspirations including decent work for all, social inclusion and the eradication of poverty.

The National Development Plan envisages that, by 2030, South Africa will have an energy sector that provides reliable and efficient energy service at competitive rates, is socially equitable through expanded access to energy at affordable tariffs, and environmentally sustainable through reduced pollution.

While a great deal has been achieved, the energy crisis is reversing the gains we have made in achieving this noble goal.

South Africa continues to grapple with capacity shortages due to aging infrastructure and constant breakdowns of power generation plants. The Council for Scientific and Industrial Research (CSIR) reported that year 2022 overtook 2021 as the most intensive loadshedding year in history. Eskom recorded a whopping 11 529 GWh of loadshedding, this is equivalent to removing eThekwini Municipality from the national grid for one year.

Therefore, we need to revolutionise the energy system by implementing our strategic goals as outlined in the Integrated Resource Plan (IRP) of 2019. The Department of Mineral Resources and Energy (DMRE) has provided a

clear strategic direction of the energy sector, with timelines to procure new generation capacity from Independent Power Producers (IPPs).

We also applaud the decision to allow municipalities in good financial standing to procure electricity directly from Independent Power Producers. We welcome these reforms at local government because they have a potential to improve energy security for municipalities. We strongly believe that the national state of disaster recently announced by the President will accelerate this process.

As we have indicated that this energy transformation will not leave anyone behind, the city's energy transition policy was subjected into a rigorous process of public participation as informed by Section 17 of Municipal Systems Act. Therefore, we are proud to share with you that the vision and strategic targets articulated in the energy transformation policy were formulated in consultation with the public.

Ladies and gentlemen, as a city we have set ourselves a target of reducing reliance from national grid by 20% in 2025. Furthermore, we plan to reduce

reliance by 40% in 2030 and ultimately achieve energy independence by 2035.

We have no doubt that we are on the right path to achieve this goal as we have already created the Municipal Independent Power Producer Procurement Programme (MIPPPP) with over 30 priority energy infrastructure projects over short, medium and long-term.

In the short-term, we are procuring new generation capacity of 400 MW from independent power producers. 100 MW has been allocated to Solar PV and 300 MW for Gas to Power (GTP). We are anticipating achieving commercial operation date (COD) by 2025 and 2026 respectively.

We are happy to announce that the KwaZulu-Natal Provincial Executive Council (PEC) has given concurrence to our procurement plan for 400 MW in line with eThekwini energy transition policy. The National Treasury has also given permission to eThekwini Municipality to begin preparing the procurement frameworks for the release of 400 MW Request for Proposals (RFP).

The Request for Proposal for 400 MW will be released into the market in the new financial year. This will create approximately 8000 job opportunities through a Public Private Partnership (PPP) model.

In the medium to long-term, we are planning to procure an additional 2600 MW of new generation capacity to adequately boost regional transformation. EThekwini Municipality will start new procurement of 50 MW waste to energy, 300 MW offshore wind and 940 MW of nuclear power in the new financial year.

EThekwini Municipality generates over 1.4 million tons of waste which puts us in a better position to increase capacity to draw energy from this source and most importantly to encourage communities to participate meaningfully in this economic sector. Ultimately, our transformational energy mix will attract more than R324 billion in private investment by 2035.

We would like to indicate that our energy transition policy does not favour single type of technology. It is for this reason that we will also procure 400 MW of new coal capacity to strengthen local supply value chains and create more stability in the power system. We know that many parts of this province have an abundance of coal reserves.

FINANCIAL SUSTAINABILITY AND REVENUE ENHANCEMENT

Ladies and Gentlemen, our energy transformation programme is not only going to contribute to energy security, but it will also assist us to diversify our revenue streams and sustain our economy into the future. Plans are afoot to enter the gas economy market to better serve industrial demand in the province.

In this regard, we will be collaborating with the private sector through Public Private Partnership (PPP) to build a gas import terminal, gas storage infrastructure and gas distribution network in Durban. This will support our developmental mandate, industrialization and create new stream of revenue for the Municipality.

Programme Director, we welcome the announcement by the Minister of Finance, Mr Enoch Godongwana to introduce tax incentives of a maximum of R15000 rebate on new solar panels for residential generation and businesses will be able to reduce their taxable income by 125% of the cost of investment in renewables. We encourage businesses and households to take advantage of this initiative.

We are also encouraged by the State of the Provincial Address (SOPA) delivered by our Premier last week, Ms Nomusa Dube-Ncube of establishing an energy war room to resolve the electricity crisis. We will continue to work with the provincial government to take the work of the provincial energy task team forward. We are also sharing best practices with other municipalities in the province to accelerate energy transition.

CONCLUSION

Ladies and gentlemen, we have an opportunity and a collective responsibility to build a more sustainable economy with secured energy supply. Therefore, this summit must find ways that will guarantee a cleaner and more sustainable energy mix for future generations. Let us work together and build energy security now.