



'Energetic' Dialogues in South Africa: The EU Example

Agathe Maupin¹

RECOMMENDATIONS

- South Africa and the EU should remain strategic partners in key areas and use the shift in the global order to strengthen co-operation for the completion of South and Southern African development goals.
- The infrastructure, water and energy nexus, in addition to resources, should be included in the development and implementation of energy-related partnerships.
- Regional co-operation around water supply and energy production and distribution as a means to increase energy access at the regional level, such as the SAPP, is an interesting development, and greater attention should be paid to the specific position of states such as South Africa in these regional networks to promote trilateral co-operation.

Today the South African government has completed its part by entering into these agreements through the Department of Energy. And all eyes will be on the bidders to show their readiness as they commit themselves to financial close ... To all the preferred bidders signing today, don't forget – I AM WATCHING YOU to make sure you deliver on your commitments!

Director-General of Energy, Ms Nelisiwe Magubane, Pretoria, 5 November 2012

EXECUTIVE SUMMARY

Since the energy crisis of 2007–2008, investor interest in the South African energy sector has been on the rise. This has drawn more attention to the importance of energy in the South Africa–EU relationship. The introduction of the South African National Energy Act² in 2008 as well as the launch of several national initiatives and calls for proposals from independent power producers (IPPs) have placed emphasis on the South African energy sector and created awareness of its strategic role in contributing towards sustainable development.

As tsunamis, blizzards and other natural disasters are having a greater effect on our inter-connected world, so the past decade has witnessed a significant shift in the global energy discourse towards the issue of climate change, encouraging clean energy investments and the fulfilment of relevant international obligations. This in turn has led to the development of regional networks of energy production and supply, as well as small-scale energy production initiatives. However, despite energy being recognised as one of the eight strategic clusters comprising the Africa–EU Joint Strategy, it has not been specifically discussed within the context of South Africa's own energy needs.

INTRODUCTION

The South African energy sector has come to play an increasingly prominent role in the country's political landscape, whether in the government's policies, the international events in which it chooses to participate, or the types of investments it promotes. In 2008, the government introduced the National Energy Act, which provided for the establishment of the South African National Energy Development

Institute to promote energy efficiency, research and development, as well as an Integrated Energy Plan (IEP). With emerging economies such as Brazil, China, India and South Africa projected to grow substantially over the coming years – the International Energy Agency's international energy forecast estimates their cumulative energy demands to increase by one-third over the next 20 years – South Africa has also actively participated in international events focussed on global sustainable development, such as the Johannesburg Summit on Sustainable Development in 2002, the Conference of Parties (COP) 17 in Durban in 2011, and, more recently, Rio+20 in 2012.

However, South Africa's growing interest in sustainable development has to be balanced against other challenges. As a developing economy faced with increasing environmental concerns, it has to find a balance between industrial investment and development, on the one hand, and societal needs and expectations, as well as environmental protection, on the other.

Partnerships could play a key role in tackling this challenge, and the country already relies on them. For instance, 2013 saw the sixth South Africa–EU Summit falling into step behind the Agreement on Trade, Development and Co-operation³ (TDCA) and the establishment of the Joint EU–Africa strategic partnership in 2007. Based on regular political dialogue, it operates within a similar framework as the EU's partnerships with its other strategic partners.⁴ Following a systematic evaluation of its co-operation projects, South Africa has also begun diversifying its international partnerships,⁵ increasing its engagement in South–South co-operation forums such as BRICS (Brazil, Russia, India, China, South Africa) and IBSA (India, Brazil, South Africa) while maintaining relations with Northern partners.

ENERGY AND POLITICS IN SOUTH AFRICA

Coal has been key to industrial development in South Africa, and it remains both a major export commodity and a primary source of energy. According to the South African National Planning Commission, coal is the country's fourth largest export earner.⁶ Mineral resources will thus remain an important component of the country's energy mix.

However, South Africa is also developing its other resources, focussing more on gas and renewable energy sources (RES) than on nuclear energy. The Department of Energy (DoE) Vision has set a target for clean energy to contribute 30% of all new generation capacity by 2025.

'Special-interest windows', such as solar power plants in the Northern Cape and wind-powered stations in the Western Cape, are to be further exploited in the near future. A 20-year renewable energy feed-in tariff was also introduced in 2009 to boost investment in the renewable energy sector.

The 2008 National Energy Act aims to strengthen energy planning in order 'to ensure that diverse energy resources are available, in sustainable quantities and at affordable prices, to the South African economy'.⁷ The same year, the Department of Minerals and Energy also released a policy document entitled *National Response to South Africa's Electricity Shortage*, followed by other policies and programmes in collaboration with Eskom.⁸ These included work on the country's electricity distribution structure and the fast-tracking of electricity projects by IPPs. Moreover, the 2012 National Development Plan made specific mention of the energy sector in its chapter on economic infrastructure, thereby acknowledging the importance of energy supply in economic development and the need to link energy policies with those for industry, commerce and environmental protection. The DoE released the last IEP report and submitted it for stakeholder comment in late 2013.

While most energy policies and regulations apply to all forms of energy supply and use (fuel, heating, transport, etc.), it is electricity that attracts the most attention, particularly since grid supply has monopolistic characteristics. Eskom, a former statutory body that was converted into a public company in 2002, is the country's licensed Transmission Network Service Provider. It is the seventh largest utility worldwide in terms of generation capacity and ninth in terms of sales, and supplies 96% of electricity in South Africa. In October 2012, Eskom presented the latest ten-year Transmission Development Plan, TDP 2013–2022, which is consistent with the estimated growth in demand, the country's generation pattern, the South African Grid Code for both loads and power stations⁹ and the increased proportion of RES in the country's energy mix. In September 2013, the first solar photovoltaic plant, developed by Norway's Scatec Solar under the Renewable Energy Independent Power Producer Procurement Programme launched by the DoE in 2011, was grid connected.

SOUTH AFRICA–EU CO-OPERATION IN THE ENERGY SECTOR

Between 1990 and 2005, the EU was South Africa's largest

import/export partner. In 1990, 46% of South African imports came from Germany, the United Kingdom, France, Italy, the Netherlands and Belgium, compared with 20% from Asia, with China being the main partner. Since then, the trend has steadily reversed in both imports and exports.¹⁰ At first glance, the South Africa–EU relationship appears complicated. While South Africa receives substantial support from the EU, at the 2007 Lisbon summit the country insisted that both negotiating partners needed a change of mindset: South Africa wanted to engage the EU constructively to help overcome its developmental challenges, but on a partnership basis. At the same time, South Africa also benefits from EU member states' bilateral interests and contributions. From the EU's perspective, regional integration is a key component of the South Africa–EU partnership and the EU would like to engage further with the Southern African Development Community (SADC).

A number of formalised instruments have been put in place to foster dialogue between the EU and South Africa. For instance, the EU and South Africa have been meeting annually to discuss bilateral, regional and global issues of common interest such as the global economic crisis and its impact on Africa, climate change and regional integration. The TDCA agreement, together with the Joint Action Plan for the SA–EU Strategic Partnership, forms the foundation of the relationship. Economic partnership agreement (EPA) negotiations initiated in 2000 have added to the complexity of the exchanges between the EU, South Africa and SADC, and the stakeholders are faced with the challenge of negotiating bilateral and regional EPAs.¹¹

More specifically on energy, the Africa–EU Energy Partnership (AEEP) hosted a stakeholders' forum in Cape Town in 2012, where the focus was on promoting private sector investment, particularly in renewable energy projects; large-scale energy infrastructure development; RES regulation and legislation; and bioenergy and energy efficiency to improve energy security.¹² Encouraging political dialogue and co-operation between Africa and the EU, the AEEP aims to increase the effectiveness of African and European efforts to secure reliable and sustainable energy services.¹³ The sixth South Africa–EU summit held in July 2013 in Pretoria underlined their common support for the UN Sustainable Energy for All initiative and the finalisation of the SADC Renewable Energy Strategy. A joint co-operation programme with a focus on rural electrification through RES has been agreed upon and clean coal technology co-operation acknowledged.

However, in the energy sector the EU appears to remain one partner among many, and South Africa tends to favour bilateral relations with individual European countries, focussing on specific elements of the energy sector (eg, engaging with Spain's solar energy industry).

SOUTH AFRICA – A MULTILEVEL ENERGY ACTOR

South Africa has underscored its commitment to a 'green economy' pathway by supporting several international initiatives. For example, at Rio+20, the DoE demonstrated its commitment to the South African Renewables Initiative, launched in Durban during COP-17 in 2011, by organising a side-event entitled 'Unlocking RSA's Green Growth Potential'.¹⁴ Despite South Africa's global ranking among the top 15 of the highest carbon dioxide emitters worldwide, the country is committed to reducing emissions and is a signatory to the UN Framework Convention on Climate Change and the Kyoto Protocol.

South Africa has consistently renewed its policies in several sectors, giving priority to its borders and markets. The country is a key actor at various levels: as an emerging power on the international scene; as a member of the BRICS and IBSA; and as a leader in Africa and especially Southern Africa. For instance, with Eskom supplying almost 80% of the total regional energy demands, the country is the regional leader of the Southern African Power Pool (SAPP), a co-operation initiative around energy generation, transmission and distribution implemented by SADC Member States Utilities in 1995 to increase energy access at the regional level.¹⁵

The term 'strategic partnership', borrowed from the business environment, clearly implies a close, formalised relationship between the EU and South Africa and an emphasis on trilateral co-operation between regional organisations, the EU and SADC member states. Despite tensions at all levels of engagement between energy actors, the South African energy sector has effectively followed the path of multi-level engagement by working at the national level (introducing IPPs, renewal of policies), investing in renewable energy sources, and reinforcing strategic partnerships (with the EU, BRIC countries) towards regional integration (SAPP).

CONCLUSION

Energy issues are often approached from the resources

perspective. The focus is on quantity, location and terms of exploitation. Indeed, the use of resources to extend the state's control over its territory is often emphasised (as shown in debates on territorialisation and the 'resource curse'). Energy production also occupies another large part of the debate: how, where and by whom is it transformed (public or private enterprises), and for what purpose?

South Africa is buttressing its energy strategy by relying on several objectives, such as decreasing its emissions in the industrial and domestic sector; supporting research on RES and building dialogue on energy policies, including civil society consultations; and fostering technological co-operation with major emerging countries. Lately, energy efficiency has gained increasing prominence with the introduction of social, economic and environmental issues (eg, what are the most efficient ways to deal with energy in South Africa?).

A lot is expected from partnerships, and South Africa often appears to be the 'darling energy partner' and the gateway to Southern Africa, in particular with regard to the country's dominant position in the regional energy sector – acting as an 'energy hub' in terms of infrastructure, and production and consumption of energy. Given the shifting global order, SADC, South Africa and the EU are well placed to reinforce their international commitments and contribute to the elaboration of an efficient formula for energy partnerships.

ENDNOTES

- 1 Dr Agathe Maupin is a researcher working since 2012 on South Africa's energy policy at SAIIA in the Global Powers in Africa Programme.
- 2 South Africa, National Energy Act no. 34 of 2008. Pretoria: Government Printers, 2008.
- 3 The TDCA was designed to enhance co-operation in various fields. Established in 1999, the agreement entered into force in 2004 and has been followed since by the Lisbon Treaty in 2007, which enhanced the EU–South Africa strategic partnership, and annual meetings between the EU and South Africa. Various objectives are pursued: improving dialogue; supporting South Africa in its economic and social transition process; promoting regional co-operation and integration; and expanding and liberalising trade in goods, services and capital.
- 4 The EU has identified nine other strategic partners, namely Brazil, Canada, China, India, Japan, Mexico, Russia, South Korea and the US.
- 5 African countries have been offered greater partnership choices over the past decade, increasing bargaining power among international players.
- 6 South Africa, NPA (National Planning Commission), *National Development Plan 2030: Our Future, Make It Work*. Cape Town: Shereno Printers, 2012.
- 7 SA National Energy Act, *op. cit.*, Introduction to the Act.
- 8 The document was released in January 2008 and is available at <http://www.info.gov.za/view/DownloadFileAction?id=77837>. South Africa, *Policy to Support the Energy Efficiency and Demand Side Management Program for the Electricity Sector through the Standard Offer Incentive Scheme*. Pretoria, 2010.
- 9 The South African Grid Code is controlled by the National Energy Regulator of South Africa (NERSA) and contains the rules governing investment in the transmission network.
- 10 TIPS (Trade and Industrial Policy Strategies), *South African Trade Trends: South Africa Trade Relations with the European Union and Asia*. 2012, <http://www.tips.org.za/paper/south-africa-trade-relations-european-union-and-asia>, accessed 20 January 2013.
- 11 Adebajo A & K Whiteman (eds), *The EU and Africa, from Eurafrique to Afro-Europa*. London: C. Hurst & Co., 2012.
- 12 AEEP (Africa–EU Energy Partnership), *Conclusions to the First Stakeholder Forum of the Africa–EU Energy Partnership*, 2012.
- 13 At the First High-Level Meeting of the AEEP, held in Vienna in September 2010, ministers and high-level representatives from 24 European and 33 African countries adopted a declaration to attain concrete and ambitious targets for 2020 on energy access, energy security and renewable energy and energy efficiency, *ibid.*
- 14 The SARI initiative is an international partnership between the Government of South Africa (ministries of Energy, Trade and Industry), the governments of Denmark, Germany, Norway and the UK, and the European Investment Bank. The Declaration of Intent signed at Durban in 2011 is aimed at mobilising domestic and international funding and sector expertise; supporting South Africa in its bid to implement plans for the scale-up of renewable energy; and securing long-term funding to enable the growth of the renewable energy industry in South Africa.
- 15 SADC (Southern African Development Community), *SADC Protocol on Energy*. Gaborone, 1996.

The Global Powers and Africa Programme is funded by the Danish International Development Agency. SAIIA gratefully acknowledges this support.

© SAIIA 2014 All rights reserved. Opinions expressed are the responsibility of the individual authors and not of SAIIA.