



Sector Overview

Energy

South Africa is one of the most strategic economic partners for Italy and for the EU, and the energy sector plays a key role in these bilateral relations. The South African economy has historically relied on cheap thermal coal and still more than 70% of the country's power supply comes from this source.

In the 21 years between 1990 and 2011, the proportion of people with access to electricity jumped from 35% to 84% of the population. But the country is today affected by an energy shortage manifesting in rolling blackouts initiated by Eskom, the primary electricity supplier in South Africa.

Government's Integrated Resource Plan ([IRP](#)) details its intention to commission about 30GW worth of new power by 2030, of which more than 21 GW is intended to be new renewable energy. To date, Government's commitment towards renewables has been mediocre. A dance of two steps forward, one step back has seemed to be the pattern since the Renewable Energy Independent Power Producer Programme (REIPPP) was launched in 2011. While more than one hundred independent power producers exist today, with energy being produced closer to its consumers in cleaner ways, there have been interruptions in new bidding rounds and thus a slowdown in the proliferation of the sector.

Nonetheless, South Africa offers excellent prospects for the development of sustainable renewable energy production and supply projects. South Africa has an energy-intensive economy and currently electricity production depends mainly on coal, nuclear, and hydroelectric. As a result, South Africa is one of the world's largest emitters of greenhouse

gases, which is the reason why it is attempting to include more and more renewable energy production particularly in terms of wind and solar.

The South African government is aware of the urgency of responding to climate change and the importance of the renewable energy, which can represent a complement to existing energy sources. It is also aware of the valuable role that renewable energies play in reaching the achievement of sustainable industrial and socio-economic development objectives for the country and its citizens. For this reason, South Africa is targeting to achieve 17.8GW of electricity powered by the 'new build options' by 2030¹.

South African goals that aim to a State more and more dependent on renewable energies are supported by the following priorities:

- Guaranteed energy security
- Affordability of energy prices to majority of population
- Increase the energy supply for satisfy the increasing energy demand resulting from demographic and economic growth
- Improved rural energy supply and access to energy
- Accelerate local economic growth and development
- Job creation and job stability
- Reduced carbon emissions and air pollution

If you are interested in more in-depth research into a particular sector please contact dsg@italcham.co.za

¹ Integrated Resource Plan for Electricity (IRP) 2010-2030