

SA should use Angolan, Mozambican gas to boost electricity supply

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South Africa should look to the use of gas produced by the extensive gas fields in Angola and Mozambique rather than to nuclear energy to meet its electricity supply needs, the Cape Chamber of Commerce and Industry said on Wednesday, 18 June 2014.



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This was in response to the announcement by President Jacob Zuma in his state of the nation address that government would forge ahead with the procurement of nuclear energy. He said that procurement processes for this would be "fast tracked".

But chamber president Janine Myburgh said it would be a mistake to look to nuclear power as the answer to South Africa's energy problems. She pointed out that it took a long time to build nuclear power stations and most of the costs were incurred during construction. "This means borrowing enormous sums of money to finance nuclear builds. Eskom is already in financial trouble because it has too much debt. Adding to the debt bundle will not help and with the country's credit rating on the slide, financing nuclear power would be almost impossible."

Eskom was already rationing electricity supplies to the mines and to the big industrial users and relief was needed sooner rather than later.

Chairman of the chamber's industrial focus portfolio committee Peter Haylett also pointed out that paying foreign suppliers for nuclear power stations would see money leaving the country in the context of an existing and deteriorating balance of payment problem." He believed that investing in gas power stations made more sense as capital costs were much lower and they could be built in two to three years compared with eight to 10 for nuclear power stations.

"We can obtain gas from Angola and Mozambique until our own gas sources are developed and this means that the money we spend on gas stays in the regional economy and much of it will come back to us as neighbouring countries buy our

goods and services. Money spent on nuclear plants will leave this country for distant shores and not much of it will come back to us," Mr Haylett said.

The chamber welcomed Mr Zuma's commitment to a growth rate of 5% by 2019 and improved service delivery but questioned as to how this was to be achieved.

"Business stands ready to do the necessary and we look forward to engaging with government on how some of the obstacles to growth will be removed," said Ms Myburgh. In particular we welcome the overtures to business and the opportunities for co-operation. This is going to be essential if we are to achieve the economic growth the country needs."

Business Unity SA (Busa) also welcomed what it said was Mr Zuma's clear indication that business and government had to work together to overcome the obstacles to economic growth.

"Busa is generally happy with the state of the nation address albeit broad and high-level. We look forward to engaging government in identifying the critical priorities for economic growth that leads to socioeconomic development. We must emphasise that the critical platform for this is the NDP (National Development Plan), even though the president did not refer to this specifically."

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