

SA's post-pandemic energy plan

Although South Africa allowed the energy sector to operate at full capacity throughout the nationwide lockdown, a decrease in demand for petroleum products over an extended period meant some refineries were still forced to close, said Mineral Resources and Energy Minister, Gwede Mantashe, at the Africa Oil Week virtual conference.



Mineral Resources and Energy Minister, Gwede Mantashe

Despite this, Mantashe stressed that the tide now looks to be turning, following further relaxation of lockdown restrictions in South Africa as it heads into summer. He cited recent “rapid increase in demand” for petroleum products in the country, which is now leading to the converse problem of shortages in some areas.

The minister’s address left no doubt that the Department of Mineral Resources & Energy (DMRE) views the energy sector as a catalyst for economic recovery and future growth in South Africa. The Petroleum Resources Development Bill will play a crucial part in this, and in the minister’s plan to reduce the country’s dependence on hydrocarbon imports. On the recently published Bill, Mantashe said: “We have had consultations with a broad range of stakeholders. Our intention is to have the Bill finalised; to attract investment and ensure synergy between oil and gas activities and our nation’s environment and water resources”.

Indeed, the Bill seems to already be yielding positive results for exploration and production in South Africa. Mantashe cited a predicted spend of R1.5bn by Total on drilling offshore Mossel Bay, whilst Saudi Aramco have been engaged to conduct a pre-feasibility study into a crude oil refinery in Richards Bay.

Finally, natural gas emerged as a key theme in Mantashe's address, reflecting the industry excitement about gas projects across Africa and the role of gas as a bridging fuel in the energy transition. "We are re-positioning South Africa to be a serious player in the global gas market. We will promote the development of a domestic and regional gas market. We continue to advance our gas to power projects with the Coega Special Economic Zone (SEZ) identified as the first liquefied natural gas (LNG) import terminal," he said.

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