

**SPEECH BY MR VALLI MOOSA**  
**DEPUTY CHAIRPERSON, PRESIDENTIAL CLIMATE COMMISSION**

**26<sup>TH</sup> NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL (NEDLAC) ANNUAL SUMMIT**

**07 December 2021**

***BUILDING A SOCIAL COMPACT AROUND THE CLIMATE TRANSITION***

---

**THE EXECUTIVE DIRECTOR OF NEDLAC**

**REPRESENTATIVES AND LEADERSHIP OF GOVERNMENT, LABOUR, INDUSTRY, AND OUR COMMUNITIES**

**THE MEDIA**

**ONLINE AUDIENCES**

**LADIES AND GENTLEMEN**

It was just under a year ago that the President announced the appointment of the Presidential Climate Commission.

This gave effect to an idea that had been developed between the NEDLAC social partners at the Presidential Jobs Summit in 2018.

The Commission therefore has an umbilical link to NEDLAC. We will need to continue and deepen that link as we build consensus between the social partners around a climate transition.

I am happy to announce today that it is our intention to co-locate with NEDLAC because we think that this would be a natural fit between the Presidential Climate Commission and NEDLAC. We are currently in discussion with the management of NEDLAC to see how this can be implemented.

The Commission has come into operation at a valuable time both locally and internationally. Everyone is now agreed that climate change is happening at an accelerating pace. We know that it is going to have profound impacts on all aspects of our lives – on rainfall patterns, water resources, crop viability, food security and human health, amongst others.

**THE TRANSITION REQUIRES A NEW WAY OF LIFE AND GRASPING THE CHALLENGE AND EMBRACING THE OPPORTUNITIES**

The scientists tell us that we must keep global warming below 1,5 degrees Celsius if we want to avoid the worst of climate impacts. To do so, we need to cut carbon emissions dramatically over the next three decades, with the goal of net-zero carbon emissions by 2050.

It is our view that it is the developed countries who must bear the biggest responsibility for doing this. Having said that, we are also of the view that reducing carbon emissions involves all of us and no country can avoid its own climate obligations. The PCC has made recommendations on our emissions trajectory, which government has incorporated into the updated NDC submitted to the UNFCCC earlier this year.

The climate transition is going to involve deep systemic changes in the way we run our lives and do business. The changes include cutting back on high emission activities and fossil fuels and scaling up low emission activities and green economy sectors.

I have been enormously gratified by the way in which business has grasped this challenge, with some of our largest emitters – Eskom, Sasol, Anglo American, Exxaro, Seriti and many others signing up to net-zero commitments by 2050 or in some instances even earlier.

South Africa has significant opportunities in the climate transition. We have some of the best renewable energy resources in the world. We have significant untapped deposits of the minerals required for the future global green economy – the platinum group metals (PMGs), iron and steel, manganese, copper, lithium, cobalt, and rare earths metals. We are also well positioned to produce green hydrogen with indigenous technologies at prices that are more competitive than other countries.

The good news is that a future green economy will create more jobs in new low-carbon sectors than are lost in declining fossil fuel sectors.

But the climate transition is also likely to have negative social and economic impacts, particularly on workers involved in the coal value chain as it downsizes, and communities in coal mining areas where limited other economic opportunities exist. Part of the Commission's brief is to proactively identify those impacts and risks and advise social partners on the measures that must be put in place to manage them.

As you are no doubt aware, the climate transition is no longer just an environmental issue. At its core, it involves important development and economic questions. The crucial strategic question facing us is the pace at which we decarbonise our economy. If we move too fast, we will devastate high-emitting economic sectors and jobs before we have built up capacity in other sectors.

If we move too slow, we will suffer trade restrictions on our emissions intensive products and miss out on the technological innovation and investment that underpins long-term economic competitiveness and jobs.

I see the pace of decarbonisation as the most strategic issue that we must deal with in the PCC and would encourage all the social partners to engage actively in debates about it.

## **A JUST ENERGY TRANSITION**

The coal value chain is where the rubber hits the road in the climate transition. We cannot close all our coal mines today. Medupi and Kusile have only just been built, and they will be burning coal for the next few decades. The coal market is also holding up extremely well, and South Africa should be taking advantage of the high global demand for our coal. But there is an economic imperative to decarbonise the electricity grid.

Electricity from the Eskom grid powers the vast majority of our mines, factories and farms which produce exports. Our energy mix is coal-fired, those embedded emissions make our products emissions-intensive. Globally there is a move to implement carbon taxes on any imports from as

early as 2023 onwards, especially in SA's important export markets like the EU and the US. These carbon taxes will make our exports more costly than those of our competitors. We cannot be left vulnerable because of this.

Eskom has proposed a Just Energy Transaction which will bring forward the decommissioning of some of the old coal-fired power stations (amounting to some twenty-two thousand gigawatts of power). This makes complete sense – those power stations are no longer economic to run, their utilisation rate in some instances is below 50 per cent, their maintenance costs are extremely high, and they breakdown very frequently and cause massive power outages. It is going to pay Eskom to pull those off the grid faster than the current IRP schedule.

In their place we need a mix of lower carbon technologies and peaking power that provide the energy security our economy desperately needs. The modelling that has been done indicates that a renewable energy dominant system is the cheapest viable option for us. This will involve a massive expansion of renewable energy, at a rate of about four thousand gigawatts per year for the foreseeable future ~~next thirty years~~. At this pace, we will generate sufficient economies of scale for local manufacturers to produce the parts for wind and solar and utility scale batteries. This manufacturing can create real jobs – not just intermittent jobs in the installation and construction, but decent permanent jobs linked to large scale manufacturing.

However, let me be clear: the pace at which we decarbonise must be our decision, made in our own economic interests.

The Eskom proposal and the climate finance deal announced at COP26 could accelerate decommissioning, build publicly owned renewable generation, upgrade the grid, and repurpose coal fired power stations to preserve jobs. These measures are in our national interest, and developed nations have a responsibility, indeed frankly an obligation, to pay for it. We should all be rallying around the Just Energy Transaction and making sure that it happens.

There are different views on the on the continued use of coal, nuclear and gas – and different views, of course, within the Presidential Climate Commission because it is a multistakeholder body. Unfortunately, utility-scale battery technology is not yet sufficiently advanced to balance South Africa's grid, and therefore indications are that for the next two decades we will need to rely on gas as a transitional energy source for peaking power. Having said this, it is my view that we must give an adequate opportunity to those who are opposed to the use of gas as a transitional fuel to practically demonstrate the alternatives that can be used for additional peaking capacity given the current scale of the renewable rollout.

I am pleased to mention that Minister Mantashe has asked the Commission to make suggestions about the future energy mix, and as the Commission we will be holding a series of discussions around the energy transition in the new year. I would like to encourage the social partners represented here to engage actively in these debates.

## **THE TRANSITION MUST BE INCLUSIVE THROUGHOUT ITS DEVELOPMENT AND IN ITS OUTCOMES**

The climate transition must work for everyone who is affected by it.

Wealthy nations and middle-class citizens have the resources to adapt but it is those who are most vulnerable – unemployed people, people living in informal settlements, rural subsistence farmers, women, and young people – who will face the greatest difficulty in adapting to climate change. Developing our people and their livelihoods is the best way to build our climate resilience.

We need to understand the implications of changes for workers and communities and other vulnerable groups. We must take steps to ensure that everyone is supported to transition to new employment or livelihoods and provided the necessary social support mechanisms to do so. In short, the climate transition must be a just transition.

I have been enormously gratified by the extent to which social partners, and all the Commissioners represented on the PCC, have embraced the concept of a just transition. We have focused on building on the common commitment, seeking to define what a just transition means, and what the responsibilities of the different social partners are in giving effect to it. This year we held a series of dialogues with stakeholders, members of the public and commissioners on topical issues around the just transition – for instance, the impact on the coal value chain, how to expand employment and decent jobs through the transition, how to finance the transition, and what governance arrangements are required.

Some of the key questions we have been debating are:

- How can workers transition into new mining jobs or jobs in the green economy?
- How can we scale up training and retraining and other labour market measures?
- How should South Africa go about diversifying and creating an alternative economy in declining regions?

#### **WE MUST CHAMPION AN INCLUSIVE PROCESS TOWARDS A JUST TRANSITION FRAMEWORK**

We are planning wider consultations in the new year, with engagements in communities across the country on what issues should be addressed in the transition.

The PCC plans to meet directly with those affected like coal miners who have already lost jobs, workers in coal-fired power stations who are understandably feeling insecure, as well as members of surrounding communities that are dependent on mining activities to support their livelihoods.

The PCC will also seek input from rural communities, especially in rural and former Bantusan areas affected by catastrophic climate change. These consultations will build up to a multi-stakeholder conference on the just transition in March 2022. Our intention is to hand over a report on the just transition to the government and other social partners.

Finding common ground in the PCC will require a lot of energy from all parties, and in the past year we have all done to the best of our ability, but we must do more.

The climate transition has serious long-term development and economic impacts, and decisions about the path we follow must involve everyone that is affected.

The social partners represented in this room have a critical role to play in this exercise.

I hope I can rely on you to participate actively in the debates around the climate transition in our attempt to find common ground.

I thank you.