

Team SA aims to attract foreign investors at WEF to plough cash into nation's electricity transmission network

The government is working on presenting a compelling case to attract foreign investors to plough money into expanding South Africa's electricity transmission network in a bid to deal with the energy crisis, at the World Economic Forum (WEF) Annual Meeting in Davos next week.

Minister of Electricity Dr Kgosientso Ramokgopa yesterday said they wanted to "canvass" the views of private sector players because they wanted to have an appreciation of the conditionalities they had in order to participate in such an arrangement.

This comes as the country continues to be plagued by rotational power cuts as demand far outstrips supply due to Eskom's inadequate coal-fired generation fleet.

Ramokgopa said the government was finalising putting together a "model" for private sector participation in the expansion of the transmission grid, and the publication of the draft Integrated Resource Plan 2023 (IRP2023) would help fast-track this process.

"We have accepted that one of the major constraints in facilitating the onboarding of renewables is the fact that the configuration of our grid is not designed to accommodate new energy sources that are found in areas such as the Northern Cape, Western Cape and the Eastern Cape," Ramokgopa said.

"And there is a need for us to first ensure that we are able to aggressively expand and strengthen the grid, and we have done our computation which suggests that we need about 14 000km of new lines to the tune of anything above R390 billion.

"We have also accepted that the Eskom balance sheet is constrained, the sovereign balance sheet is also experiencing challenges. But we also know that there is a significant amount of private sector liquidity that is ready to participate in that space, for as long as we are able to clarify what is the model we are using to attract the private sector investment.

"So part of the conversation we will be taking up in Davos is to ensure that we are able to communicate with potential private sector players to say that this is the route we are taking for the purpose of financing transmission, and getting to have a sense or a gauge of their appetite to invest in that space. And of course we will come back to say, this is the model we will be using to be able to accommodate private sector participation."

Meanwhile, Finance Minister Enoch Godongwana, who will be leading Team SA at the WEF, has remained hopeful that the country will be able to attract foreign investors and skilled workers, in spite of the backlog of nearly 100 000 visa applications.

Weekend reports revealed that a leaked memo from the State Attorney's office to the Department of Home Affairs has raised questions about the growing backlog in processing temporary and permanent residence visa permit applications, which is reportedly now sitting at over 95 000 applications.

This is in spite of Operation Vulindlela, a project office in the Presidency, introducing visa reforms (an extension of the e-Visa system and visa waivers) aimed at easing access to promote investment and tourism in South Africa.

Godongwana yesterday said the common message they were taking to Davos was that South Africa remained open for business and was committed to creating a conducive environment, adding that the e-Visa system has so far been expanded to 34 countries, with almost all countries now covered by either a visa waiver or eVisa.

“e-Visa system has been implemented in a number of countries. We have also granted some countries visa-free entrance to South Africa, including some on the African continent. So, that visa system is undergoing continual reform, depending on each country and its security outlook,” Godongwana said.

“So the e-Visa system is there and we have also included, as part of the visa system, the skills requirement for the economy, even there [Home Affairs] Minister Dr Aaron Motsoaledi has gazetted, in collaboration with the Minister of Labour [Thulas Nxesi], some of those skills which are required.”

Godongwana also highlighted load shedding, logistics challenges, crime and corruption as the key economic constraints, but said the government had drafted sector road maps with the business industry to overcome these challenges.

“We do have challenges, there is no doubt about it. Chief among them has been the issue of electricity, now logistics, crime and corruption. Together with business, we have been grappling with these questions and we have set up committees to deal with these problems. We think we have the capability and capacity to resolve them,” he said.

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