



Brian's Brief

Issued to SANEA members to stimulate dialogue

During this week the Policy Unit within the Presidency hosted an event entitled "Scenarios 2019 Research Conference".

Attendance was by invitation and Alison von Ketelhodt, our Secretary-General, and I represented SANEA.

The purpose of the event was to share and receive comment on a whole host of research that is being conducted to prepare scenarios of how South Africa would be positioned in 2019. This work is scheduled to go to the cabinet early in 2008.

Unfortunately the attendees were not given access to the research material.

However, we are concerned that Energy received relatively little attention on the agenda. The work on Energy is being conducted by the "Association for the Study of Peak Oil" and they understandably have a particular focus.

During the discussions we made the point that access to affordable and reliable energy is an input factor in every dimension of our social and economic transformation. We also made the point that all the drivers are pointing towards a significant increase in the price of Energy:-

- New investment in refineries, pipelines, power stations, transmission grids, oil terminals and other energy infrastructure projects
- Move to new sources of primary Energy that will be more expensive to exploit (more difficult location, more complex extraction, etc)
- Peak oil, if it materialises
- Additional costs associated with environmental mitigation, especially if a post-Kyoto agreement further constrains South Africa's dependence on low cost coal for conversion to either electricity or liquid fuels
- Move to new technologies with attendant start-up costs

We urged the Study Group to factor into its thinking the impact on South Africa's social and economic transformation objectives and aspirations of a significant shift in the cost structure of the Energy sector.

I request SANEA members to seriously consider Energy as a key driver of our economy and how the cost and price structures are likely to move and impact our country in the future. I would welcome any comments you might have but, more importantly, I would welcome your voices being heard so that we can ensure that Energy moves further up the agenda.

Brian A Statham
Chairman



South African Energy Association
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"Energy People Working Together"