



South African National Energy Association



Thinking
Energy

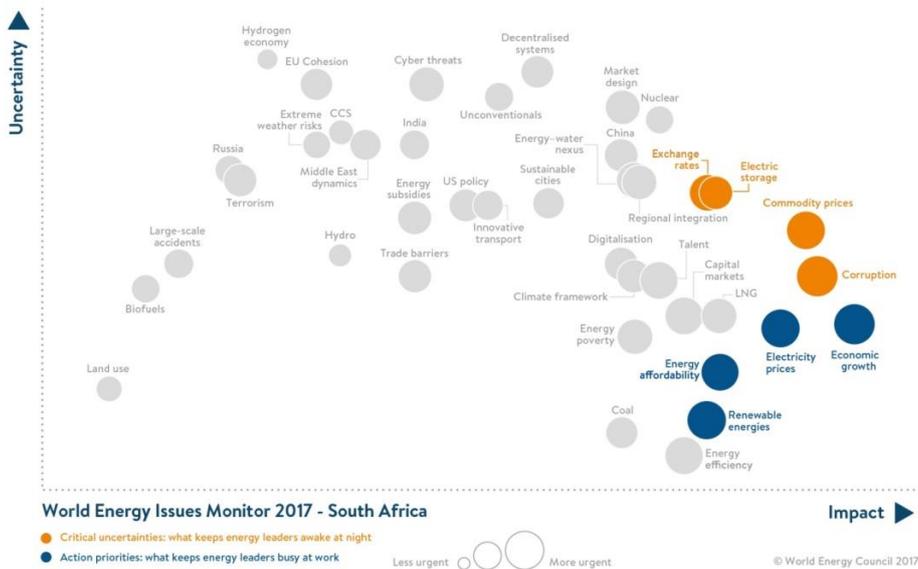
CORRUPTION AND COMMODITY PRICES TOP CONCERNS FOR SOUTH AFRICAN ENERGY LEADERS.

Latest Results of the World Energy Council Energy Issues Survey

INTRODUCTION

Commodity Prices and Corruption are the biggest concerns of South African Energy Leaders with Electric Storage and Exchange Rates following close behind. This is in stark contrast to the Africa continent-wide result where Electricity Prices, Talent and Energy Poverty are amongst the most significant concerns.

Annually the World Energy Council asks energy leaders from some 95 countries around the World to consider what keeps CEOs, Ministers and experts awake at night. These findings are found in the most recent Issues Monitor Survey, conducted in mid-2016, and published on 6 April 2017. The issues that have high uncertainty and high impact are called 'Critical Uncertainties', whereas 'Action Priorities' are issues that are more certain but still have a high impact. The top critical uncertainties and action priorities are clearly the issues to focus on.



THE CONTEXT

- The survey was conducted in around June 2016, prior to some of the major global changes that occurred last year – like Brexit and the outcome of the US election. Consequently some of the emphasis on energy issues may have changed.
- Importantly the results are the outcome of consolidated opinions from around the World, Africa and SA and they are perceptions and not facts. However, given that the people who participate in the survey are energy leaders and there are a reasonable number who participate, the results should be considered seriously
- The South African results have some alignment with the Global results and those for Africa. However there are important differences and it is important for South Africa to recognise these when engaging with other countries on energy matters.

THE RESULTS

The results focus on what the energy leaders perceive to be the critical uncertainties as well as the action priorities. The results are grouped at three different levels – the global perspective, the regional perspective and the country perspective

CRITICAL UNCERTAINTIES		
GLOBAL	AFRICA	SOUTH AFRICA
Commodity Prices	Commodity Prices	Corruption
Climate Framework	Electricity Prices	Commodity Prices
Electric Storage	Talent	Electric Storage
Regional Integration	Energy Poverty	Exchange Rates
ACTION PRIORITIES		
GLOBAL	AFRICA	SOUTH AFRICA
Economic Growth	Economic Growth	Economic Growth
Renewable Energies	Energy Affordability	Electricity Prices
Energy Efficiency	Renewable Energies	LNG
Electricity Prices	Energy Efficiency	Energy Affordability
Energy Subsidies	Regional Integration	Renewable Energies

DISCUSSION

The results of the Energy Issues survey will be a good starting point to begin to understand priority differences on energy matters. After considering these 3 sets of results, there are some important inferences for South Africa:

- It is not surprising to see Commodity Prices and Economic Growth ranking high at all three levels given the strong linkage between these two issues.
- In terms of the critical uncertainties South Africa will find it more complex and difficult to change or stabilise the Commodity Prices uncertainty but it can take action to move the Corruption, Electric Storage and Exchange Rate from the area of uncertainty to greater certainty.
- Climate Framework is a critical uncertainty at a global level but for Africa and South Africa it is eclipsed by other more urgent concerns.
- It is perhaps surprising that Talent does not feature as a top priority for South African Energy Leaders given the national concerns about skills, education and unemployment.
- LNG is an Action Priority because, unlike the rest of the world, South Africans are not used to having gas as a significant part of the energy mix and, at the time of the survey and given the attractive price of gas, there was significant interest in developing a gas utilisation programme based on imported LNG, notwithstanding that the future official position is not clear since the long awaited Gas Utilisation Master Plan hasn't been published yet.

- As far as the priority actions go, South Africa is well aware of the need for Economic Growth, managing Electricity Prices and Energy Affordability but are we doing enough?
- In terms of Renewable Energies through the REIPPP programme, South Africa was doing well. However, more recently integration between issues within the policy and delivery organs of the state has detrimentally slowed the programme down.

CLOSING REFLECTION

The 41 issues chosen by the World Energy Council for energy leaders to consider every year are intended to cover the main areas of interest for the energy sector.

The views vary by region, country and time because they are essentially perceptions shaped by the political and economic climate prevailing at the time of the survey. Nevertheless it is possible to extract interesting information from these results that help us understand why certain problems exist or where to focus to help matters improve.

SANEA is using the results from the South African deep dive as a guide to the programme it is arranging this year.

AUTHORS

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THE FULL REPORT IS AVAILABLE FROM THE SANEA WEBSITE

<http://www.worldenergy.org/publications/2017/world-energy-issues-monitor-2017/>

