

GGGI South Africa: Fact Sheet

Mining and Electricity Pricing

Challenges

South Africa achieved steady economic growth throughout the first decade of the 21st Century. However, significant socio-economic disparities continue to exist in the country, which maintains one of the highest inequality rates in the world. Disparities in terms of energy supply are particularly acute as South Africa's industry and mining sectors consume over 60% of the electricity produced in the country, compared to only 16-18% consumption by residential consumers. For South Africa to maintain growth in a sustainable way, it will need to address the following:

- An energy intensive economy
- Energy inefficiencies
- Affordable supply of energy due to high prices
- Over reliance on coal-fired plants for energy production
- High levels of unemployment, poverty and inequality

Activities

Acutely aware of these challenges, the Government of South Africa (GoSA) has outlined its aim to address them through the National Development Plan's Vision 2030, the National Climate Change Response Policy and the Integrated Resource Plan, and is making concerted efforts to transition the economy into a more energy efficient and less energy intensive one. GGGI is supporting these efforts by exploring whether increased electricity prices have incentivized mining related companies to invest in renewable energy and energy efficiency. GGGI's 'The impact of electricity price increases on selected mining value chains' project considered:

- The relationship between South Africa's mining sector and electricity prices

- The economic impact of electricity price increases on selected mining industry value chains, including coal, gold, platinum, iron ore and aluminum
- Whether or not increases in electricity prices have incentivized mining related companies to invest in renewable energy and energy efficiency

Overall Goals

- Provide government with evidence to inform policy and strategies designed to shift companies along the mining sector value chain to greener energy sources, while growing jobs, improving efficiency and productivity

Implementing Partners

- Economic Development Department (EDD)
- Department of Trade and Industry (dti)
- Trade and Industrial Policy Strategies (TIPS)

Results to Date

- Submitted to the GoSA and published a report examining the impact of rising electricity prices on the mining sector and value chains