



MINISTRY  
PUBLIC ENTERPRISES  
REPUBLIC OF SOUTH AFRICA

**MINISTER PRAVIN GORDHAN'S REMARKS AT THE LAUNCH OF ESKOM'S HEX  
BATTERY ENERGY STORAGE SYSTEM IN WORCESTER, BREEDE VALLEY  
MUNICIPALITY, WESTERN CAPE**

**09 November 2023**

Your Excellency, Ambassador Chull-Joo Park of the Republic of Korea to South Africa,

Western Cape Premier, Hon. Alan Winde,

Mrs Antoinette Steyn, Breede Valley Local Municipality Mayor,

Eskom Board Chairperson, Mteto Nyati

Eskom Group Executive, Distribution, Mr Monde Bala,

Eskom Group Executive, Generation, Mr Bheki Nxumalo,

Representatives of the funders, including the African Development Bank (AfDB), the World Bank, and the New Development Bank (BRICS Bank),

Officials of various government departments,

Community representatives,

Honourable Guests,

Ladies and Gentlemen,

The Hex community is now home to the first ever Battery Energy Storage System (BESS) of its kind in Africa. This project that is being launched today is a first in Africa – on this scale on the whole of the African continent.

Worcester is now going to be very famous. You will see people visiting you to come and understand how Eskom developed this site, and the kind of progress we are having, notwithstanding the troubles we have with loadshedding.

If we do more of these kinds of projects in other parts of the country, which is what Eskom intends to do, we will see the end of load shedding pretty soon. So join me in congratulating the Eskom colleagues.

Today, after a few hiccups, you see in live form, the launch of this BESS project right in front of us. It is a great achievement for Eskom and the country.

Eskom is demonstrating that it can have a sense of urgency, it can have an important quality that we all need in South Africa and elsewhere – which is the ability to innovate and create new ways of doing things. And not just think about them, but concretely deliver them. That is the key.

I just came back from the U.S., and some people think we talk a lot in South Africa, but we do not get things done. So this is a very useful demonstration that we can think, we can talk, and we can deliver. That is the key that is going to be used as a yardstick about whether Eskom is able to do the work or not.

Being South African on the one hand, we must also understand the difficult moments we have had, and how we have overcome them so that we can get to a point where we can see the most modern of the battery projects right in front of you, and the first of its kind on the African continent.

We all know that electricity is a prerequisite these days for a decent life for all of us.

It is vital for our students, it is vital for our businesses, it is vital for our households. But it is also important that we understand that electricity is indispensable for proper economic growth, and inclusive economic growth, for people to come and invest in different parts of the country, and in the country itself, and for job creation as well.

So today, we meet many analysts who would say South Africa's challenge is load shedding and because of load shedding we have doubts whether we are going to open a factory here or not.

It is this kind of project that only creates hope. It creates hope that sooner rather than later, we are going to overcome the challenges of load shedding. We are going to grow economically. We are going to create more jobs. We are going to get more investments, not just in the Western Cape Mr Premier, but the whole country.

Our younger people can look toward a much better life than those of us that have lived through the last few decades. So this is an opportunity to demonstrate to our own people and citizen, and the globe, that South Africans are innovative, and can deliver world class solutions like the one that we actually see today.

It is important that we focus on what is best for the country, and what is best for the people of the country, and not for the few individuals who want to become rich as a result of these projects. We now know from the recent census that there is 62 million of us who must be beneficiaries of these sorts of projects and of the work that we actually do.

And eventually, our aim as a government, our aim as a country is that we must have enough electricity to have what we call energy security in this country. So there must be a reserve, just like you have in a savings account for a day when you need some cash. In the same way, you need an energy savings account because you don't know when you are going to need extra energy.

Right now we have a shortage. We need to get to a point where we have a surplus. And we need to continue keeping that surplus. And Eskom as an institution is going to play a crucial part in developing that surplus through the investment of the private sector in renewables and other forms of energy.

So these 120 battery banks that are behind me cost us a fair amount of money, R830 million -- almost a billion rands, and during the construction 255 residents of the greater Worcester area were employed. But this is just a start, a proof of concept.

And the proof of concept means that let us have the experience and the lessons that we are going to learn from this project and use it elsewhere, to make whatever changes are necessary so that we have even more successful projects elsewhere.

So in that sense, Western Cape and the Breede Valley area has given us the opportunity to locate this BESS project here. There is going to be similar projects in the Northern Cape, in the Eastern Cape and in KwaZulu-Natal. We were told earlier that some of them are ready to take off.

Let me take this opportunity to sincerely thank the funders because without the concessional funding that we have for Eskom from the World Bank, African Development Bank, and the New Development Bank, we would not have been able to prosecute this project.

Secondly, I want to thank Hyosung Heavy Industries, whose representative is here as well, and they supplied the batteries, and the efficiency with which this was done. Thirdly, our colleagues in Eskom for thinking about this idea and for researching this idea. They have done all the testing. The system works. And for the kind of leadership that the Chairperson has provided from the Board.

So while this is an important project, we need to see this as part of a wider set of changes that we often do not appreciate but are taking place in South Africa. We think that we are all wasting time, we think that we actually not delivering, and nothing exciting is happening. But let me place this in context for you.

In 2019, in his State of the Nation address, the President said Eskom must have a generation entity, a transmission entity, and a distribution entity. He did this after receiving a report from the people he had put together and had advised him that this is right way to go, and this was happening in other parts of the world.

He later gave us an instruction in our department to develop an Eskom Roadmap for about how we go about delivering these three separate entities. So that is the first change that happened. The second, in terms of that change, was to set up a transmission company.

But we still need to build another 14,000 kilometres of transmission wires, particularly from the Northern Cape and the Eastern Cape, to connect with the rest of the country's grid, so that renewable energy where we have a lot of sun, lots of wind, can be capture, trapped and be used by households all over the country. That's the role of the transmission company.

The distribution company is the one that sells electricity to Worcester. So the creation of a distribution company is another development that is taking place. Once we are talking about changes in Eskom, there is a law that is being considered in parliament at the moment, which is bringing about changes to the Electricity Regulation Act.

That will create what we call a new architecture, a new architecture/renewal system for our electrical system in South Africa. And that will take another couple of months to get through parliament, but before the elections next year.

And that will also require Eskom to make some changes internally, in order that it can buy electricity from anybody who has got cheap electricity to offer -- as it's done in many countries across the world -- and then supply electricity to you, hopefully at a lower cost.

This law, which is being steered by the Minister of Mineral Resources and Energy, Mr Gwede Mantashe, is going to make a huge difference. And it will take us another five years or more to settle the system. And future generations, particularly the younger people that we have here today will be beneficiaries of that.

Equally important is the role that South Africa has played in these meetings that are convened by the UN on climate change. The latest one is going to be COP 28. And it will be meeting in Dubai, in the next few weeks.

At cop 26 when it met in Glasgow, there was a commitment that as South Africa, we will help to decarbonize, remove carbon, or emit less carbon, as a contribution to creating a safer world in terms of climate change.

Many of you would have read about climate change, many of you would have seen on your TV screens, how extraordinary floods are happening in other parts of the world and in South Africa as well. But also extraordinary draughts as well. And we've got to prepare for that.

So we've had a team led by the Minister of Environment, Forestry and Fisheries, Ms Barbara Creesy, who's been looking at what we call the Just Energy Transition (JET), how do we move from coal powered electricity to non-fossil fuel generated electricity, and that transition is called a Just Energy Transition.

But that "just" part is the path that the labour movement globally added to this energy transition, because it is saying that as you move away from coal mines, as you move away from coal powered power stations, please make sure that the communities are looked after that people have alternative jobs. That new kinds of training is offered for younger people and to workers that work in power stations.

And that is the experience we've had at the Komati power station, which is the first to demonstrate what the JET means in the South African context.

Some of you might even remember that a group of developed countries said that they will contribute \$8.5 billion. Of course, some of it has come, some of it hasn't come, it's a bit slow. But equally, some of it is in the form of grants, meaning we don't have to pay back, then some of it is concessional loans, which means you pay a low interest rate, or you get some payment holidays, but that process has started as well.

Similarly, we are guided in South Africa by an Integrated Resource Plan. And that integrated resource plan was developed in 2019. And the new one – 2023 -- is being developed currently, which will then say, what's the energy mix that we need in South Africa in terms of what will serve us into the future? And how do we move to that particular future?

So this battery project fits into this backdrop of many things that are happening, all of which require lots of attention, lots of planning, lots of commitment, and the right kind of people to actually undertake them as well.

I will leave the engineering to the engineers to explain to you as to how this battery project works, and how it contributes both to a better situation in Worcester but also, when this project reaches other provinces, and becomes part of the electricity system in South Africa, the kind of contribution that we could actually make.

But as we said, this is the start of the project. It might sound like this battery is sitting there, it's live but it's sitting on its own. But it's also managed through a complex management system, which uses advanced mathematics, about when energy should be stored, when it should be released. And the key is how all of that is managed in a way that does not upset the system as a whole.

Because if we do the wrong things at the wrong time, these wires that you see, are going to find themselves in trouble. So we think it's easy, put up a wire, get a source, deliver the electricity. But there's a very complex way in which this world-class element that we have within Eskom called the systems operator manages this process, so that we don't do the wrong things.

And what you hear is that South Africa will be threatened with blackouts, and all sorts of things by all sorts of debates that take place in the wrong kind of way. But the truth of the matter is, South Africa is well prepared not to ever get to that point. And take my word for it, I have worked with these Eskom gentlemen and ladies they certainly want to make sure the right things happen.

So there are going to be lots of benefits are going to be accruing from this this kind of project, which impacts on positively the loadshedding situation, the manner in which the grid and all these wires are actually dealt with, and how we advance JET.

My last point is to emphasise the point that developing countries have been making in international fora for the last three or four or five years. And that is that we all know that climate change is going to have a devastating effect on people's lives, it's going to have a devastating effect on various economies as well.

We also know that developing countries as poor countries can't undertake the changes that they need to undertake, to adapt to a situation where they can manage the bad effects of climate change, without spending a lot of money, which they don't have.

So one of the things that we've been sending as a message in various international fora as South Africa -- and the President did this recently in a meeting in Paris for example, where the developed countries were meeting.

It is the point that the developed countries through their industrialization process in the 20th century, particularly are the ones largely responsible for where we are, in terms of the level of damage that has happened to the atmosphere, and the damage that will happen as a result of climate change.

They must put a lot more money into the hands of developing countries to develop projects like this in an affordable way so that we can all be ahead of the curve and manage climate change once better than before.

The second point I want to make before I sit down is that the time has come -- what is happening now is that as we are moving into the speed where renewables are required on an increasing scale -- we even have threats from certain quarters where we export goods, that if your goods are not produced in an energy efficient way in your country, you will have to pay extra tariffs when those goods are exported to other countries as well.

Well, the appeal that developing country should be making and will be making, is share the technology with us. Make that technology that produces solar panels, that produces the wind turbines, that produce some of the batteries we are talking about, and other equipment -- make that a public good.

Water is a public good. Health services is a public good. This climate-related technology must also become a public good in some stage so that we don't have a situation where those who have the assets to advantage themselves continue to advance themselves at the expense of place like the African continent itself.

So ladies and gentlemen, you have a history making project in front of you. And you should be very proud of the fact that the Worcester has been the site chosen by Eskom. We had nothing to do with that. They chose it. If I had a choice, I would, although he is my friend the premier, I would've probably started somewhere else.

But it's a great start. And we want this replicated as fast as possible, because it has huge benefits that we can actually achieve. And finally, I want to make the point that our Eskom colleagues have begun a process where they must prove the world and observers wrong. We don't only talk in South Africa, we also deliver.

So congratulations.

Thank you.

ENDS/

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