

Coega's critical to South Africa's Gas localisation Programme

30 May 2016: Minister for Energy, Tina Joemat-Pettersson announced that the Department of Energy (DoE) "will make a preliminary information memorandum on the MW (Megawatts) gas to power programme available to the market in the second quarter of the 2016/2017 financial year". This, the minister explained, will lay the foundation "prior to commencing with the formal procurement process later in the year."

The minister further outlined in her policy speech that the Port of Ngqura – adjacent to the Coega IDZ, is one of the potential ports considered for the implementation of the gas –to-power programme.

The statement by the minister has further also been echoed by the MEC for Economic Development, Environmental Affairs and Tourism in the Eastern Cape – Sakhumzi Somyo, who this week outlined the provinces approach to the gas-to-power programme.

"The Eastern Cape's plan to host a gas-to-power hub is well advanced with Coega IDZ now clearly the province's preferred location for the development," said Somyo.

"This pronouncement sets the scene for the Eastern Cape to ramp up its plans to become the epicentre for the hub."

"The province's potentially "game-changing" shale gas reserves, extensive oil and gas exploration opportunities off its coast, the world-class Ngqura port which could be used to leverage gas imports and exports, as well as the conversion of the Dedisa Power Plant at Coega," added Somyo.

The CDC has over a period of years worked hard to locate the Liquid Natural Gas (LNG) facilities and Gas-to-Power Plant in the Coega IDZ & Port of Ngqura.

“The power generated by the LNG integrated Combined Cycle Gas Turbine (CCGT) plant would satisfy the bulk of the EC electricity requirements, assisting with the stabilisation of electricity in the region and would create over **1,000 jobs**, as well as support the manufacturing hubs of the province,” said Sandisiwe Ncemane, CDC Project Development Manager- Energy Projects.

MEC Somyo, further added “that there is advanced industrial capability in Nelson Mandela Bay and the Coega IDZ; both are also an important offtake market for the gas hub. Furthermore, Coega is home to the DEDISA substation, which is vital infrastructure for injecting large amounts of power into the grid. “

“Coega, as the preferred site for the gas-to-power hub, has led the charge and continues to press ahead with preparations, having undertaken environmental studies for four sites which it has identified for a power plant and land-based liquid natural gas (LNG) terminal, amongst others,” adds Somyo

“It has also completed the preliminary work for a CCGT power project in the IDZ which entails the LNG facilities and gas-to-power plant.”

Economic spin offs for the province are plenty in the implementation of the gas to power programme. A study by DEDEAT conservatively estimates the number of jobs to be created at **8,400 jobs** in the construction phase; another **150 jobs** will be created during the operational phase of the gas-to-power plant - a lifespan which is conservatively put at 30 years.