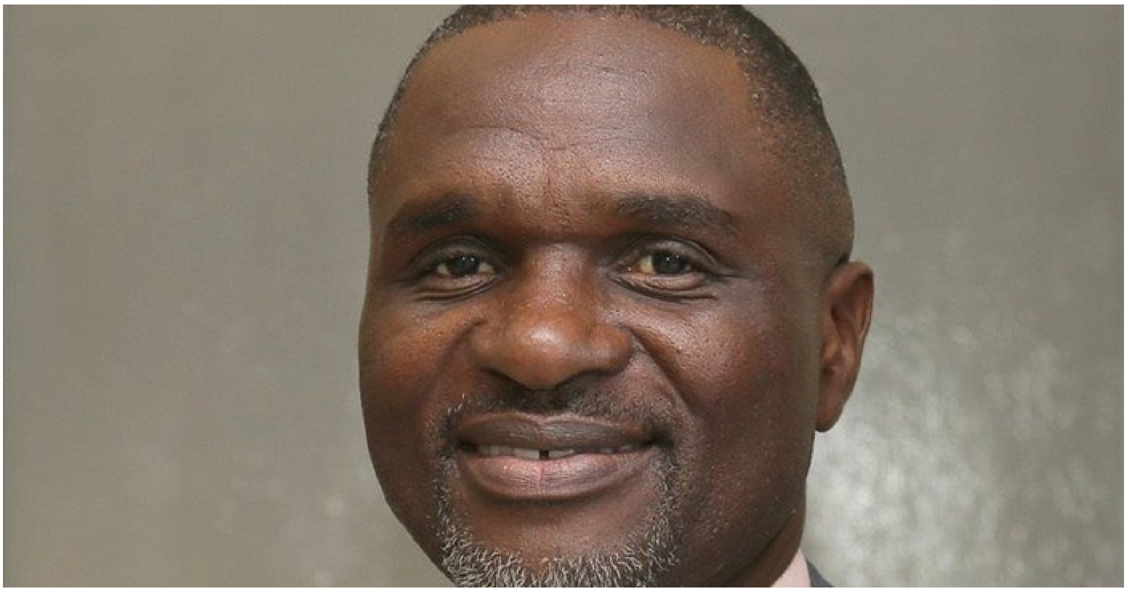
Load shedding crisis impacts SA petroleum industry

The South African Petroleum Industry Association (Sapia) has confirmed that the ongoing load shedding crisis has had a significant impact on its members, affecting various sectors of their business operations. Widespread power outages have had substantial implications, with the purchase and operation of generators at operating facilities such as depots and service stations being among the most affected areas.



Avhapfani Tshifularo, executive director of Sapia

These standby generators have become essential for safety reasons at depots and for uninterrupted customer service at service stations. However, the installation and maintenance of these generators have led to additional costs for SAPIA members.

“The energy crisis has long-term economic effects on these businesses. Increased fuel and maintenance expenses decrease disposable income, indirectly impacting the nation's economy,” says Avhapfani Tshifularo, executive director of Sapia.

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In response to the crisis, Sapia members have taken physical measures to mitigate the impact of load shedding. Apart from installing generators, many service station sites have or are in the process of installing solar panels to reduce reliance on electricity supply from Eskom or the municipalities. But this transition towards self-generation of electricity comes with significant capital costs.

LPG plan

The Department of Mineral Resources and Energy has also identified the use of Liquefied Petroleum Gas (LPG) to offset peak electricity demand that occurs in the morning and evening.

The roll-out of the doubling demand strategy for LPG is supported by Sapia as it not only relieves grid pressures during these times, but it also contributes to diversifying the energy mix and cleaner air through the replacement of coal and biomass burning for heating and cooking. Replacement of these dirty fuels with a cleaner burning alternative also contributes to the fight against climate change.

Regarding the fight against climate change, it must be recognised that the transport sector's transition pace is likely to be slow in the absence of incentives. Consequently, hybrid and full internal combustion engines are expected to remain a significant part of the nation's car fleet for an extended period.

Despite this, promoting renewable transport fuels such as bioethanol and biodiesel must be considered to make the energy mix more sustainable and promote development and employment in impoverished areas. However, government support and incentives are vital to promote these alternative fuel sources.

Engaging with government for bioethanol

“Sapia is actively engaging with the government, particularly the National Treasury, by proposing measures to facilitate the introduction of bioethanol into the petrol pool,” says Tshifularo.

“It is important to establish government policies, adequate financing, and collaboration among all stakeholders to achieve a long-term renewable energy solution. Sapia calls for a directed research approach that is well suited to the South African environment and not something that has been imported from elsewhere.”

One year since the implementation of the Energy Action Plan in August 2022, Sapia emphasises that significant transformation in the energy sector is yet to be realised. Urgent action is required, necessitating substantial capital investment.

As a sizeable portion of South Africa's electricity generation fleet is set to retire by 2030, a clear pipeline for its replacement is crucial for planning and progress.

In the short term, the energy crisis remains a substantial contributor to the pressure faced by members, fuel retailers and, consequently, the consumer. In the longer run, if this electricity cliff of 2030 is not adequately addressed, then significant economic damage will continue.