

Global trends in the African context

 By [Nicci Botha](#)

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A few years ago, alternative energy sources were regarded as a rich man's whimsey, but we are now living in the world of low-cost renewable energy, said Michael Liebreich, chairman of the advisory board and founder, [Bloomberg New Energy Finance, UK](#).



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Speaking on the first day of [African Utility Week](#), he said: “There is nothing alternative about it anymore and anyone calling it that is 10 years out of date.” He was referring to some renewable projects that are producing power at a cost as low as three US cents.

Investment in renewables

Liebreich explained that historically when oil prices plummeted, renewable investment usually stalled, but in the most recent drop in oil price, this didn't happen.

Now, China accounts for about one-third of the clean energy investment globally, while there has been a R6bn average investment in renewables across the Africa – mostly in solar. Half of this investment in one country – South Africa.

In terms of the Cop21 plans signed in Paris last year, Liebreich said, we need almost miraculous achievements to achieve these goals.

“We already have one, with solar power the price has come down by seven times in 15 years and wind, by four times in the same period. Three cents won’t be the lowest we’ll go,” he said.

The Miracle of Musk

Liebreich then turned to what he called the “Miracle of Musk” and the transition to electric vehicles.

“The launch of Tesla 3 was the game changer, and there were 276,000 orders placed for the car in three days. Although Musk catalysed the disruption, there are other electric vehicles on the market. This will have implications on electricity demand,” he said.

It will also have a profound effect on the oil and gas market, and countries planning to base their economies on these commodities face a serious problem if they don’t adapt.

He concluded with a positive message. “Africa is fully able to attract investment. I know the continent is facing tough times with downgrades, but this will also pass.” He did, however, caution that there was a lot of work to be done around utilities and creditworthiness.

Thinking outside the box

Speaking on the same platform, Jim Rogers, former CEO and chairman of the board of [Duke Energy, USA](#), said it is “time to think outside the box by utilising new technologies”.

“When it comes to safe, affordable electricity, there is no perfect mix. When you think in terms of business models – one size doesn’t fit all – and each has to be tailored for the uniqueness of each country.”

“Grids have changed from analogue to digital. I call this Grid 2.0. So we have to understand the grid within internet of things and think of it as a battery. In addition to technology, there has been a process of democratisation with customers wanting more control over their energy supply,” he explained.

Liebreich also said there has been an erosion of the distribution monopoly, because of solar on the roof. In addition, entrepreneurs should not be left behind, and countries should look at eliminating tariffs from imports of components, as well as skills transfer in the clean energy sector to create jobs.

“It’s important to facilitate new ideas, as access to electricity translates into education, healthcare and a better life. There are really no excuses, the technology is there, the investment is there, we just need the will,” Rogers ended.

African Utility Week takes places at the CTICC in Cape Town from 17-19 May, 2016.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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