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Renewable energy and its implications on fossil fuel: a stranded assets scenario in South Africa?

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Abstract

The energy transition is gaining momentum globally and new sustainable energy practices are developing fast. Increasing attention is being given internationally to the risk associated with unburnable carbon which often results in stranded assets. International organizations, renewable energy lobby groups/advocates, policymakers and various government structures are influencing and establishing regulations in order to change the 'normal' practices and adopt a sustainable energy transition trending globally. The call for a change in 'normal' practices, i.e. a change in 'business as usual', is essential, obligatory and invigorated in order to promote more sustainable choices and outcomes in many countries. Nevertheless, this change often puts many countries energy sector under pressure and poses huge economic disruption with various repercussions particularly to a country like South Africa.

South Africa amid other economic challenges is faced with changing its energy generation pattern. The country is highly dependent on energy generated from fossil fuel - coal. A change in the energy generation pattern with alternative renewable energy option might have an adverse effect on the economy if not strategically implemented. A move towards the global energy trend is important, however, it comes with various forms of economic disruptions one of which is the possibilities of stranded assets.

With relevant academic reports, literature and statistical analysis drawn from secondary sources, this research report examines South Africa's energy transition within a global energy debate. The report adopts the concept and ideology of "Stranded Assets" in order to query the future of South Africa's energy landscape. Anchoring on related topics associated with South Africa's commitment to renewable energy, this report presents rigorous discussions on possible implications that come with unprepared or unplanned energy transitions and concludes with possible scenarios facing a developing country like South Africa.