**PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE**

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**QUESTION PAPER No 19 - 2023**

FIFTH SESSION, SIXTH PARLIAMENT

**WRITTEN REPLY**

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Note: \* Indicates translated version.

**FRIDAY, 25 AUGUST 2023**

1. **Ms C A T Murray to ask Ms M M Wenger, Minister of Finance and Economic Opportunities:**

With regard to green hydrogen development in the Western Cape:

1. At what stage of development is the Saldanha Bay green hydrogen production hub, following the MOU with Sasol last year;
2. whether her Department has any concerns regarding the prioritisation of green hydrogen development in South Africa by the Transnet National Ports Authority (TNPA); if so, what are the relevant details;
3. what would be the benefits of prioritising Saldanha Bay, in comparison to Boegoebaai, for green hydrogen with regard to (a) timelines and (b) job creation?

**REPLY**

I am informed of the following:

1. The MOU between Freeport Saldanha and Sasol was signed during October 2022. The Saldanha Bay green hydrogen production hub is currently in the pre-feasibility phase of development. As a development partner, Freeport Saldanha provides input to Sasol on the Sasol pre-feasibility study as required. The entity is part of the Western Cape Coordination Work Group, coordinated by the Department of Economic Development and Tourism (DEDAT) and includes Wesgro and AtlantisSEZ. The Work Group members are in discussion with many project stakeholders, including other large investors and developers, as well as Saldanha Bay Municipality, Transnet National Ports Authority (TNPA), the Northern Cape and Eastern Cape Provinces, and a range of national and international partners, in order to explore the development and export options for the Saldanha area and the Province as a whole. Leading projects include Sasol’s partnership with Arcelor Mittal SA and renewable energy developers for the conversion of the Saldanha steel plant into a green steel and green direct reduced iron (DRI) manufacturing facility. Other leading projects include green hydrogen developers focused on the export of green ammonia and green methanol as a fuel derivative. The Department is partnering with the World Bank on deepening the research toward developing Zero Carbon Bunker Fuels in Saldanha (based on Green Hydrogen production). The pre-feasibility study is currently underway and will be concluded and presented at the Green Hydrogen Summit in October. A feasibility study is current under consideration with the World Bank.
2. TNPA has indicated that it *“has identified the Ports of Saldanha, Ngqura and Richards Bay to become hydrogen hubs, as well as the future Port in the Northern Cape. The existing Ports already have liquid bulk precincts and demarcated berths on port development framework plans (PDFPs), hence, it would be a matter of developing infrastructure suited to the handling of Green Ammonia and Green Methanol. Detailed market studies will be conducted by TNPA to identify the market demand for exports and green fuels, the expected commodity, the expected volumes, and preferred ports to export the commodity.”* (Reference: Response to SCFEOT 29678: Annexure B ‘TNPA’s response to SCFEOT 29 June 2023 revised’)

The Department and the other Work Group members submitted comments to the PDFP’s in order to lobby for direct reference to the potential for Green Hydrogen, especially in the Port of Saldanha. We however do not have the details of Transnet/ TNPA planning in respect of GH2 at this stage.

1. (a) The Port of Saldanha has existing infrastructure that can be converted to handle green hydrogen in a shorter timespan than the development of the Boegoebaai port and could potentially be a ‘first-mover’. The latter is a greenfield development and is subject to statutory environmental authorisations and long construction lead times. The current Heads of Agreement (HoA) between the Western Cape and Northern Cape aims to enhance the complementary relationship between Boegoebaai and Saldanha. Cooperation efforts are already in place and the HoA is set to progress to a more detailed Memorandum of Understanding.

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1. (b) In line with the Growth For Jobs (G4J) Strategy, economic growth that results in job creation is a priority for the Department as well as Freeport Saldanha, AtlantisSEZ and the other Work Group members. The development of a green hydrogen hub in Saldanha will provide both direct and indirect job opportunities. The number of jobs created will depend on the ultimate scale of development and the nature of the hydrogen related businesses to be established in Saldanha Bay. Value chain and beneficiation opportunities are likely to multiply the job-creation potential (in addition to the hydrogen production facilities). At this stage, estimates have only been done on a National level as part of the Hydrogen Society Road Map and the Green Hydrogen Commercialisation Strategy (final version yet to be published).