

Will gas become SA's new money-spinner?

Following the recent #MiningIndaba, questions are being raised about whether South Africa's gas sector, and the regional gas boom, will replace mining as the region's new money-spinner.



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This is one of the main questions that will be addressed at the upcoming second annual Africa Gas Forum, taking place on Monday, 20 February, hosted as an official side event of the annual Africa Energy Indaba at the Sandt Convention Centre in Johannesburg.

Energy and gas experts, including Karen Breytenbach from the Department of Energy's IPP office, Dr Garth Strachan from the South African Department of Trade & Industry and head of the Gas Industrialisation Unit and John Smelcer, oil & gas partner at Webber Wentzel, will be addressing delegates at the one-day forum as investors interact with policymakers to determine what the future holds for the region's gas industry and what economic growth prospects this sector can provide to business.

Last true oil and gas frontier

According to a report by PwC, "Africa is the last true oil and gas frontier with more than 4,200 oil and gas blocks identified. The continent has proven natural gas reserves of 513-trillion cubic feet (Tcf) with 91% of the annual natural gas production of 7.1Tcf coming from Nigeria, Libya, Algeria and Egypt. Almost half of Africa's gas blocks are open, subject to force majeure or in the application phase. More than 80% of the 1300 blocks in North Africa are licensed, while in sub-Saharan Africa it is estimated that only about 30% of 2,900 blocks are licensed. In the sub-Saharan regions it is evident that many new opportunities still exist, especially for exploration and production (E&P) companies that are willing to take risks."

Delegates will learn about the growing importance of gas in the African energy mix and accessing the African gas opportunity, the latest news on gas to power from the South African Department of Energy, financing gas power projects, how domestic/regional resources can be unlocked by the development of a downstream gas economy and the current infrastructure challenge and creative ways to address this with new technologies and commercial structures.

Strategic engagement needed

"We are on the cusp of a new industry - but significant challenges remain to lift-off. Strategic engagement by all key stakeholders will be required to get over the last hurdles," says Smelcer.

The Africa Gas Forum will ensure a balance between country-specific opportunities as well as common issues that affect the whole region such as exploration activity, licensing rounds, development plans, new tax regimes, regional infrastructure including pipelines and LNG terminals, security, local content initiatives and investment requirements.

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