



**Mr Thava Govender, President GO15**

**Africa Utility Week 2018**

**15 May 2018**

**“The evolution of the electricity grid and opportunities for  
the future”**

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Programme Director

Executives from business

Industry associates, experts, and leaders

International associates

Members from academic institutions

Researchers

Members of the media

Distinguished guests

Ladies and gentlemen

Good afternoon

It was Socrates who said that “the secret of change is to focus all of your energy not on **fighting the old**, but on **building the new**”. The fourth industrial revolution beckons organisations to be disruptors in their industries – be fast, be agile, and digitise, or live with the risk of failing. Now is the time for transmission and distribution utilities to review business models and operations to optimise opportunities, as adaptation, resilience and evolution are key to sustainable energy security and reliability.

Innovation in technological advancements continues to be the catalyst for this evolution. It is in this spirit as President of GO15 that I take the opportunity to address this gathering in the presence of industry experts, leaders, and partners from across the African continent. The GO15 is proud to be an organisation comprised of the top 19 very large grid operators in the world that deliver electricity to over half the world’s population and account for more than two-thirds of global electricity consumption.

GO15 was established 12 years ago by a small group of very large grid operators in response to an increase in major international power blackouts. At the time, the key focus areas were grid security and reliability, following major international blackouts such as the New York and Italian blackouts in 2003

and later the European blackout in 2006. When the European blackout occurred, it shocked several governments. The two-hour incident had dire economic and social consequences. It affected more than 15 million customers extending from Poland, the Benelux countries, and France through to Portugal, Spain, and Morocco in the south-west, as well as Greece and the Balkans.

While a crisis is always difficult to deal with, it has the power to ignite change. The European blackout led to the evolution of the European transmission and system operator industry with a plan called Resynchronisation. This forged the integration and increased stability of the European network. This also fostered better cooperation and integration among the various transmission and system operators in the region.

The crisis also gave rise to a “CEO club” – then known as VLPGO or Very Large Power Grid Operators – a stage where transmission and system operators executives from around the world could come together with a common goal of minimising large-scale power disruptions and mobilising to manage shifts in the industry. Eskom is a proud long-standing member and continues to reap significant benefit and participates in shaping new thinking for the industry.

GO15 has itself evolved and today plays a significant and critical role in the energy value chain – influencing regulation, setting annual agendas, and collaborating with other global energy players. As the energy industry transforms and accommodates new technologies such as renewables and battery storage, the importance of new investment, regulatory transformation, and resilience cannot be over emphasised.

This is an exciting era where technological advancements are rapidly changing how we generate, deliver, and use energy. Traditional business models are undergoing transformational change, and utilities and energy consumers have to adapt and embrace this new energy world, particularly as the utility death spiral continues to reshape our business models.

There is no single answer as to how the global energy future plays out. It is therefore important to look at different scenarios, technologies and not exclude any possibility. In the recent past the energy landscape is being driven more and more by the growing desire for global sustainable development. We recognise that as renewable energy costs continue to decline, and energy storage and demand management technologies are being developed rapidly, there are new opportunities to build cleaner and more efficient energy systems and to expand energy access in developing countries. It is crucial that the

transmission and distribution businesses are ready and capable of being part of this change.

Today, as industry players, we have to discover the untapped opportunities that stem from these new challenges, as we continue to innovate, balance the grid and, ideally, find ways to stay ahead of change.

Klaus Schwab of the World Economic Forum, is concerned that, as leadership, we are not prepared for change. He is on record as stating – I quote – “Of the many diverse and fascinating challenges we face today, the most intense and important is how to understand and shape the new technology revolution, which entails nothing less than a transformation of humankind ...” He goes on to say that his concern, however, is that “decision-makers are too often caught in traditional, linear (and non-disruptive) thinking or too absorbed in immediate concerns to think strategically about the forces of disruption and innovation shaping our future”.

This calls for utilities and energy leaders to rethink the approach and double their efforts in overcoming and adapting to these macro changes. Forums such as the Africa Utility Week remain a key platform for dialogue and for realising the

dream of an African energy grid and a reliable grid for the future. The question is how do we transition to the future? We believe that the following key principles could take us forward:

1. Increased investment in grid reinforcement, integration, and new information technology
2. Looking at innovative technological solutions that have traditionally not been mainstreamed - such as smart grids and microgrids
3. Redefine roles and integration among distribution and transmission operators
4. Regulatory reform in terms of market and service revenue, including storage reform
5. Increased dialogue among policymakers, regulators, grid operators, and technology providers

In this regard, a volunteer network of experts from each member company have converged in three key task groups to research and present high-level recommendations to the GO15 Steering Board.

The three groups are currently addressing shift-shaping topics for the industry. Group 1 investigates a new business model, addressing economic sustainability and new market design of

grid operators. Group 2 examines integration of renewable generation and distributed energy resources, looking at advanced technologies, operations, and management. Group 3 investigates reliability and resiliency, covering climate change, cybersecurity, and grid reliability services.

This work sets the stage for what we can do as African utilities and explore during this African Utility week realising the dream of an African grid for the future. It is also imperative that we explore how new ideas can be born through collaborative forums, networks, research institutions and industry partners. In this way, we can address our specific industry needs, build infrastructure and create stable and integrated electricity grids.

In conclusion, the real innovation in the energy industry is in our knowledge, collaborations, and unrelenting drive to improve people's lives. It is not only technology that will make the big difference, but also the way people apply technology on the back of abundant energy, which is critical.

Ladies and gentlemen, there is no single answer to the challenges and opportunities that face the energy industry today. Energy security and reliability will increasingly involve a diverse energy mix, energy storage, on- and off-grid solutions,

interconnections, information technology, human-driven innovation, and the integration of all these elements into an intelligent and resilient system.

I have no doubt that, through the convergence of a shared vision, we can, introduce change by using our energy to build on the new as we continue to push the energy industry forward.

I thank you.