



STRATEGIC COAL ROADMAP FOR SOUTH AFRICA
convened by
FOSSIL FUEL FOUNDATION OF AFRICA (FFFA)
Management and Administration in Coal, Carbon and Energy Sectors



CONFERENCE TO COMMISSION/ IMPLEMENT THE STRATEGIC COAL ROADMAP FOR SOUTH AFRICA

28 November 2008

08:00 FOR 08:30

**Venue: Glenhove Conference Centre,
Glenhove Road,
Melrose, Johannesburg**

MINUTES/ SUMMARY OF THE MEETING

PRESENT: As per list of attendance (95 attendees)

APOLOGIES: As per list (35)

1	Welcome	<p>Dr Steve Lennon (Eskom), Co-Chair, welcomed attendees, stating that this is a follow-up meeting after the launch of the SA Coal Roadmap (SACRM) meeting held 27 November 2007. This meeting therefore presents the start of the initiative and he called for organisations to support and participate in this endeavour as the country requires this collaborative approach to ensure its future sustainability in the coal and energy fields.</p> <p>He summarised the meeting ahead as being an expansion on the history to date, discussions on the way ahead, an opportunity for questions and discussion and steps to be taken forward.</p>	
2	Objectives	<p>Mr Roger Wicks (Anglo American Global Energy), Co-Chair, also welcomed delegates. He summarised the outcome of the SACRM launch meeting in November 2007 stating that there solid support and response to the proposal had been received from many quarters for this initiative, with some offers of funding and suggestions that there is a need to engage with government departments to form partnerships in this initiative.</p> <p>The partnership with the Department of Minerals and Energy (DME), whilst informally held from inception of this initiative, was formally endorsed by the Minister during the past year. A voluntary Task Team was then mandated to take matters further by establishing the process whereby this endeavour could</p>	



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		<p>proceed further. Based upon the work undertaken so far, some draft documents have been compiled including an Anti-Trust document for which further comments and input would be welcome.</p> <p>Mr Wicks then summarised the presentation given last year as the motivation for this endeavour to which he also added the current pressing issues. These included the impending talks regarding the Post-Kyoto global plans which would take effect after 2012. The outcome is likely to task all countries to participate in steps to reduce Global Climate Change and South Africa needs to be cognisant of these pressures. To date the South African coal industry has been insular and disconnected leading to a lack of coordinated activities and identified need for the industry as a whole.</p> <p>Mr Wicks outlined the current value proposition, stating the importance of the coal industry to SA's foreign exchange, job creativity and standards of living for all. Given that coal will last as an energy resource for some decades to come, he listed some key issues to be addressed, including</p> <ul style="list-style-type: none">• Markets – how and where will coal be used , what other coal markets are emerging• The need for a cleaner footprint• Re-assessments of this country's coal reserves and resources and the need for updated real figures rather than assumptions based upon old data• Identification of appropriate research and development relative to this country's needs• Review of local and international drivers that will impact on the coal industry. <p>Mr Wicks then outlined the objectives of the SACRM (see attached PP presentation) which included, inter alia, identifying</p> <ul style="list-style-type: none">• the best alternatives for the country's coal reserves and resources,• new opportunities to work together with government in alignment to serve government policies and objectives,• where to place capital funding in terms of future research and development, and• Social needs and requirements. <p>The success factors required for this initiative include a number of issues, inter alia,</p> <ul style="list-style-type: none">• a well-defined and controlled budget• full stakeholder participation• transparency and open communication• progressive building of consensus (not stealing other sector concepts but working together on facts)• Respect for IP issues. <p>Mr Wicks then introduced the guiding documents – the Charter, the Anti-Trust Protocol and the Mandate – stating that much time and effort had already been</p>	
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		<p>put into compiling these documents by a number of stakeholders and their legal teams. He emphasised that these documents were tabled for guidance and to indicate how governance could be ensured, but that care has been taken to avoid top heavy administration. He proposed that the Advisory Board, Steering Committee and Focus Area committees would take the project forward and make any necessary amendments once these were appointed and in place.</p> <p>All attendees were invited to fill in the forms handed out at this meeting stating their wishes, willingness to participate and in what form and identifying what they felt was important to the country's coal industry.</p> <p>Mr Wicks then outlined</p> <ol style="list-style-type: none"> 1. The timetable and costs as outlined in the documents, indicating once again that these merely provided as pathways for further development. 2. The funding and support wherein he asked for re-confirmation of the offers of funding from those who had already indicated their willingness at the beginning of 2008, and he invited others to consider supporting the initiative in similar vein, namely in cash or and in kind, including specialised expertise, information and data, and relate support. He emphasised the need for the coordination of data in order to avoid re-inventing of wheels in many sectors. <p>In summary, Mr Wicks stressed the need for reviewing and appreciation of</p> <ul style="list-style-type: none"> • International pressures in terms of global climate change • National government policies • Alignments between government and industry • Market needs locally and abroad • New technologies and the opportunities they provide, and • Social and economic needs of the country <p>and stated that he viewed the SACRM as a project of national importance given the current global and local economic and energy crises and that launching a coal strategy would be vital in order to contribute to the long term future of this country .</p> <p>Mr Wicks then outlined the way forward at the meeting and beyond in terms of the agenda as presented.</p>	
3	Government Endorsement	<p>Mr M Mkhize, Chief Director, Hydrocarbons, DME, Co-chair - welcomed the delegates stating that it was most stimulating being involved in such an initiative as the SACRM and that he hoped it would be sustained and supported for the good of the country. He stated that the process would not be prescriptive but indicative of opportunities and scenarios going forward as SA is a coal-based economy.</p> <p>He regarded this initiative as vital for the populace of the entire country and that it should include all stakeholders including the smaller groups, thereby permitting wide support not just from a few large bodies directly involved in the industry.</p>	



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		<p>It stated that Government is strongly committed to the SACRM process and will be taking the leadership through the DME with other Government departments and sectors contributing too.</p> <p>With regard to funding, Mr Mkhize stated that whilst Government is working very hard on many challenging issues, it welcomed a partnership with the private sector and will be working together in future.</p> <p>Mr Mkhize stated the need for taking into account the full value chain in the energy sector, giving, by way of example, the coal to liquid fuels such as those produced from by Sasol. He also listed the need to take into account the political issues and legal framework of the country which will influence policies in the country.</p> <p>Funding for the project from Government would be controlled by the budget cycle so he envisaged contributions from Government as taking place in various forms.</p> <p>He welcomed the opportunity to be at the implementation phase of the SACRM project and he urged all stakeholders to support in cash or kind and participate in every way possible and in this way to also cooperate with Government.</p>	
4	<p>Progress since 2007</p>	<p>Mr Ian Hall (Anglo American, SA), outlined the progress since 2008 and presented the documents that had been drawn up by the mandated Task Team. He described them as proposed legal and technical documents which have been designed to guide the process forward.</p> <p>Originally, the first document presented at the SACRM inception meeting in November 2007 gave the scope with objectives and a provisional process to be followed with a provisional budget. This was useful in that many stakeholders across the board indicated their support for their concept in principle and several offered funds and in kind contributions. All communicated strong support for the initiative. The document was not, however, sufficient for government legal status. Therefore much time was spent during 2008 to draw up the current Charter, Protocol and Mandate documents in order to attempt to satisfy – at least in the first instance – a number of legal aspects including those required by Government. Other stakeholders may wish to satisfy other corporate needs in due course.</p> <p>In summary, the Charter as it currently stands includes legal rights, obligations, and governance issues for stakeholders as well as proposed issues relating to financial and administrative management. Of significant importance are items covering Anti-Trust and confidential matters.</p> <p>Mr Hall emphasised that the documents as tabled are “works in progress” and were developed as such in order to start the process. Changes may be accommodated and amended by the newly appointed Advisory Board Members</p>	



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		<p>in due course. For this reason it is important that those stakeholders wishing to assist in driving this process forward legally and administratively should be appointed to the Board.</p> <p>Mr Hall thanked those on the Task Team who assisted with the development of the documents.</p> <p>Mr Brandon Irsigler (Anglo American SA) then made a presentation on Competition issues, emphasising the need for care in considering the Anti-Trust matters. He stated that coal is an international commodity and therefore requires cross jurisdictional consideration. Non-compliance of the laws can result in considerable trouble for those involved including huge fines, penalties and reputational loss.</p> <p>Mr Irsigler then outlined a number of areas, conditions and topics of conversation which would not be permitted according the Competitions Board after which he reviewed permissible practices. He advised checking with attorneys when entering into any potentially hazardous situations.</p>	
5	Open Discussion	<p>The floor was opened to questions and discussion.</p> <ol style="list-style-type: none"> 1. Mr Andrew Birtles, SRK - asked what could be included in the SACRM documents to take the Anti-Trust law into account, given that the SACRM process requires open-door, transparent activities and discussion? 2. Mr Fletcher, Bateman – asked what the liability is for people who are not involved in marketing and sales when they discuss coal-related matters? Mr Brandon Irsigler (BI) responded stating this item was open for amendment and will be relaxed (application of Cautionary issues). 3. Mrs A von Ketelhodt, Sasol – stated that Sasol is concerned that the SACRM does not appear to have addressed the Anti-Trust law. She asked what information, what outputs, etc would be required when participating on the SACRM endeavour? Roger Wicks (RW) responded stating that only legitimate items would be discussed, and those would be by the Focus Areas concerned where Committee members would agree on what to discuss in addition to which legal opinion could be sought after which companies would have the option to decide what they could contribute in the way of information or not. He stated that this issue must be overcome as the information must be as reliable and full as possible. Mrs von Ketelhodt stated that Sasol was fully supportive of the initiative but that the documents are a problem and would need to be amended. RW stated that Sasol would be welcome to guide the documents forward. Mr M Mkhize (MM) responded stating he understood the question and suggests that each company make their own decisions. Mr Ian Hall (IH) responded stating that legal issues of this kind can take months and months to sort out, and that it was the intention of the Task team to table a document that could start the 	



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		<p>process off and that the contents could be amended in due course by those who have agreed to participate and been elected onto the Advisory Board. <u>Ms Elizabeth Marabwa (EM)</u> assured Sasol that the DME has dealt with liquid fuels for many years and kept the information confidential information. In many cases it is aggregated without source being divulged. In this way the information becomes anonymous within the DME, so there should be no concern about confidentiality with Government. <u>Dr J van Heerden (JvH)</u> commented that, whilst he supports the initiative, as a technical person, he would be unable to give out proprietary information unless it was in the public domain. <u>RW</u> responded saying that if companies withheld everything required for a national overview, as determined by the relevant Focus Committee, then the SACRM and any other national endeavour would stumble. He stated that the Committees would have to find the acceptable routes forward in each case, probably using aggregated information, storing all data in an acceptable and reliable manner. <u>Dr S Lennon (SL)</u> responded stating that in the case of the IEA, information on coal from all round the world is collected on an aggregated basis and this works well. He proposed that SA goes forward in similar vein.</p> <p>4. <u>Mrs Alison von Ketelhodt</u>, Sasol – asked why Government does not take charge of this project. <u>RW</u> responded that it was decided to have an independent third party and a collective forum to handle the SACRM matters in order to remove any possibility that either Government or industry could dictate the way forward. MM stated this would ensure collective leadership but that when it comes to policy, Government will decide on such matters. The partnership, as it has been developed for the SACRM, is Government with industry.</p> <p>5. <u>Mr Ronald Chauke, Treasury</u> – stated that this exercise (SACRM) appears to be based upon a Terms of Reference. The challenge would be the difference between the outcome from the FFF forum and that produced by the Government. <u>RW</u> stated that many people wish to find a useful means to guide the future of the coal industry. So collectively the Committees and Board would table the various options and outcomes, and that this would include roadmaps developed by other parties who would develop their own smaller scale specific policies and roads forward. <u>MM</u> stated that a high level strategic sharing of ideas is very necessary in this country and that is what the SACRM is geared to do, apart from reviewing options at lower specific levels.</p> <p>6. <u>Mr Thomas Roos, CSIR</u> – asked what about renewable energy issues and their impact – are those topics included in the SACRM? And what about DEAT and the long term Mitigation Strategies they are developing? <u>RW</u> responded stating that Renewable energies do have implications for coal and should be considered (e.g. co-firing and incorporation of hydro, nuclear, wind etc). As regards DEAT, their project is a long term one and it does have implications for the coal industry. This is must be taken into account as well.</p>	
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6	<p>Summary of Nominated Members And Call for further participation</p>	<p>Prof R Falcon gave the background to the call for nominations for the Advisory Board, Steering Committee and Focus Area Committees. She listed those already on the various Board/Committees and repeated the call for anyone else who may wish to join. Once all nominations have been collected, the Advisory Board would review and announce the lists accordingly. [NB: For nomination to the Advisory Board, please note requirements and qualifications in the Charter].</p> <p>The notifications of final lists of members would be sent out following the first meeting of the Standing Advisory Board/formal Advisory Board in 2009.</p>	



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		<p>Three members offered their names during the meeting</p> <ul style="list-style-type: none"> • Mr Andrew Birtles – SRK – supports through mining and related areas • Mr Rob Drennan – NRF (wishes to support through guiding research) • Mr Kinesh Chetty – would assist (methane waste from mines, etc) <p>Other nominations were to be submitted on forms circulated at the meeting.</p>	
7	Steps forward	<p>Mr Roger Wicks outlined the steps forward:</p> <p>The following was proposed and accepted by the meeting:</p> <ol style="list-style-type: none"> 1. The first Standing Advisory Board/Task Team meeting in 2009 will appoint the Members of the new Standing Board and Steering Committee, and review requests for Focus Area committees. 2. Financial management of the SACRM project to be handled by SANERI (in this way governance will be handled through government offices) 3. Administrative management to be handled by the Fossil Fuel Foundation (FFF) (in this way an independent forum between all stakeholders can be achieved). 4. Work plan: The Coal Strategic Roadmap would now go forward but prioritisation of topics was considered to be vital. So all attendees were asked to submit their proposed priorities to the SACRM-FFF office as a matter of some urgency (e.g. transport and logistics). 5. Communications: Regular feedback was stated as an objective. This to be conducted by website, newsletters and meetings. Alternates to specific Members appointed to the various Board or Committees would be essential is the Member concerned cannot attend. 6. Minutes / summary of this meeting will follow. 	
8	General	<p>Dr Tony Surridge asked</p> <ol style="list-style-type: none"> 1. How would matters be communicated in the interim? RW stated by DME and FFF websites? 2. When would the Charter be finalised? RW stated when all comments were received – he requested all comments on the Charter within three weeks of this meeting (latest by 1 January 2009)? 3. How would the skills shortage be addressed? <p>Comment (unknown speaker) – coal beneficiation a vital element in the supply chain. Disasters can be caused by poor availability (transport and delivery) of magnetite. This must also be included in the SACRM.</p>	
9	Closure	<p>Mr Roger Wicks closed the meeting stating that the SACRM is a project of National importance that should address the demands on the country and the</p>	



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		<p>industry in this time of economic and energy crisis.</p> <p>He stated his appreciation for all the support so far given, thanked one and all for attendance and stated he looked forward to a busy 2009 onwards.</p>	
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