

# SA's largest onshore LNG project shows forward momentum in gas sector for 2024

 By [NJ Ayuk](#)

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Kinetiko Energy's [recent discovery](#) of 88 billion litres of gas in Amersfoort, Mpumalanga is a significant boost to the continent's just energy transition. The project is a joint venture between the Australian firm and the Industrial Corporation of South Africa (IDC) and is anticipated to generate an initial output of 50MW of energy, with plans to scale up to 500MW.



Eni announces the introduction of gas into the Tango floating liquefied natural gas (FLNG) facility moored in Congolese waters. Source: Eni

Billed as South Africa's largest onshore LNG project by Kinetiko Energy, it highlights the potential of natural gas to bolster the country's economy and cater to its domestic energy requirements.

This development comes as South Africa is actively working to broaden its oil and gas operations as a transition fuel, with the ultimate aim to reduce its dependence on coal and set the stage for eventual decarbonisation, aligning with global efforts to combat climate change. The project is a promising stride on the path to achieving these goals.



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South Africa is not alone, either. As the African Energy Chamber (AEC) covers in its recently released [The State of African Energy 2024 Outlook Report](#), natural gas production is on the rise both globally and in Africa.

Even more promising, the report notes that “upstream operators are now revising their strategies and aligning their future investments more in line with energy transition, and natural gas is being looked at as transition fuel.”

## Gas makes sense as a transition fuel

I find it heartening that, despite calls by environmental organisations and wealthy countries to cease investment in African oil and gas projects, many of the companies operating in Africa appear to recognise gas' value as a transition fuel.

Too long has the solution to the climate crisis been oversimplified: Decarbonisation is not a goal that can be reached overnight nor without first building up the infrastructure required to support development of renewables.

Such a task is relatively simple for Western countries, which have spent centuries building their economies and infrastructure off the backs of fossil fuels. The same cannot be said for African states, which have long lacked these same development opportunities and must now play catch-up at an accelerated pace.

Even worse, we are told to play this game of catch-up with our hands tied: to leave our natural resources in the ground while the developed nations of the world continue to exploit their natural non-renewable wealth. We are expected to jump straight to building wind farms, solar farms, and hydroelectric dams while hundreds of millions of Africans are still living without access to electricity.

*“ Where will the capital for such a miraculous development come from? Who will build the foundational infrastructure needed to support it? ”*

Developed nations are quick to promise, “We will!” but reticent to follow through on their promises. What’s more, their foreign “aid” has frequently focused more on alleviating the symptoms of Africa’s economic and energy poverty rather than resolving the source.

With all this in mind, it is clear to me who must provide the lion’s share of capital and build the infrastructure: Africans ourselves. And we cannot do that without tapping our own natural resources, natural gas being the most vital among them.

Its properties that burn cleaner than oil and coal, its abundance, its ease of storage and transport, and its applications in manufacturing and synthesis make natural gas the best option for Africans to establish energy security and achieve decarbonisation.

## **Private sector leads the way**

So, again, it is encouraging to see that the AEC is not alone in our stance that natural gas production makes sense for Africa — and for energy companies. More and more energy companies describe policies that call for pursuing energy transition measures for tomorrow while providing the natural gas to power the world today.

Look at French major TotalEnergies, which is responsible for much of the upstream activity in our continent. Following the discovery of two huge gas fields in South Africa in 2019 and 2020, TotalEnergies is continuing its exploration and production efforts there, despite environmentalists’ efforts to block further activity. TotalEnergies also is driving the Mozambique LNG project, considered one of Africa’s most important hydrocarbon developments.

Then there’s German independent, Wintershall Dea, which is increasing its participation in the Reggane Nord natural gas project in Algeria by 4.5%. The company is acquiring interest from Italian utility company Edison in the project. Wintershall

Dea, which has a strong presence in North Africa, also announced first gas with its partners (Cheiron Energy, INA, and the Egyptian Gas Holding Company) at the East Damanhur block in the onshore Nile Delta earlier this fall.

I love what Wintershall Dea's CEO and COO Dawn Summers wrote about natural gas in a November opinion piece, released just before the 2023 United Nations Climate Change Conference (COP28).

*“At first glance, it would seem that the gas and oil industry is merely part of the climate problem — but it will also be part of the solution,” Summers wrote. “If gas were used instead of coal, CO<sub>2</sub> emissions would immediately go down — by almost half. Already today, we are decreasing the environmental impact of our activities worldwide by drastically reducing our methane emissions. In addition, with technologies such as CO<sub>2</sub> storage and H<sub>2</sub> production, we are helping other sectors to decarbonise, and we aim to harness our expertise to ensure that the future energy system is more sustainable. In short, the oil and gas industry can, must and will be part of the solution to the climate problem.”*

And, as the report notes, the forecast for continued natural gas projects in our continent is looking good.

## Tremendous potential

Africa continues to hold immense gas potential and is positioned to not only increase its outputs but also capitalise on the underserved LNG market and meet Europe's ongoing demand. Our estimates show an increase from Africa's 2023 natural gas output of about 265bn m<sup>3</sup> to over 280bn m<sup>3</sup> by 2025.

North Africa currently drives most the continent's output, although its production is expected to remain flat throughout the rest of the 2020s. Production ramp-up is expected through the second half of this decade as Mozambique increases its LNG output.

As new-gas start-ups across the rest of the continent come online, this trend in increased output will become further pronounced.



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Nigeria and Algeria, meanwhile, are expected to drive an increased focus on LNG exports, with additional flows coming from Egypt, Equatorial Guinea, Mozambique, and waters off Senegal-Mauritania.

Africa's gas sector stands poised to prepare the entire continent for eventual decarbonisation, as do many of the companies operating here.

The goal of a continent fueled by renewable power cannot be achieved, however, unless the developed world also recognises this and allows African states to transition on their own schedule, not one imposed on it by others.

## ABOUT NJ AYUK

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