



MINISTRY  
ENERGY  
REPUBLIC OF SOUTH AFRICA

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Dear Sir or Madam,

**RE: RELEVANT INFORMATION CONCERNING THE COAL IPPS – A STUDY BY THE  
ENERGY RESEARCH CENTRE**

1. Your correspondence dated 4 June 2018 and related previous correspondence refer.
2. As you are aware, Government's energy policy is, among others, premised on a balanced energy mix recognizing our country's natural endowment of energy carriers, including coal. Our policy decisions are not informed exclusively by a single consideration or interest group but rather by a variety of key considerations such as affordability, energy efficiency and security of supply, job creation, localisation and commitment to reduce of carbon emissions and water usage. Notably, Government's policy also supports techno-economic solutions for power production from environmentally hazardous discard coal stock-piled over years above ground. Notably, one such solution is presented by one of the coal IPP projects as a first of kind in South Africa.
3. Whereas Government has noted the aim of your Campaign as opposing the national energy policy by discouraging investment in new coal-fired power stations and mines, we are encouraged to note your acknowledgement that we must enable a **just transition** towards an environmentally sustainable economy and society for all.



4. Government's policy position to reduce carbon emissions as well as continue with the new build coal plants, contained in its 2015 submitted Nationally Determined Contributions, remains unchanged. We have and continue to state unambiguously that our country faces significant rigidity in its economy and any policy-driven transition to a low carbon and climate resilient society must take into account and emphasise its overriding priority to address poverty and inequality and as such our should be understood in the context of these and other national circumstances. Thus, in giving effect to a **just transition** we will pay special attention to workers' jobs and livelihood.
5. I am in the process of considering all submissions made to my office by various interest groups in the energy sector including the National Union of Mineworkers (NUM). In this context and in view of the divergent interests it is my intention to set up engagements with all relevant parties. Thus, I welcome the opportunity to engage with you further, including in respect of the underlying assumptions and findings of the University of Cape Town's Energy Research Centre's recently published report sponsored by the Centre for Environmental Rights (CER) entitled "*An assessment of new coal plants in South Africa's electricity future: the cost, emissions and supply security implications of the coal IPP programme*".
6. In closing, your views regarding the impact on Eskom's financial position and the value for money proposition of the two coal IPP projects is noted with interest. You should be aware that (a) the cost of IPP projects is not funded by Eskom, (b) its financial position is not attributable to IPPs and (c) a determination of "value for money" follows a transparent procurement process that includes criteria over and above what has been presented on untested assumption.
7. I am looking forward to a constructive collaboration towards a **just transition** and accordingly my office will in due course arrange a mutually convenient time for an engagement.

Yours faithfully,



JEFF RADEBE, MP

MINISTER OF ENERGY

DATE: 16/07/18