

Honourable Minister Jeff Radebe

Minister of Energy

Per email: kgomotso.maditla@energy.gov.za

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Copied to:

Mr Thabane Zulu

Director General

Department of Energy

Per email: thembeke.zuma@energy.gov.za

8 August 2018

Dear Minister

RESPONSE TO LETTER OF 16 JULY 2018 AND INPUT REGARDING THE JUST ENERGY TRANSITION TO A LOW-CARBON FUTURE FOR THE PEOPLE OF SOUTH AFRICA

1. We write to you as the [Life After Coal/Impilo Ngaphandle Kwamalahle](https://lifeaftercoal.org.za/) (LAC) Campaign (made up of the Centre for Environmental Rights (CER), groundWork, and Earthlife Africa ("Earthlife")).¹
2. We write to thank you for your letter of 16 July 2018 ("your response"), and to respond to various points raised therein; focusing in particular, on the issue of "*a just transition towards an environmentally sustainable economy and society for all*".
3. We also wish to extend our thanks for seeking a constructive collaboration with us, expressing your intentions for a meeting. We too look forward to constructively engaging with you and the Department of Energy's ("the Department") officials, towards a fair and just transition.

¹ Website available at <https://lifeaftercoal.org.za/>.

4. As you are aware, we have addressed numerous correspondence to you in relation to the Integrated Resource Plan for electricity (IRP) and the coal independent power producers (IPPs).² We also refer to our 7 August 2018 letter requesting information in relation to the power purchase agreements (PPAs) for, and the current status of, the 2 preferred bidder coal IPPs – Thabametsi and Khanyisa (“the coal IPPs”).
5. The points in your response to which we would like to respond are the following:
 - 5.1. The contention that “*government’s energy policy is premised on a balanced energy mix, recognising our country’s natural endowment of energy carriers, including coal*” and that “*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, localization and commitment to reduce (sic) of carbon emissions and water usage*” (paragraph 2 of your response), as well as the aim of the LAC Campaign (paragraph 3 of your response);
 - 5.2. Government’s policy position to reduce carbon emissions, as well as to continue with the new build coal plants; the “overriding priority” to address poverty and inequality; and the need for special attention being paid to workers’ jobs and livelihoods in giving effect to a just transition (paragraph 4 of your response);
 - 5.3. the impacts of the coal IPPs on Eskom’s financial position (paragraph 6 of your response); and
 - 5.4. a constructive collaboration towards a just transition (paragraphs 5 and 7).
6. We address each of these points in turn below.

A balanced energy mix and the aim of the Life After Coal Campaign

7. We support a balanced energy mix, as long as such balance is: least-cost, rational, in the public interest, and determined based on best available science and technology. Simply including all electricity sources in our energy mix, without consideration of costs; impacts and legal obligations, in particular the Constitution of the Republic of South Africa, 1996 (“the Constitution”), is, we submit, not rational, reasonable or lawful.
8. We would like to clarify that the LAC Campaign, does not necessarily oppose the concept of a “*national energy policy*”. We do, however, object to a national energy policy that: is formulated using outdated and incorrect information and assumptions; is not transparent; is not least-cost or in the public interest; unreasonably prioritises coal-fired power generation with harmful impacts on communities’ health, water, environment, and significant contributions to climate change; and arbitrarily and unjustifiably constrains renewable energy capacity.
9. In relation to the statement in paragraph 2 of your response that “*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, localization and commitment to reduce (sic) of carbon emissions and water usage,*” we would like to record the following:

² Available at https://cer.org.za/wp-content/uploads/2018/03/LAC-and-GP-letter-to-Minister-Radebe-on-IPPs-22-3-18_signed.docx.pdf and https://cer.org.za/wp-content/uploads/2018/06/LAC-letter-to-Min-Radebe-re-ERC-report_4-June-2018.docx.pdf.

- 9.1. We do not dispute the need to consider these factors, nor have we ever alleged that policy decisions must be informed exclusively by a single consideration. Instead, we reiterate that the consideration of these factors must: be based on accurate, up-to-date and correct data; factor in external costs and subsidies; and have due regard for the Bill of Rights in the Constitution. We also confirm that **all of the above considerations must be fairly, accurately and evenly weighed up for each electricity source**. Consideration must equally be given to current and up-to-date costs of all energy sources, and to the job creation potential of these energy sources.
 - 9.2. All credible modelling,³ including, as we understand, modelling by Eskom,⁴ shows that, based on considerations of affordability, security of supply, and the commitment to reduce carbon emissions (as acknowledged in your response) - no new coal or nuclear capacity is needed. It is simply not least-cost; quite apart from environmental (including water), health, and climate considerations.
 - 9.3. A new report, entitled "[Water Impacts and Externalities of Coal Power](#)",⁵ which looks at the broad range of water impacts and externalities linked to the coal sector (which are currently not accounted for in electricity planning), confirms, *inter alia*, that water for power generation in South Africa is under-valued, and that mining and burning coal impacts significantly on our scarce water resources.
 - 9.4. Notwithstanding the "*variety of key considerations*", the law requires that Government policy decisions be lawful, rational (including procedurally fair), account for relevant considerations and comply with the Constitution.
 - 9.5. We submit that the "*interest*" represented by the LAC Campaign, in accordance with our individual and collective organisational mandates, is the protection and promotion of the Constitution and environmental justice in the best interest of the people of South Africa. Our concern is in no way based on any commercial interest in a particular technology nor any political orientation.
10. Bearing this in mind, we emphasise that there is simply no need for new coal power in South Africa's "balanced" energy mix.
11. It is evident that the transformation of the South African national power system has reached a critical moment, as we continue to await the now very outdated update of the IRP and the publication of an Integrated Energy Plan (IEP). As a result, and because of the risk of dire consequences if incorrect or otherwise inappropriate policy decisions are taken, we have been vocal and active stakeholders in relation to these issues; in particular, since the publication of the draft base case and assumptions for the IRP and the draft IEP, in November 2016. South Africa's energy mix is a matter of considerable public importance for all people of South Africa – with a

³ See CSIR modelling results in the 2017 Meridian Economics report, "Eskom's Financial Crisis and the Viability of Coal-Fired Power in South Africa" available at http://meridianeconomics.co.za/wp-content/uploads/2017/11/Eskoms-financial-crisis-and-the-viability-of-coalfired-power-in-SA_ME_20171115.pdf; and the May 2018 report by the ERC "An assessment of new coal plants in South Africa's electricity future" available at <https://cer.org.za/wp-content/uploads/2018/05/ERC-Coal-IPP-Study-Report-Finalv2-290518.pdf>.

⁴ Available at <http://www.ee.co.za/wp-content/uploads/2017/12/Eskom-IRP-2017-study-report-for-DoE-November-2017.pdf>.

⁵ Available at https://cer.org.za/wp-content/uploads/2018/07/Water-Impacts-and-Externalities-Report_LAC.pdf.

broad range of implications for the environment, the climate, human health and wellbeing, and the economy. We refer again to our [minimum requirements for the IRP](#)⁶ in this regard, and confirm that the Campaign will contest an IRP that fails to comply with these requirements

12. As a water-scarce country, it is imperative that electricity planning gives proper and full consideration to the sector's impacts on South Africa's water resources. As set out in the "[Water Impacts and Externalities of Coal Power](#)" report,⁷ referred to above, some of the critical factors around water impacts and externalities that are currently not considered in electricity planning include the following:

- 12.1. coal power generation requires significant volumes of water - coal mining and power generation together consume 5% of South Africa's water. At local level in the Upper Olifants catchment, power generation accounts for 37% of water use;
- 12.2. water for power generation in South Africa is under-valued – a Greenpeace study⁸ finds that the opportunity cost (or scarcity value) of the water used for Kusile power station alone will be between **R6 billion and R12 billion each year** and the damage cost imposed on other water users from sulphate pollution will be between **R4.5 million and R7.7 million** annually. The **electricity sector pays far less for water (approximately R3.40/m3) than the average household (approximately R8/m3)**. This means there is no incentive to prioritise water-efficient supply options;
- 12.3. mining and burning coal impacts on our scarce water resources;
- 12.4. the capital and operational costs to treat mine water are considerable - South Africa has close to **6000 recorded derelict and ownerless mines**. It is estimated that the closure of these mines, including long-term treatment of acid-mine drainage, would cost up to **R60 billion**;⁹
- 12.5. a decarbonised future not only has far lower water consumption, but also costs less and creates more jobs; and
- 12.6. coal power disproportionately affects marginalised communities located around coal mines and power stations.

13. The report states that:

"in light of the above, it is imperative that the final Integrated Resource Plan for Electricity considers a range of water-related externalities and impacts in determining and costing South Africa's future electricity supply mix. Such considerations include:

- *Water use, across the full life-cycle of coal, with consideration of regional water availability*
- *Water infrastructure and management costs for different supply options*

⁶ Available at <https://cer.org.za/news/south-africas-energy-future-at-stake-life-after-coal-campaign-writes-to-new-energy-minister-jeff-radebe>.

⁷ Available at https://cer.org.za/wp-content/uploads/2018/07/Water-Impacts-and-Externalities-Report_LAC.pdf.

⁸ Greenpeace, 2011. The True Cost of Coal in South Africa: Paying the price of coal addiction. Available: <http://www.greenpeace.org/africa/Global/africa/publications/coal/TrueCostOfCoal.pdf>.

⁹ WWF-SA. 2011. Coal and Water Futures in South Africa The case for protecting headwaters in the Enkangala grasslands.

- *Appropriate valuation of water for generation to ensure water efficiency is considered in supply options*
- *Water treatment costs, including capital and operation costs, for different supply options, with appropriate consideration of the long-term treatment requirements for acid-mine drainage*
- *The impact of different options on water quality and our water resources*
- *The downstream impacts of acid mine drainage*
- *Impacts on critical water resources such as our strategic water source areas*
- *Impacts due to the deposition of air pollutants on our water resources*
- *Water-related climate change externalities*
- *The knock-on effects of degradation of our water resources (especially acid-mine drainage) on ecosystems, crop production, health, and livelihoods of those reliant on the water*
- *Environmental justice in view of disproportionate negative effects of externalities on marginalised communities”*.¹⁰

14. We note with great concern that, as we enter the month of August 2018, the draft revised IRP is yet to be published for comment – despite assurances from the Department that it would be available for public comment at the end of June 2018, with mid-August 2018 being the anticipated promulgation date. There has also been no public update, explaining what is causing the delay in publication for comment. **We therefore kindly request an update on the status of the draft policy-adjusted IRP and confirmation of the revised dates of publication for comment and for implementation.**

15. A revised IRP, which provides for new coal capacity would arguably be irrational and unreasonable. Serious consideration must be given to the negative impacts of the coal supply chain and combustion on human health, the environment (including our scarce and stressed water resources), global climate change, and the economy. Any version of the IRP which contains new coal (or nuclear) power: will not provide South Africa with least-cost electricity, will not promote social and environmental justice, will not uphold and protect the health and wellbeing of South Africans as required by s24 of the Constitution, and will not enable South Africa to meet its international climate change obligations.

16. We object to your statement that *“government’s policy also supports techno-economic solutions for power production from environmentally hazardous discard coal stock-piled over years above the ground”*. We assume that this statement refers to the proposed Khanyisa power station proposed by ACWA Power Khanyisa Thermal Power Station RF (Pty) Ltd (“ACWA Power”) to be based in eMalahleni, Mpumalanga, and in the designated Highveld Air Quality Priority Area, where air quality has continuously been out of compliance with National Ambient Air Quality Standards and air pollution is posing unacceptable threats to human health and wellbeing. This is despite the fact that the Highveld Priority Area was declared a priority area almost 11 years ago. The proposed Khanyisa power station will also be located in the Upper Olifants river catchment, which is already highly compromised due to pollution resulting from various industries, mines and power generation. Climate scientist, Bradley Udall, confirms that the catchment is very likely to be heavily impacted by climate change in the near future.¹¹ We wish to point out the following:

¹⁰ P3, Water Impacts and Externalities of Coal Power, available at https://cer.org.za/wp-content/uploads/2018/07/Water-Impacts-and-Externalities-Report_LAC.pdf.

¹¹ <https://cer.org.za/wp-content/uploads/2018/05/Udall-Olifants-River-Analysis-FINAL.pdf>.

- 16.1. The burning of “hazardous discard coal” for electricity will simply transfer the hazard risk to air pollution and groundwater contamination from the stockpiling of the plant’s toxic coal ash (the waste to be generated from the hazardous discard coal). Discard/low quality coal produces much more ash and sorbent when it is burnt. The discard coal problem will simply be converted to a toxic waste and water and air pollution challenge. It is recorded in a 2012 (then) Department of Water Affairs internal memorandum, that the “*site locality is regarded as a fatal flaw due to undermining and backfilling of an open cast mine*”, which will result in further pollution in the already-stressed Olifants Catchment. The memorandum called for the relocation of the ash dam, which has, to date, not been provided for in any of Khanyisa’s plans. Indeed, we have made numerous submissions recording our serious concerns about the plant’s anticipated harmful air emissions and the risks of significant water and soil contamination that will be posed by the plant from the coal ash stockpile.
- 16.2. Khanyisa will be one of the most greenhouse gas (GHG) emission-intensive power stations in South Africa,¹² proposing to utilise outdated and inefficient subcritical technology.
- 16.3. We point out that the existence of hazardous discard coal stockpiles is simply testament to industry’s failure to comply with its duty of care under s28 of the National Environmental Management Act, 1998 (NEMA) and its rehabilitation obligations. It is the responsibility of government to ensure that the hazardous discard coal is disposed of and dealt with in a way that removes the risk of harm to human health and the environment, and does not breach the fundamental rights in the Constitution. Allowing ACWA to burn this low quality coal for electricity will simply expose the people of the Highveld to further unacceptable risks and infringements of their s24 Constitutional rights to an environment not harmful to health of well-being.
17. For the above reasons, we **strongly dispute** any reference to Khanyisa’s proposed burning of discard coal as a “techno-economic solution”. The burning of this coal will exacerbate the daily human rights violations of the people living in the Highveld, who already breathe polluted air that is out of compliance with ambient air quality standards, and are being exposed to contaminated water.
18. A recent expert report by Dr Ranajit Sahu¹³ shows that the Khanyisa power station project would cause significant adverse impacts to human health and the environment, mainly due to: coal handling, ash handling, and transportation of coal ash, which will result in significant emissions of particulate matter smaller than 10 µm (PM₁₀) and particulate matter smaller than 2.5 µm (PM_{2.5}), which cannot be effectively mitigated; the adverse effects on air quality being compounded by, for example ACWA’s failure to analyse the cumulative health impacts of all pollutants that will be emitted by the Khanyisa power plant; and the fact that there is no “safe level” threshold for PM_{2.5} concentrations.¹⁴ In other words, the increase in particle concentrations due to the proposed

¹² P10, ERC report, available at <https://cer.org.za/wp-content/uploads/2018/05/ERC-Coal-IPP-Study-Report-Finalv2-290518.pdf>.

¹³ Technical Note on a Qualitative Assessment of Likely Health Impacts from the Proposed Khanyisa Power Station, Mpumalanga, South Africa

¹⁴ A recent report in the Lancet (available at https://www.researchgate.net/publication/320521239_The_Lancet_Commission_on_pollution_and_health) estimated that worldwide, particulate matter (PM) kills more people than AIDS, malaria and tuberculosis. Studies have demonstrated down to the lowest measured exposure that these effects do not have a threshold, and that the deaths produced by particles are not just being advanced by a few weeks, but can reduce the life expectancy of entire populations by several years. Any increase in particle concentrations has substantial

Khanyisa power plant will result in an increase in the death and ill-health rate in impacted communities. This is especially true for sensitive and vulnerable populations such as children that attend the nearby Landau Primary School. A copy of this report is attached as **Annexure 1**.

Government's policy position to reduce carbon emissions, as well as to continue with the new build coal plants

19. We note paragraph 4 of the Minister's response:

“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 (sic) 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.”

20. With respect, there is an inherent contradiction in Government's plan to reduce carbon emissions, while continuing with new build coal plants. It is commonly acknowledged that South Africa has an exceptionally high contribution to global GHG emissions due to the country's overwhelming dependence on coal-fired power generation.

21. South Africa's current commitments under the Paris Agreement have already been criticised internationally as being “highly insufficient”¹⁵ to meet the Paris Agreement target of limiting the global temperature increase to 2 degrees Celsius (pursuing efforts for a 1.5 degrees Celsius maximum temperature increase). Failing to meet this target is not only a breach of the country's international obligations, but importantly, it means that Government is exposing the people of South Africa to enormous climate risks. National policy recognises that the country is extremely vulnerable to the impacts of climate change (which include water scarcity and increased extreme weather events) and that a 2 degree Celsius temperature increase equates to a 4 degrees Celsius increase for South Africa.¹⁶

22. Plans to continue on this coal-based trajectory will not be consistent with South Africa's National Climate Change Response Policy, and, if we do so, we will be unable to fulfill South Africa's contribution to keeping global temperature rise to below 1.5 degrees Celsius, in order to avoid catastrophic climate change. It must also be taken into account that South Africa is required to submit stricter and more rigorous mitigation commitments in its Nationally Determined Contribution (NDC) every 5 years. Decarbonising the electricity sector is the lowest-cost mitigation option for the country to meet these international commitments.

23. The coal IPPs are not low-carbon or even carbon-efficient projects. They will be 2 of the worst GHG-emitters, not only in the country, but globally; with an emission-intensity approximately 24%

effects on human health, including increasing the risk of early deaths. See also, for example:

[http://www.who.int/news-room/fact-sheets/detail/ambient-\(outdoor\)-air-quality-and-health](http://www.who.int/news-room/fact-sheets/detail/ambient-(outdoor)-air-quality-and-health);

<https://www.downwindersatrisk.org/2017/07/new-harvard-study-there-is-no-safe-level-of-exposure-to-smog-or-particulate-matter/>;

¹⁵ See <https://climateactiontracker.org/countries/south-africa/>.

¹⁶ P8, National Climate Change Response White Paper and p1, Nationally Determined Contribution, South Africa, available at

<http://www4.unfccc.int/ndcregistry/PublishedDocuments/South%20Africa%20First/South%20Africa.pdf>.

higher than the current Eskom fleet average and 58% higher than Medupi and Kusile power stations.¹⁷

24. In proceeding with the coal IPPs, government runs the risk of: causing South Africa to breach its Paris commitments (or at least making it substantially more difficult and expensive for us to meet them); exposing South Africa to devastating and costly climate and health impacts; stranded coal-fired power station (and coal mine) assets; incurring high costs of having to reduce GHG emissions in other sectors (which are more difficult and costly to mitigate) such as transport and agriculture; and facing increased legal opposition from civil society.
25. We fully understand the economic implications of the transition to a low-carbon economy and of abandoning the coal IPP projects. However, we argue that consideration must also be given to the **full economic implications of proceeding with the coal IPPs**, including: the high external health, climate, and environmental costs of these power stations;¹⁸ the high costs of electricity from these coal IPPs, which will, *inter alia*, make electricity even more unaffordable and inaccessible for the poor, cause increased grid defections by those who can afford to defect, and have drastic economic implications, particularly for small businesses.
26. Throughout the world, banking and investment institutions, and other companies are increasingly deciding against investing in thermal coal projects. Anglo American said recently it is not planning on investing in new thermal coal mines beyond a seven year horizon, whilst South32 is currently assessing its options ahead of selling down its South African thermal coal mines.¹⁹ In June 2018, the Royal Bank of Scotland said that it would not directly finance thermal coal plants or mining companies that generate more than 40% of their revenue from coal. In April 2018, HSBC indicated that it would stop funding new coal power plants, oil sands, and arctic drilling. ING and BNP Paribas have made similar investment decisions. Nedbank has also recently indicated that it will not (after its existing commitments) provide project financing or other forms of asset-specific financing where the proceeds will be used to develop a new coal-fired power plant.
27. If South Africa does not start taking meaningful action now to address this shift, there will be severe economic consequences and harmful impacts for jobs. For this reason, government must start taking steps urgently to ensure that the harmful impacts for jobs and livelihoods are reduced. In this regard, we refer to our just transition submissions below.
28. The Department of Planning, Monitoring and Evaluation's Socio-Economic Impact Assessment for the Climate Change Bill recognises that "*Significant cost savings for Government can be achieved by facilitating an early adaptive response to anticipated climate change impacts*"²⁰ and "*a transition to a lower carbon and climate resilient economy and society will provide employment opportunities and opportunities for skills development*".²¹
29. The LAC Campaign firmly believes that achieving energy security as part of a transition to a low-carbon and climate-resilient society, while addressing poverty and inequality, are complementary

¹⁷ P10, ERC report, available at <https://cer.org.za/wp-content/uploads/2018/05/ERC-Coal-IPP-Study-Report-Finalv2-290518.pdf>.

¹⁸ See, for example, Holland "Health impacts of coal fired power plants in South Africa" at <https://lifeaftercoal.org.za/wp-content/uploads/2017/04/Annexure-A4.pdf>; https://cer.org.za/wp-content/uploads/2018/07/Water-Impacts-and-Externalities-Brochure_LAC.pdf.

¹⁹ <https://www.miningmx.com/top-story/33768-esg-policy-adjustment-may-leave-resgen-short-of-project-funds/>.

²⁰ P6, SEIA for the Climate Change Bill.

²¹ P6, SEIA for the Climate Change Bill.

objectives. Again, the inflated costs and negative impacts of the coal supply chain and combustion on human health and well-being, the environment, and the economy (as detailed in previous correspondence), will only perpetuate the poverty, inequality, and environmental injustice prevalent in South African society.

The impacts of the coal IPPs on Eskom's financial position

30. This issue of the impacts of the coal IPPs on Eskom, as well as on government and the people of South Africa, is addressed in detail in our correspondence of 7 August 2018. Kindly regard that correspondence as a response to this contention. In any event, we hope also to be able to discuss this with you in the anticipated engagement with you and other officials of the Department.

A constructive collaboration towards a just transition

31. We welcome the call for Government to enable this just transition and we ask that it does so with both prudence and urgency. We submit that this process must be based on clear policies and plans in accordance with the Constitution, transparency and meaningful consultation, and administered through democratic governance.

32. We sincerely appreciate that special attention must be given to workers' jobs and peoples' livelihoods. Workers in power stations and coal mines are understandably concerned about what such a transition means for their employment future. In the context of 40% unemployment and gross inequality in South Africa, the just energy transition must be about creating a more equal society, with full participation of workers and communities - putting them at the centre of the process.

33. We reiterate the call on government to start an urgent, broad-based consultation process – with unions and other stakeholders - to design appropriate measures to prepare the country for the transition away from coal – that is accelerating at a global scale – with a particular focus on support for workers in the coal industry.²²

34. In this supportive transition away from coal, the LAC Campaign advocates for a vibrant renewable energy industry in South Africa, that is structured to absorb and upskill coal workers, and that includes community and public ownership and benefits. In addition to the renewable independent power producer procurement programme (REIPPPP), the barriers to small-scale, community-based renewable energy investments must be removed to encourage and enable a just transition to renewable energy for the people.

35. While we have previously acknowledged that it is difficult to project exact numbers, it is also clear that renewable energy has considerable job creation potential in South Africa. We are able to provide research to the Department, should this be required. The issue of jobs and the actual figures involved was the subject of a recent article written by the General-Secretary of NUMSA.²³ At this stage, we do not profess to estimate the precise job figures in question, but it is important that existing and potential jobs in the renewable energy sector are defended and supported. Moreover, the legally-required decommissioning of Eskom's power plants and rehabilitation of coal mines, and land that has been impacted by coal mining, would also give rise to extensive employment opportunities, particularly for ex-mine and power station workers.

²² See <https://cer.org.za/news/the-transition-to-a-low-carbon-future-must-be-rapid-and-must-be-for-everyone>

²³ <https://www.fin24.com/Economy/Labour/News/the-green-war-part-1-20180729>; also see green war-part 2-
<https://www.fin24.com/Economy/the-green-war-part-2-20180729-3>

36. It is our view that Eskom itself should substantially increase its own production of renewable energy as a matter of urgency. We are aware that, to date, government has largely excluded Eskom from the generation of electricity from renewables. On the basis of community and public ownership and benefits mentioned above, we do not support the privatisation of renewable energy, and believe that it is essential that Eskom play an active role in this just transition to a clean and sustainable energy system, and develop systems to support local municipal and people-led renewable energy production. Otherwise, Eskom may face the risk of becoming obsolete, while also jeopardising job creation and the supply of affordable, clean, accessible electricity for all South Africans.
37. Finally in relation to transmission and to promote the expansion of renewable energy generation in South Africa, we also call for the Independent System and Market Operator (ISMO) Bill to be re-tabled in Parliament. The 1998 Energy White Paper envisaged open and non-discriminatory access to the transmission network. The ISMO should be state-owned, and facilitate municipal and community decentralised generation, both for local supply and to feed the national grid. In doing so, this could involve the structured redeployment of employees, not just within Eskom, but also to municipalities, in order to provide the necessary skills and capacity that the ISMO would require. We propose that a well-managed, legally-compliant Eskom could take a leading role in the process and we have already strongly encouraged it to do so.

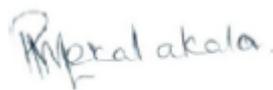
Conclusion

38. As we have previously stated, the Energy Ministry is of critical importance in determining the future of a just energy transition for all. By no means do we underestimate the enormity of this important task before the Minister.
39. Kindly let us know if you would like any additional information and/or further detail on any aspect of this correspondence.
40. We look forward to the communication from your office to arrange an engagement at a mutually convenient time, as advised in your response. Kindly advise which dates would be suitable for you, and, if possible, advise us on the proposed venue and draft agenda for the meeting.

Yours faithfully



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