



Centre for Environmental Rights

Advancing Environmental Rights in South Africa

The Honourable Minister Gwede Mantashe

Minister of Mineral Resources and Energy

By email: Mandisi.Mavata@dmr.gov.za

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Our ref: RH/NL

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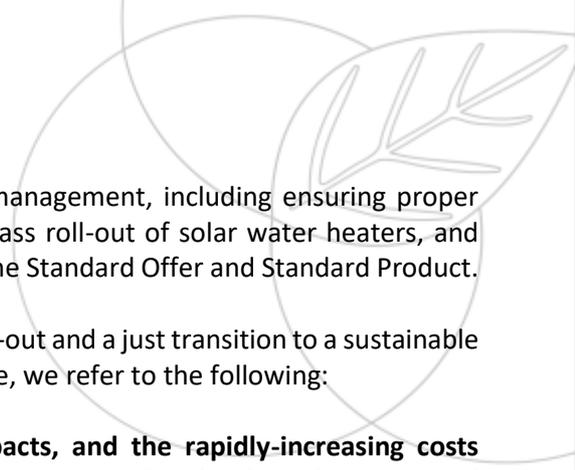
Dear Minister Mantashe

INTRODUCTION OF THE LIFE AFTER COAL CAMPAIGN AND ENERGY ISSUES FOR PRIORITISATION

1. We address you on behalf of the [Life After Coal Campaign](#).¹ The Life After Coal Campaign aims to discourage the development of coal-fired power stations and mines, reduce emissions from existing coal infrastructure and encourage a coal phase out, and ensure a just transition to sustainable energy systems for the people.
2. We write to highlight key energy-related issues, which should be prioritised, as you commence your tenure as Minister of Energy and Mineral Resources, given the urgent threat posed by climate change, and the threats posed by coal-fired electricity generation to human-health, the environment and the economy. We believe the following issues must be prioritised:
 - 2.1. the finalisation of the long-awaited update of the Integrated Resource Plan for Electricity (IRP);
 - 2.2. removing barriers to the procurement of renewable (solar PV and wind) energy capacity; including enabling local government to procure clean and affordable renewable energy without a Ministerial determination;
 - 2.3. cancelling the first bid window of the Coal Baseload Independent Power Producer Procurement Programme (“Coal IPP Programme”) and any future rounds of the Coal IPP Programme;
 - 2.4. cancelling the construction of the remaining units of Eskom’s Kusile coal-fired power station and calling for the decommissioning of Eskom’s Grootvlei, Hendrina, and Komati coal plants;
 - 2.5. supporting the cancellation of intended plans to establish the South African Energy Metallurgical Special Economic Zone (EMSEZ) with particular attention to cancelling the proposed 3 300MW coal-fired power plant;
 - 2.6. reconsidering any proposed gas power capacity (including removing the 8 100MW allocation for gas power generation in the draft IRP) and the associated drive for offshore gas exploration and production, fracking, and the proposed phased gas pipeline network;
 - 2.7. making provision for and incentivising the widespread uptake of small-scale, distributed renewable energy, including through the introduction of fair and viable feed-in tariffs and other incentives; and

¹ Life After Coal/Impilo Ngaphandle Kwamalahlle is a joint campaign by Earthlife Africa Johannesburg, groundWork, and the Centre for Environmental Rights. See <https://lifeaftercoal.org.za/>

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- 2.8. increasing and incentivising energy efficiency and demand-side management, including ensuring proper implementation of the National Energy Efficiency Strategy, the mass roll-out of solar water heaters, and revitalising mass energy efficiency incentive programmes such as the Standard Offer and Standard Product.
3. The above-listed priorities are based on the need for an urgent coal phase-out and a just transition to a sustainable and affordable energy system for the people of South Africa. To elaborate, we refer to the following:
- 3.1. **The irrefutable environmental, health, and climate change impacts, and the rapidly-increasing costs associated with the use of fossil fuels for power generation.** The phasing-out of coal is the only option, and is occurring on a global scale and gaining momentum. The signs of an inevitable phase-out of coal use and the need for a transition to a renewable energy mix on a low-carbon trajectory are also starting to show domestically – for example, the number of direct employees in the coal mining industry has declined from about 89 000 in 2011/12 to about 82 000 in 2017, while Eskom’s coal consumption has declined from 132.7 million tonnes in 2007/8 to 115.5 million tonnes in 2017/18. This is primarily caused by declining sales, largely driven by rising electricity tariffs, which has encouraged energy efficiency and the use of renewables in factories, commercial properties and households.²
- 3.2. **The October 2018 Special Report launched by the United Nations Intergovernmental Panel on Climate Change (IPCC), which confirms that, to limit a global temperature increase to 1.5 degree Celsius, we need to reduce global human-caused emissions of carbon dioxide (CO₂) by almost half (45%) in 2030 and to almost zero by 2050.**³ Any prospect of South Africa achieving this trajectory is largely dependent on a substantial reduction in greenhouse gas (GHG) emissions and rapid decarbonisation of the electricity sector.
- 3.3. **The high costs associated with a failure to take urgent steps to transition the electricity sector.** A March 2019 report by the Climate Policy Initiative (CPI) titled “Understanding the impact of a low carbon transition on South Africa”,⁴ confirms that “*South Africa faces transition risk of more than \$120 billion in present value terms between 2013 and 2035*”, which will “*accumulate slowly in the coming years before accelerating in the mid-2020s*” and could jeopardise South Africa’s investment grade sovereign rating unless mitigation measures are taken.⁵ The CPI Report’s pertinent recommendation is this: “*Avoid or delay new investments that could add to South African climate transition risk exposure, shift capital allocation to sectors more resilient to transition risk or benefiting from the transition.*” One of the action items listed alongside this recommendation is to “*[r]econsider new investments that could add another \$25.8 billion to transition. Projects for reconsideration include planned IPPs, coal export rail and port infrastructure, and a new oil refinery*” (Table ES-3).⁶
- 3.4. **Locking-in to unnecessary and expensive coal-fired electricity infrastructure,** such as the two preferred bidder coal-fired power stations under the Coal IPP Programme, Thabametsi Power Company (Pty) Ltd’s proposed Thabametsi coal-fired power station, and ACWA Power Khanyisa Thermal Power Station RF (Pty) Ltd’s proposed Khanyisa coal-fired power station (“the coal IPPs”), which modelling by the Energy Research Centre (ERC) confirms will cost South Africa an additional R20 billion in comparison with a least-cost electricity system.⁷ The previous Minister of Energy confirmed that the additional cost to South Africa of the

² P1, “The Myth of Clean Coal”, <https://cer.org.za/wp-content/uploads/2019/01/The-Myth-of-Clean-Coal-Technical-Report-January-2019.pdf>

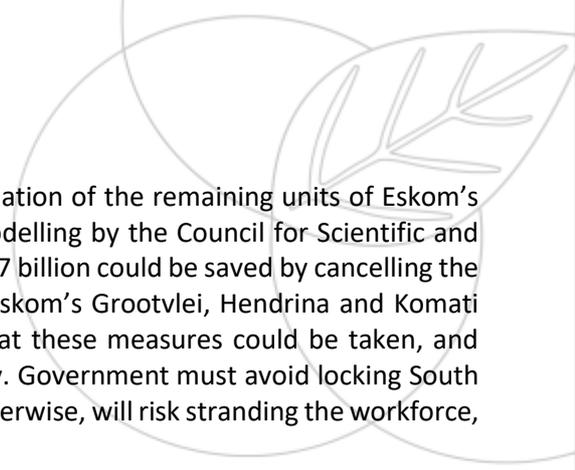
³ <https://unfccc.int/topics/science/workstreams/cooperation-with-the-ipcc/ipcc-special-report-on-global-warming-of-15-degc>.

⁴ <https://climatepolicyinitiative.org/wp-content/uploads/2019/03/CPI-Energy-Finance-Understanding-the-impact-of-a-low-carbon-transition-on-South-Africa-March-2019.pdf>

⁵ P29 CPI report.

⁶ P17, CPI report.

⁷ See University of Cape Town’s Energy Research Centre (ERC) report 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” at <https://cer.org.za/wp-content/uploads/2018/05/ERC-Coal-IPP-Study-Report-Finalv2-290518.pdf>. This report, and its findings, were brought to the Minister’s attention in a letter of 19 November 2018.



coal IPPs would be even higher - R23 billion.⁸ Similarly, the cancellation of the remaining units of Eskom's Kusile coal-fired power station should be seriously considered. Modelling by the Council for Scientific and Industrial Research (CSIR) and Meridian Economics confirms that R17 billion could be saved by cancelling the building of these units (5 and 6), as well as by decommissioning Eskom's Grootvlei, Hendrina and Komati power stations.⁹ The research by Meridian Economics confirms that these measures could be taken, and could save South Africa money, without affecting security of supply. Government must avoid locking South Africa in to unnecessary and expensive coal infrastructure. To do otherwise, will risk stranding the workforce, along with redundant coal-fired power plants.

- 3.5. The delay in the finalisation of the IRP and a failure to provide clarity on the status of the existing determinations for coal, gas and renewable energy.** This is having, and will continue to have, implications on the people of South Africa. A robust and credible IRP (based on proper public participation) – to serve as a guiding document for electricity planning - is urgently needed. In this regard, we refer to the Life After Coal Campaign and Greenpeace Africa's [minimum requirements](#) for the IRP as well as the [CER's comments](#) and [groundWork's comments](#) on the draft IRP 2018. It is imperative for the electricity sector's carbon constraint to be derived from integrated, full sector energy planning.¹⁰
4. The above-mentioned risks will have detrimental impacts for consumers, businesses and jobs. They would also further destabilise Eskom, and its precarious financial position, placing the country's energy system and security of supply at risk. Conversely, incentivising and increasing South Africa's reliance on renewable energy systems, and improving energy efficiency would be aligned with the need to increase access to affordable and clean electricity for the people of South Africa.
 5. We also would like to point out that the notion of so-called "clean coal", which is often punted by proponents with vested interests in the coal industry, is a misnomer and a myth. There is no such thing as "clean coal". A report titled, "[The Myth of Clean Coal – Why Coal Can Only Ever Be Dirty](#)" (a copy of the fact sheet is attached) presents an overview of the coal cycle to demonstrate that "clean coal" is, in fact, impossible.¹¹ There are no solutions to neutralise all – or even most – of the dire environmental, health and climate change impacts caused by coal; including mining, beneficiation and combustion of coal. These technologies also result in a substantial increase in capital and operating costs. This, in the context of significantly cleaner and cheaper alternative energy sources - such as wind and solar power – that are available in such abundance in our country. We have written to the previous Minister of Energy on 1 March 2019, and to you (on 3 May 2019) in your previous capacity as Minister of Mineral Resources, on the myth of "clean coal", bringing the report to your attention.
 6. A coal phase-out to enable a just transition to a sustainable energy system for the people of South Africa is of paramount importance. Continued reliance and re-investment into expensive, unnecessary, and outdated infrastructure will be to the detriment of South Africa, coal-affected communities, coal workers, and the unemployed.
 7. The above issues should be treated with urgency and priority. As such, we call on you to provide strong governance and rational direction on determining the energy future of South Africa, and, consequently, in the realisation of the Constitutional rights to, *inter alia*, an environment not harmful to health or wellbeing and to have the environment protected for the benefit of present and future generations.

⁸ In a Parliamentary oral reply of October 2018, the Minister advised that "Based on assumptions made in the IRP, the combined effect of including coal and Inga as policy adjustment is about 1.9 cents per kilowatt hour on projected tariff of 119 cents per kilowatt hour." See also http://m.engineeringnews.co.za/article/radebe-outlines-additional-cost-of-coal-ippes-to-consumers2018-10-01/rep_id:4433.

⁹ See http://meridianeconomics.co.za/wp-content/uploads/2017/11/CoalGen-Report_FinalDoc_ForUpload-1.pdf

¹⁰ See the following: <https://cer.org.za/news/joint-media-release-what-we-expect-from-sas-integrated-resource-plan-for-electricity> and https://cer.org.za/wp-content/uploads/2018/10/CER-IRP-2018-Comment-DoE_26-10-18.pdf. Please advise if any of these documents are required.

¹¹ <https://lifeaftercoal.org.za/media/new-report-why-there-is-no-such-thing-as-clean-coal>.

8. We would be happy to engage with you further and to answer any questions you might have. Kindly let us know if you require any further information.

Yours faithfully

CENTRE FOR ENVIRONMENTAL RIGHTS

per: 

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