



Centre for Environmental Rights

Advancing Environmental Rights in South Africa

Adv Sandra Coetzee

IPP Office of the Department of
Energy
By email: Info@ipp-projects.co.za
projectoffice@ipp-coal.co.za

Copied to:

Mr Thabane Zulu

Director General
Department of Mineral Resources and Energy
By email: Thembeka.zuma@energy.gov.za

Mr Jacob Mbele

Deputy Director General
Department of Mineral Resources and Energy
By email: jacob.mbele@energy.gov.za

Our refs: CER 12.4 & 54.1
30 March 2020

URGENT

Dear Madam

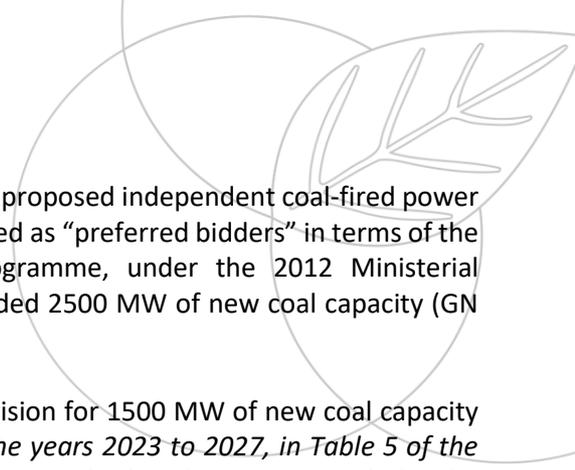
2020 PROPOSED DETERMINATIONS FOR NEW GENERATION CAPACITY

1. We write on behalf of the Life After Coal Campaign.¹
2. We refer to a recently-published draft determination under section 34(1) of the Electricity Regulation Act, 2006 (ERA) for new generation capacity from renewables, storage, gas, and coal, signed by the Minister of Mineral Resources and Energy ("the Minister") on 18 February 2020 and made available for public comment by the National Energy Regulator (NERSA), in conjunction with a consultation paper (one of two consultation papers) to inform NERSA's decision whether or not to concur with the proposed determination (one of two determinations) ("the draft determination").²

¹ Life After Coal is a joint campaign by Earthlife Africa, groundWork, and the Centre for Environmental Rights, which aims to: discourage the development of new coal-fired power stations and mines; reduce emissions from existing coal infrastructure and encourage a coal phase-out; and enable a just transition to sustainable energy systems for the people. See <https://lifeaftercoal.org.za/>.

² One determination being for 2000MW new generation capacity from a range of sources (apparently related to co-generation, biomass, landfill, and distributed generation only), and the other for: 6800MW renewable energy; 513 MW from storage; 3000 MW from gas; and 1500 MW from coal.

Cape Town: 2nd Floor, Springtime Studios, 1 Scott Road, Observatory, 7925, South Africa
Johannesburg: First Floor, DJ du Plessis Building, West Campus, University of the Witwatersrand, Braamfontein, 2001, South Africa
Tel 021 447 1647 (Cape Town) | Tel 010 442 6830 (Johannesburg)
Fax 086 730 9098
www.cer.org.za

- 
3. We write again to seek clarity from the IPP office on the status of the two proposed independent coal-fired power projects – Thabametsi and Khanyisa - that were, in October 2016, identified as “preferred bidders” in terms of the Coal Baseload Independent Power Producer (IPP) Procurement Programme, under the 2012 Ministerial Determination for a Baseload IPP Procurement Programme, which included 2500 MW of new coal capacity (GN 1075, GG 36005) (“the 2012 determination”).
 4. We seek this clarity particularly in light of the draft determination’s provision for 1500 MW of new coal capacity *“which represents the capacity allocated under the heading “Coal” for the years 2023 to 2027, in Table 5 of the Integrated Resource Plan for Electricity 2019 – 2030”*. It is not clear, however, whether this capacity includes the 900 MW previously allocated to the coal IPPs as “preferred bidders” and apparently allocated to the coal IPPs in the Integrated Resource Plan for Electricity 2019 – 2030 published in October 2019 (“IRP 2019”).³
 5. We have written to you previously regarding the coal IPPs and their status in relation to the IRP 2019. We refer, in particular, to our previous letters to this office of 12 November and 12 December 2019 (attached for your ease of reference), requesting:
 - 5.1. confirmation on the commercial and financial close deadlines for both Khanyisa and Thabametsi (including the implications of their continued failures to reach close); and
 - 5.2. whether; and if so, when, you anticipate the second coal IPPs’ bidding round will be announced in light of the IRP 2019 making provision for 1500 MW of new coal capacity.
 6. We have not received any substantive response to our queries in relation to these letters. In the letters, we also alerted the IPP office to the expiry of the Khanyisa power station project’s environmental authorisation. We have requested the IPP office’s response as to the status of the Khanyisa project; including whether the IPP office intends granting any further postponements to the commercial and financial close deadline, given the environmental authorisation expiry – which impacts on various other authorisations for Khanyisa. We continue to await this response as well.
 7. We reiterate the questions posed in our letters of November and December 2019 (also in paragraphs 5 and 6 above) and request that you respond as soon as possible.
 8. We now further request that you advise **whether the 1500 MW of coal in the draft determination accompanying NERSA’s consultation paper 2 includes the 900 MW allocated to the coal IPPs**, so that, in fact, only 600 MW of coal capacity is available for procurement under that draft determination? If the draft determination does include the capacity previously awarded to the coal IPPs as “preferred bidders”, **will they be required to participate again in a bidding process flowing from this determination, or does their 2016 appointment as preferred bidders remain in place?** In short, please provide clarity on the status of the coal IPPs in relation to the draft determination for 1500 MW new coal and on their status as “preferred bidders”.
 9. We await your urgent response.

Yours faithfully

CENTRE FOR ENVIRONMENTAL RIGHTS

³ The IRP 2019 implies that the coal IPPs are included in the 1500 MW coal allocation, stating that: “the assumption in the IRP is that all new coal to power capacity beyond the already procured 900 MW will be in the form of clean coal technology, which is still generally financed” (emphasis added). In other words, it appears that the 1500 MW allocated to coal in the 2019 IRP includes Thabametsi and Khanyisa (which together, as “preferred bidders”, were awarded some 863 MW of capacity). See p62, IRP 2019.

per: 

Nicole Loser
Attorney

Direct email: nloser@cer.org.za

