The Honourable Mr David Mahlobo, MP Minister of Energy

By email: <u>zinhle.mbhele@energy.gov.za;</u> <u>deidre.nkopane@energy.gov.za</u> <u>david.mahlobo@energy.gov.za</u>

Copies to:

Mr Vusimusi Sekgobela Chief of Staff Department of Energy

By email: vusimuzi.sekgobela@energy.gov.za

Ms Nomvula Khalo

Ministry: Media Liaison Officer

Department of Energy

By email: nomvula.khalo@energy.gov.za

Mr Thami Mthembu Stakeholder Relations Manager Department of Energy

By email: thami.mthembu@energy.gov.za

7 December 2017

Dear Minister

MEETING WITH CENTRE FOR ENVIRONMENTAL RIGHTS, EARTHLIFE AFRICA JOHANNESBURG, GREENPEACE AFRICA AND GROUNDWORK ON 5 DECEMBER 2017

1. We address you on behalf of the Life After Coal Campaign (consisting of the Centre for Environmental Rights, Earthlife Africa Johannesburg, groundWork), and Greenpeace Africa. We write to thank you for our meeting on 5 December 2017 and briefly to record some of the key points from our discussions.

Integrated Resource Plan for Electricity (IRP)

- 2. You indicated in the meeting that you regarded the IRP not as a policy, but rather an operational plan, related to implementing already existing policy. You indicated that you view the National Energy Act of 2008 as the applicable policy.
- 3. You advised us that "everything" had been put on hold pending the finalisation of the IRP. We understood this to mean that all energy procurement processes were on hold. However, you indicated that a decision had been made on renewable energy independent power producers bid windows 3.5 and 4 and this would be announced by the President this Thursday, 7 December 2017 (today).
- 4. You advised us that all public participation on the IRP had been concluded and that the IRP had been sent to Cabinet for approval, which you expected by the end of the year; whereafter it would be published for implementation. We confirm, as we have recorded in previous correspondence, that there was only public participation on the base-case and assumptions, and not on the various scenarios or the policy-adjusted IRP, and that we received no responses to any submissions made on the IRP, or to requests for any documents requested for purposes of commenting on the IRP. We also indicated to you at the meeting that the public participation for this IRP has differed from the process followed for the IRP2010, when there were several opportunities for interested and affected parties to give input. In response, you advised that the IRP2010 was about setting a

baseline, and the same process was not necessary for the IRP2016, on which, in your view, there had been adequate public participation. Although we were not able to elaborate further on this in the meeting, we confirm that we believe that the level of consultation on the IRP2010 created a precedent in terms of what constitutes adequate public participation, and that we believe it is inadequate to only seek input from the public on the most initial of the models and scenarios. Moreover, such consultation as has taken place was only conducted in bigger urban centres to the exclusion of many communities directly affected by the IRP, such as mining-affected communities, and communities affected by air and water pollution from coal-fired power stations.

- 5. You advised us that all energy sources will be in the IRP (we take this to mean the sources listed in the IRP2010, namely natural gas, hydro, landfill, pumped storage, coal, wind, solar PV, CSP, nuclear, and diesel), but that the allocation of these sources would be proportionally reduced in the IRP, because of reduced demand for electricity. You indicated that there would be "devastating" impacts if any energy source were excluded; that the game needed to be fair, with a "level playing field", and you were the referee. You said that the "mantra" was that all energy sources must comply with pace, scale, affordability, and environmental requirements. Energy policy is, you advised, based on what we have available to us, and policy could not be changed. Although we were not able to respond to this in the meeting, the evidence is clear that the socio-economic and environmental impacts of some energy sources (coal, nuclear and gas) are significantly higher than others, and after decades of subsidies for coal and nuclear, the playing field is anything but level, particularly in terms of renewable energy.
- 6. In relation to coal in particular, you advised that coal should not be shut down entirely, but that it should rather use technology like carbon capture and storage (CCS) to ensure compliance with environmental standards. Although we were not given the opportunity to raise this at the meeting with you, we must point out that thus far major polluters such as Eskom and Sasol have strongly resisted complying with air quality standards, and that CCS has, to date, not been feasibly implemented, nor is it cost-effective. The South African Centre for Carbon Capture and Storage (SACCS), a sub-body under the South African National Energy Development Institute (SANEDI) has, to date, not been able to identify a possible suitable site even to pilot the storage of carbon dioxide.
- 7. In relation to nuclear energy, you indicated that this was the "best option", but that nuclear waste had to be managed. You indicated that where other countries have had nuclear accidents, there was evidence as to why this had happened. Again, although we were not given the opportunity to respond to this at the meeting, we believe that one cannot underestimate the risk of a nuclear accident in South Africa, and its potentially catastrophic social and economic impacts. The potential for human error combined with nuclear technology means that nuclear is never safe.
- 8. You commented that, for renewable energy, it is a technology type that is variable there is not always enough sun and wind and that dust particles in wind and the wind blowing at the wrong speed could destroy the turbines. Again, although we were not given the opportunity to respond to this at the meeting, based on extensive scientific research and modelling undertaken by reputable research institutions, we do not agree with this assessment.
- 9. On modelling, you said that you are advised by experts, and that we NGOs were not experts in modelling, and that we were "over-reaching" to seek to interrogate the modelling. Although we were not given the opportunity to respond to this at the meeting, we confirm that multiple experts¹

¹ https://www.csir.co.za/sites/default/files/Documents/20170331CSIR EC DOE.pdf. The CSIR has since updated its alternative IRP. A presentation on the update can be accessed at https://rodoyo.com/gtac/GTAC%20in%20Pretoria%20-%20Energy%20Planning%20-%20TBN%20-

had confirmed that no new nuclear or coal power was required. Other research shows: that Eskom should accelerate the decommissioning of 3 of its older coal-fired power stations (Hendrina, Grootvlei and Komati) and curtail the completion of Kusile units 5 and 6 in order to save costs; these interventions can be achieved without affecting security of supply; and that these interventions could save Eskom up to R17 billion.²

Energy Indaba, 7-8 December 2017

- 10. You advised that the Energy Indaba was a meeting for labour, business, and government to discuss how to reinvigorate the struggling economy and address unemployment. At this meeting, business and bankers would sit together and determine how to ensure investment to promote the sector. You clarified that the indaba is not to discuss the IRP or any energy-related policy as this is before Cabinet. You told us that we had incorrectly assumed that we had been invited to the indaba.
- 11.On 6 December 2017 at 20h05 the evening before the Indaba Robyn Hugo of the CER received an invitation to attend the Indaba, with a registration form, but no agenda. None of the other representatives of the organisations who attended the meeting with you on 5 December 2017 have subsequently received invitations to the Indaba.

<u>Future engagement</u>

- 12. You indicated that you wished to have a broader civil society discussion in the beginning of next year after 8 January 2017 which includes all of the community-based and non-governmental organisations in the sector, and you look forward to a constructive engagement.
- 13. While we are always prepared to engage with the Minister and Department of Energy on issues of concern, we need to be clear that such commitment to engagement does not exclude our rights to access other strategies, including legal proceedings and peaceful protest, to pursue lawful energy policy that give effect to constitutional rights. In this regard, we attach for your attention our 31 October 2016 statement "No room for secrecy: environmental organisations publish minimum requirements for SA's overdue Integrated Resource Plan for Electricity" and our 9 November 2017 statement "What we expect from SA's Integrated Resource Plan for electricity", setting out what we regard as the minimum requirements for the IRP.

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https://www.csir.co.za/sites/default/files/Documents/20170331CSIR EC DOE.pdf

and http://m.engineeringnews.co.za/article/new-csir-model-points-to-renewables-led-electricity-mix-by-2050-2017-11-16/rep_id:4433. The CSIR also did the system analysis which was used for the Meridian Economic study's reference scenario – and found that in a 34 year, least cost optimised, power system operation and expansion plan, no new coal-fired power capacity is built after Kusile, and no new nuclear plant is built either. It states, "new coal and nuclear plants are simply no longer competitive. When new capacity is required, demand is met at lowest cost primarily from new solar PV and wind". Furthermore see https://arxiv.org/pdf/1710.11199.pdf. This study by the Frankfurt Institute for Advanced Studies at the Goethe-University in Germany, provides independent confirmation of the CSIR findings regarding the least-cost electricity mix for South Africa. It finds that an electricity system based on wind and solar PV can supply electricity demand at 10%-30% more cheaply than based on new coal and nuclear – this is the case even when investments in the grid and transmission of electricity are taken into account.

² A study by Grové Steyn, Jesse Burton, Marco Steenkamp, 15 November 2017, 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 .

- 14. We request a written response from you to the issues raised in our 10 November 2017 letter, these being:
 - 14.1. clarity on the timelines and immediate next steps in the development of the final IEP and IRP;
 - 14.2. clarity as to what meaningful public participation in the remaining IEP/IRP process will entail, and at what stage/s the public will be able to comment and for what period/s;
 - 14.3. clarity on how meaningful public participation will continue to shape the IEP/IRP process;
 - 14.4. clarity on the status of the existing determinations for coal, nuclear, gas and renewable energy;
 - 14.5. clarity on the way forward with the heavily-delayed Independent Power Producer agreements that Eskom has thus far continued to refuse to sign; and
 - 14.6. the long-term energy vision for South Africa.
- 15.We ask that you respond to these by 15 December 2017. We also confirm that no response has been received to the open letter from civil society dated 28 November 2017. We look forward to your response also to this letter by 15 December 2017.
- 16.Please note that, given the far-reaching national importance of the issues discussed and the fact that we are public interest organisations committed to transparency and accountability, we are placing this letter in the public domain.

Yours sincerely

CENTRE FOR ENVIRONMENTAL RIGHTS

www.cer.org.za and www.lifeaftercoal.org.za

GROUNDWORK

www.groundwork.org.za and www.lifeaftercoal.org.za

EARTHLIFE AFRICA JOHANNESBURG

www.earthlife.org.za and www.lifeaftercoal.org.za

GREENPEACE AFRICA

www.greenpeace.org/africa/