SUSTAINABLE ENERGY NEWS on EMAIL (SENSE)
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Welcome! SENSE is a service of the Sustainable Energy and Climate Change Project (SECCP) of Earthlife Africa Johannesburg (ELA Jhb).

SENSE is a regular publication, edited by Tristen Taylor. We welcome any feedback and submissions. Also, let us know if you wish to get more information from ELA Jhb, or know someone else who should be receiving SENSE. Please note that the material in SENSE does not necessarily reflect the positions or policies of Earthlife Africa Jhb and/or the SECCP.

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1. Editorial

You might be forgiven for thinking that this issue would be all about Eskom's ill-advised, ill-considered, and erroneous application to shaft ordinary South Africans with 35% annual increase for the next three years while continuing to give BHP Billiton a free ride. But you're not forgiven, no one is, we are all going off the proverbial edge together.

Whilst Eskom has been putting in the boot and merrily chugging along with its real (but covert) plan of increasing CO2 emissions through building ever bigger and better coal-fired power stations so that drought blights the countryside and oceans boil, other important events in the energy sector are unfolding. Renewable energy generation is beginning to pick up within South Africa, with a whole host of companies seeking to build generation plants, in particular wind. Contrast this with the continuing problems at CIC's Botswana plant (Mmamabula) and Areva's perennial woes with its Finnish reactor, facts on the ground are proving the wisdom of investing in renewables.

In fact, wind is becoming so attractive that even the coal giant Exxarro, in stunning piece of greenwash almost reaching Sasol-like levels of hypocrisy, is building a wind farm. Heck, Eskom may no longer be the sole buyer, passing on in more ways than one.

Wisdom, however, is a rare and precious commodity. It was completely absent during the Dec. 2009 global negotiations on climate change. While the world's scientists and citizens wrote papers & books, produced films, marched up and down streets, and basically yelled as loud as they could for a solution to rising carbon emissions and the increasing likelihood of ecological collapse, the world's leaders serenely sat on their leather chairs, sipped their tea, had a biscuit or two, and made clear their continued support for the fossil fuel economy. Of course, post-Copenhagen, governments across the world have engaged in public finger-pointing and mutual recriminations for failing to agree on a post-2012 regime; behind the scenes, its been back-slapping, cigars and congratulations in preventing small things like fresh water, food, biodiversity and habitat protection from getting in the way of dividends from fossil fuel extraction and nice mahogany panelling for staterooms.

This edition of SENSE not only has analysis of Copenhagen's shame, it also highlights how South Africa's so-called emissions offer was, quite frankly, a great piece of PR. If you do the math, which we did at Earthlife, you'll find that Government spin has turned our current development path (that's right, building coal, CTL, and nukes) into an emissions reduction path. Amazing. SASOL should poach those guys; CTL would then save us from a new Ice Age.

Interestingly enough, this kind of spin doesn't hold up forever. Over the last three years, we've watched the business press go from glassy eyed cheerleaders (with one or two notable exceptions) drugged up on Alcan/Rio Tinto smack, to rather clear-headed, sober and analytical commentators shedding the idea of new aluminium smelters in South Africa. As for Coega itself, we heard that a boat did dock at the harbour--making that nasty rumour of shipping companies sailing on by a downright fabrication--and that there is an outside chance for the manufacture of Belarussian tractors.

While SENSE loves to give stick (when it comes to Sasol, we prefer to swing with the literary equivalent of a two by four studded with rusty nails), it sometimes comes the other way. Stephen Grootes summed up the first day of the NERSA Gauteng hearings on tariffs for the Daily Maverick (22/01/2010):

"After a reasonable lunch, the greenie beanies took over. If Eskom claims we’re all gonna die without the price hikes, it’ll be Eskom that kills us. Earthlife Africa and Greenpeace Africa had a good old rail against the machine moment. They brought their brains, lots of good academic stuff, full of facts and figures about how 'the world would be so much better if only…' Earthlife felt the need to end their presentation with a slide of Chernobyl. Nothing like the soothing, grand gesture."

Lol.

Tristen Taylor
Project Coordinator
Earthlife Africa Jhb
29th of Jan. 2010

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2. SECCP News

Press Release: Copenhagen: Nothing to be proud about!
groundWork, Friends of the Earth, South Africa
Earthlife Africa Johannesburg
Tuesday, 22 December 2009

Government is doing a report back on the Copenhagen Climate Change negotiations today. As NGO’s we cannot be proud or celebratory about these negotiations. This is a reflection from groundWork and Earthlife Africa who were present at the negotiations.

As a response to climate change, Copenhagen was a failure. The reason is simple. Avoiding climate change is precisely what was not on the agenda. That is why the heads of state felt compelled to “emphasise our strong political will to urgently combat climate change …”

Strong political will was indeed evident in Copenhagen. The purpose of all ‘major’ parties was to defend their respective interests in the global accumulation of capital. In their vision, this is what is meant by ‘development’. Their disagreements reflect the conflicts inherent within that agenda. In particular, they reflect the dominance of the North and the subordination of the South within the orders of capitalist development.

Both sides – South and North – assure us that development is necessary to ‘eradicate poverty’.

“This is false. Development is equated to economic growth and its primary purpose is to subject people to the needs of ‘the market’. It does not free them from poverty. To the contrary, development is accompanied by growing inequality both within states and globally. It is the means of transferring wealth and control over resources from poor to rich,” warns Ferrial Adam, Earthlife Africa’s (Jhb) Climate Researcher who was at the Copenhagen negotiations.

Southern countries assert that the North got rich on burning fossil fuels and they must now be allowed their turn. The North is indeed responsible for the bulk of emissions. They are now attempting renege from taking action adequate to that responsibility. Southern negotiators who tried to hold them to that responsibility and to claim reparations for climate damage were right to do so. In negotiating the ‘Copenhagen Accord’ with the US, China, India, Brazil, and South Africa, our government abandoned them.

Yet it was not by burning carbon that the imperial powers got rich. They got rich by plundering the colonies, the Third World, the South. Carbon development was about the power to plunder, not about the eradication of poverty. It still is.

“The Southern powers who say they must have the ‘carbon space’ to ‘catch up’ with the North are less concerned with eradicating poverty than with their power in the international system. This is not a trivial matter. But, in choosing the means of carbon development, the major Southern powers choose to reproduce the economy of plunder", says Siziwe Khanyile, groundWork's Climate Justice Campaigner was at the Copenhagen negotiations.

The 'Copenhagen Accord' is largely blank but confirms that the strong political will to make UN Framework Convention on Climate Change compatible with the economy of plunder in several ways:

With great fanfare, the US held up a box with the figure $100 billion written on it. This compares with something between one and seven trillion dollars made available to save the banks from the consequences of their own actions. Moreover, the box is empty. Promises of this sort have been made a thousand times over only to be broken. In this case, the US has built its excuses into the wording of the Accord: "This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance." No obligations for the US or for Europe there.

The Accord emphasises "opportunities to use markets, to enhance the cost-effectiveness of, and to promote mitigation actions". The carbon trading markets put in place under the Kyoto Protocol are thus sanctioned. They have not reduced emissions but have created a new way for money traders to play the derivatives game with chips provided free by states. The Clean Development Mechanism (CDM) provides a way for the South to contribute to the chips in play. At its best, CDM is carbon neutral. It provides no actual reduction. Most commonly, CDM projects are merely scams.

'Reducing emissions from deforestation and forest degradation (REDD) links carbon trading to so-called 'off-sets'. That is, a tree planted in one place is held to absorb carbon emitted from a Northern power plant or factory. The first problem here is that real carbon emissions from a factory are not in fact equivalent to carbon supposed to be absorbed by the tree. And even if they were, rather a lot of trees have to be planted to off-set the carbon from just one factory. So then there is the problem of where to plant the trees. The answer, in the main, has been to take the land of indigenous people and either turn it over to industrial plantations or take it under conservation. In both cases, indigenous people are either booted out or subjected to a regime imposed by forest managers responsible for delivering carbon credits.

When the old imperial governments took people's land, they said that it was 'res nullius' – either empty of people or empty of people with legitimate rights because such rights were possible only through the market. REDD brings this reasoning into the UNFCCC and has been denounced by indigenous peoples' movements.

CJN supports all those who act to protect themselves from the fraudulent dealing in Copenhagen. We agree with Josie Riffaud, a leader of the farmers' movement Via Campesina, who said: "Money and market solutions will not resolve the current crisis. We need instead a radical change in the way we produce and we consume, and this is what was not discussed in Copenhagen." It is up to people and their organisations and movements to lead this discussion and give it practical meaning.

Press Release: Copenhagen, the End Days
Earthlife Africa Jhb
17th of December 2009

NGOs Banned, Corporate Influence, South Africa's Shoddy Emissions Offer

NGOs Banned

The second week of climate change negotiations has been filled with a feeling of even more tension and anticipation – not only due to the fact that the talks are going to be a failure but because the Danish police are clamping down on activists throughout the city. There have been numerous reports of arrests and harassment. Yesterday (Wed. 16 December), it was reported that the police dispersed a legal protest using tear gas and batons.

The pressure was also increased by the UNFCCC as they have restricted the numbers of observers that are being allowed into the conference centre. The numbers have been dropped from 15000 to 1000 on Thursday 17 December 2009 and to 500 on Friday 18 December 2009. In addition the UNFCCC has revoked international NGOs, Avaaz and Friends of the Earth, badges due to an "unauthorised" activity within the centre on Monday. The activity was peaceful and involved people clapping in favour of Africa in the lobby area.

Corporate Influence

Given the poor state of negotiations, civil society organisations have a role to play to increase the pressure on political leaders. This is especially important for South Africa, as business has a close relationship with the government delegation. Both Eskom and Engen have representatives on the delegation, while civil society has been excluded.

Eskom is one of the biggest GHG emitters in South Africa and is planning to build two more coal fired power stations. Engen oil refinery has often been found guilty of exceeding the pollution health guidelines values on numerous occasions. South Africa's very own Sasol was found to be one of the top six worst climate change lobbyist in the planet, with Monsanto being the worst (see http://www.angrymermaid.org/).

As business colludes with governments it is almost definite that we will not have a "fair, ambitious and binding climate deal."

South Africa's Shoddy Emissions Offer

After nearly two weeks of asking the South African Government for details on its emissions offer, Earthlife Africa Jhb has finally found out the crucial information. [1] The Government is offering to "cut" emissions from the Growth Without Constraint (GWC) scenario in the Long Term Mitigation Scenarios (LTMS). The LTMS was endorsed by cabinet in July 2008.

The main problem behind this offer is that GWC is fantasy, essentially an academic exercise to see how much carbon South Africa would produce given unlimited resources and cheap energy prices. In fact, South Africa couldn't embark on the GWC baseline even if it desired, as it simply does not have the capital resources that the GWC would require.

The LTMS concludes that, "…the Growth without Constraints is in fact a contributor to catastrophic impacts, it becomes implausible. The Scenario Building Team concluded unanimously that Growth without Constraints is neither robust nor plausible…"

Therefore, the so called reductions come from such an artificially high (and completely theoretical) projection that a 34% reduction in 2020 is meaningless. In 2020, the GWC predicts that South Africa's greenhouse gas emissions (GHG) would be about 870mt per annum. A 34% reduction would mean that South Africa's GHG emissions would peak at 574mt per annum, which is about where it would be if South Africa did nothing in addition to its current electricity generation plans. In effect, the Government's emission reduction offer is business as usual.

What does the South African Government's own scientific analysis of what South Africa must do state? The LTMS clearly states that scientific wisdom suggests that South Africa should peak in 2020 at 470mt. Further, the LTMS thinks that peaking at 470mt is possible.

The South African Government has pulled a public relations stunt. The emissions reduction offer is not based on actual emissions in the country (but artificially high theoretical emissions), doesn't actually reduce emissions, and is contrary to its own scientific analysis.

If South Africa is the star of the Copenhagen Summit with this kind of carbon accounting, then it is not hard to see why the Summit is failing.

Press Release: South Africa's Emissions Offer
Earthlife Africa Jhb
10th of Dec. 2009

Early this week, the South African Government put out what was hailed as a bold step forwards in the global climate change negotiations. Vital questions concerning the details of the Government's offer have yet to be answered. If resolved, it could be that South Africa has taken a bold step.

The SA Government stated (6/12/09), "South Africa will undertake mitigation actions which will result in a deviation below the current emissions baseline of around 34% by 2020 and by around 42% by 2025. This level of effort enables South Africa's emissions to peak between 2020 and 2025, plateau for approximately a decade and decline in absolute terms thereafter."

The key phrase in this offer is "current emissions baseline". Earthlife Africa Jhb has been unable to determine what baseline the Government is referring to. Repeated enquires to Presidency and the Department of Environment have yet to provide any clarity on the matter. Yesterday, the South African Government held a press conference, but provided no further details on its offer.

In Government's approved Long Term Mitigation Scenarios (LTMS) [1], two baseline scenarios were presented, Growth Without Constraints (GWC) and Current Development Plans (CDP). As the GWC is widely considered to be unrealistic, Earthlife Africa Jhb will make the assumption that CDP is the baseline, although it has no basis to do so.

The LTMS suggests that CDP will result in annual greenhouse gas emissions of around 800mt (carbon dioxide equivalent), a 34% reduction would result in an emissions peak of 528mt in 2020. Current emissions stand at 446mt per annum (2004 figures). However, the LTMS clearly states that scientific wisdom suggests that South Africa should peak in 2020 at 470mt. Further, the LTMS thinks that peaking at 470mt is possible. If this analysis is correct, then the South African Government would appear to be offering less than what the LTMS states.

However, this cannot be established, as the baseline is not known.

Earthlife Africa Jhb is also concerned with recent reports that South Africa will look upon this as a voluntary measure. Most unfortunately, the South African energy sector is littered with voluntary agreements that have not worked. In order for South Africa to cut its emissions, this must be made into binding legislation, as envisaged at the Government’s climate change conference earlier this year.

While the South African emissions reduction offer may appear to be a positive development, more detail is needed to see if it matches up what the scientists and the Government’s own research say is required. Therefore, Earthlife Africa Jhb requests the Government to:

1. Provide details on the baseline referred to in its offer.
2. To provide absolute emissions figures for 2020, 2025 and beyond. For example, South Africa is offering to peak its emissions at 525mt per annum in 2020.
3. To make binding legislation part of its offer.

The South African Government needs to make this information known immediately; for example, Eskom has stated that an national GHG emissions cap of 550mt would require it to produce less emissions than it does at the moment, thus making the current expansion of coal-fired generation illogical and financially risky.

Press Release: Earthlife Opposes Eskom’s Partial Privatisation
Earthlife Africa Jhb
4th of Dec. 2009

Earthlife Africa is deeply concerned about Eskom’s proposed plan to sell off a part of the Kusile power station. In its application to NERSA, Eskom states that, “equity is the most expensive form of funding, which will have an adverse impact on tariffs in the long run. ” Earthlife Africa believes this to be the most likely course of events, and would burden South African’s with higher prices for the next forty to sixty years (life of Kusile). In addition, there is no reason to suspect that Eskom’s efficiency will improve after inviting in the private sector.

This amounts to, we stress, a partial privatisation of Eskom. There has been no debate or clear policy decision made on this issue, as there should be when public assets are transferred to private hands. Eskom cannot make the decision to privatise itself; that is profoundly undemocratic.

Short-term thinking has clouded Eskom and the Government’s judgement. Instead of undertaking a difficult but necessary review of its tariff structure and its generation plan, Eskom and the Government have taken the quick-fix option of selling off a part of the public-owned utility. Like most quick-fixes, the long-term costs will be higher, for a new factor will be added into NERSA’s tariff calculations, fixed-term profit. Private investors will require known profits (higher than Eskom’s current rate of return) over a long period (20 to 40 years) before investing. This will mean higher prices for decades.

The alternative is to open up Eskom’s long-term contracts (Special Purchasing Agreements) and renegotiate with these customers so that they pay a fair price. This would go a long way to resolving some of Eskom’s revenue problems. For example, the cancellation of the Alcan/Rio Tinto deal (long campaigned against by Earthlife) has saved the country from having to build another Koeberg power station.

The case of sales to BHP Billiton exemplify the seriousness of Eskom’s continued mis-pricing to industrial customers under SPAs:

Eskom’s Annual Report for 2009 shows an operating loss of R3.195 billion, and a loss of R9.514 billion on aluminium and foreign currency linked embedded derivatives. Essentially, Eskom lost huge on its deal (more like a fleecing) with BHP Billiton. As the aluminium price declined, so did the tariff paid by BHP Billiton, all the time while Eskom’s costs rose.

How much did BHP Billiton make out of this deal with Eskom? R1.3 billion. At a Free Basic Electricity of 200kWh per household per month, 289,413.00 poor households would have had a meaningful electricity supply for a year. Taking an average of four people per household, that’s a 1,157,650 people with access to electricity. Given that, 2.5 million households are currently without access to electricity, with 500,000 of those in urban areas, one can only ask, who is robbing whom?

In addition, Eskom needs to relook at its generating options, including Kusile. NERSA’s own figures (from NERSA’s RoD on REFIT II, Sept. 2009, pg. 14) illustrate the cost of various technologies up to 2030. While Earthlife believes that some of these costs are too low (particularly nuclear and coal), the trend is quite clearly visible. This trend is that coal, OCGT, CCGT and nuclear are all increasing in cost, while renewable energies are decreasing in costs, with biomass, wind, biogas, and landfill gas all considerably cheaper than coal, OCGT, CCGT and nuclear by 2030. In 2030, CSP roughly matches coal and nuclear and it is expected that CSP would become cheaper than these technologies beyond 2030; with storage, CSP is a baseload alternative. All renewable technologies (including CSP and PV) would be cheaper than OCGT technology by the end of 2015 on NERSA's own calculations.

Eskom appears to be ignoring NERSA's economic analysis of generation choices: Kusile will end up being more expensive than renewable alternatives fifteen years into its 40 to 60 year lifespan, even without having lined the pockets of private investors.

Tristen Taylor, Project Coordinator at Earthlife Africa Jhb, states, "Eskom's plan to sell off a part of Kusile represents a short-term fix with the long-term consequences of higher prices. It may bail out Eskom top brass and relieve Government ministers, especially before a local election, but it will not solve Eskom's problems. We will pay for this mistake for generations, as we will for Eskom's expensive capacity path."

Press Release: Sasol Short-listed for Worst Climate Change Lobbyist Award, The Angry Mermaid Award
Friday, 13th of November 2009
Earthlife Africa Jhb and groundWork

On the 16th of Nov. 2009, a group of international NGOs [1] short-listed South Africa's petrochemical giant Sasol for the Angry Mermaid Award [2]. This award is given to the corporation with the worst record of climate changing lobbying in the world. Between now and the 13th of Dec. 2009, members of the public will vote on the short-list and the "winner" will be announced on the 15th of Dec. 2009 at the UNFCCC climate change conference in Copenhagen.

Sasol has now been declared to be one of the impediments, through its lobbying of governments across the globe, to mitigating carbon emissions and achieving a global agreement to do so. The nomination for the award was based upon Sasol's local and global actions. [3]

Sasol's Secunda plant is the worlds biggest single point emitter of carbon dioxide. At the same time, Sasol is pushing dubious Carbon Capture and Storage (CCS) as the panacea its dirty product. Its lobbying in South Africa and internationally (especially in India, China and the USA) has pushed for the acceptability of the CTL and its products, with South Africa planning for further CTL plants.

Sasol's lobbying strategies have been effective in getting the company space at the United Nations, where it continues its lobbying through participation within the Global Compact and being part of the Intergovernmental Panel on Climate Change, the latter which should be free of corporate influence.

Sasol is active on the Carbon Sequestration Leadership Forum, trying to ensure that a selection of governments will be 'ready' for the Copenhagen meeting with CCS strategies, rather than with meaningful reductions in carbon emissions. It must be pointed out that CCS is still a theoretical concept and may only become a reality after 2040; global emissions must peak in 2020 and then decline rapidly afterwards.

Sasol has spent more than R4 million on the Livingston Group to lobby the US Congress and US Military to support CTL development.

groundWork, Friends of the Earth South Africa, and Earthlife Africa Jhb (affiliate member of FoEI) agree with the nomination of Sasol.

Bobby Peek, Director of groundWork, states, "Sasol is no longer a small South African company. It is one of the largest Southern corporate multinationals, and must be critically viewed, as the world views other oil majors such as Shell, BP and Exxon Mobil. It is critical that they be dealt accordingly as their seek ever increasing profits through their climate heavy, problematic CTL technologies."

Earthlife Africa Jhb's Project Coordinator, Tristen Taylor, states, "Sasol deserves this award, not only for the carbon dioxide it has spewed out for the last fifty years, but also for its plans to expand locally and internationally. Unfortunately, Sasol coal-to-liquids technology is a major cause of South Africa's greenhouse gas emissions, and the company is dead set on increasing these emissions in the name of profit, regardless of the terrible and negative consequences of climate change."

Press Release: Earthlife Africa Welcomes End to Rio Tinto Smelter
Earthlife Africa Jhb
16th of October 2009

Sense is beginning to reign in the South African energy sector. Eskom, the Industrial Development Corporation, Department of Trade and Industry, and Rio Tinto announced yesterday that Rio Tinto/ Alcan's planned aluminium smelter at Coega was scrapped. This has saved South Africa billions in power generation CAPEX, and marks the end of Earthlife Africa Jhb's three-year campaign against the smelter.

The 1350MW smelter would have required Eskom to have effectively built a new coal-fired power station to service the smelter, which had a long-term supply agreement at favourable rates. While the exact tariffs to Rio Tinto were never made public, the estimate of 12c to 14c/kWh remains reasonable. This would have been another BHP Billiton situation, where a sweetheart deal with a wealthy multinational corporation is effectively underwritten by the public.

Further, cancelling this deal will prevent further negative effects on the global climate through the prevention of carbon dioxide emissions. In a very real sense, the deal would have been a perverse global warming subsidy.

South Africa’s current power & tariff woes stem from a perceived need to supply large amounts of electricity to industrial and mining concerns (inside and outside of South Africa) at very low rates. The costs of these long-term contracts (and the generally low Megaflex rate) are only now becoming apparent with Eskom’s latest tariff hikes.

In research recently completed by Earthlife Africa Jhb, Eskom’s costs have diverged from its revenues because of rising fossil fuel costs and that it sells the majority of its electricity below the average cost of production and, in some cases, below the actual costs of production. The reasons for this have been industrial policy and deals like the one with Rio Tinto. The details of these deals are still hidden away from public scrutiny, despite the public being asked to bear 45% annual increases over the next three years.

This research concludes that, “Eskom cannot be a self-funding utility or can internally finance CAPEX unless industrial tariffs are raised and the practice of selling below cost of production is halted. To do this, the contracts between Eskom and its intensive users (inside and outside the borders of the country) will have to be examined in public and then renegotiated. Hiding behind “commercial secrets” is a sure way to decay the common good.”

To view this research, please go to:

http://www.earthlife.org.za/?p=598

Tristen Taylor, Project Coordinator at Earthlife Africa Jhb, states, “From 2006, Earthlife Africa Jhb and other civil society organisations have been actively campaigning against this smelter. It has been a hard slog involving residents of Port Elizabeth, students, community organisations, landowners, social movements, and environmentalists.

“The scrapping of this smelter has not only saved a lot of financial pain for the country at large, saved residents of Port Elizabeth from industrial pollution, but also marks the possible beginning of a shift away from cheap power to industrial consumers. This cheap power to industrial concerns means that Eskom does not have the necessary funds for its CAPEX programme, and now the entire country is being asked to pay. We have to revise all the agreements with intensive users.”

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3. SA Sustainable Energy News

Africa’s large-scale wind turbine market set for growth, study says
By: Creamer Media Reporter
14th of Jan. 2010

The African large-scale wind turbine market would likely earn revenues of $424,3-million by 2015, a significant increase on the $148,4-million earned in 2008, growth consultancy firm Frost & Sullivan forecast.

The consultancy noted that this forecast was focused on wind turbines of 600 kW, 660 kW to 850 kW units and units above 850 kW.

This sector has yet to contribute significantly to the power sector on the continent, said Frost & Sullivan, but pointed out, however, that there was now greater public pressure to invest in reliable power supply and renewable energy.

“The success of the wind power markets in Europe and the US has convinced many governments that wind power can assist in alleviating some of the power shortages in the continent,” energy analyst Sipha Ndawonde added.

Wind power projects of between 120 MW and 300 MW have been announced in Kenya, Tanzania, Ethiopia and South Africa. Interest in the wind power markets in Algeria, Tunisia and Morocco was also growing.

Ndawonde noted, however, the one major challenge to market expansion was that the power sector in many

African countries was still regulated by monopoly control, with the onus of meeting electricity demand still the sole responsibility of utilities.

“Moreover, there are other restraints such as aging infrastructure, over-reliance on single feedstocks for power generation, and the lack of capital for electrical infrastructure refurbishment. This has resulted in many countries failing to meet the rising electricity demand,” he added.

Strategic consultation among equipment suppliers, project developers and government institutions on key issues such as grid capacity was needed to promote the market prospects.

Link: http://www.engineeringnews.co.za/print-version/africas-large-scale-wind-turbine-market-set-for-growth-frost-sullivan-2010-01-14

Wind is cheapest - Mainstream boss
By Ingi Salgado
Business Report
24th of Jan. 2010

The head of an Irish renewable energy company planning to invest e850 million (R9.1 billion) in wind farms in South Africa has taken on Eskom executives for saying that renewable energy is expensive.

Eddie O'Connor, the chief executive of Mainstream Renewable Energy, wrote in a blog last week that wind was the cheapest generating option for South Africa at present. He further slated Eskom's record in exploiting wind or any other renewable energy source as "among the worst in the world".

O'Connor was responding to past comments by Eskom's chief of generation Brian Dames that renewable energy was costly and would have to be backed up by either coal or nuclear in order to generate energy that was continuously available throughout the year.

Eskom has maintained this stance as it embarks on a R385bn capital expansion comprising investments mostly in coal-fired and pumped-storage schemes. And Energy Minister Dipuo Peters last month restricted the choice of fuel for South Africa's next baseload power plant to coal or nuclear.

But O'Connor took issue with Dames' statement that "renewables are expensive, we all know that". O'Connor said: "I suspect the 'we' refers to people in Eskom, because those of us not included in the 'we' know the opposite."

His response was backed up by Doug Kuni, the managing director of the SA Independent Power Producers' Association, and Peet du Plooy, the trade and investment adviser for the environmental group WWF South Africa. Kuni said Dames was not comparing "apples with apples. If you look at the life of plant, a renewable energy project's output over time is cheaper because there are no primary fuel costs and carbon taxes."

Even if the capital investment requirements for renewable energy power plants were higher than coal-fired plants, the returns would be greater over the long term, Kuni said.

Du Plooy said a capital cost analysis was the only basis on which coal could be considered cheaper than many renewable sources.

In Eskom's current application to the National Energy Regulator of SA (Nersa) for a 35 percent increase in tariffs for each of the next three years, the utility ignored the operational expenses of coal beyond a five-year horizon.

"What happens thereafter?" Du Plooy asked. "There is absolutely no reason on the planet why coal would become cheaper. Eskom is ignoring operational expenses... well into the future."

The power utility has in addition been criticised for the escalating capital expenditure costs of its coal-dominated build programme, in particular the R142bn price tag associated with Kusile. It is these capital costs that are now under scrutiny by Nersa.

O'Connor questioned whether Dames had taken into account the price risks of coal-fired power.

Coal plants would incur additional costs like carbon taxes and sourcing inputs like coal and water, O'Connor said. Even if coal was mined cheaply in South Africa, it remained expensive relative to wind, which cost nothing.

--Mainstream announced last year it intended building 18 wind farms around the country.

Link: http://www.busrep.co.za/index.php?fSectionId=563&fArticleId=5324791

US to World Bank: Don't fund coal-fired plants
By Swati Mathur
TNN
24th Jan. 2010

NEW DELHI: Close on the heels of the inconclusive end to the Copenhagen Accord, the US government has stepped up pressure on the World Bank not to fund coal-fired power plants in developing countries.

In a letter sent to the World Bank, a copy of which is with TOI, United States Executive Director Whitney Debevoise said, "The Obama Administration believes that the Multilateral Development Banks (MDBs) have a potentially critical role to play in the future international framework for climate finance, and, in particular, to assist developing countries in mitigating greenhouse gas emissions and strengthening their economies' resilience to climate risks.''

Referring to the guidelines as a product of "internal US government deliberations'', Debevoise has advised MDBs to "remove barriers to and build demand for no or low carbon resources''. Though the US Treasury Department (USTD) is a statutary body and its recommendations are not binding on the World Bank, the move, the first-of-its-kind, is believed to have created pressure on the bank.

While India, with its history of funding its own coal-fired power plants, does not stand to be affected immediately, representatives of developing countries like China, India and others in the World Bank have reacted sharply to this development. Calling the guidelines "an unhealthy subservience of the decision-making processes in the Bank to the dictates of one member country'', they have said that the US should instead raise these issues during discussions in the Board on the Bank's Energy Sector Strategy.

"The guidelines do not spell any immediate threat to the Indian power sector. However, the Indian states, looking out for World Bank funding will be hit,'' says a well placed source in the government. Following Debevoise's controversial guidelines, the axe has already fallen on Pakistan's Thar Coal and Energy Project on the grounds that "the limited financing available from the Bank should be directed toward investments that address energy supply shortfalls in an environmentally sustainable manner''. According to sources, the next coal-fired power project to be affected will be one from South Africa.

Public funding for coal-fired power plants has remained one of the most divisive issues for the World Bank. The institution has developed a new framework that calls for boosting renewable energy lending. Despite the mounting pressure, however, the World Bank has refused to rule out lending for coal altogether.

Link: http://timesofindia.indiatimes.com/articleshow/msid-5493089,prtpage-1.cms

SA aims to complete climate change policy by year-end
By Christy van der Merwe
Engineering News
21st of Jan. 2010

South Africa's Department of Environmental Affairs (DEA) on Thursday expressed a "firm intent" to complete the country's national climate change policy white paper by the end of 2010.

Environmental Affairs deputy director general Joanne Yawitch explained to Engineering News Online that the department hoped to have a ‘green paper' completed by mid-year, which would be followed by a public consultation process before the finalisation of the policy.

"There is a whole process that we, from our department, will be leading, where we are hoping that we can bring in and collect the views of as many people as possible, and arrive at something, which, to the largest extent possible, reflects a broad South African perspective based on the science," she told participants gathered at a ‘Copenhagen Unpacked' briefing hosted by Investec.

It was accepted that climate change had the potential to affect just about every sector in South Africa, including: energy and industry, trade, agriculture, water, transportation, healthcare, finance, and infrastructural development.

"Stakeholder engagement is key," stressed Sasol safety health and environment centre manager Fred Goede, who emphasised that from about 60% to 70% of the country's emissions that would need to be cut, would need to be done so in the private sector.

"To move forward, we need to balance priorities, identify blockages, and decide how we can work together to unblock them," added Eskom climate change and sustainability manager Mandy Rambharos, who also reiterated the need for integrated planning and "proper stakeholder engagement" when drawing up the national climate change policy.

Investec Asset Management portfolio manager Malcolm Gray asserted that the accessibility of the climate change debate remained a problem, and said that there was a "real need for clear leadership and guidance, which is easily available and accessible".

He added that part of the policy framework, within the green paper, should look at how "natural pools of capital" could be mobilised.

Emission reduction targets that were set by government, as well as scenarios that were outlined should be made clearly available, noted independent climate change consultant Dave Collins.

Yawitch said that the department understood that it needed to put out a clear document, and added that stakeholder engagement would be a central element of the policy.

An important part of this engagement would be to take a decision as to whether the reporting of emissions and emission reductions by companies would be regulated.

Yawitch stated that there was "quite a big debate" and many different views as to what extent industry felt that emissions reporting should be a voluntary process, and the extent to which people felt that government should be regulating it.

"I understand the need for certainty, but that certainty has got to come out of an interaction where we all feel that we can put our different perspectives forward and then be able to make a judgement call on what is going to be the best thing to do. It is a discussion we need to have and resolve during the course of this year," she said.

The DEA was drawing up greenhouse gas reporting regulations and that process would move ahead. "But before we actually promulgate anything, we would want to be able to have that clarity at a policy level about what is the appropriate approach," Yawitch said.

She explained that the department was also in the process of compiling a climate change response database containing details of initiatives that are being taken in South Africa to combat climate change. "That in itself needs to be built into something that is more accessible, more widely used and a more useful tool, both to ourselves and to everybody else," Yawitch explained.

SOUTH AFRICAN TARGETS

Prior to the global climate change conference in Copenhagen in December, South Africa outlined that it would undertake greenhouse gas emissions mitigation actions that would result in a deviation below the current emissions baseline of around 34% by 2020 and by around 42% by 2025.

Despite being contingent on a legally supportive framework and stable financial flows from developed nations, this was viewed as an ambitious target, particularly for a developing country.

Yawitch explained that these targets were derived largely from the long-term mitigation scenario document, as well as the latest version of the Department of Energy's integrated resources plan with its various renewable energy and energy-efficiency commitments, and the clean technology investment fund portfolio commitments.

It was presumed that these would be the targets that South Africa would submit to the United Nations Framework Convention on Climate Change as a part of the Copenhagen Accord, which requires that countries accepting the Accord submit their outlined targets by January 31.

Link: http://www.engineeringnews.co.za/print-version/sa-aims-to-complete-climate-change-policy-by-year-end-2010-01-21

UK firm enters SA renewable energy market
By Christy van der Merwe
Engineering News
20th of Jan. 2010

UK-based Renewable Energy Systems (RES) has announced its entry into the South African renewable energy market with the acquisition of a portfolio of wind power projects from Cape Town-based South African Renewable Green Energy.

RES, which is in the process of establishing an office in Cape Town, said that the projects, located in the Eastern Cape and the Western Cape, were in the early stages of development, and have an estimated installed capacity of about 300 MW.

"We have studied the market thoroughly and believe it is a very good opportunity for private developers, as well as for the South African State and government, to be able to have large amounts of renewable energy within the next few years," RES Southern Africa director Thomas Riboud told Engineering News Online.

He explained that, while the renewable energy market in South Africa is still very young, the company views it as "an opportunity to have a very efficient development process, which would allow developers to develop quite a large amount of capacity within a tight timeframe".

Riboud noted that the National Energy Regulator of South Africa's implementation of the renewable energy feed-in-tariff was one of the major steps forward from a private developer perspective, because it gives certainty of the revenues and therefore the viability of projects.

"On the development side there is still some work to do - just to map out what the development process going to look like in South Africa," he added.

RES Southern Africa would soon be starting the recruitment process to staff up this subsidiary with the expertise to develop the wind farms. The group expected to have about four or five employees in the next year, and then to increase employee numbers as and when needed.

"We have been working on our strategy for this market for some time and this acquisition is the first step of many to come. We expect the South African renewable energy market to be a very challenging environment for developers, but we are fully committed to developing these projects and building a substantial portfolio in the region," Riboud said.

The company's core expertise is in wind, although it was developing solar and biomass projects in other parts of the world.

RES is involved in all aspects of renewable project development - from site prospecting to operation and maintenance, and has operations across Europe, North America and the Asia-Pacific region. Involved with wind energy development since the 1970s, RES has developed and/or built more than 4,5 GW of wind energy capacity worldwide, including projects in the UK, Ireland, France, Scandinavia, and the US.

"We are delighted to have completed this deal, which establishes a strong position for us in the market. We have identified South Africa as a substantial growth area for our business. The need to meet growing electricity demand, combined with the need to reduce carbon emissions in response to the pressures of climate change, means there is great potential to exploit the country's abundant wind and solar energy resources," said RES strategy and communications director Stephen Balint.

Link http://www.engineeringnews.co.za/print-version/uk-firm-enters-sa-renewable-energy-market-2010-01-20

Clinton Foundation promotes solar energy in South Africa
UPI
13th of Oct. 2009

JOHANNESBURG, South Africa, Oct. 13 (UPI) -- The Clinton Foundation and the South African government have signed an agreement to build the country's first "solar park."

Business Day reported Monday that the memorandum of understanding between the Clinton Foundation and South Africa's Energy Department provides construction of the facility to begin before the end of 2010.

Despite having abundant solar resources and an advanced technological base, South Africa does not currently have significant solar projects. The MOU puts South Africa among the nations tending towards developing solar parks as a way to maximize solar resources, alleviate greenhouse gas emissions and reduce the country's dependence on fossil fuels.

The MOU is not the Clinton Foundation's first venture into solar energy, as it signed a similar agreement in August to construct a solar park in India's Gujarat state.

Speaking at the announcement of the initiative, South African Energy Minister Dipuo Peters commented, "It is a commonly known fact that our country is well endowed with unique and abundant natural renewable energy resources that still remain largely untapped," adding that the government had established a target of generating 10,000 gigawatt-hours of renewable energy by 2013.

Link: http://www.upi.com/Science_News/Resource-Wars/2009/10/13/Clinton-Foundation-promotes-solar-energy-in-South-Africa/UPI-20221255448912/

Feed-in tariff seen as growth stimulus for renewable-energy market
By Jade Davenport
Engineering News
16th October 2009

Despite the considerable potential that exists to produce electricity using renewable energy in

Southern Africa, renewable-energy projects have, to date, been largely limited to off-grid, small-scale applications.

However, the renewable-energy market in South Africa is expected to grow exponentially in the next few years, largely owing to the announcement of the renewable-energy feed-in tariff (Refit) in March by the National Energy Regulator of South Africa (Nersa).

This is according to a study undertaken by international growth partnership company Frost & Sullivan, which indicates that the revenue earned by the renewable-energy sector is expected to increase tenfold, from $28,4-million in 2008 to about $262,3-million by 2015.

This expected exponential growth is good news for local renewable-energy consulting and project development firms.

One such company is Cape Town-based renewable-energy consulting and project development firm Aurora Power Solutions.

Established 18 months ago, Aurora Power Solutions has a portfolio of 200 MW of solar sites under development and is focused on delivering a host of project development services for the renewable-energy sector.

In an interview with Engineering News, Aurora Power Solutions director James Walsh explains that the team of four have skills in engineering, economics and research, and have international experience gain while working on various renewable-energy projects in the US, Spain and the UK.

The company consults on projects and provides expertise for all solar renewable-energy technologies, although Walsh elaborates that the company is particularly focused on the development of solar photovoltaic (PV) technology currently.

The focus on that particular technology is primarily based the recent announcement by Nersa of an R4,48/kWh feed-in tariff for power produced by PV technology, which the company believes, along with concentrating solar power, could finally unlock the doors for the large-scale production of clean, sun-driven energy in South Africa.

Walsh elaborates that PV could be highly successful in South Africa because the country has one of the best solar resources globally, the technology is easily deployed and the project risk can be adequately managed in the South African environment.

Currently, the company is focusing its attention on PV projects over 1 MW in size that will capture Refit.

Walsh states that there is a lot of potential for solar PV projects, especially in the North West province and the Northern Cape province.

However, such projects are expensive, costing between R50-million and R60-million each megawatt of capacity installed a site.

Thus, while the company is currently undertaking prefeasibility studies for potential PV projects, its key priority is to raise funding to take its project pipeline to financial closure.

Walsh elaborates that Aurora Power Solutions is seeking to raise capital through private-equity funds, infrastructure funds venture capital funds.

To date, the company has received limited funding, but Walsh elaborates that the funding has been too little to take any project to financial closure, which requires R10-million to 15-million.

Walsh admits that the current global economic recession is making fundraising difficult, but remains optimistic that an improvement in economic circumstances will lead to more funding. He also notes that South Africa does not have an established venture capital industry that has a mandate to invest in early-risk capital.

The other factor that is inhibiting project development is the lack of a developed offtake market in South Africa.
“We are only able to advance a project from the feasibility stage if we have a 20-year offtake agreement with Eskom or a local municipality,” says Walsh

To date, the industry has not been able to secure such an agreement. However, the company remains optimistic about its future in the local renewable-energy sector and the growth of large-scale PV projects in South Africa.

“The installation of large-scale grid-connected solar PV systems in South Africa provides an efficient way to quickly diversify its power generation portfolio,” says Walsh. “With the potential adoption of the new Nersa feed-in tariff, we now finally stand on the verge of developing a new industry in South Africa."

Link: http://www.engineeringnews.co.za/article/renewable-energy-2009-10-16

Stand-alone body planned to level electricity playing fields
By Linda Ensor
Business Day
28th of Jan. 2010

CAPE TOWN — The Department of Energy is planning to complete by end-March a new legal framework which will establish an independent system operator to buy electricity from Eskom and independent power producers.

Initial suggestions were that only electricity from independent power producers would be bought by the independent system operator, but this has now been broadened to include Eskom's power. The aim of the new system is to create a level playing field between Eskom and independent producers so that the latter would not have to negotiate power purchase agreements with Eskom.

Eskom's designation as the sole buyer of electricity from independent producers has been a major stumbling block to developing a vibrant independent generation industry, as the utility has been reluctant to buy relatively more expensive power from independent producers. This has meant the government has not met its target to have at least 30% of all power generated by independent producers.

The new model — used extensively in countries where the private sector contributed to power generation such as Australia, the US, Argentina and Norway — would not affect Eskom's viability, the energy department's director- general, Nelisiwe Magubane, said yesterday.

This was because both Eskom's power and that of the independent producers would be bought by the independent body at the tariffs determined by the National Energy Regulator of SA (Nersa). The same tariff would apply to all power purchased.

Magubane said that more private players would be attracted to the industry once tariffs rose after Nersa had decided on Eskom's 35% tariff application.

She said the Cabinet had instructed the department at its last meeting last year to develop the model of independent power purchase and to report back to it before the end of March.

Magubane said the proposed model would ensure the wholesale purchase of power by the independent operator was transparent and took place outside Eskom. The electricity would then be resold in bulk for transmission and distribution by Eskom and municipalities.

"What has been happening is that Eskom has been acting like a real monopoly, trying to keep other players out of the industry," Magubane said. "We want to take that function of buying power away from it."

Magubane said Eskom was happy with the proposal and was working with the department on how best to implement it.

Link: http://www.businessday.co.za/articles/Content.aspx?id=92263

High costs hamper S.Africa waste to power plans
By Muchena Zigomo
Reuters
23rd of Oct. 2009

JOHANNESBURG (Reuters) - Animal and human waste could produce as much as 200 megawatts to help ease power problems in South Africa, but efforts to turn waste into power for small communities are being hurt by high equipment costs.

Africa has abundant renewable energy resources yet much of the continent has no adequate power supply, especially in rural areas where investment in projects and infrastructure is poor.

While a seemingly cheaper method of generating electricity by burning animal and human waste to create biogas and then electricity is available, experts say hurdles remain.

"There is quite a bit of interest from small farmers but for them it's not particularly viable at the moment because of the costs," Rob Cloete, director of South African biogas firm Biogas Power told Reuters.

He said costs of converting waste to power in South Africa were still excessive and far out of reach for the majority of people, particularly in rural areas where income is low despite an abundance of waste from farming.

"A number of small cattle and pig farmers, for example, are interested in converting animal waste into electricity either for their households or for their communities, but it always comes down to how expensive the equipment is," he said.

Cloete said a small biodigester to convert biogas to electricity could cost up to 20,000 rand, far out of reach of the majority of people in rural communities.

Several waste-to-power projects have been implemented in South Africa amid hopes animal waste could supplement grid power, but few of these have produced the results needed to spearhead the push for more investment in similar projects.

A piggery in the northern Limpopo has produced about 10 MW since August by converting biogas to electricity.

A project in the KwaZuluNatal province generates up to 3,000 kilowatt hours of electricity each month from chicken manure.

Independent producer Lesedi Biogas Project (LBP) said in August it planned to build one of the world's largest open-air feedlot manure-to-power projects near Johannesburg, a 150 million rand project that could produce 3.8 MW of baseload power and 6.2 MW of peaking power per year.

"You'll notice that those projects are a bit bigger than what the average rural community or individual farmers can handle. But they do show that it can be done," Cloete said.

Waste-biogas projects around the country could ease the burden on a national grid that collapsed last year due to burgeoning demand.

Cloete said the average rural family could generate enough electricity to cook a meal and provide light for a few hours from 45 kg of animal and human waste.

"You're not suddenly going to have a whole household running ... but you could at least boil water and cook a meal," he said.

Link: http://af.reuters.com/articlePrint?articleId=AFJOE59M0C520091023

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4. SA Unsustainable Energy

Gov’t concerned as Mmamabula migraines resurfaces
By Kabo Mokgoabone
Sunday Standard
21st of Dec. 2009

Government this week assured CIC Energy and investors that it is still behind the Mmamabula Energy Project that will eventually narrow trade deficit between South African and Botswana, despite stumbling blocks in Pretoria.

The Botswana and Canada-listed company this week, out of frustration and tedious regulatory process in South Africa, decided to shelf some of its plans with talk in the grapevine that the project ‘might be put on ice’.

Minister of Minerals, Energy and Water Resources, Ponatshego Kedikilwe, told legislators this week that government has been given assurance by the Public Enterprises minister about South Africa’s continued interest in the project.

“The government of Botswana remains committed to the development of the country’s vast coal resources as part of the diversification of the country’s economy,” said Kedikilwe.

“…I wish to emphasise that this hiatus, unfortunate as it is, does not mean the Mmamabula Energy Project is being shelved. The government will continue to actively encourage the development of the project as well as viable use of the abundant coal resources.”

Although Mmamabula sits on large coal resources, its power export project can not go ahead until Eskom signs Power Purchasing Agreements (PPAs) as most 75% of the electricity will be channeled through its grid.

Botswana Power Corporation (BPC), the local electricity utility, as another off taker, on the other hand can not sign its PPAs with CIC Energy because it will consume a fraction of the power.

South Africa has released an overview of Integrated Resourced Plan 1 or IRP 1, which spells out the government’s policy on the build programme for the electricity generation capacity during the next three years or April 2010-March 2013.

However, the minister revealed that Mmamabula falls outside the IRP 1 horizon because it is expected to deliver power in 2014 with the 20 year IRP 2 expected to be finalised next year.

“This therefore means that there will regrettably be an inevitable delay to the implementation of the Mmamabula Energy Project”, stated Kedikilwe.

Although not being specific, the company said Monday night it was deferring certain financial, legal and engineering activities related to the mega power project in Africa.

CIC Energy as the promoters of the project last year made significant appointments including the London based investment bank, NM Rothschild and Sons (UK), as its financial advisors for the envisaged power plant.

Other companies doing business with the company include Absa Capital, a division of Absa Bank Limited and the Standard Bank of South Africa Limited, two leading South African banks that were appointed as mandated lead arrangers for the commercial bank facility and the Export Credit Insurance Corporation of South Africa (Pty) Ltd portion of the debt financing.

The latest blow is the mirage of migraines that Mmamabula is suffering from as previously the project was downsized because of costs.

Initially, the project was to produce 2400 MW of electricity, but was last year scaled down to 1200 MW as the cost past the P100 billion mark, which was made worse by the tough Engineering, Procurement and Construction (EPC) market.

Link: http://sundaystandard.info/news/news_item.php?NewsID=6620&GroupID=3

Shell awarded permit to study natural gas potential in central South Africa
Shell Press Release
26th of Jan. 2010

The South African Petroleum Authorities (Petroleum Agency SA) today awarded Shell a Technical Cooperation Permit for a one-year study to determine the hydrocarbon potential in parts of the Karoo Basin in central South Africa.

The South African Petroleum Authorities (Petroleum Agency SA) today awarded Shell a Technical Cooperation Permit for a one-year study to determine the hydrocarbon potential in parts of the Karoo Basin in central South Africa.

The permit covers an area of approximately 185,000 square kilometers. The study will provide a better understanding of the area’s geology and shale gas potential, establishing the scope to pursue natural gas exploration. Shell will have the exclusive right to apply for exploration permits following completion of the study.

“This onshore study and the recent award of offshore exploration acreage in the Orange Basin area together reinforce Shell’s interest in exploring for oil and gas in South Africa" said Ceri Powell, Executive Vice President International Exploration.

Shell has been active in the South African retail markets since 1904 and in refining since 1963.

Link: http://pr-canada.net/index.php?option=com_content&task=view&id=153135&Itemid=65

Africa: South Africa's Empty Promise
By Servaas van den Bosch
IPS
15th of Dec. 2009

Copenhagen – Powerhouse South Africa last week promised a reduction of growth in emissions, making it the momentary star of the negotiations. But the plan is 'an absolute non-starter', say environmental groups, as power utility Eskom fires up more fossil plants with five billion dollars of World Bank funding.

In a well-timed move, South Africa, responsible for half of the continent's greenhouse gas emissions, announced a reduction of CO_2 emission growth – down 34 percent from business as usual in 2020 and 42 percent by 2025. The announcement, released the day before the start of the U.N. Climate Change Conference, predicts a decline in emissions in 2035.

"As such, South Africa, being a responsible global citizen and in line with its obligations under article 4.1 of the United Nations Framework Convention on Climate Change (UNFCCC) acknowledges its responsibilities to undertake national action that will contribute to the global effort to reduce greenhouse gas emissions," read a statement form the President's office.

The responsible global citizen's move came with strings attached though.

"It is not a pledge," South Africa's top negotiator Joanne Yawitch told TerraViva. "The reduction depends on whether developed countries put a fair and equitable deal on the table in Copenhagen, particularly where it comes to financial support for mitigation measures."

According to Yawitch the savings are calculated on the basis of clean technology schemes to mitigate emissions. "We want to put up wind farms and relieve the transport sector with the Rea Vaya (isiZulu slang for 'we are going') bus rapid transport system. We plan to fit a million solar geysers in households," she said.

"But 12 months into the program only 800 were installed," commented Ferrial Adam of Earthlife Africa at a press conference in Copenhagen a week later. "They have announced this but there is no plan of action, only a lot of voluntary measures that go nowhere. The roll-out of renewable energy is just so slow."

What makes environmentalists livid is that Eskom, responsible for 40 percent of the country's emissions has just secured a $3.7 billion loan from the World Bank for fossil fuel-based power generation and is negotiating to get this figure increased to $5 billion.

Using the World Bank money as leverage Eskom, has already secured $2.5 billion from the African Development Bank in a separate deal.

The loans are destined for the Kusile and Medupi power plants being constructed in the rural provinces of Limpopo and Mpumalanga. When completed eight years from now, these will become the world's third and fourth largest coal-fired plants, say the campaigners.

"This deal with the World Bank locks South Africa into a position where it will continue its emissions path," said Adam.

"The $5 billion loan is the largest the World Bank has ever given to any African country," said Sisiwe Khanyile from South African environmental justice group Groundwork.

"It's also more than double of what the World Bank has globally allocated for renewable energy funding," she argues. "This raises the question of how serious South Africa really is with moving forward on green technology."

Of South Africa's generating capacity of 44,000 megawatts, some 37,000 megawatts is delivered by coal fired plants. Only around 2,000 megawatts comes from renewable energy sources. Just two days after South Africa's announcement to start slowing emissions growth Eskom signed a 60 million tonne coal supply deal with mining group Xstrata.

"The World Bank doesn't live by its own rules said Nnimmo Bassey of the Friends of The Earth International. "It finances large-scale unsustainable power generation in an age when such projects should not even be considered. Leave oil in the soil and coal in the hole!"

The claim that the nation's power shortage is impeding development for the poor is a misrepresentation argue the environmentalists. "After they have used their free basic 50 kilowatt allowance, the poor pay a rate that's three times higher than the industry pays, which is by far the largest consumer of power in South Africa," explains Khanyile.

She accuses the World Bank of including a "renewable energy fig leaf" in the deal to the amount in the form of $260 million for wind and concentrated solar power. "However there is no convincing evidence that Eskom is leaning towards renewables. At best Eskom's plans show a renewable accounting for only two percent of the generating capacity by 2020."

Khanyile and her colleagues travelled to Copenhagen to put pressure on their delegation to accept a green and fair deal for Africa. While Eskom and petrol giant Engen (which is not even a South African company) were invited to join the delegation, no members of civil society was taken aboard.

The NGOs are concerned South Africa's positioning will estrange it from the Africa Group of negotiators in Copenhagen.

"Already Sudan chided South Africa for it unilateral offer, accusing it to cause division in the group. Unfortunately they later retracted this statement," said Adam. "There are also indications that South Africa is pressuring the Alliance of Small Island States (AOSIS) to not upset the negotiations by insisting on a maximum 1.5 degree rise in global temperature."

And so a closer look at the gleaming promise of one of the mid-ranking players in climate negotiations uncovers a disturbing emptiness.

"They know very well that their promise of emission reductions is not legally binding," said Adam. "It seems like South Africa just want to shine in the negotiations and then continue with business as usual."

With five days left to seal a deal, real commitments from South Africa and its fellow BASIC countries are still in short supply. (END/2009)

Link http://allafrica.com/stories/printable/200912150890.html

Sasol, Eskom top SAfrica's pollution list: report
Reuters
21st of Oct. 2009

CAPE TOWN (Reuters) - Petrochemicals group Sasol and electricity firm Eskom topped the list of South Africa's largest polluters, according to the country's 2009 Carbon Disclosure Project report.

The report, which targeted South Africa's 100 largest listed companies, said a few carbon-intensive companies dominated the country's carbon footprint. State-owned Eskom is not listed, but gave information voluntarily.

Emissions at Eskom, one of the world's top three single polluters, stood at 220 million tonnes.

Sasol, the world's largest maker of motor fuels from coal, spewed some 70.4 million tonnes of carbon dioxide into the atmosphere last year in South Africa alone.

The country's total emissions are seen at around 440 million tonnes, in line with its rank as the 12th top polluter globally.

"Greenhouse gas emission reporting by industries will soon be mandatory in South Africa and non compliance shall be met by penalties," Buyelwa Sonjica, South Africa's Water and Environmental Affairs Minister said in the report.

South Africa sees the country's emissions peaking between 2020-2025, stabilising for a decade before falling towards 2050.

Energy and material sectors remained the country's largest emitting industries, collectively contributing more than 90 percent of the country's emissions, particularly hit by South Africa's heavy reliance on coal-fired power plants.

Moves to diversify the country's energy mix away from coal have been slow, especially as Eskom struggles to meet fast rising demand in Africa's biggest economy.

Nedbank Group came first among the 100 listed companies in the report's carbon disclosureleadership index, for outstanding disclosure practices. Industrial conglomerate Bidvest Group Ltd was joint second with food and clothing retailer Woolworths.

Launched in 2000, the Carbon Disclosure Project has, on behalf of institutional investors, challenged the world's largest companies to measure and report their carbon emissions.

Link: http://af.reuters.com/article/topNews/idAFJOE59K0P220091021?sp=true

South Africa’s Energy Regulator Denies Gigajoule Licenses
By Carli Lourens
Bloomberg
14th of Oct. 2009

Oct. 14 (Bloomberg) -- The National Energy Regulator of South Africa didn’t approve a license application by Gigajoule Africa Pipe Ltd. to build gas distribution and transmission facilities in the country’s Cape West Coast region, the regulator said in an e-mailed statement.

It also didn’t approve Gigajoule Africa Gas Ltd.’s application for trading in gas in the same region, it said.

Link: http://www.bloomberg.com/apps/news?pid=20601116&sid=aV3qg5Bgc1m4#

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5. Energy Policy & Analysis

South Africa: Copenhagen Accord Makes Sham of Global Environmental Justice
By Michelle Pressend
The South African Civil Society Information Service
14 January 2010

After the 1999 WTO meeting in Seattle, the Copenhagen Climate Summit will probably go down as the next biggest multilateral meeting failure of the 21st century, but I wouldn't say for the right reasons.

In biting cold Copenhagen, there was little recognition that 400 years of capitalism is the underlying cause of global warming and simply not enough understanding that the market-driven solutions espoused by the Kyoto Protocol will only exacerbate the climate crisis and global inequality.

The controversial Copenhagen Accord, secretly drafted by countries of the Global North with the approval of a few handpicked emerging economies, including South Africa, is green washed capitalism with thinly veiled energy security at its heart.

South Africa will join India, China and Brazil in New Delhi at a ministerial level meeting on 24 January 2010 to discuss issues before signing the Accord. In this new round of deal making, they comprise an exclusive group openly courted by the Global North because of their strategic importance in the new geopolitics of the world.

The way forward is a complete travesty for global environmental justice.

The emerging post-Kyoto Accord is not focused on real solutions to restore hundreds of years of natural resource destruction nor is it about the creation of socially and ecologically sound production and consumption systems.

System change is not on the agenda.

Instead, there is an obsession with carbon. The entire focus seems to be on financing an energy agreement and mechanism to create a transition through carbon markets. And what is emerging is that the Global North wants to spearhead and profit from the carbon transition through the control of technology and finance for the Global South.

Essentially, what is being crafted is a win-win situation for big companies that will be allowed to continue polluting through the purchase of carbon credits. Those that invest in becoming more energy efficient will simply pass the cost on to the consumer and receive incentives from their governments.

For example, the Accord supports the privatisation of communal forests by promoting the contentious 'Reducing Emissions from Deforestation and Forest Degradation in Developing Countries' (REDD) programme, a collaborative initiative of the United Nations (UN). In short, it rewards developing country governments for reducing deforestation, but in a manner that is beneficial to industry. For example, industries can purchase pockets of forests through long term contracts (essentially they are buying carbon sinks) to receive carbon credits.

This is hugely problematic. Apart from the fact that forests have become another commodity for polluting industries to avoid actual reduction, purchasing forests will also have an impact on the livelihoods of communities dependent on forest resources.

At the same time, imported goods from developing countries, produced with high carbon energy, will be penalised at the borders of developed countries investing in their carbon markets.

These climate protection measures are evident in the United States' (US) Climate Bill. One aspect of the Bill is the US International Reserve Allowance Program. This program intends to address competitiveness that affects US manufacturers. This will be implemented via a border adjustment tax for products from other countries, especially developing countries. So, for a country like South Africa where energy consumption is largely based on coal, exports will be negatively affected, as goods produced here will be regarded as having a competitive advantage on the basis of "cheaper" and dirtier energy generation.

Moreover, writing in the South Centre Bulletin, Vincente Paolo Yu argues that through the Bill, the US is also establishing an Emissions Allowance Rebate Programme that gives a rebate to energy-intensive industries, such as iron or steel factories, which meet certain energy reduction thresholds. Yu explains, "In short, the US government would compensate, i.e. subsidise, the cost incurred by these industries for complying with stringent US green house gas (GHG) emission targets," in particular energy-intensive companies that are deemed to be "trade-vulnerable."

The US, renowned for its unilateral approaches, was at the forefront of spearheading the Accord and promoting an arrangement through which Parties that associate with it will have access to funds. According to Martin Khor, writing in the Malaysian Star, "The US wanted an arrangement through which Parties can associate with the Accord. It said there are funds in the Accord, and 'it is open to any Party that is interested'. This implies that Parties that do not register their endorsement of the Accord would not be eligible for funding."

This development completely undermines the UN's Special Climate Change Fund, which needs replenishing.

North-South hegemony and polarisation didn't only play itself out amongst governments, but was evident, too, in the parallel NGO/civil society event, "Klimaforum" (The People's Climate Summit 09), which I attended.

The legitimacy of and role played by civil society organisations from the North was hugely debatable. Their behaviour towards their Southern counterparts can best be described as paternalistic. When the usual UN-following NGOs and other mainstream environmental organisations were not in the Bella Centre, they dominated the podiums and spaces at the people's summit, many speaking on behalf of the global South, defending indigenous rights, raising the issue of climate impact -- and bringing token people from the South to explain how they are affected.

There was a predominance of "awareness-raising" through song, dance and little skits to what I thought was already a very informed audience. Much of what was presented was a rehashing of the implications of environmental degradation/destruction on poor farmers and indigenous people that was probably spoken about in the Rio Earth Summit nearly two decades ago and the World Summit on Sustainable Development in Johannesburg in 2002. Perhaps the only difference this time is that the condition of poor and marginalized people is getting worse.

Past and current socio-economic challenges faced by many people around the world were simply lumped with climate change.

Similar to those NGOs focusing on how trade liberalisation can benefit the poor, leading NGOs in Copenhagen presented the corporate agenda in a manner that it would benefit the poor and the environment. It was a total paradox.

NGOs seemed trapped in the "mitigation and adaptation" strategy speak, where the rich have to mitigate and the poor need to adapt -- as if climate change is not going to affect the countries of the North.

What was even more patronising was ignoring the right of the people of the Global South to develop and increase their consumption, clearly not on a capitalist accumulative basis, but through self-sustaining and self-reliant approaches where social production is in the hands of workers, where people have access to decent work, where food production is on the basis of agro-ecological production, and where people's access to and ownership of productive resources and social needs are fulfilled.

What was needed and ignored at Copenhagen was a discussion about serious alternatives to what is presently the norm.

Eco-socialist John Bellamy, argues, "…the long-term strategy for ecological revolution throughout the globe involves the building of a society of substantive equality…"

Unfortunately, the Copenhagen Climate Summit did not provide the impetus for this even amongst civil society organisations. Many social justice activists deem it a failure.

Perhaps the "Peoples' World Conference on Climate Change and Mother Earth's Rights," which identifies capitalism as the systemic cause of the climate crisis, will provide a better platform for a more inclusive and equitable response.

The conference to be hosted by Bolivia from the 20th to the 22nd of April 2010, promises "to analyse structural and systemic causes that drive climate change and propose radical measures…"

For social justice movements around the world – A luta continua!

Pressend is Policy, Advocacy, and Research Coordinator of Biowatch and Coordinator of the Trade Strategy Group.

Link: http://allafrica.com/stories/printable/201001140623.html

Curing Post-Copenhagen Hangover
by Patrick Bond
Monthly Review
22nd of Dec. 2009

In Copenhagen, the world's richest leaders continued their fiery fossil fuel party last Friday night, ignoring requests of global village neighbors to please chill out.

Instead of halting the hedonism, Barack Obama and the Euro elites cracked open the mansion door to add a few nouveau riche guests: South Africa's Jacob Zuma, China's Wen Jiabao (reportedly the most obnoxious of the lot), Brazil's Lula Inacio da Silva, and India's Manmohan Singh. By Saturday morning, still punch-drunk with power over the planet, these wild and crazy party animals had stumbled back onto their jets and headed home.

The rest of us now have a killer hangover, because on behalf mainly of white capitalists (who are having the most fun of all), the world's rulers stuck the poor and future generations with vast clean-up charges -- and worse: certain death for millions.

The 770 parts per million of carbon in the atmosphere envisaged in the Copenhagen Accord signatories' promised 15% emissions cuts from 1990 levels by 2020 -- which in reality could be a 10% increase once carbon trading and offset loopholes are factored in -- will cook the planet, say scientists, with nine out of ten African peasants losing their livelihood.

The most reckless man at the party, of course, was the normally urbane, Ivy League-educated lawyer who, a year ago, we hoped might behave with the dignity and compassion behooving the son of a leading Kenyan intellectual. But in Obama's refusal to lead the North to make 45% emissions cuts and offer payment of the $400 billion annual climate debt owed to Third World victims by 2020, Obama trashed not only Africa but also the host institution, according to 350.org leader Bill McKibben: "He blew up the United Nations."

Economist Jeffrey Sachs charged Obama with abandoning "the UN framework, because it was proving nettlesome to US power and domestic politics. Obama's decision to declare a phony negotiating victory undermines the UN process by signaling that rich countries will do what they want and must no longer listen to the 'pesky' concerns of many smaller and poorer countries."

The Accord is "insincere, inconsistent, and unconvincing," Sachs continued, "unlikely to accomplish anything real. It is non-binding and will probably strengthen the forces of opposition to emissions reductions." Moreover, US secretary of state Hillary Clinton's "announcements about money a decade from now are mostly empty words. They do not bind the rich countries at all."

As Naomi Klein summed up, the Accord is "nothing more than a grubby pact between the world's biggest emitters: I'll pretend that you are doing something about climate change if you pretend that I am too. Deal? Deal."

A handful of technocrats must also shoulder blame, including two key South African officials. A week earlier, before the politicians arrived, Pretoria bureaucrats Joanne Yawitch and Alf Wills were already criticized by leading Third World negotiator Lumumba Di-Aping for dividing the South's main negotiating group, the G77. Yawitch then forced a humiliating apology from Di-Aping for his frank talk (to an African civil society caucus) about her treachery. On Friday night, Zuma did exactly what she had denied was underway: he destroyed the unity of Africa and the G77.

The Pretoria team went to Copenhagen empowered by endorsements from the World Wildlife Fund and Greenpeace -- alongside gullible climate journalists -- who took at face value a vaguely promised 34% emissions cut below anticipated 2020 levels, even though absolute decline would only begin after 2030. Tristen Taylor of Earthlife Africa begged Pretoria for details and, after two weeks of delays, learned Yawitch's estimates were from a "Growth Without Constraint" (GWC) scenario.

According to Taylor, "GWC is fantasy, essentially an academic exercise to see how much carbon South Africa would produce given unlimited resources and cheap energy prices." Officials had already conceded GWC was "neither robust nor plausible" eighteen months ago, leading Taylor to conclude, "The SA government has pulled a public relations stunt." WWF and Greenpeace owe an explanation for their incompetence.

Then came Friday, which George Monbiot compared to the 1884-85 Berlin negotiations known as the "Scramble for Africa," which divided and conquered the continent. The African Union was twisted and U-turned to support Zuma's capitulation by the man appointed its climate leader, Meles Zenawi. In September, the Ethiopian dictator claimed, "If needs be we are prepared to walk out of any negotiations that threatens to be another rape of our continent."

But he didn't walk out -- he walked off his plane in Paris on the way to Copenhagen, into the arms of Nicolas Sarkozy. The fateful side deal, according to Mithika Mwenda of the Pan African Climate Justice Alliance (PACJA), is "undermining the bold positions of our negotiators and ministers represented here, and threatening the very future of Africa."

Not only did Zuma and Zenawi surrender on emissions cuts, but also on demanding full payment of the North's climate debt to the South. "Meles wants to sell out the lives and hopes of Africans for a pittance,' said Mwenda. "Every other African country has committed to policy based on the science."

Clinton and the US team refused to acknowledge the North's vast climate debt, owed not only for climate damage but for excessive use of environmental space. Huffed Washington's chief climate negotiator, Todd Stern, "the sense of guilt or culpability or reparations -- I just categorically reject that."

Bolivian ambassador to the United Nations Pablo Solon replied, "Admitting responsibility for the climate crisis without taking necessary actions to address it is like someone burning your house and then refusing to pay for it. . . . We are not assigning guilt, merely responsibility. As they say in the US, if you break it, you buy it."

Stern's aversion to "culpability" translates into rejection of his own government's straightforward "polluter pays" principle as well as the foundational concepts of the Superfund, responsible for cleaning toxic waste dumps across the US.

Worse, if the Copenhagen Accord is widely endorsed by February 1, much of the promised funding would flow via notoriously corrupt Clean Development Mechanism projects which often do great damage in local settings. According to the Accord, "We decide to pursue opportunities to use markets to enhance the cost-effectiveness of and to promote mitigations actions."

But carbon markets continue failing, as long predicted by the Durban Group for Climate Justice and more recently by The Story of Cap & Trade. Last Thursday, the European Union's Emissions Trading Scheme anticipated the feeble Copenhagen outcome -- including a defunct forest offsets deal -- by dropping 5%. The benchmark price is just 13.66 euros, less than half the peak of mid-2008, far lower than required to attract renewable energy investments.

According to European Climate Exchange director Patrick Birley, "We were hoping that a deal in Copenhagen would open up new opportunities for emissions trading. That expectation has now faded."

This leaves South Africa and the others as accomplices to an historic climate crime that cannot be covered up. The claim that post-apartheid Pretoria only looks after itself has often been made elsewhere on the continent. For example, former president Thabo Mbeki's nickname at the World Economic Forum's mid-2003 meeting in Mozambique was "the George Bush of Africa," as the Sunday Times reported.

Climate damage to Africa will include much more rapid desertification, more floods and droughts, worse water shortages, increased starvation, floods of climate refugees jamming shanty-packed megalopolises, and the spread of malarial and other diseases. Ironically, Obama's and Zuma's own rural relatives in Kenya and KwaZulu-Natal will be amongst the first victims of the Accord.

Did Zuma know what he was doing, acting in Copenhagen on behalf of major mining/metals corporations, which keep SA's ruling party lubricated with cash, "black economic empowerment" deals and jobs for cronies, and which need higher SA carbon emissions so as to continue receiving the world's cheapest electricity, and which then export their profits to London and Melbourne?

Perhaps, but on the other hand, two other explanations -- ignorance and cowardice -- were, eight years ago, Zuma's plausible defenses for promoting AIDS denialism in 2000. He helped Mbeki during the period in which 330,000 South Africans died due to Pretoria's refusal to supply anti-retroviral medicines (as a Harvard Public Health School study showed). To his credit, Zuma reversed course by 2003, as public pressure arose from the Treatment Action Campaign and its international allies. That's exactly what the main local activist network, Climate Justice Now! South Africa, must repeat, or otherwise permit Zuma to remain a signatory to a far worse genocide.

In the US, given that Obama's counterproductive cap-and-trade legislation is gridlocked in the Senate, the logical response -- if he cares a whit about the climate -- is to compel the Environmental Protection Agency to start shrinking greenhouse gas emissions by the worst polluters through its recent "endangerment" finding, to locate serious resources (e.g. through Third World debt cancellation) to pay carbon debt damages that can finance adaptation for climate victims, and to formally decommission the nascent US carbon markets, which delay the needed structural change towards a post-carbon economy. None of these strategies need congressional authorization.

In South Africa, Zuma should do exactly the same. Neither will, of course.

So uncivil society will have to take up the slack and apply direct pressure, starting with the slogan "leave the oil in the soil, the coal in the hole, and the tarsand in the land!" Indeed the most effective antidote to the post-Copenhagen hangover came from environmentalists -- most visibly, Greenpeace -- stretching from Australia to Africa to Appalachia to Alberta.

On December 20, on a bridge leading to the world's largest coal port, in Newcastle, Australia's Rising Tide activists blocked a train for 7.5 hours, with 23 arrests.

In South Africa, groundWork, Earthlife, and the South Durban Community Environmental Alliance are amongst the country's serious environmentalists trying to keep coal in the hole, by protesting the recently-announced $3.75 billion World Bank loan to Eskom (which helps fund the vast Medupi coal-fired plant), increased coal exports from Richards Bay, ultra-cheap electricity for aluminum smelters and mines, filthy operations of Sasol oil-to-coal, a new dirty oil refinery near Port Elizabeth, and a proposed Durban-Johannesburg pipeline which will double fuel flow to Africa's least sustainable city.

Up the Atlantic Coast, the climate's and the people's main ally is the militancy which keeps Niger Delta oil in the soil. The Port Harcourt-based NGO Environmental Rights Action, led by visionary Nnimmo Bassey, links local destruction to global climate chaos. Sabotage of oil extraction is the consistent tactic of the Movement for the Emancipation of the Niger Delta, which ended a two-month ceasefire by attacking a Shell and Chevron pipeline six hours after the Copenhagen Accord was signed.

In Appalachia, West Virginia's Climate Ground Zero activists have, according to a December 19 report by Vicki Smith, "chained themselves to giant dump trucks, scaled 80-foot trees to stop blasting and paddled boots online into a 9 million-gallon sludge pond. They've blocked roads, hung banners and staged sit-ins. Virginia-based Massey Energy claims a single 3 1/2-hour occupation cost the company $300,000."

And in Canada on December 20, anti-tarsands environmentalist Ingmar Lee climbed a flagpole at the British Columbia parliament to protest carbon crimes by Prime Minister Stephen Harper, Provincial Premier Gordon Campbell, and their ally Tzeporah Berman from the corrupted NGO ForestEthics. At the Canadian High Commission on London's Pall Mall last week, Camp for Climate Action activists offered solidarity to Alberta's indigenous Canadian tarsands victims by cutting down the maple-leaf flag, drowning it in crude oil, and then locking down on an upstairs balcony.

So if only two things were accomplished in Copenhagen, they were the unveiling of Pretoria, Delhi, Beijing, and Brasilia as willing criminal accomplices to the Washington/Brussel/Tokyo/ Melbourne/Ottawa axis, and the rise of Climate Justice Action, Climate Justice Now!, 350.org, and parallel movements whose hundreds of thousands of protesters swarmed streets of the world's cities.

The next question is whether in 2010, before the next fiasco in Mexico City, the latter can cancel the former. We all depend upon an affirmative answer.

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Link: mrzine.monthlyreview.org/bond221209.html

South Africa: Waking Up From a Seaside Dream
Business Day
19th of Oct. 2009

Johannesburg — THE Coega aluminium smelter project that Rio Tinto finally put on ice last week was, in a sense, a relic of a bygone era, an era in which SA was under the illusion that it had plenty of electricity to spare -- and that energy-intensive investment was worth courting.

Now we know better. But the history of the smelter project serves as one reminder of how we got into this mess, highlighting the way the government clung to the notion that cheap energy was one of SA's key competitive advantages long after that notion had ceased to be appropriate.

The Coega project goes back to 2001, when the government and Eskom began negotiations with French aluminium producer Pechiney. When Canadian rival Alcan merged with Pechiney in 2003, the government continued to pitch aggressively for the project, arguing SA's merits as the best site for an aluminium smelter.

At long last, at the end of 2006, the contracts were signed, amid great fanfare. Coega had finally landed its big anchor tenant. Alcan was going to be the first to benefit from the Department of Trade and Industry's Developmental Electricity Pricing Programme, designed to stimulate energy- intensive investment in SA.

Eskom signed a 25-year agreement to supply the 1300 MW of power the Coega smelter would ultimately need. And it committed to investing billions of rands to upgrade the transmission lines needed to get the power to Coega.

So where was the cloud over this happy scenario? By the time the contracts were signed, we had already had the extensive Western Cape power outages. By the end of 2006, Eskom's reserve margin was already well below 10%. Though it was denied at the time, those Western Cape outages were a symptom of the strain SA's electricity grid was already under. They were a foretaste of things to come, of the national power crisis that struck in January last year.

In the wake of the crisis, talks were reopened on the Coega smelter project, which was now that of Rio Tinto, which had bought Alcan in 2007. Now, those talks have ended in failure. And this can only be a huge relief. The smelter was to be a tolling operation: importing the raw material , alumina bauxite, adding electricity and a bit of labour and exporting the finished aluminium. So all SA was really selling was electricity, and a lot of it -- 1300MW is the output of a small power station (Koeberg, for example, generates 1800MW).

It's not clear how much aluminium smelters add to the balance of payments given that the exports of finished product must be netted off against the imports of raw materials. And this smelter was going to need only about 1000 workers once it was up and running.

As it is, BHP Billiton has closed one of its aluminium smelters in Richards Bay because of the power shortage. Eskom is not going to have a surplus of power any time in the foreseeable future, even once it's built the new power stations that are going to cost us an arm and a leg over the next few years. Eskom would argue that SA's power price will still be reasonably competitive even after a few years of tariff increases. But that doesn't mean we will be a candidate for energy-intensive investment any time soon -- and especially not in the Cape, where there are no big base-load power stations other than Koeberg -- and where Eskom's plans for another nuclear station have also been put on ice.

So the smelter is no loss to SA. But what of Coega? The government has long clung to the idea of a heavy industrial plant as anchor tenant. That has not happened, despite more than one attempt (remember that before the aluminium smelter, there were long but ultimately failed talks on a zinc smelter in the late 1990s). So maybe it's time for the government to take another look at the model it has in mind for Coega. It needs to be more realistic about what is possible, and to focus on projects that will take the advantage of resources SA does have -- not the ones it doesn't.

The history of the shelved aluminium smelter is a bracing lesson to government about being realistic in its effort and focus

Link: http://allafrica.com/stories/printable/200910190102.html

Power of the juggernaut
By Ebrahim-Khalil Hassen
Times Live
25th of Oct. 2009

The Big Read: The nub of the message from Eskom to the National Energy Regulator is:"Give us massive price increases or the lights will once again go out."

However, this simple and powerful position statement by Eskom hides the emergence of what might be called a "policy juggernaut".

The term "policy juggernaut" was coined by South African sociologist Karl von Holdt in an analysis of Spoornet, which, like Eskom, is a state-owned enterprise. It refers to a dense cluster of institutional, personal and economic interests that coalesce around particular policy decisions. It has an overwhelming momentum of its own and is relatively impervious to rational dialogue or debate about alternative policy options.

There is a set of worrying factors that points towards a narrowing of space for policy debate and the presentation of alternative propositions.

* First, South Africa continues to behave as if it has spare generation capacity by the operations of supporting energy-hungry aluminium smelters.

The details of pricing between Eskom and the smelters remain shrouded in secrecy, however, it is widely accepted that the smelters receive tariffs based on the market price of aluminium.

Consequently, not only will the multinationals behind the smelters continue to receive preferential pricing, it remains uncertain if they will share in the increased costs in the future.

The impact of smelters on the Eskom balance sheet is significant, with some estimates suggesting that as much as 80% of Eskom's debt could be attributed to pricing deals it has struck with the smelters.

Arguably, the National Energy Regulator cannot fulfil its duty without careful evaluation of these agreements.

* Second, government inaction, or the proverbial "go slow" on renewable sources of energy, reveals

how embedded South Africa is in an energy mix primarily driven by coal-fired power stations.

The available evidence on climate change should be enough to spur policy support and political leadership in this area.

So, while, at a great cost to the people, Eskom has been virtually giving away our energy to multinationals producing aluminium, South Africa has not yet explored the strong possibilities that renewable energy can provide.

The department of science and technology's focus on the "hydrogen economy" is a good example of what might be achieved in research and development.

The importance of the programme is that it aims to create a clean industry that has links to platinum mining, especially in producing catalytic converters.

Moreover, according to research by Earthlife Africa, renewable energy on a larger scale could be labour intensive while being environmentally friendly.

* Third, there remains a clamour for the privatisation of Eskom. But thanks to the government's under-investment, it is unlikely that any private company would be able to raise the capital needed to finance the expansion of generation capacity. Indeed, most private companies would not be willing to wait out the long periods between constructing a plant and seeing profits.

There is therefore a strong likelihood that the impact of increased pricing on electricity will not be equally shared with multinationals in the resource sectors that are likely to already have favourable pricing agreements in place.

These arrangements are further buttressed with policies for the distribution sector that make larger customers, such as mines, "contestable customers", which means they can shop around for cheaper prices, while residents and smaller businesses are locked into high price increases.

Moreover, the price increases Eskom has asked for inadvertently keeps South Africa on a growth path that continues to be capital intensive, does not factor jobs into the export equation and fails to meet the challenges of sustainable development.

Yet, as Eskom argues, without the increases the "lights will go out". Though there is some merit to the argument thatprice increases are necessary, they need to be on terms that advance a strong employment agenda and furthers the public good.

Key to achieving this would be the National Energy Regulator requiring Eskom to undertake whatever legal processes it needs to in order to unwind its agreements with aluminium smelters.

To put this in perspective, it is estimated that a single smelter uses about the same electricity as a small city.

The corridor chatter suggests that the deals are watertight in favour of the multinationals, but this proposition needs to be tested in court. The central reason is that it provides us with clarity on the rules of the game as we finance future electricity expansion. At present, the current agreements are like a sword hanging over our energy future.

Von Holdt's analysis of Spoornet points to important lessons on how social pressure from trade unions can be brought to bear to change a seemingly unstoppable process. In the case of electricity, unions are, of course, central to moving a progressive agenda.

But it might require a set of short-term tactical platforms between traditionally opposed sections in our society.

On the one hand, those arguing that electricity markets should be privatised argue that prices and access would become cheaper, and generation capacity improve.

On the other hand, those arguing for a developmental role for Eskom would argue that more state support is needed to support industrialisation and that cross-subsidies for the poor are needed.

For all the differences between these two arguments, there is an important agreement: the current arrangements support multinationals, rather than "starts-ups" in the energy sector, and moving to a labour-intensive growth path requires substantive changes in energy policy.

The unity is, of course, neither ideological nor long term, but has as a core concern, economic inclusion.

The unthinkable might happen because the loudest critics of electricity reform are being drowned out, regardless of ideological position.

Critics need to do the unthinkable and focus on the common denominator, which is that we need a credible and open policy discussion about our energy future. Unless we shift the debate, the lights will continue to burn brightly for some but not for all.

* Hassen is an independent researcher and public policy analyst.

Link: http://www.timeslive.co.za/opinion/article166095.ece

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6. African Energy News

The battle for Angola's oil
UPI
15th of Jan. 2010

LUANDA, Angola, Jan. 15 (UPI) -- The recent killing of two members of Togo's national soccer squad in Angola during an African tournament by separatist rebels from oil-rich Cabinda province marked an escalation in their long-simmering war over the West African state's energy wealth.

The high-profile killings on Jan. 8 in Cabinda, the center of Angola's burgeoning oil industry and the core of its economy, can be expected to trigger a government crackdown against the separatists that will intensify the violence.

Cabinda, a 2,800-square-mile territory on the Atlantic coast, is separated from the rest of Angola by a 37-mile sliver of territory belonging to the Democratic Republic of the Congo and by the mighty Congo River.

Most of Angola's oil production is located offshore, which has diminished the province's importance somewhat. But oil, along with diamonds, account for 99 percent of the country's exports, so Luanda is reluctant to relinquish Cabinda.

Angola is now the continent's leading oil producer, with some 1.9 million barrels per day, having eclipsed troubled Nigeria.

The Americans, which during the Cold War sought to cripple the Soviet-backed liberation-movement-turned-government in Luanda, now see the country as a vital energy source for the years ahead.

So does China, which has hefty commercial alliances with the state-run oil monopoly, Sonangol.

This rivalry could well intensify, not just in Angola, but across the entire region, which is emerging as a major source of oil as new fields are discovered, while Middle Eastern reserves are declining.

Cabinda has been wracked by rebellion, led by the Front for the Liberation of the Enclave of Cabinda since 1975, when Angola gained its independence from Portugal.

At that time, Angola was torn by a civil war between the Marxist MPLA and rivals backed by the United States and South Africa. Africa's longest civil war ended in 2002 with the MPLA firmly entrenched in Luanda.

"Today the superpowers are still interested in the country, but they are fighting for control of Angola's vast oil wealth in a different way," according to Foreign Policy in Focus.

Luanda reached a peace agreement with FLEC in mid-2006 and pledged to give Cabinda a greater share of oil revenues. But hard-line factions have continued to fight the government.

The soccer killings raised the ante. The MPLA government, under its lifetime president of 30 years, Jose dos Santos, has been at pains to show that Angola is now pacified and eager for foreign investment.

With most oil production offshore, FLEC has little chance of disrupting the flow of oil, unlike anti-government rebels in southern Nigeria whose attacks on oil installations have slashed production by 1 million barrels a day and cost the state $1 billion a month in lost revenue.

But the Cabinda rebels remain a significant thorn in Luanda's side, tying down 30,000 troops. FLEC has relied on neighboring states, particularly the DRC and the Republic of the Congo, for sanctuary.

This has fostered the kind of interstate hostility that is the plague of the African continent, which seems to be in perpetual ferment. The major oil discoveries in West Africa have only heightened these rivalries.

Both Congos covet Angola's oil resources, and tension has flared recently between Luanda and Kinshasa over the delineation of their maritime boundaries, which will determine their shares of offshore oil reserves.

On Jan. 11 Cabindan Affairs Minister Antonio Bento Bembe, a former FLEC chief taken into the government under the 2006 peace deal, warned both Congos that Luanda's forces would pursue the rebels into their territories.

That's not seen as an idle threat. During the 1975-2002 civil war MPLA forces played a key role in a 1997 coup in the Republic of Congo, the same year they participated in the overthrow of Mobutu Sese Seko of the former Zaire. They carried out bombings in Zambia in 1999. All these states had supported the MPLA's rivals.

"Angolan security forces are capable of making good on this promise and another regional power -- South Africa -- will be watching developments very closely," according to U.S.-based security consultancy Stratfor.

South Africa is considered the major power in sub-Saharan Africa. Angola, backed by its oil wealth, is widely seen as gearing up to challenge it for dominance of southern Africa, and that makes holding onto Cabinda more important than ever.

Link: http://www.upi.com/Science_News/Resource-Wars/2010/01/15/The-battle-for-Angolas-oil/UPI-56441263586800/

Green projects in South Africa and Tunisia receive UN aid
UN News Service
20th of Oct, 2009

Boosting energy efficiency in South African industry in the face of economy-threatening energy shortages and promoting environmentally-friendly production in Tunisia are the focus of two new United Nations projects signed today.

The Swiss Government will help fund the UN Industrial Development Organization (UNIDO) projects under the accord signed in Bern, the Swiss capital.

“South Africa’s energy intensive industry was developed based on abundant and cheap energy resources,” UNIDO Director-General Kandeh K. Yumkella said of the project that will help put in place energy management standards, ensure their adoption by industries at large and achieve a significant shift in energy practices by introducing a system optimization approach.

“But in 2008, the country experienced an energy crisis with frequent blackouts. The energy shortages directly threaten the growth rate in the country and the region. Taking advantage of its experience UNIDO will contribute to a substantial improvement of energy efficiency in industry.”

The Swiss Government will contribute €2 million, while the South African Government will give another €5 million to the project, which will also lead to significant reduction of carbon dioxide emissions and, at the same time, increase the competitiveness of industries.

A separate €1.5 million project, financed by Switzerland, will focus on promoting environmentally-friendly production in Tunisia. It will help increase the competitiveness of small- and medium-sized enterprises, and support the development of a regional network of such centres in the Middle East and North Africa.

The project is aligned with a new programme that UNIDO is carrying out in cooperation with the UN Environment Programme (UNEP), and will contribute to UNIDO’s Green Industry initiative, which aims to create national capacities in cleaner production, strengthen dialogue between industry and governments, and promote investments for development and transfer of cleaner technology.

UNIDO is a specialized UN agency promoting industrial development for poverty reduction, inclusive globalization and environmental sustainability.

Link: http://www.un.org/apps/news/printnews.asp?nid=32635

Africa needs power tariff hikes, but economies suffer
By Stella Mapenzauswa
Reuters
18th of Sept. 2009

* Tariff rises to weigh on growth

* Supply not coping with rising power demand

* Electricity costs drive inflation

By Stella Mapenzauswa

JOHANNESBURG, Sept 18 (Reuters) - Steep power price increases will drive up inflation in sub-Saharan Africa as utilities try to boost electricity generation, weighing on growth on the continent.

From regional powerhouse South Africa, grappling with recession, to Kenya, households and industries alike are struggling to cope with higher electricity costs which are unavoidable if power generation is to meet increasing demand.

The World Bank's International Finance Corporation estimates economic growth would be 2 percent a year higher if it had adequate power supply.

South Africa's state-owned utility Eskom, under pressure to increase generation after a crippling power shortage in January 2008 forced it to introduce rationing, plans to spend 1.3 trillion rand ($174.1 billion) by 2025 to double generating capacity.

The government has allocated billions of rand to help Eskom expand capacity, but the utility has had to pass on some of the cost to consumers; through a 27.5 percent tariff rise last year and a 31.3 percent increment this year.

The national energy regulator says Eskom might need further increases of up to 60 percent.

The latest increase has piled additional costs on a manufacturing sector -- accounting for about 14 percent of GDP -- that led the economy into recession at the start of the year as domestic and global demand fell sharply.

The central bank has slashed interest rates this year to ease pressure on the economy, but the power price hikes have negated some of the benefits, while adding to price pressures.

"It offsets the monetary easing that you're getting, on the one hand, and constrains disposable incomes, but unfortunately that's the reality of the situation that we're in," said George Glynos, managing director of market analysts ETM.

"The economy as a whole needs to build more power stations and so I think we've got to grin and bear it; this really is a re-balancing of many years of ultra-cheap electricity and unfortunately we have to pay back now."

PRICES LIMIT INFLATION SLOWDOWN

The central bank says big power price increases are one of the main factors behind inflation staying stubbornly high.

South Africa had boasted one of the world's cheapest electricity tariffs, with Eskom's average cost of 3 U.S. cents per kilowatt-hour for the past financial year, compared with 8-9 U.S. cents for OECD countries.

A 35 percent electricity tariff hike in August has also stoked inflation in Zambia, while Zimbabwe has discarded subsidies to try and boost power output.

Zimbabwe's government allowed state power firm ZESA to adjust its pricing model higher to improve viability, but local industries struggling to get back on their feet after a decade-long economic meltdown say their survival is threatened.

As the country struggles through a crisis that crippled infrastructure and drove unemployment to over 90 percent, many Zimbabweans can only afford paraffin-lit stoves and candles for lighting.

Analysts say power costs are even higher in the rest of Africa, but cheaper energy is not an option due to low supply.

"The installed capacity in most African countries is so small that it doesn't even cater for the households and commercial applications, never mind industry," said Cornelis van der Waal, Research Manager at Frost and Sullivan.

"So for any industrial activity taking place -- in most cases they need to find alternative sources of electricity."

The Kenya Association of Manufacturers says a survey showed industries had cut production by more than a half due to power rationing, with between 12-36 hours of output lost a week.

Kenya's central bank says inflation is likely to be pushed higher as poor rains in east Africa's biggest economy, which mostly relies on hydro-electricity, ignites power prices.

A solution lies in harnessing Africa's vast resources of natural gas, coal, uranium and petroleum, analysts say.

But for a continent saddled with more pressing demands like fighting the HIV/AIDS pandemic and improving basic housing, there simply isn't enough money to exploit those resources.

"We're between a rock and a hard place," said Mike Schussler, an analyst at Economist.co.za. "If we don't increase tariffs, we probably won't have the money to increase the supply of electricity."

Reuters: http://in.reuters.com/article/oilRpt/idINLI26388820090918?sp=true

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