

Welcome! SENSE is a service of the Energy Policy Unit 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 position of or is endorsed by the SECCP or Earthlife Africa JHB.

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1. Editorial

The Russians are coming. The proposed second conventional nuclear reactor at Koeberg will be up for tender, and, according to, Minister Dlamini-Zuma, "The Russians are welcome to participate in the open tender for the second power plant."

Good idea?

Repeat after me, "Chernobyl." Why, in the name of dosimeters, would we ever want the one country with the world's worst nuclear safety and design record to build us another reactor? Why do we even need another nuclear reactor?

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Maybe because of dodgy deals like the electricity deals struck between Eskom, Alcan and the DTI, with cheerleading support from the Coega Development Corporation. Since the last edition of SENSE, both the DTI and Alcan have refused to disclose the details of their deals (each citing the others' confidentiality and trade secrets) to Earthlife Africa Jhb. Given Alcan's appalling record of forcing governments into bad deals (such as in Kitimat, Canada, where Alcan gets electricity at \$20/MW to smelt aluminium but, instead, sells it to Canadian and US consumers as \$60/MW), it looks like the Government has signed a 25 year indentured service contract. Energy slavery.

Furthermore, to supply Alcan with lots of ultra-cheap electricity, Eskom will need to build new plants; hence the nuclear option. This seems to be in keeping with Eskom's policy of corporate profits over people's need for clean electricity. For example, the Draft Biofuels Strategy is being rammed through to Cabinet despite civil society's total rejection of the Strategy. Corporate and large-scale farmers will benefit, primarily through state-subsidy, while the rural poor will be marginalized even farther. Not to mention the effect it will have on an already rocketing maize price.

The good news is that the Darling Wind Farm is coming online, at last, and that Bethlehem has turned to hydro. Despite what the greedy foreign corporations are saying, renewable energy is the only option.

The Integrated Energy Planning has become a disintegrated disaster, and, in this edition of SENSE, Richard Worthington tells us why.

What isn't so disorganised is corporate capital's bid to enter into the Southern African electricity generating market. Of course, they have a demand, higher electricity prices and are lobbying Eskom hard to boost prices. Eskom has proposed a 5.9% hike in rates for 2008. And, just who are these interested corporations? Big energy and vulture capital like ABSA Capital, AES Corporation, Alstom Power, Exxon Mobil, Fieldstone, Globeleq, International Power, Investec, Rand Merchant Bank, Shanduka Energy, Standard Bank, Suez Energy, Suez Energie International, Tata Africa Holdings, and Tau Capital.

One can only wonder if this is the beginning of a backdoor privatisation scheme...

Tristen Taylor
Energy Policy Officer
Earthlife Africa Jhb
20th of March 2007

2. SECCP News

Draft Biofuels Strategy (new deadline for comment: 31 March)

The DME convened a series of public workshops to "consult" interested public on the Draft Biofuels Industrial Strategy. Worthington attended the Gauteng workshop on 7 March to present the conclusions of the civil society Energy Caucus (see report below) and found that even within the biofuels industry there were strong misgivings about the strategy. In the absence of any agenda,

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proposals for which were simply ignored, it was a rambling meeting. Despite explicit requests, no commitment was made to share a record of the concerns raised, never mind consideration of a response.

Requests for an extended process, to include revisiting the vague and generalised objectives and inclusion of criteria to be applied to the provision of financial incentives for biofuel production, were effectively ignored. The consensus view of the Energy Caucus is that the document does not in fact constitute a strategy – being long on intentions and short on instruments and mechanisms – and has the potential to support destructive agricultural practices, a net increase in local and atmospheric (greenhouse gas) pollution and loss of access to land on the part of the rural poor. The majority of speakers in the workshop supported a profound reworking of the document, although some industry spokespeople simply wanted more financial support or concessions.

Towards the end of a chaotic couple of hours, in which officials partially and often defensively responded to rounds of questions and comments from the floor, the WWF-SA representative proposed a motion of no confidence. A couple of attendees apparently understood this as an attack on government itself, rather than a rejection of the so-called ‘Strategy’ or the process for finalising the document, but anyway the facilitator was not allowing the house to consider motions from the floor or any attempts to establish any level of consensus.

In closing the Chief Director officially extended the period for public comment to the end of March and gave repeated assurances that it was an on-going process of consultation that would accommodate all views presented. Stakeholders were invited to request direct meetings with officials, but there was no response to the requests for a structured process. In conclusion he declared that the “revised” document would still be presented to Cabinet in May.

ELA JHB Update on Alcan and Coega

In mid-December 2006, Earthlife Africa Jhb sent a Promotion of Access to Information Act (PAIA) request to Eskom regarding the supply of electricity to Alcan’s planned Coega Aluminium Smelter. In particular, Earthlife Africa requested information regarding the price at which Eskom would sell electricity to Alcan and what the conditions of supply were, and if Alcan could on-sell unused electricity.

Earthlife Africa Jhb asked a series of specific and general questions concerning the contract between Eskom and Alcan and Eskom has refused to supply any details. In refusing access Eskom cited exemptions relating to protection of commercial confidentiality, trade secrets and economic and financial welfare of the Republic’ confidentiality agreements and trade secrets. This is a complete and utter stonewall in response to legitimate questions concerning South Africa’s welfare and long-term energy supply.

Eskom is 100% owned by the South African State, and the electricity it produces is a public good. Eskom is therefore a public asset, and has a responsibility to ensure production of sufficient electricity for all citizens of this country. In terms of the deal set out with Alcan, Eskom will provide 1355MVA a year over 25 years. This is a significant amount of electricity, roughly half of what the entire city of Cape Town requires, and a significant commitment of total electricity supply to just one foreign company.

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Surely then, given rolling blackouts and Eskom's stated lack of capacity, it is in the public interest to know how much (or little) Alcan is getting its electricity for and what the conditions of supply are? For all we know, Alcan could be getting its electricity far below market cost and individual South Africans could be effectively subsidising the electricity usage of one of the world's largest aluminium companies. In 2005, Alcan had a global turnover in excess of US\$20 billion. It should and can pay a fair price for any electricity it consumes.

Eskom's complete refusal to advise the public about its deal with Alcan raises significant and deeply worrying concerns about the state of our democracy. Does the South African Government think that secret deals with foreign companies are okay? If so, are they walking in the footsteps of the Apartheid government? How is the public able to monitor potential corruption in business deals if it doesn't have the basic information about them? How are local businesses able to compete fairly if they don't know what the going rate of electricity is?

Tristen Taylor, the Energy Policy Officer at the Sustainable Energy and Climate Change Project, states, "With the deal between Eskom and Alcan already signed, the only people whose rights could be infringed upon by releasing the contract between Eskom and Alcan are the South African people. Maybe Eskom is afraid of the public reaction if it sold electricity to Alcan at a ridiculously low amount, such as 0.02 cents a kilowatt hour."

Earthlife Africa Jhb calls upon Eskom, Alcan and the Government to stop acting in a secretive and undemocratic manner and release the details of the agreement signed between Eskom and Alcan. If there is good cause for some particulars of the contract between Alcan and Eskom to be kept out of the public domain, Eskom should provide a detailed justification. If even the basic conditions of that contract are secret, who knows what other surprises are in store for us over the next 25 years?

Disintegrating energy planning at DME?
by Richard Worthington

We have recently received a response to our letter to the Minister of Minerals and Energy raising concerns regarding the Integrated Energy Planning process (IEP2) and associated Externalities Study, as well as the failure of Eskom to release funds to the National Energy Efficiency Agency (NEEA), ostensibly launched almost a year ago. This echoes answers to questions raised in parliament about the status of IEP2, noting that it "...is currently under development..."

However, there has still been no direct notification of stakeholders who were participating through the Advisory and Review Committee (EIPARC) and various working groups, to whom the last official communication was sent out on 19 September: "Due to circumstances beyond our control, we had to postpone the IEPARC JOINT MEETING of the three working groups which was going to be on the 26th September 2006...". It is thus not clear whether the process is continuing without any stakeholder engagement, or perhaps still stalled.

Having suggested in our letter that recent developments within the Department (DME) were contrary to the provisions of the Energy White Paper (EWP) of 1998, we are first and last requested to provide documentary evidence of such developments (principally the suspension of the EIP process and Externalities Study) and names of persons in the Department who may have provided information in this regard. We are provided with relevant extracts of the EWP, to demonstrate that "Integrated energy planning that is envisioned in the Energy White Paper is therefore one that

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provides a framework for all energy investments in South Africa, thereby creating an environment that provides for security of energy supply. Unfortunately, the current IEP process does not provide such a framework.” Fuel shortages in 2005 and electricity shortages in 2006 as cited as evidence.

The letter goes on to state: “Government policy must be informed by a rational and quantified analysis of the energy landscape with a focus on the integration of all energy carriers and their supply...” It is not clear how this reconciles with the stated intention that a National Integrated Energy Plan will be sent to Cabinet for approval in the last quarter of 2008, and yet “A security of supply masterplan for the electricity and petroleum sectors... [which] ..will detail supply options and infrastructure plans for both sectors” will be sent to cabinet in June 2007.

While we do not underestimate the importance of measures to address short-term supply challenges, such a ‘masterplan’ would seem to constitute government policy. Short of time travel, it is hard to see how such policy can be informed by an IEP that is to be tabled about a year and a half later. There is no reference to any participatory or consultative processes with regard to either plan, despite the stipulation in the EWP (3.2.2.2) that: “Stakeholders will be consulted in the formulation and implementation of new energy policies...” We have also heard, though quite forgotten how or where, that some kind of energy plan is to be funded by USAID, use the ‘National Energy Modelling System’ of the American Department Of Energy and be undertaken by an American consultancy. Could this explain how a ‘masterplan’ is to be delivered within 3 months?

The letter also assures that: “The externalities study... will still be conducted albeit in a different context. The study has therefore not been discontinued but rather refocused.” Just what the new focus or timeframe will be is not mentioned, but it is noted that “...funding has not been received.” As the results of the study are to be integrated through IEP, we hope that a draft of the new terms of reference will soon be available for comment by stakeholders, consistent with the precedent of the open process that was in progress last year.

Regarding the NEEA, the letter notes that: “...the form it will now take will be informed by an appropriate legal framework – the Energy Bill.” We have heard that a recent meeting, involving Eskom (currently custodian of revenues collected to support efficiency and demand side management) and the Central Energy Fund (institutional home of the NEEA) achieved an agreement that will enable resources to be made available to the agency. We trust that the fact that the legal mandate for the NEEA will be contained in the Energy Bill will not delay implementation of the National Energy Efficiency Strategy (2005) that it is intended to oversee.

Regarding the Bill itself, “the undue influence of certain agendas that crept into the Bill resulted in an unworkable piece of legislation... ..problems necessitated reworking and realignment of the Bill with the DME’s primary policy objectives and mandate.” An official has publicly noted that provisions for a National Energy Advisory Committee (NEAC), which was to afford stakeholder representatives a forum to provide input to the Minister, have been removed. We had welcomed the creation of such a body, but expressed concerns that these provisions (as originally published) were weak and unlikely to address the privileged access to officials and policy processes enjoyed by entrenched business and industry interests. These concerns are were deepened when, in a DME workshop on the Draft Strategy for a Biofuels Industry, the Chief Director repeatedly referred the “government task team” that prepared the strategy, even after we pointed out that we were aware of several industry representatives having served on the team.

The letter from the Minister is available on request. We intend to clarify our concerns regarding

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stakeholder access to energy planning and engagement with policy implementation. It is stated that:

“The Bill will soon be resubmitted to Cabinet, for approval and introduced into the parliamentary process soon thereafter.” While we urgently need legislation to support implementation of many aspects of the Energy White Paper, including an IEP process that takes full cognisance of the social costs and potential benefits of competing energy development options, it is vital this is robust enough to protect public interests.

The Department of Public Enterprises recently released a report, initially classified as confidential, that looks at the various energy planning processes conducted in South Africa, including Eskom’s Integrated Strategic Electricity Plan (ISEP), which serves as a precursor for the National Integrated Resource Plan (NIRP) developed under the auspices of the National Regulator. The following is an extract from ‘Review of Security of Supply in South Africa’ by Duncan Wilson and Ivan Adams (p.67):

"Main Conclusion – The lack of transparency with regard to the generation and transmission planning process in South Africa is out of line with international practice and is likely to be counter-productive in meeting demand in the most effective manner.

"Additional Conclusions:

"• Eskom’s arguments for confidentiality with regard to the information in ISEP10 is invalid and, provided adequate anonymity is maintained for sensitive projects, such plans should be available publicly.

"• There is a need for much greater transparency in setting generation security standards and in the associated determination of reserve margin requirements.

"• It is likely that a more open process may have revealed the serious disjoint that exists, between the long-term planning process and the process of delivering the required capacity expansions."

The report is available at: http://www.polity.org.za/attachment.php?aa_id=4022

Energy Caucus Feedback

The SECCP hosted a meeting of the Energy Caucus on the 27th and 28th of Feb. 2007. Established in 2002, around preparations for the World Summit on Sustainable Development in Johannesburg, the Caucus is a broad-based coalition of NGOs, labour, faith and community based organisations that provides a common platform for civil society advocacy on energy issues, articulated in a set of 33 guiding principals. The following organisations were represented at this latest meeting: WWF-SA, SACBC, APF, SACAN, Earthlife Africa – Cape Town, Johannesburg and eThekweni branches, CURES, ASFC, TWIG, SAFCEI, SDCEA, EMG - Sustainability Watch, SAMWU, EJNF Western Cape, SANGOCO, Umzabalazo we Jubilee, Cease Fire, and the GreenHouse Project.

Amongst numerous reports on specific and cross –cutting energy issues, SAMWU reported that they have been informed that the DME is to hold an Energy Summit in May - we are awaiting further details. Following expanded coverage of energy issues in the People’s Budget Campaign, particularly the public benefits of renewable energy, it was suggested that a meeting with senior Treasury officials be secured, to follow up on the Environmental Fiscal Reform discussion document that contemplates a carbon tax.

Building on the previous days’ workshop on the Draft Biofuels Industrial Strategy, the Caucus

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supported the call for a complete re-think and commitment to a process that would consider biofuels within an integrated strategy for biomass energy. Interested members will be working on a framework and key elements of such a strategy and progress will be communicated via the web at: <http://wiki.asfc.org.za/>

Noting the previous commitment to work for specific targets utilisation of various renewable energy options, such as biomass, solar water heating and electricity generation, the meeting agreed to advocate a target of 15% by 2020, of electricity to be derived from renewable energy resources. While this target may, given South Africa's extensive resources, be considered conservative, it is premised on achieving high local content, i.e. allowing time for development of local industries in renewable energy technologies; it would not include credit for electricity use displaced by solar water heating, which requires a separate target.

The Caucus will request a meeting with Minister Sonjica to initiate on-going engagement with regular meetings, present the founding principles, with the primary focus on extending affordable access to sustainable energy services, express concerns about selective implementation of policy and explore more meaningful engagement with the Department, which will apparently be launching a popular 'Education Campaign' as well as an Energy Summit. Key demands will be for per person allocation of free electricity (rather than per households, which disadvantages the poorest in society) and a stepped-block tariff (with per-unit charges increasing as the rate of consumption increases), which can help to pay for the free basic service.

The Energy Caucus set up an interest group on energy services / access issues and a working group renewable energy, to be driven by the CURES Southern Africa Co-ordinator: annie@ecocity.org.za
The next Energy Caucus meeting will be held in the second half of 2007 and will be in Cape Town. Full minutes of the meeting available on request from: tristen@earthlife.org.za.

SECCP New Staff Appointments: Energy & Information Officer.

On the 27 Feb 2007, Thomas Phooko joined the SECCP as the Energy & Information Officer. Thomas Phooko has worked for the Department of Minerals and Energy (DME) as Deputy Director for six years under the Energy and Community Development section. He holds Masters Degree in Development Studies.

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SECCP New Staff Appointments: Energy Intern

On the 1st of March 2007, Lerato Maregele joined the SECCP as an Energy Intern. Lerato is young female activist, who has been involved in various community work in Tembisa and surrounding areas for the last seven years. She has also been involved in nationwide and global struggles for social justice, such as the abolishment of odious debt.

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SECCP New Staff Appointments: Administrator

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Nomxolisi Mapuza joined the SECCP on the 1st of March 2007 as an Administrator. She was born in Duncan Village, Eastern Cape, and graduated from Mzokhanyo High School. She was previously employed at the Environmental Justice Networking Forum (2000-2006) as an Administrator.

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3. SA Sustainable Energy progress

Bethlehem turns to hydro power for salvation

Mail & Guardian

3rd of Feb. 2007

By Tumi Makgetla

Low energy reserves have forced South Africa to ease up on air conditioning and find new ways to conserve electricity. But in the little town of Bethlehem, in the Free State, construction is under way to insulate the town's inhabitants from South Africa's electricity crunch.

Renewable energy in the form of hydroelectric power will reduce Bethlehem's reliance on the national grid. When its hydro plant comes online early next year it should provide 7MW of electricity, equivalent to 20% of the town's energy needs.

Dutch energy company Nuplanet first contemplated the project in 1999 and began construction in December last year on the Ash River. The plant will cost about R70-million to build.

Hydro stations are not always viable because South African rivers tend to run dry during winter, but an agreement between the South African and Lesotho governments guarantees the flow of the Ash. This is part of the Lesotho Highlands Water Project, which provides a constant flow of water from Lesotho to Gauteng.

The Bethlehem hydro project is one of several independent power producers that the government hopes will provide 30% of future electricity generation capacity.

While experts say there are opportunities in small hydroelectric power generation, most large-scale independent production is expected to come from non-renewable or "dirty" energy, such as gas turbine power.

One of the challenges facing independent renewable energy producers is the problem of long-term financing and finding a buyer, said Yaw Afrane-Okese, the manager of renewable energy at the National Energy Regulator of South Africa.

South Africa's 10 hydrostations produced almost 0,4% of the country's electricity in 2004, according to the regulator, and Eskom produced 97% of this hydro power.

"South Africa does not have many big hydro resources, so the focus is on small hydro," said

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Afrane-Okese. Small hydro is defined as less than 10MW.

“The advantage of hydro power is that it has a relatively short lead time,” he said. “The electricity may not have to go on to the national grid because one can place the station close to the need,” he added....

Read the rest at:

http://www.mg.co.za/articlePage.aspx?articleid=297805&area=/insight/insight__economy__business/#

Winds of Change Blowing in Energy Sector

Cape Argus

14th of Feb. 2007

By John Yield

South Africa's first commercial wind farm has been officially launched on a hilly farm near Darling, fanned appropriately by a brisk south-easter and with puns - like "the winds of change are sweeping Cape Town's energy sector" - abounding.

Yesterday's sod-turning ceremony marked the start of construction that should see the four giant turbines of the Darling Wind Farm turning by about August.

Each turbine, which stands 50m high with three 32m blades, will generate 1.3 megawatts of "green electricity". This will be fed into the national electricity grid and sold at a small premium of 25c per kilowatt hour to Cape Town consumers "with a conscience", such as corporations meeting their environmental charters or individuals wanting a sustainable lifestyle.

The wind farm is expected to generate 13.2 gigawatt hours of electricity each year (GWh/year), which is about enough to meet half of the power requirements of the Cape Town Civic Centre.

But speakers at the well-attended function emphasised that although this was only a drop in the amount of renewable energy needed to meet the government's target of 10 000 GWh/year, it was a symbolically important start, and there are plans to increase the farm's generating capacity by adding another 16 turbines.

The City of Cape Town has a target of sourcing 10% of its energy needs from renewable sources by 2020, and the Western Cape government has set its own target of 15% of the province's power demand from renewables by 2015....

Read the rest at: <http://allafrica.com/stories/200702140925.html>

4. SA Unsustainable Energy

Russians determined to supply nuclear units to SA - and world
Business Report

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February 22th of 2007
By Ntebo Mmope

Russian firms were hoping to win the tender to build the next conventional nuclear plant in the Western Cape, the Russian minister of natural resources, Yury Trutnev, said yesterday.

Trutnev was speaking at the sixth session of the South Africa-Russia Joint Intergovernmental Committee on Trade and Economic Co-operation in Pretoria.

Trutnev said Russia was determined to increase its number of nuclear units across the world from 40 to 60 in the next 20 years.

Last year Russia announced a \$60 billion (R424 billion) project to raise the proportion of its energy that was nuclear-generated from 16 percent to 25 percent by 2030 and to build at least 40 new reactors.

Trutnev said the Russian firms would invest as much money as was needed for a nuclear power station. The nuclear power station expected to be built near Koeberg could cost about R70 billion.

Eskom spokesperson Fanie Zulu said the new plant, the country's second, would produce baseload power of about 3 000 megawatts. Koeberg currently contributes about 1 800MW.

The expression of Russian interest in the government's nuclear energy programme follows a report in Business Report this week that French companies were eyeing involvement in the same nuclear plant in the Western Cape....

Read the rest at: <http://www.busrep.co.za/index.php?fArticleId=3696710>

Country Gears Up to Start Enriching Uranium
Business Day
21st of February 2007
By Chris Van Gass

Minerals and Energy Minister Buyelwa Sonjica said yesterday SA would launch a uranium-beneficiation programme before year-end to tighten control over uranium reserves to secure nuclear fuel supplies for SA's growing electricity needs.

Sonjica said plans were on track to declare uranium a "strategic mineral". That need not restrict South African uranium-mining companies from exporting their products.

"But we have to be strategic in the manner in which we do that. One of the elements of ensuring energy security is sustainable use of primary energy sources by a country," said Sonjica.

France had indicated its interest in entering the beneficiation programme to produce enriched uranium for use as nuclear fuel.

Sonjica said other countries showing interest in the beneficiation programme wanted to produce enriched uranium in their countries and not in SA. "But our first prize is to beneficiate uranium to

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enriched uranium in SA," said Sonjica.

The aim of the department's nuclear energy and technology strategy was to secure SA's supply of uranium for 40 to 60 years, she said. The strategy would outline a vision for nuclear base load (similar to Koeberg) and small to medium-sized nuclear power plants (such as the pebble bed modular reactor) in SA....

Read the rest at: <http://allafrica.com/stories/200702210808.html>

Sasol eyes US coal in global drive

Business Report

6th of March 2007

By Justin Brown

Sasol wants to build coal-to-liquid (CTL) plants in three US states as part of its global expansion programme, according to chief executive Pat Davies.

The petrochemicals group has a viable technology to convert coal into liquid fuel and three states - Montana, Illinois and Wyoming - hold about 56 percent of total US coal reserves, or 267.3 billion tons combined.

Sasol's benchmark for an international CTL plant is 80 000 barrels a day, which spokesperson Johann van Rheede said would require about 60 000 tons of coal a day or 1 billion tons over a 50-year lifetime. Such a plant could cost between \$5 billion (R37.5 billion) and \$7 billion to build.

US government incentives could benefit Sasol if Washington declared the CTL projects strategic, Davies said this week. The incentives included loan guarantees, which would make it cheaper for Sasol to secure finance.

Sasol also hoped its projects would qualify for government rebates to the synthetic fuel sector, which equates to \$21 a barrel subsidy.

The JSE-listed group is also planning CTL plants in China and India.

Davies said the Chinese government could take 50 percent stakes in two 80 000 barrel a day plants....

Read the rest at: <http://www.busrep.co.za/index.php?fSectionId=&fArticleId=3717489>

5. SA Energy Policy

State biofuels plan a 'sellout strategy' – enviro groups

Engineering News

6th of March 2007

By Mariaan Oliver

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Environmental groups Energy Caucus and Earthlife Africa said on Tuesday that government's draft plan on biofuels was a "sell-out strategy", arguing that the Department of Mineral and Energy's (DME's) plan was not giving enough attention to job creation in the energy or agricultural sectors.

Sustainable energy and climate change project coordinator Richard Worthington said that the organisation recognised the public benefits of biofuels, both for decentralised production to meet local energy service needs and to expand commercial activity and employment, but that the documentation currently being promoted was not improving the prospects for job creation.

Government aims to create some 55 000 jobs by making biofuels a priority sector.

"If the proposals are adopted as they stand, government will be providing financial incentives for unsustainable land use and the appropriation of land from local communities by transnational corporations, with no assurance of any benefit such as reduced fossil fuel use. This would be a sell-out strategy. The industry is already growing ahead of regulatory oversight. Any incentives must be targeted to benefit the so-called 'second economy' and be subject to qualification criteria that look beyond the market price of crude oil.

"To put people before profits, or even to put job creation on a par with returns on investment, we need a process that includes people's representatives in drafting the strategy, in the awarding or application of incentives and in communicating the potential of all modern biomass options to those currently in energy poverty," Worthington said.

Last week's national workshop on biofuels was followed by a meeting of Energy Caucus, that endorsed the workshop decision to call for a new process to develop a "real strategy" to regulate the burgeoning biofuels industry in South Africa. The meeting rejected both the draft strategy, drawn up in consultation with key industry players, and the consultative process subsequently being run by the DME to provide for public comment.

The Energy Caucus is a platform for advocacy that includes organised labour, faith groups and community-based organisations.

Link: www.engineeringnews.co.za

6. African Energy News

Electrifying Prospects Emerge in the Southern African Independent Power Producer Market
PRNewswire
Frost & Sullivan Press Release
7th of March 2007

The impetus for independent power projects in Southern Africa is grounded on two evident factors of success. Firstly, countries in the region are in a much better state to attract funds as their general investment environment has improved. Secondly, more countries are initiating reforms to

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accommodate the development of independent power projects. These factors are making the return on investment more attainable for investors in the energy sector across the region.

The nascent Southern African Independent Power Producer Market is projected to take-off from 2007. Frost & Sullivan (<http://www.energy.frost.com/>) estimates that, triggered by multiple projects currently in the pipeline across the region, the market will earn \$13.25 billion in 2012.

"The economies of the southern region of Africa are faced with a growing demand for electricity," says Frost & Sullivan Research Analyst Fabrice Essono. "Booming economies, coupled with the implementation of electrification programmes, have culminated in higher than anticipated demand growth for electricity."

The ineffectiveness of Southern African utilities in delivering required amounts of electricity in a cost-effective and continuous manner is an ongoing cause for concern. As a result, there is a clear need for private companies to assist national utilities in expanding their generating capacity.

However, the low price of electricity in southern Africa poses a hindrance to global energy companies looking to invest in the region. For prospective independent power producers, the low price of electricity becomes a hindering factor in reaching a consensus on the power purchase agreement.

"The financial model used by Eskom, the South African utility, is undervaluing the cost of production," notes Mr. Essono. "Consequently, selling electricity at Eskom's rate would be unsustainable for private producers."

Promisingly, the country's energy regulator, the National Energy Regulator of South Africa, has unfolded a plan to increase the price of electricity. However, it remains to be seen how this price increase will be reflected in future power purchasing agreements.

"One possible way to ensure the sustainability of these agreements is to involve a third-party in the negotiations," advises Mr. Essono. "For example, the South African Department of Minerals and Energy is expected to negotiate with Eskom on behalf of independent power producers."

Frost & Sullivan, a global growth consulting company, has been partnering with clients to support the development of innovative strategies for more than 40 years. The company's industry expertise integrates growth consulting, growth partnership services, and corporate management training to identify and develop opportunities. Frost & Sullivan serves an extensive clientele that includes Global 1000 companies, emerging companies, and the investment community by providing comprehensive industry coverage that reflects a unique global perspective and combines ongoing analysis of markets, technologies, econometrics, and demographics. For more information, visit <http://www.frost.com/>.

Southern African Independent Power Producer Markets M064 -14 Contact: Patrick Cairns
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List of key industry participants: ABSA Capital, AES Corporation, Alstom Power, Botswana Power Corporation, CIC Energy Corporation, Electricidad de Mocambique, Eskom Holdings, Exxon Mobil, Fieldstone, Globeleq, International Power, Investec, Macquarie Africa, NamPower, Rand

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Merchant Bank, Shanduka Energy, South African Power Pool, Standard Bank, Suez Energy, Suez Energie International, Tata Africa Holdings, Tau Capital and YTL.

Link: <http://sev.prnewswire.com/oil-energy/20070307/NYW05707032007-1.html>

Oil profits boost east Africa exploration
Sudan Tribune
Friday 23 February 2007.

Feb 22, 2007 (NAIROBI) — Gunmen ambush troops as insurgents fire rockets at military bases and pirates prowl the turquoise Indian Ocean shipping lanes offshore.

Somalia may be seem an unlikely prospect for investors seeking untapped oil and gas fields, but that could be about to change as the majors turn their gaze off the beaten track.

Driven by record profits, a race with hungry Asian rivals and fears of growing energy nationalism in South America and Russia, interest in eastern Africa has never been higher.

“Africa across the board has seen a substantial uptake in acreage in recent years by all sizes of companies from the majors to mega-majors, independents and minnows,” said Duncan Clarke, chairman and chief executive officer of international energy consultants Global Pacific & Partners.

“Quite a few significant players have moved into position.”

Big Western companies including ConocoPhillips, Chevron and Total held Somali exploration concessions before the country slid into civil war in 1991.

A World Bank and U.N. survey that year of eight northeastern African countries’ petroleum potential ranked Somalia second only to Sudan as the top prospective commercial producer.

Northern Somalia lay within a regional oil window reaching south across the Gulf of Aden, the geologists said.

Encouraged by that, explorers hoped to find an extension of the crude-bearing deposits that hold nearly 4 billion barrels under Yemen in the Marib-Hajar and Say’un-Al Masila basins....

Read the rest at <http://www.sudantribune.com/spip.php?article20395>

SA utility in Zambian power-station bid
Engineering News
9th of Feb. 2007
By Helene Le Roux

South African power utility Eskom is part of one of two firms bidding to construct a new power station in Zambia.

The proposed Kalungwishi power station, which is to be constructed near the country’s northern

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border with the Democratic Republic of Congo (DRC), will assist Zambia to meet the rising demand for electricity from its copper/cobalt-mining industry.

The new power station will have a capacity of between 160 MW and 200 MW and will have a price tag of between \$160-million and \$300-million. According to Zambia's Energy and Water Development Ministry, the country's copper mines alone require between 50 MW and 100 MW in additional power every year.

Read the rest at: www.engineeringnews.co.za

7. Events

March

Sustainable Energy Use for Local Government Conference

Date: 14th & 15th of March 2007

Venue: Johannesburg, RSA

E-mail: thabo@tci-sa.co.za

Municipal Services Conference

Date: 28th & 29th of March 2007

Venue: Cape Town, RSA

Blurb: Analysis of service delivery with a focus on electricity

Email: d.bruinders@ru.ac.za

Uranium Africa 2007

Date: 28th & 29th of March 2007

Venue: Sandton, RSA

Blurb: Exploring investment opportunities for re-entry into uranium

Email: Isaac.chipswa@iqpc.co.za

April

China International Wind Energy Exhibition and Symposium

Date: 10th & 11th of April 2007

Venue: Shanghai, China

E-mail: nayyara@zsquarecreations.com

Domestic Use of Energy Conference

Date: 10th to 13th of April 2007

Venue: Cape Town, South Africa

E-mail: due@cput.ac.za

Website: www.cput.ac.za/conf

Africa Power & Electricity Congress and Exhibition

Date: 16 - 20 April 2007

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Venue: Sandton Convention Centre, Johannesburg, South Africa

May

Wind Energy Conference and Exhibition

Date: 7th to 10th of May 2007

Venue: Milan, Italy

Website: www.ewec2007.info

Industrial and Commercial Use of Energy Conference

Date: 29th & 30th of May 2007

Venue: Cape Town, South Africa

E-mail: icue@cput.ac.za

Website: www.cput.ac.za/conf

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