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SOUTH AFRICA ENERGY ROUNDUP

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ENERGY PLANNING AND REGULATION

[Electricity regulations amended to allow for municipalities to develop or buy power](#)

Mineral Resources and Energy Minister Gwede Mantashe has gazetted amendments to the electricity regulations for new electricity generation capacity, opening the way for “municipalities in good financial standing to develop their own power generation projects”. The Gazette notice amends the Electricity Regulations on New Generation Capacity in terms of Section 35(4) of the Electricity Regulation Act, of 2006. The City of Cape Town took the Department of Mineral Resources and Energy and the National Energy Regulator of South Africa (Nersa) to court recently, after Nersa informed the city that it could not licence an independent power producer to establish new generation capacity in the absence of a specific determination from the Mineral Resources and Energy Minister catering for such capacity.

[Energy expert calls for RMIPPPP overhaul to facilitate cheaper, cleaner emergency power](#)

Energy expert Clyde Mallinson has called on government to urgently overhaul its Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP), which he says fails to address not only the country’s immediate electricity needs, but will also lock in dirty and expensive energy for the next 20 years. The Department of Mineral Resources and Energy formally initiated the procurement process for 2 000 MW of so-called emergency power under the RMIPPPP on August 23, when the request for proposals bid documentation was made available online for a nonrefundable fee of R25 000.

A bid submission deadline of November 24 has been set by government’s Independent Power Producer Office and preferred bidders are expected to be announced on December 15. All qualifying projects must achieve full commercial operation by June 22, be between 50 MW and 450 MW and be fully dispatchable between 05:00 in the morning and 21:30 at night. The facilities must also be able to load-follow, be throttled to 25% of maximum contracted capacity and be capable of supplying various ancillary services.

[Nersa permitted to grant above 1 MW licences without Ministerial approval](#)

The National Energy Regulator of South Africa (Nersa) has been granted permission to process licence applications for self-generation facilities of above 1 MW, even if they are not in compliance with the Integrated Resource Plan 2019 (IRP 2019).

This approval, which was granted by Mineral Resources and Energy Minister Gwede Mantashe on February 1 this year, means that prospective applicants are no longer required to obtain Ministerial approval for deviation from the IRP 2019 before applying to Nersa for a licence. The approval granted is applicable to generation facilities that are connected to the national grid, in circumstances in which the generation

facility supplies electricity to a single customer and there is no wheeling of that electricity through the national grid.

[Ramaphosa promises rapid power roll-out, but two-year timeframe ambitious](#)

President Cyril Ramaphosa has listed the rapid expansion of South Africa’s electricity generation, primarily through the building of additional renewable-energy capacity, as a key priority in government’s long-awaited Economic Reconstruction and Recovery Plan. Speaking during a hybrid live and virtual joint sitting of Parliament in October, Ramaphosa said the measures were designed to achieve “sufficient, secure and reliable energy supply within two years”, a timeframe that seems overly ambitious given the lead times involved in procuring and building new generation capacity.

The President said an accelerated implementation of the Integrated Resource Plan 2019 “should bring around 11 800 MW of new generation capacity into the system by 2022”, with more than half of that energy generated from renewable sources. The figure was in line with a recent Ministerial determination gazetted by Mineral Resources and Energy Minister Gwede Mantashe opening the way for the procurement of 6 800 MW of wind and solar photovoltaic, 513 MW of storage, 3 000 MW of gas or diesel to power and 1 500 MW of new coal. Ramaphosa said the RMIPPPP would unlock emergency supply within 12 months, but the actual bid documentation caters for projects becoming fully operational by no later than the end of June 2022.

ESKOM CORPORATE AND FINANCES

[Eskom moves to appoint advisers to structure ‘green’ transaction](#)

South Africa’s coal-heavy power utility Eskom is advancing to appoint financial advisers to assist it in structuring a potential transaction that could unlock discounted ‘green’ funding for the debt-laden utility in return for it meeting agreed decarbonisation targets. Eskom CEO Andre de Ruyter reports that the utility has issued an enquiry through which it aims to secure the services of financial advisers with expertise in structuring green-finance deals and reports that several of its existing lenders, especially development finance institutions, have expressed an appetite for participating in the arrangement. The fact that Eskom would continue to produce coal-based power for several decades into the future would add complexity to any transaction, as would its current inability, owing to its deep financial constraints, to undertake a large-scale roll-out of renewable energy.

[Eskom moves to secure R23bn granted by High Court for 2021, despite Nersa appeal](#)

Power utility Eskom has launched a fresh legal bid to ensure that the automatic reintroduction of a R23-billion equity injection to its allowable revenue in 2021/22, as granted

by the High Court in July, is not negated by the National Energy Regulator of South Africa (Nersa) being granted leave to appeal the judgment. In her July 28 judgment, Judge Fayeeza Kathree-Setiloane ruled that Nersa had acted illegally in 2019, when it removed a R69-billion government equity injection from the State-owned utility's allowable revenue when adjudicating Eskom's fourth multiyear price determination (MYPD4).

Removing the injection breached the MYPD methodology used to set wholesale electricity tariffs in South Africa and enabled Nersa to moderate the hikes approved for the 2019/20, 2020/21 and 2022/23 financial years. Kathree-Setiloane ordered that the first R23-billion be added automatically during the 2021/22 financial year, which would have the effect of increasing the electricity tariff to 128.24c/ kWh on April 1 next year, rather than the 116.72c/ kWh initially approved under Nersa's MYPD4 determination. Nersa was also ordered to add the R46-billion balance, in two R23-billion tranches, to Eskom's allowable revenue for the 2022/23 and 2023/24 financial years, when adjudicating Eskom's allowable revenue for the next tariff period. On October 7, however, Nersa was granted leave to appeal the judgment to the Supreme Court of Appeal.

[Eskom yet to decide next steps after Nersa publishes reasons for 2019 RCA decision](#)

State-owned electricity utility Eskom says it is reviewing the detailed reasons for decision published by the National Energy Regulator of South Africa (Nersa), in which it outlines why the utility was granted a R13-billion regulatory clearing account (RCA) balance for the 2019 financial year instead of the R27-billion for which it had applied. On October 7, Nersa called for comment on the implementation plan for the liquidation of the R13-billion RCA amount, which could affect the electricity tariff increase scheduled for implementation on April 1, 2021. Simultaneously, the regulator is seeking comment on Eskom's third multiyear price determination, or MYPD3, RCA applications for the 2015, 2016 and 2017 financial years, together with the utility's supplementary application for additional amounts not included in the initial RCA balances for those three years. The supplementary application has been submitted in line with a High Court ruling, which set aside the determinations that granted Eskom the right to recoup, through future tariffs, R33-billion for the three years, rather than the R67-billion it originally sought. In his June 29 judgment, Judge Jody Kollapen determined that Nersa had acted in a manner that was inconsistent with the Constitution when making the three MYPD3-linked RCA determinations. He said Eskom had advanced a proper case for relief given that Nersa had disallowed costs that should not have been disallowed.

[Fresh moves under way to address debt albatross at lossmaking Eskom](#)

Public Enterprises Minister Pravin Gordhan has said that a

"second round" of work is being initiated to find a solution to power utility Eskom's unsustainable debt burden in line with the recent social compact between government, community, labour and business to "mobilise funding to address Eskom's financial crisis in a sustainable manner". The "first round" took place in early 2020, ahead of the onset of the Covid-19 pandemic, during which various options were examined. At the end of the 2020 financial year, the State-owned utility's debt stood at R484-billion, up from R440-billion in 2019, but had slightly moderated since to about R460-billion.

[Landmark court judgment enhances Eskom's collection efforts](#)

The South Gauteng High Court has affirmed State-owned power utility Eskom's right to interrupt, or terminate, electricity supply to nonpaying customers. The case was brought against Eskom by Pioneer Foods, in which the packaged goods company sought to review and set aside Eskom's decision in 2018 to interrupt electricity supply to the Walter Sisulu municipality, in the Eastern Cape, owing to its failure to pay its electricity bill. In a judgment delivered by the court on October 14, it ruled that Pioneer had no standing in the electricity supply agreement between Eskom and the municipality and dismissed the application with costs. Pioneer is a customer of the municipality and had no legal right to bring the case against Eskom to court.

ESKOM GENERATION

[Benefits of Eskom maintenance to be felt by April 2021, but power cuts won't be over](#)

State-owned power utility Eskom, which is ramping up the maintenance of its unreliable and unpredictable coal power stations, anticipates that there will be a 'step change' in the performance of the fleet from April 2021, but has also warned that the risk of load-shedding will persist until at least September and will not be fully eliminated until significant new generation capacity is introduced. Eskom CEO Andre de Ruyter said during a 'State of the System' briefing in October that far more capacity than the 11.8 GW of new non-Eskom generation earmarked for procurement by government over the coming three years would be needed to stabilise supply and create the platform for future economic growth. "We shouldn't stop at the 11.8 GW. We believe that more is required, because the economy, hopefully, will grow and, as the economy grows and demand increases, we will need to position ourselves to keep on supplying electricity to South Africa. So, I think this is a very positive step, but it should also be a first step to be followed by subsequent procurement programmes," he said.

[Koeberg Unit 2 returns to service](#)

Unit 2 of the Koeberg nuclear power station, in the Western Cape, successfully completed its twenty-fourth outage since it first started to generate electricity on October 21. During

the planned outage, which began on August 11, the nuclear fuel in the reactor core was replaced with new fuel. All the nuclear fuel is removed from the core during a refuelling outage, the reactor cavity drained and cleaned, then refilled before the fuel is placed into the core. Routine maintenance was also performed on the plant to keep the station performing safely and optimally. Koeberg staff performed the refuelling and maintenance with the assistance of 32 international specialists.

[Nuclear regulator confirms early talks with Eskom to extend Koeberg nuclear plant's life](#)

The National Nuclear Regulator (NNR) has confirmed that it is in preliminary talks with State-owned electricity utility Eskom regarding extending the operating life of the country's only nuclear power plant at Koeberg, north of Cape Town. Currently, Koeberg is licensed by the NNR to operate until 2024. Eskom wishes to extend the power plant's operating life by 20 years and informed the NNR of this in July. The utility will make its formal application to the NNR for a licence for 'long-term operations' at Koeberg early next year.

INDEPENDENT POWER PRODUCERS

[Bokamoso solar park starts commercial operations](#)

Another large-scale solar photovoltaic project procured under the fourth bid window of South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) has entered commercial operation. The fourth bid window eventually closed in 2018, following a four-year delay, precipitated by Eskom's then refusal to enter into new power purchase agreements, with projects procured by government under the REIPPPP. Engineering, procurement and construction contractor juwi Renewable Energies recently reported that the 78 MW Bokamoso Solar Park, situated near Leeudoringstad, in the North West, had reached full grid code compliance and has started commercial operations.

[Boland Cellar commissions 473 kW crowdfunded solar installation](#)

Paarl-based wine cellars Boland Cellar and peer-to-peer solar leasing platform Sun Exchange has received crowdfunding from 1 204 individuals from 85 countries to finance a 473 kW solar project to provide clean electricity for the wine cellar, while also reducing its electricity costs and emissions. The crowdsourced and global approach to solar finance was enabled through Sun Exchange's innovative online platform. The solar installation at Boland Cellar is now live and generating renewable electricity.

[Independent grid and market operator to attract generation investment – De Ruyter](#)

Power utility Eskom CEO Andre de Ruyter has drawn a direct link between securing the investment required to address

South Africa's electricity supply gaps – including about R100- billion to further develop the grid in ways to unlock what will be mostly private generation investment – and the creation of an Independent Transmission System and Market Operator. De Ruyter has emphasised that private investment in generation "requires independence in transmission and market operation" to overcome concerns about potential bias in areas such as grid and market access, dispatch instructions and procurement decisions.

[Industrial investment will flow if South Africa 'consistently' builds 1.6 GW of wind yearly](#)

Leading wind-energy project developers and original-equipment manufacturers are convinced that South Africa's plan to install 1.6 GW of new wind capacity yearly until 2030 is more than sufficient to attract large-scale industrial investment. These captains of industry warn, however, that the country will need to back up the policy certainty being provided by the Integrated Resource Plan 2019 (IRP 2019) with consistent implementation. Regular and reliable procurement at the volumes outlined in the IRP 2019 is particularly important, they say, to rebuild investor confidence, which was shattered by government's previous failure to implement policy, which resulted in a five-year stall in new procurement and a three-year delay in the finalisation of projects procured in 2014.

[Kepco cancels investment in South African coal energy plant](#)

South Korea's State-owned power utility Kepco will either cancel its investment in coal-driven South African independent power producer Thabametsi, or transition the project to gas. A statement issued by Seoul-based nongovernmental organisation Solutions for Our Climate said Kepco announced in October that it would no longer invest in overseas coal projects, a move that would also impact on the Sual 2 venture in the Philippines.

[Matla A Bokone Solar plant now wholly South African-owned](#)

Northern Cape-based Matla A Bokone Solar, near Kimberley, is now wholly South African-owned by Old Mutual Ideas Managed Fund, African Rainbow Energy and Power, Reatile Group, Phakwe Solar and the Cicada Community Trust. The 75 MW solar photovoltaic plant spans 200 ha, has more than 260 000 solar panels installed and is expected to generate 180 000 MWh/ y of much-needed green energy.

The facility started commercial operations earlier this year, after having reached full grid code compliance in February, marking a significant positioning for renewable-energy projects in South Africa. Matla A Bokone Solar chief community operations officer Nomzamo Landingwe says the project was originally known as Droogfontein 2 Solar, but renamed to Matla A Bokone Solar, "a unique Setswana name, referring to the 'power of the Northern Region'".

[Nxuba Wind Farm starts generation, delivery of energy](#)

With the commissioning of the final wind turbine at the 140 MW Nxuba Wind Farm, in the Eastern Cape, Enel Green Power (EGP) has started with the generation and delivery of energy. The company says this is despite challenges attributed to Covid-19 containment measures and national lockdown. The Nxuba Wind Farm is one of five projects awarded to EGP South Africa in the fourth round of the country's Renewable Energy Independent Power Producer Procurement Programme. Once the commissioning of all the wind turbines is complete, it will allow for the full production of 460 GWh/y to the grid.

[Opportunity to tap Mpumalanga's grid capacity for just transition – IPP Office](#)

The extension of South Africa's renewable-energy development zones (REDZs) to areas where coal jobs are at risk, but where grid capacity is available, represents a "great opportunity" to connect new renewable-energy generators while also supporting a just transition for coal workers, a senior official at the Independent Power Producer Office (IPPO) has said.

Speaking during the virtual opening of the 2020 edition of Windaba in October, IPPO technical head Pervelan Govender noted that government had hitherto not drawn on the REDZs framework, through which 11 geographical areas, including the coal region of Emalahleni, in Mpumalanga, had been earmarked to cluster wind and solar plants. That framework, Govender said, could prove useful in light of prevailing grid constraints, which impact on the ability to evacuate renewable electricity, and government's aspiration to ensure that coal workers and communities were not left behind by the energy transition.

[Perdekraal East Wind Farm achieves commercial operations](#)

The 110 MW Perdekraal East Wind Farm project, in the Western Cape, has achieved its commercial operations date, leading the way for a further 11 wind farms to come on stream. This comes almost two years after construction began at the site. Perdekraal East Wind Farm was built by Siemens, Concor and Conco Consortium, and about 2.8% of the wind farm's revenue will be spent on socioeconomic development and 0.2% on enterprise development over a 20-year period.

TRANSMISSION AND DISTRIBUTION

[Eskom to resume construction of 400 kV line in KZN](#)

Power utility Eskom will resume the final leg of a 123 km transmission power line running through the uMgungundlovu and uThukela district municipalities of KwaZulu-Natal. Final construction of the 47 km leg of this power line will start from the existing Venus substation, in Estcourt, and end at the existing Ariadne substation in the provincial capital Pietermaritzburg.

[Massive grid investment needed to unlock IRP's 30 GW-by-2030 vision](#)

State-owned electricity utility Eskom is warning that a significant and accelerated expansion of South Africa's grid infrastructure, beyond that catered for by its current R118-billion investment plan to 2030, is required to integrate the 30 GW of mainly wind and solar generators that will have to be introduced by the end of the decade to ensure security of supply. Transmission group executive Segomoco Scheppers has confirmed that Eskom's grid-related investment plans have been "moderated" in light of financial constraints and that a significant amount of additional investment will be required to accommodate the new generation outlined in the Integrated Resources Plan (IRP) 2019.

Speaking during consultations with stakeholders on Eskom's latest yearly Transmission Development Plan (TDP), which will be published by the end of November, transmission grid planning manager Leslie Naidoo said that, based on network requirements for sustainability, R143-billion should be invested over the coming ten years.

Instead, the utility's "realistic" capital expenditure plan to 2030 was premised on investments of only R118-billion, comprising capacity expansions (R87-billion), refurbishments (R19-billion), production equipment (R674-million), environmental-impact assessments and servitude acquisitions (R3-billion), new telecommunications infrastructure (R4-billion) and strategic spares (R4-billion). Naidoo said the IRP 2019 required an accelerated TDP execution plan, especially for the coming five years, owing to the fact that the generation plan envisaged the integration of 9.8 GW more generation between 2022 and 2025 than had been indicated in the draft IRP 2018, on which its previous TDP had been based.

OIL AND GAS

[DNG Energy to start LNG bunkering operations at Coega](#)

Delta Natural Gas (DNG) Energy has received final authorisation from Transnet National Ports Authority (TNPA) to start liquefied natural gas (LNG) bunkering operations in the Port of Coega, in the Eastern Cape. DNG Energy group CEO Aldworth Mbalati says this is a positive outcome for the company and South Africa, as the country is poised to become a premium LNG bunkering hub in the southern hemisphere. The licence enables DNG Energy to respond to environmental, legislative and business needs for the South African and the international LNG fuel markets. The licence gives DNG Energy rights to have its terminal, a floating storage unit, in Algoa Bay, which is a first in Africa, enabling the company to offer offshore, as well as onshore, logistics with ship-to-ship transfers for international trading ships and LNG "milk runs" within the country.

R1bn Richards Bay mounded LPG storage facility commissioned

The R1-billion mounded liquefied petroleum gas (LPG) storage facility, in Richards Bay, owned by South African independent bulk liquid and gas storage operator Bidvest Tank Terminals and independent LPG specialist and trader Petredec, has been commissioned. The 22 600 t storage facility is the region's largest pressurised LPG import terminal, guaranteeing year-round availability of LPG to South Africa and neighbouring countries. The facility's four LPG storage tanks are each 60 m long and 16 m in diameter, making them the biggest such storage tanks in the world.

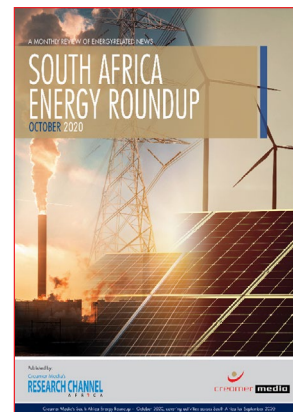
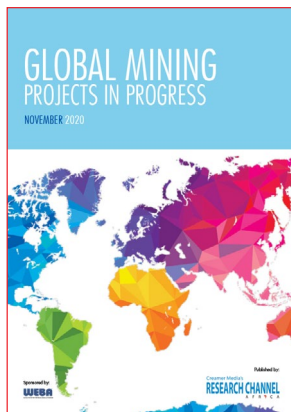
Total finds gas at Luiperd prospect

Petroleum company Total has announced that it has made a

significant gas condensate discovery on the Luiperd prospect, located on Block 11B/12B in the Outeniqua basin, about 175 km off the southern coast of South Africa.

The "game-changing" discovery, as Mineral Resources and Energy Minister Gwede Mantashe has dubbed it, follows the adjacent Brulpadda discovery made in 2019, which proved to be a significant new petroleum province in the region. Total drilled the Luiperd prospect down to 3 400 m and encountered 73 m of net gas condensate pay in well-developed and good-quality Lower Cretaceous reservoirs. Following a comprehensive coring and logging programme, the well will be tested to assess the dynamic reservoir characteristics and deliverability.

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