

De Ruyter's plan to fix Eskom - part 2

 By [Nicci Botha](#)

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Business should support the just energy transition as it could be the pivot to drive new industrial activity in South Africa, André de Ruyter . Eskom CEO, told The Directors' Event webinar.



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After outlining, the strategic steps the power utility was following to reinvent itself into a sustainable, reliable entity that would contribute to economic growth in the country, De Ruyter turned his attention to the Eskom of tomorrow.



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The National Energy Regulator of South Africa's (Nersa's) recent concurrence with the ministerial determination to procure some 11.8GW of additional capacity is an important first step in revitalising the utility. "Over the next decade or so, we will retire between 8,000 and 12,000MW of power generation capacity. Currently Eskom can reliably provide 28,000MW on a consistent basis. As soon as demand spikes by 3,000 or 4,000MW, there is a risk of load shedding. We therefore need additional capacity."

He said that Medupi and Kusile have shown that it takes at least 10 years to build coal power stations, assuming you will find lenders who are prepared to fund new coal. "There is a sea change in the attitude of lenders towards environmentally unfriendly electricity generation. Nuclear has an even longer timeline, between 12 and 15 years. The options to install additional capacity onto the grid quickly, include solar PV - 18 months from inception to bringing it onto the grid. We should look at bringing in some more wind - 24 to 36 months. There is a considerable role to be played in this solution for natural gas. We are watching with keen interest the development of liquified natural gas import terminals at Richards Bay and Maputo and developments at Rovuma Basin in Northern Mozambique."

This will require a cooperative attitude between all role players for this procurement to proceed successfully, De Ruyter said. "We have requested submissions for the repurposing of some of our older power plants that are about to retire and their conversion to natural gas featured very strongly, and proximity to the natural gas pipeline makes those options

affordable."

Just energy transition

"However, this transition cannot be made without addressing the very legitimate concerns of those who are heavily invested in coal about what this transition will mean to their livelihoods and their communities. We are, therefore, driving this notion of a just energy transition," he said.

Eskom formed a just transition office to address this. "At the first round of engagement, the reception was fairly hostile, by second round became clear that they had bought into the notion that there is a future beyond coal and that there really is drive investment to create jobs .

"This is not only an Eskom challenge this is a national challenge. What is the role of business firstly that cost-effective tariffs have to become a reality going forward, cannot borrow money to pay interest bill. South Africa ranks fifth in an Enerdata survey in energy intensity per unit of GDP than the vast majority of countries in the world. South Africa is also one of the most carbon intensive economies, and our trade partners are looking at imposing carbon tariffs on goods manufactured in South Africa in order to combat the global challenge of climate change. It is worth noticing that Germany which is the second biggest exported of goods has a electricity price at least twice that of South Africa," he said.

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.

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