Sasol says renewable energy drive makes economic sense

By Nelson Banya

22 Feb 2023

Integrated energy and chemicals firm Sasol Ltd anticipates financial as well as environmental benefits from its drive to use renewable energy for its operations, chief executive officer Fleetwood Grobler said on Tuesday, 21 February.

Sasol's synthetic fuel plant in Secunda, north of Johannesburg. 2016. Source: Reuters/Siphiwe Sibeko

The world's biggest producer of fuels and chemicals from coal and gas is working to cut its emissions by 30% by 2030.

Sasol and French gas company Air Liquide, which acquired Sasol's oxygen production units in Secunda, launched a partnership in 2021 to jointly procure 1,200MW of renewable energy for their respective operations.

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Renewable energy purchase agreement

On Tuesday, the two companies announced a 260MW wind and solar power purchase agreement with TotalEnergies and the privately-owned South African renewable energy firm Mulilo.

This adds to deals for 289MW of renewable power Sasol and Air Liquide signed in January with Enel Green Power, a unit of Italy-based Enel and Msenge Emoyeni Wind Farm.

Grobler told Reuters in an interview that 550MW of renewable energy projects that are expected to be operational by 2025 would account for around a third of Sasol's current electricity consumption of 1,500MW.

"It helps us on our decarbonisation journey. It also makes business sense. When you look at the escalation of Eskom power price increases and factor in what the renewable power purchase agreements come out at, it becomes economically sensible to go for renewable energy," Grobler said.

9% increase in half-year profit

Sasol reported a 9% profit jump in a half year it described as mixed as higher oil prices offset the impact of weaker global economic growth, higher costs, power cuts and poor rail logistics.

Sasol's core headline earnings per share - the company's preferred measure of its operating performance - was R24.55 ($1.36) in the six months to December 2022, compared to R22.52 in the corresponding six-month period a year earlier.

It said production volumes declined during the six months due to lower productivity and poor coal quality from its mining operations.

Sasol declared an interim dividend of R7 per share.