

News

Current News

Archive

SAREC Doubts Eskom's Reasoning for REIPPPP Round 4 Delays

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The South African Renewable Energy Council (SAREC) responded to disclosures in the Public Protector's State Capture report, which were released last week. The renewable energy body, which acts as an umbrella to the various renewable energy technologies such as wind, solar photovoltaic and hydro energy, is of the opinion that Eskom's delay in issuing final budget quotes to preferred bidders in Round 4 and Round 4 extension of REIPPPP is definitely not economically motivated.

There are 26 preferred bidders across a range of technologies, none of which have reached financial close due to Eskom's refusal to sign further PPAs. "These projects represent a combined value of R50bn in investment into the country that has been put on hold, which is ludicrous when considering our current economic climate," said Brenda Martin, Chair of SAREC and CEO of the South African Wind Energy Association.

She continued saying, "The people of our country need jobs and our industry can provide them, considering that the unsigned projects represent over 13 000 jobs."

The total number of jobs expected during the construction period of these projects is 13,444; where a job is defined as 1 job = 12 person-months and 1 person-month = 160 working hours. Added to this is the over-all number of jobs for South African citizens during the operations period which is expected to be 1,909 per year, for a 20-year period.

"It is clear from these figures that these projects represent a very significant investment in the South African economy and are vital stimuli for job creation, local content, and local economic development," added Martin.

SAREC believes that this deliberate refusal to comply with the ministerial determination on renewable energy challenges the prioritization of green energy as outlined in the National Development Plan. It also has a negative impact on achieving government's green industrialization objectives and undermines the renewable industry's efforts in bringing much-needed foreign investment into the country.

Furthermore, the delay is also hindering local manufacturing opportunities, social development programs and the benefits of community ownership, all of which are common features of all REIPPPP projects.

"Over the past several months, Eskom has repeatedly avoided signing power purchase agreements (PPAs) with renewable energy independent power producers (IPPs) and has failed to provide valid reasons for doing so," said Martin. She continued saying, "At the same time, Eskom's Head of Generation, has engaged in a sustained attack on the renewables industry, in an attempt to undermine renewable energy

and protect their own narrow interests.”

The industry has expressed confidence in the Presidency’s office, citing a cabinet statement issued on 22 August 2016, by the Minister in the Presidency, Jeff Radebe who said that “there is no way that government will change course [on the IPP program].”

“We therefore urge Minister of Energy, Tina Joemat-Pettersson and Minister of Public Enterprises, Lynne Brown to take coordinated action and ensure that policy and procedure are adhered to without further delay,” concluded Martin.