

IRP – “Daylight robbery and
declaration of War
against planet Earth”

By Alice Thomson

Earthlife Africa eThekweni

1. The Panel

- Representatives of private companies such as Xstrata, Anglo-American and some of SA's largest energy users have been seconded to develop the country's new IRP.
- This represents a serious conflict of interests.
- Bheki Khumalo : "the team that assists the department is balanced and is not dominated by one interest group".
- No representatives from civil society on panel
- Letter requested a list of all the representatives on the panel and companies they represent. We believe that any panel advising government on energy policy should be independent.
- Process has not been transparent – members had to sign non-disclosure agreements.

Advertising

- DoE has only advertised the public participatory process of the IRP2 in the Business Day (19th April 2010).
- Business given prevalence over civil society. The process needs to be advertised widely in different newspapers and not only those that business people will read.
- The advert did not explain what the IRP2 is. No mention that IRP will determine energy mix for the next 20 years.

Other objections to process

- We asked for hearings to take place on the weekends so that working people can attend. Massive section of population excluded.
- The panel must answer all questions from the floor
- Prior registration must be for the benefit of organising the hearings and none should be excluded - all input from the floor on the day must be recorded and considered. However no time allocated for input from the floor.
- Our demand for real participatory democracy has not been met. Instead participation is ignored in favour of preconceived results.

Problems with IRP 2010

- IRP plans to increase generation capacity from existing capacity of around 44 000 MW to 85 241 MW
- We do not need to increase generation capacity – we can decrease the energy intensity of economy.
- Per capita per dollar GDP, SA's emissions are 20 times worse than the US
- According to the IRP the so called “Revised balanced scenario” would greatly increase emissions from 240 Mt to 296 Mt in 2022. We must reduce emissions now. The next 10 years is the window period to reduce emissions.
- Emissions from import coal excluded from domestic emissions accounting and so import coal is favoured – this displaces emissions elsewhere but still contributes to global warming. The NIMBY principle.
- Nuclear is not a climate change mitigation option. LTMS – no cradle to grave emissions of nuclear taken into account.

Demand Side Management

- Appendix B admits that even research conducted by Eskom indicates the Demand Side Management programme may only scratch surface of potential.
- Potential estimated at 12 933 MW
- However total for Revised Balanced Scenario is 3 422 MW
- Only Eskom DSM programme relied on
- This must be researched further by independent consultants.
- Reserve margin – only need reserve margin of 15%. Why does IRP plan for 31% in 2017?

GDP growth

- Economic growth is projected to be 4.5% whereas we have achieved 3.29% from 1993 – 2010
- GDP growth has not reduced joblessness in fact unemployment has increased
- GDP growth is poor indicator of progress. We should use other indicators of progress such as the gini coefficient and achievement of Millennium Development Goals
- Reducing energy intensity of economy could increase the labour intensity of the economy. Instead of using the money for massive generation capacity expansion projects this money could be spent directly on poverty reduction.
- Cost estimate for the revised balanced scenario of R856 billion is a gross underestimate.

Costs

- Capital costs for the committed plants were excluded from the plan
- No health costs from emissions, pollution of water, costs to agriculture from Acid Mine Drainage.
- Transmission infrastructure costs were not included in cost determination for different projects.
- Risks – no mention of risks to environment, health, risk of radioactive accidents, contamination of water, air and soil from coal mining.
- Costs for future coal decreased from R300 to R200 a ton.

Peak Coal

According to a study conducted by Chris Hartnady,

- the remaining coal reserves in southern Africa are a fraction of previous estimates
- only about 15 billion tons remain in southern Africa, compared with about 50 billion tons previously estimated in the 1980s.
- production will peak at around the rate of 284 million tons a year in 2020, at which stage about half of the resource will be exhausted.
- 95 percent of the coal production in the region comes from South Africa.

Special Price Agreements

- IRP states that the high price increases for electricity should induce substitution to alternative energy sources and increased energy efficiency but price elasticity of demand is not included in energy forecasting
- Big users of energy have “Special Price Agreements”. We now know that BHP Billiton pays 12c per kWh which is way under the cost of production
- If the price of electricity to big users had to increase economic logic would dictate that they would use energy more efficiently and this would decrease demand for electricity. This could be done using the carbon tax which fully incorporates all externalised costs to health and the environment. We demand a full and comprehensive cost analysis.