

Is nuke deal behind Eskom's filibustering on renewable PPAs?

 By [Nicci Botha](#)

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The oh-so-delayed signing of power purchase agreements (PPAs) between Eskom and independent renewable energy power producers has been postponed yet again, on the pretext that the newly-appointed minister of energy needs to get up to speed on the deal.



Considering that the renewable energy independent power producers programme (REIPPP) is a case study in successful public private partnerships, surely the signing would just require a rubber stamp from the new minister?

The official version is that energy minister, Mmamoloko Kubayi needs to meet with the minister of public enterprises, Lynne Brown. It has been indicated that once the two ministers have met, a new signature deadline will be set.

All necessary steps taken

“While we recognise the need for the new minister to get up to speed on the issues, financial closure of duly procured renewable power for 37 PPAs now stands at almost two years,” says Brenda Martin, chair of the South African Renewable Energy Council (Sarec)

Since the previous minister's instruction was issued, IPPs have taken all necessary steps to ensure that they are ready for PPA signature. "Over the past few weeks, affected IPPs have been working with Eskom officials to ensure that the necessary paperwork is up to date, so that financial closure can be achieved and construction can begin, Sarec explains.

Over the past few months, all of Eskom's concerns in relation to PPA signatures have been addressed by Treasury, Nersa and the Department of Energy. It is clear that in policy, by signing PPAs with duly selected preferred bidders, Eskom is not at risk of any unforeseen financial exposure.

"It is understood that Eskom's obligation to pay for power procured, will only kick in once power plants are built and power is generated by IPPs," adds Martin.

Job creation

Over 13,000 jobs will be created during the construction process along, with over 1,900 jobs created in the operational phase. Sarec, which represents solar and wind interests in the energy sector, also estimates that a combined investor value of R58bn in investment will be unlocked, as soon as PPAs are signed.

With this investment added to the already R194bn attracted by the renewable power industry, the industry can continue to make a direct, cost-effective and job-creating contribution to rural community development, and to South Africa's ailing economy.

National interest

Since SONA2017, the directives from the president, the finance and the energy ministers have been clear: that PPAs for the 37 preferred bids must be concluded. While the minister of energy is responsible for the realisation of least-cost energy security in South Africa, the minister of public enterprises is responsible for ensuring that state-owned enterprises like the power utility act in the national interest.

"We hope that Eskom will conclude its legal obligations to renewable power producers before embarking on plans relating to its proposed nuclear deal in June," says Martin.

Eskom responds to nuke rumours

Meanwhile, Eskom has issued a statement saying that the story circulating on social media and reported in the press that the power utility had signed a nuclear deal with Russia shortly after the cabinet reshuffle last week were untrue.

"Eskom expects to issue a full request for proposal (RFP) to the open market once the request for information (RFI) has been assessed and the relevant approvals have been obtained. To date Eskom has therefore not received any formal proposals from potential suppliers and has not signed any power plant procurement agreements. Eskom has not undertaken any pre-qualification assessment to date related to the potential respondents to a potential RFP," Eskom's chief nuclear officer, Dave Nicholls says.

Non-binding request for information

In November 2016, Eskom was designated by cabinet as the procuring organisation for the nuclear power plants in the nuclear new build programme in line with the 2008 nuclear energy policy and the IRP 2010.

Subsequently the minister of energy, in consultation with chairman of Nersa, gazetted a Section 34 determination on 14 December designating Eskom under the Energy Regulation Act for this capacity. Eskom, in conjunction with Nuclear Energy Corporation of South Africa (NECSA), issued a non-binding request for information to the open market on 20 December, which will close on 28 April 2017, the statement says.

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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