

Report proposes an alternative plan for SA's energy transformation

The words "Eskom", "publicly owned", and "energy monopoly" have become expletives in their own right in South Africa's energy debate. At the same time, the push towards unbundling and privately-owned renewable energy has been uncritically praised as a common sense way forward for solving the Eskom and electricity crises.



Before Covid-19 replaced Eskom's crisis as the central issue facing South Africa, it was only unions and their very close allies that held a consistent line both against both this proposed unbundling of the utility, as well as the consequent incursion of the independent power producers (IPPs). Many believe that this opposition merely reflects the desire on the part of trade unions to protect coal sector jobs and to do so in a way that is oblivious to the economic, social and ecological problems that come from the continued use of coal.

Similarly, union opposition to the IPP system - including the renewable energy IPP programme known as REI4P - has in some quarters been seen as an opposition to renewable energy and economy-wide decarbonisation more generally.

The *Eskom Transformed* report will be launched on 23 July 2020. It has been drafted by Alternative Information and Development Centre (AIDC) in Cape Town, Trade Unions for Energy Democracy (TUED) in New York, and the Transnational Institute (TNI) in Amsterdam, with input from the National Union of Mineworkers (Num) and the National Union of Metalworkers of South Africa (Numsa).

According to the report, the position of the unions is not simply about protecting jobs in coal, or about preserving Eskom as it currently operates. They generally support a move towards both clean energy and economy-wide decarbonisation, but believe that the current unbundling + IPPs approach will achieve neither. The report research shows why this is the case, and why this approach threatens to seriously compromise the country's energy sovereignty by making it dependent on technologies and supply chains that are almost invariably located in Asia and Europe.

Three misconceptions

It says that the current discourse on energy transition in South Africa has, for some years, become distorted by a number of misconceptions. Three of which are discussed in the report.

The first misconception pertains to the cause of Eskom's crisis. Rather than simply reducing the problems to abstracted financial mismanagement and corruption, the report shows how the electricity-for-profit paradigm adopted at the behest of the likes of the World Bank is a direct factor in the development of the utility's current dysfunction.

The report argues that, until the current obsession with a full-cost recovery policy is confronted and displaced, the financial crisis at Eskom will simply get worse. In addition, and while acknowledging that no quick fix solutions to the crisis exist, the report also offers a short-term solution to Eskom's debt crisis.

The second misconception it cites is that the transition to renewable energy through private power producers is inevitable; it is supposedly driven by economics, specifically the falling costs of renewable energy. This has also led to the idea that renewables are the least-cost option, both domestically and globally. Drawing on domestic and international experience, the report postulates that the rise of low cost for-profit renewable energy is a story of public money being used to shore up the profits of companies that would otherwise not be profitable. It maintains that it is not a case of the market, waving its mythical hand; rather, it is a story of public funds being used to drive a reform agenda that leads to the privatisation of public energy systems. In addition, the report also points out signs of a coming investment crisis for private renewable energy, throwing doubt on the idea that the private sector could deliver a transition to clean energy.

The third misconception is that there are no major technical hurdles standing in the way of South Africa's energy transition. The report says that a painless decarbonisation perspective does not take into account the system costs that accompany high levels of renewable energy coming into a system. In doing so, it draws attention to the need for careful planning and a facts-based approach that accounts for this reality instead of ignoring it.

The authors believe that the report shows how public energy through a transformed national utility is our best bet in dealing with the current crisis and transition-related challenges, both technical and economic, in ways that are both effective and equitable.

In conclusion, the report's proposals for a transformed Eskom are constructed around three core commitments:

- Building a New Eskom, fully public and in service of the people
- Securing a democratic and just energy transition
- Working towards socially owned renewable energy

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