

MINING SECTOR TO EASE ESKOM'S WOES

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(22 September 2022)

The global business mood is decidedly downbeat and South Africa is no exception. In recent months, most consumers and businesses have been forced to grapple with high fuel prices, rising inflation, higher interest rates and the regular occurrence of electricity load-shedding.

Although a fairly comprehensive plan of action was announced at the end of July to boost electricity generation, it is abundantly clear that the energy crisis is far from over. One of the main reasons behind the latest spate of load-shedding, which involved stage 6, is the long-standing lack of maintenance of the power utility's generation units, especially during the state capture decade.

Another problem facing Eskom is the skills dearth that resulted from the erstwhile emphasis on a transformation agenda, which resulted in an exodus of large numbers of highly skilled and experienced staff that were encouraged to leave the utility.

Experts to the rescue

Fortunately, Eskom has just announced the development of a digital crowdsourcing tool which will allow people with the required expertise to submit their details online to help address the utility's severe skill shortage.

The trade union Solidarity has already submitted the names of a number of experts to assist with the huge task of streamlining the maintenance programme and repairing faults at the Medupi & Kusile power stations, mainly due to shoddy workmanship of staff aligned to the National Union of Metalworkers (Numsa) and Cosatu.

The intensified load-shedding during September has finally convinced the Department of Public Enterprises to heed the earlier recommendation by Eskom's CEO, André de Ruyter to extend the search for requisite skills to former Eskom employees. The utility is now in the process of appointing 18 former employees with technical skills spanning the full range of power utility management, including engineering and artisanship.

Another silver lining that may not be too far in the distance is the announcement by Eskom that it has launched three programmes to procure more than 1 000 MW for the national grid, which will initially focus on generators capable of supplying more than 1 MW to the grid.

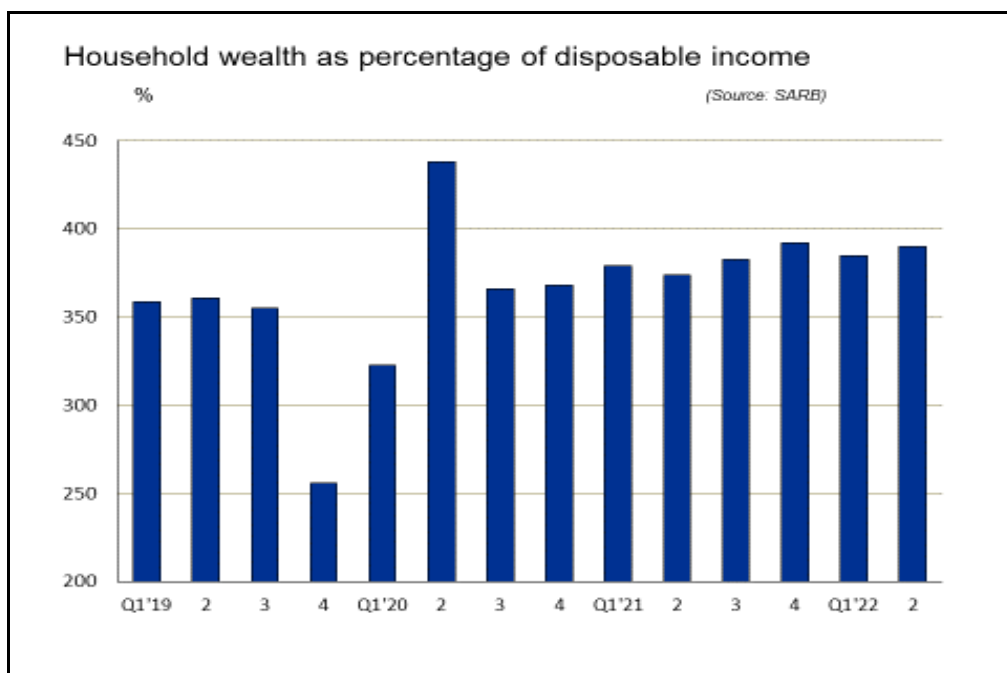
This capacity is believed to be immediately available from existing independent power producers (IPPs) and large companies with their own generation capacity. Eskom aims to sign the first power supply agreements with these suppliers before the end of September.

The removal of the 100 MW cap on licence-free embedded energy projects announced by President Ramaphosa in July holds the single most promising prospect for an easing of extensive load-shedding over the medium term.

According to Roger Baxter, CEO of the Minerals Council, its members in the mining sector have 6 500 MW of embedded energy projects in the pipeline which will eventually ease demand pressures on Eskom, allowing it to fast-track much-needed maintenance.

The 89 projects by 29 mining companies are worth more than R100-billion and represent the bulk of the 8 000 MW of energy projects the private sector has planned in the wake of the deregulation of the energy sector under Pres. Ramaphosa.

Fortunately, South Africa's economy has remained quite resilient during 2022, with employment creation the stand-out performer. Following the disastrous 2nd quarter of 2020, when the Covid pandemic struck, more than 1.4 million new jobs have been created. During the first six months of 2022 alone, more than 800,000 jobs were created in the formal sectors of the economy, translating into a substantial increase in taxation revenue.



In these dark days of electricity rationing and economic uncertainty, it is also encouraging to note that the ratio between household wealth and household disposable income has more than recovered from the effects of the Covid pandemic and is now on a steady growth path.