

Hon T. R. Modise
Speaker
National Assembly
National Parliament of South Africa

Email: speaker@parliament.gov.za
Cc: Hon. N.Masondo; Hon. S.L. Tsenoli
Cc chairpersonsoffice@parliament.gov.za; pmasiza@parliament.gov.za

22 June 2021

Dear Honourable Modise,

REQUEST FOR PUBLIC HEARINGS AND INVESTIGATION ON THE RISK MITIGATION INDEPENDENT POWER PRODUCERS PROCUREMENT PROGRAMME

On 20th April 2021, the Portfolio Committee (PC) on Mineral Resources and Energy held a meeting in which they received a briefing on the Risk Mitigation Independent Power Producers Procurement Programme (RMIPPPP), and specifically the choice of the Karpowership projects as preferred bidders in the evaluation of the bids, from the Department of Mineral Resources and Energy (DMRE). At this briefing, the PC mentioned the attached letter written by concerned civil society organisations (CSOs) and communities, raising significant concerns about the selection of the Karpowership projects for “emergency” power; which will tie us into fossil fuels for at least a further twenty years. This letter requested that public hearings on the RMIPPPP be held.

While we appreciated that the PC put our request on the agenda of Parliament, we were sadly disappointed by the response of the MPs, most of whom did not appear to take seriously the significant issues raised by the communities that they purport to represent. CSOs and communities are entitled to have a say in matters that affect them. In this case, the concerns raised in relation to Karpowership implicate several constitutional rights, and have impacts also for future generations and the environment.

At no point did any MP or official of Parliament make contact with us to ask for further information, or even acknowledge our right to petition Parliament, as courtesy should demand. Instead, it appeared that our genuine concerns were dismissed.

Over the last few weeks, further controversy has arisen, with one of the losing bidders taking court action against the Karpower bid. In addition, the Saldanha environmental authorisation process has been suspended, pending investigations into allegations that the environmental assessment practitioner has not complied with the requirements of the Environmental Impact Assessment (EIA) Regulations. There have been complaints of irregularities in the EIA process, particularly in how vulnerable communities have not been meaningfully consulted, and energy experts have consistently stated – and demonstrated through independent modelling research - that this is not the best way in which to meet the short-term energy supply gap.

As our Parliamentary representatives, you are, of course, required to consider the inputs of civil society – and particularly impacted communities - in your oversight role of holding the executive accountable. It is clear that Parliament should not turn a blind eye, but should be proactive and respond to the concerns of its citizens.

Appreciating that the Karpowership issue covers several portfolio committees, we would humbly request that, in addition to calling for public hearings, that Parliament appoints an ad hoc committee to investigate further and to call the relevant ministers to account.

- Transport – press reports indicate that the Minister of Transport is being asked to direct Transnet National Ports Authority to enter into an agreement with Karpowership in a manner that is *ultra vires* and unlawful.
- Trade, Industry and Competition – the Department granted Karpowership an exemption from complying with a 40% local content stipulation designed to encourage the development of locally based manufacturers and suppliers
- Forestry, Fisheries and Environment - the Department initially gave Karpower an exemption from conducting an EIA and public consultation for its floating power plants by claiming it would supply hospitals and other key essential service industries with electricity during the Covid-19 pandemic; which was later revoked. The Department has also received various complaints about the EIA process. In addition, the Karpowership projects – if they go ahead – will have significant impacts for climate change, and the environment.
- Mineral Resources and Energy – allegations and evidence show that the entire RMIPPPP process has resulted in much more expensive power than is needed for the electricity supply gap. This is likely to be even more stark once the Electricity Regulation Act Schedule 2 is amended to increase the generation threshold for companies to produce their own electricity without a generation licence to 100MW– resulting in less pressure on the national electricity grid. The Electricity Regulations on New Generation Capacity require that, before concluding power purchase agreement (PPA), the buyer (Eskom) or the procurer (the DMRE) must ensure that the PPA is “value for money”. This means that (according to the definition in the Regulations, *“the new generation capacity project results in a net benefit to the prospective buyer or to Government having regard to cost, price, quality, quantity, risk transfer or a combination thereof, but also where applicable to the Government’s policies in support of renewable energy”*).
- Public Enterprises – in addition to the legal requirement that the PPA be “value for money”, Eskom being forced to buy the power Karpowership produces will place increasing pressure on Eskom. Eskom is facing a financial crisis and the high costs under these power purchase agreements, with resultant and rising electricity prices will drive consumers away from the utility. Investments that unnecessarily increase costs in the electricity sector should be avoided. The cost of this power is also highly dependent on the gas price and US dollar exchange rate.

Given that this choice of energy is expensive, has significant impacts on human rights, the climate and the environment, provides little opportunity for local content, and undermines the just energy transition, we believe that Parliament must investigate the decision to award preferred bidder status to Karpowership. This investigation should include: how a foreign-owned company was able to circumvent local content rules; and the fact that its application processes have not involved meaningful public participation with the people of South Africa, particularly disadvantaged communities. The impact of these powerships will affect all in South African through their impact on electricity prices over time.

We again request that Parliament hold public hearings into the RMIPPPP. We do not believe that Parliament can be fully informed if it only receives a briefing from DMRE. We also wish to state that, contrary to DMRE assertions at the meeting on the 20th April 2021, many of the undersigned organisations have not been able to participate in other consultation processes relating to Karpowership.

We look forward to your urgent response.

Yours for environmental justice,

Liziwe McDaid – The Green Connection

Avena Jacklin – groundWork

Sherelee Odayar – South Durban Community Environmental Alliance (SDCEA)

Nicole Loser – Centre for Environmental Rights

Robyn Hugo – Just Share

Alia Kajee– 350.org

Carmelita Mostert – Diazville/Saldanha Fishing Community

Maia Nangle – Masifundise

Jackie Sunde - One Ocean Hub Research Project, Dept. of Environmental and Geographical Science

Owen Ndidi – Eastern Cape Environmental Network (ECEN)

Judy Bell – Frack Free South Africa

Makoma Lekalakala – Earthlife Africa

Francesca De Gasparis – Southern Africa Faith Communities Environment Institute (SAFCEI)

Matt Johnston – Organisation Undoing Tax Abuse (OUTA)

Richard Halsey – Project 90x2030

Contact: liziwe@mweb.co.za (0827315643)

Hon Sahlulele Luzipo

Chairperson
Portfolio Committee Minerals and Energy
National Assembly
Email:nbaleni@parliament.gov.za ; sluzipo@parliament.gov.za

Cc:aboss@parliament.gov.za

19th April 2021

Dear Honourable Luzipo,

REQUEST FOR PUBLIC HEARINGS ON THE RISK MITIGATION INDEPENDENT POWER PRODUCERS PROCUREMENT PROGRAMME

According to Parliament's programme for Tuesday 20th April 2021, your committee is due to receive a briefing on the Risk Mitigation Independent Power Producers Procurement Programme (RMIPPPP), and specifically the choice of the Karpowership projects as preferred bidders in the evaluation of the bids from the Department of Mineral Resources and Energy (DMRE).

Civil society organisations and communities all along the coast of South Africa have raised significant concerns about this choice of "emergency" power; which will tie us into fossil fuels for at least a further twenty years. Given that this choice of energy is expensive, provides little opportunity for local content and undermines the just energy transition, we believe that Parliament must investigate the decision to award preferred bidder status to Karpowership. This investigation should include: how a foreign-owned company was able to circumvent local content rules; and the fact that its application processes have not involved meaningful public participation with the people of South Africa, particularly disadvantaged communities. The impact of these powerships will affect all South Africans through their impact on electricity prices over time.

We request that Parliament hold public hearings into the RMIPPPP. We do not believe that Parliament can be fully informed, if it only receives a briefing from DMRE. As our parliamentary representatives, you are, of course, required to consider the inputs of civil society – and particularly impacted communities - in your oversight role of holding the executive accountable.

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Robyn Hugo – Just Share South Africa
Glen Tyler-Davies– 350.org
Carmelita Mostert – Diazville/Saldanha Fishing Community
Maia Nangle – Masifundise
Jackie Sunde - One Ocean Hub Research Project, Dept. of Environmental and Geographical Science
Gary Koekemoer – WESSA Algoa Bay
Owen Ndidi – Eastern Cape Environmental Network
Sandy Camminga - Richard Bay Clean air association
Judy Bell – Frack Free South Africa

Contact: liziwe@mweb.co.za (0827315643)