

South Africa coal IPPs under fire

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Developers of coal-fired IPPs in South Africa are having their feet held against the furnace by environmental groups, slowing their progress. The latest court battle – reminiscent of Thabametsi’s – sees the groups asking for the projects’ environmental authorisations to be set aside.

Groundwork, represented by the Centre for Environmental Rights, set in motion court proceedings against the Khanyisa and KiPower coal-fired IPPs in South Africa earlier this month. Acwa Power and Marubeni’s 306MW Khanyisa and Kuyasi Mining’s 600MW KiPower projects lack a “full” climate change impact assessment (CCIA) within their environmental impact assessments, CER said in a statement.

Khanyisa previously received approval from Environment Minister Edna Molewa. But Groundwork and CER argue that the two projects would have a significant impact on the Upper Olifants River Catchment – which is already stressed due to existing mines and industry in the area. The two plants aren’t the first to be stalled by environmental challenges.

CER and another group, Earthlife Africa, took the 557.3MW Thabametsi coal project to task earlier this year, successfully challenging the lack of a CCIA. Molewa was ordered by the court to reconsider Earthlife’s appeal against the environmental authorisation granted to the project.

Thabametsi’s sponsors, Marubeni and Kepco, and the environmental groups are now awaiting Molewa’s decision – whether to set the plant’s environmental authorisation aside or to let it go ahead.

“If the Minister decides that the power station can go ahead, in spite of the significant climate impacts, we and Earthlife will consider challenging this decision,” Nicole Loser, attorney at CER, representing Earthlife, previously told *IJGlobal*.

The environmental groups’ actions create a sticking point for the country’s coal IPP procurement plans. Khanyisa and Thabametsi are required under the coal IPP programme to reach financial close before the end of 2017. But they will be unable to do so if there are pending legal disputes in relation to their environmental authorisations, CER said.

Despite this, Thabametsi’s sponsors are aiming for financial close in March 2018, *IJGlobal* previously reported. [Marubeni and Kepco have 12 lenders in place](#), including South Africa’s Public Investment Corporation, the Development Bank of South Africa, and the country’s big four banks.

New coal-fired power production in South Africa is facing other issues as well. All future capacity procurement programmes are on hold until the country’s integrated energy and integrated resource plans (IEP and IRP, respectively) have been concluded, a statement from Molewa said in early September.

The much anticipated statement was mostly in relation to the country’s long-suffering renewable energy independent power producer procurement programme. State utility [Eskom will sign the REIPPP PPAs](#) despite worries about the country having overcapacity through to 2021.

With most of the REIPPP projects to be signed being commissioned closer to that date, they will “have minimal contribution to the overcapacity” issues. But that still leaves a question mark hanging over the state of future procurement programmes. For now, the industry is awaiting the IRP’s release which should have more information on capacity requirements.

[Khanyisa and Thabametsi were awarded in October 2016](#) under South Africa’s coal-based IPP programme. A second phase of the coal-based IPP tender was under review in 2016 “to give consideration to the inclusion of clean coal technologies”, the country’s Department of Energy said in October that year.

Kuyasi has indicated it may bid for its KiPower project under the second window of the coal IPP programme but is also considering proceeding outside of a public tender.

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