

Africa's top emitter seeks \$10bn for shift from coal

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Eskom, Africa's biggest greenhouse gas emitter, is pitching a \$10bn plan to global lenders that would see it shut the vast majority of its coal-fired plants by 2050 and embrace renewable energy.



Cows graze as steam rises from the cooling towers of Matla Power Station, a coal-fired power plant operated by Eskom in Mpumalanga province, South Africa, 20 May, 2018. Reuters/Siphwe Sibeko/File Photo

Discussions have already started with development finance institutions like the World Bank and the African Development Bank, a senior Eskom official told Reuters.

"It's a lot of money, so what we are putting on the table is to say to funders: South Africa can offer you the biggest point source of carbon emissions reduction in the world," said Mandy Rambharos, general manager at Eskom's Just Energy Transition office.

Lining up funding

Eskom, which generates more than 90% of the country's electricity chiefly by burning coal, is looking for around \$7 to \$8 for every tonne of carbon dioxide equivalent it cuts from its greenhouse gas emissions. Eskom currently emits around 213-million tonnes of CO2 equivalent a year.

The idea is to line up some of the funding before the COP26 climate conference in Glasgow in November. The utility is already looking at "repowering" its Komati coal plant using solar and battery storage and could present the project at COP26 to show it is serious about curbing emissions.

Rambharos said Eskom was modelling different scenarios to reach its target of net zero emissions by 2050.

The least aggressive path is the one the government laid out in a 2019 document called the Integrated Resource Plan, which envisaged Eskom shutting down some 35,000MW of coal by 2050. As of March 2020, Eskom had around 41,000MW of installed coal-fired capacity.

A bolder one would see even Medupi and Kusile, which will be two of the world's largest coal plants when fully operational, shuttered in the 2040s, at least 20 years ahead of schedule and leaving Eskom with no coal by 2050 from 15 stations now.

While Eskom could use natural gas as part of its energy transition, the ultimate aim is to replace coal with renewables, Rambharos said.

“ That is the future. I don't think we can look at 2050 and still see fossil fuels in there to be honest. ”

Analysts have flagged the carbon intensity of South Africa's economy as a major risk as investors and governments become increasingly attuned to climate concerns, and Rambharos said it was time to act.

"We will be left in this little bubble where we are not going to be able to export our wine or our fruit or our cars if we don't transition," she said. "The whole world is transitioning, we have to get on this bandwagon - for South Africa to remain competitive and for our economy to grow."

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