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**SUBMISSION TO THE
DEPARTMENT OF ENERGY ON THE
INTEGRATED RESOURCE PLAN, 2018**

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1. The FMF welcomes the opportunity to make a submission on the IRP.
2. We assume that the government wants an energy policy that ensures:
 - a. The efficient generation and delivery of safe, environmentally friendly, low-cost power to all users.
 - b. The promotion of social and economic well-being and prosperity for all.
3. This submission provides concise constructive criticism of elements in the IRP with which we disagree, and suggests viable alternatives. It does not address elements with which we agree.
4. The IRP is unfortunately ideologically biased. It makes an unconvincing case for the ideological preferences, preconceptions and vested interests of its authors. We trust that, after due consideration, the government will conclude that it does not reflect its objective unbiased views.
5. This submission is, as we trust the government response will be, not biased or ideologically motivated. It reflects our good faith desire to support the government in its search for the ideal energy policy in the national interest.
6. The FMF would like the energy market to be completely deregulated and privatised. Since we are realists working in the real world, we confine ourselves to proposals that are politically possible in the foreseeable future.
7. Since the IRP proposes migration to a system where virtually all power is procured by Eskom from private firms (wrongly called “privatisation”), the FMF might be expected to endorse it ideologically. However:
 - a. What is proposed is not privatisation or outsourcing, but procurement.
 - b. If the government decides to perpetuate the apartheid concept of Eskom being a single buyer, it should at least insist that power procurement, like all procurement, must be rational, fair, unbiased and impartial.
 - c. Eskom must despatch secure power constantly. What it procures should be what it supplies. In other words, IPPs should deliver secure power constantly.
 - d. The IRP suggests procurement from IPPs. However, it proposes the opposite of what Eskom, consumers and the country need. It proposes forcing Eskom to pay for power regardless of whether it or the country wants it, namely power whenever the wind happens to blow or the sun happens to shine.

- e. It gets worse. When nature does not generate wind or solar power, Eskom, as opposed to IPPs, is expected to run costly inefficient environmentally unfriendly turbines on imported gas.
 - f. It gets still worse. Efficient cost-effective plants using readily available local coal or uranium will be discouraged if not banned. At the very least, they will be subjected to excessive costs parading as safety or environmental measures.
 - g. All suppliers should be treated equally. They, not Eskom, should ensure reliable constant dispatchable delivery. Firms wanting to sell wind and solar power should have to determine, fund and run their own backup capability. That should never be Eskom's responsibility.
 - h. The only departure from the fair and equal rule (which may in any event be a Constitutional imperative) might be what is required to ensure a balanced mix. If coal, for instance, is always the cheapest, Eskom could, in the country's long-term interests, be required to do minimal procurement from others.
8. We remind the government that it adopted sound principles in the 1996 Energy White Paper, which were repeated in the currently applicable National Development Plan (NDP) (to which the IRP purports erroneously to defer), and which have been repeated in varied forms in various contexts. Broadly speaking, established policy, which has not been implemented, and is ignored or contradicted in the IRP, includes:
- a. That there should be an electricity market along the lines that have become the norm in prosperous countries.
 - b. Eskom power generation and transmission should be separated, so that power suppliers can compete on a fair and rational basis through an independent system and market operator.
9. The IRP should reflect and reinforce government policy, and facilitate its implementation. Instead it contradicts and undermines it fundamentally.
10. The IRP makes glaringly false assumptions about why there appears to be surplus of generating capacity. From this it draws deeply flawed conclusions about future demand. It assumes that there will be perpetual stagnation, as opposed to the kind

of high growth everyone wants. The IRP's proposals would ensure that the economy cannot prosper.

11. The IRP assumes wrongly that nuclear will be prohibitively costly and/or unsafe. Neither is true. The only way to find out is for Eskom to call for bids in an open and transparent RFT (Request for Tenders) process.
12. Renewables are not "renewable" at all or in any coherent sense. Immense resources must be mined, processed, transported, financed, built, maintained, and decommissioned. Waste from wind and solar farms will require costly long-term management and dumps sites.
13. Furthermore, wind and solar farms may be more environmentally unfriendly than coal, nuclear, hydro and gas.
14. Everything has a costs and negatives – there are no free lunches. What should inform the IRP is a proper cost-benefit analysis that takes into account all costs and benefits. This would be done automatically in a free market. The IRP should simulate markets.
15. Eskom should be "liberated" so that it is free to procure or generate whatever power it wishes. It should be free to charge whatever it wishes. But what it should also do is face full and free competition in a dynamic energy market.