

Renewable energy will result in significant job losses

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The Renewable Energy Independent Power Producer Procurement Programme was always aimed at ultimately reducing such significant reliance on coal-fired power, in the medium to long term, and the delay in signing the 27 IPP agreements simply delayed the further, planned, implementation of the programme.

The signature of the 27 IPP agreements will not have an immediate impact on the reliance on coal-fired energy.

Coal-fired energy is likely to be around for some time while the renewable energy projects (primarily, at this stage, solar and wind) are constructed and brought on stream into, and through the grid.

The implementation of the renewable projects will, however, inevitably impact on the thermal coal miners, in the foreseeable future (in my view, the substantial impacts will start to be felt in the next 8 to 10 years).

While many of the thermal coal mines are reaching the end of their life, there are many in Mpumalanga and Limpopo that will be capable of supplying thermal coal for the next 20 to 30 years, and it is likely that they will continue to supply coal to SA's coal-fired stations for some time to come.

The inevitable down-scaling, can have a significant impact on employment (retrenchments), and the various communities in which the mines operate, unless this is carefully managed through structures such as the Social and Labour plan.

The agreements between Eskom and IPPs for Renewable Energy Independent Power Producer Procurement Programme (REIPPP) for bid phase 3.5 and 4 have been delayed for approximately two years.

This was regarded as a concern by all supporters of renewable energy.

Minister of Energy Jeff Radebe undertook, after his appointment, to expedite signature of the 27 outstanding IPP agreements, and it seemed that progress would be made, until the urgent

application by NUMSA and Transform RSA.

Minister Radebe undertook not to sign the IPP agreements pending the matter being heard in court on 27 March 2018.

The primary reason given by NUMSA and Transform RSA, namely potential impact on jobs, can and should be addressed in terms of the significant mechanisms in terms of the MPRDA and in particular, the Social and Labour Plan.

The other reason, namely potential increase in electricity costs, is of concern, and it will be up to Minister Radebe and Eskom to carefully manage the costs so that the impact on South Africans across the spectrum, including the coal mines, manufacturers and other entities that employ large numbers of persons, is not dramatic.

REIPPP is not the only threat to the coal mining sector.

Investors are becoming increasingly sensitive to investment in “dirty” energy.

This, together with factors such as increased costs of production, and REIPPP, will impact on employment, going forward, and the potential consequences will require careful planning and management.

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