

### 16 September 2016

Weekly projects and energy updates in South Africa

#### **Zuma says South Africa's nuclear expansion plan on despite tight funds**

President Jacob Zuma said on Tuesday that a process by the government to expand nuclear power generation was continuing despite the Treasury saying funds for the project were not immediately available.

Africa's most industrialised country has said it intends to build new nuclear power stations to reduce its heavy dependence on coal, but critics have said the costs will be prohibitive and have questioned the transparency around the process.

*Engineering News, 13 September 2016*

#### **Nuclear industry welcomes request for proposals**

The Nuclear Industry Association of SA (NIASA) has welcomed the request for proposals for the nuclear procurement programme.

In a statement issued on Friday, the nuclear trade association said it supported the calls for transparency in the nuclear programme but wanted local content and the development of skills to be considered as founding principles when venders were selected.

"The nuclear project will not only support industry and create much-needed employment, it will also create a platform upon which our economy can grow and develop," said NIASA director Knox Msebenzi.

*Business Day, 13 September 2016*

#### **80 MW Karoo wind farm officially inaugurated**

The 80 MW Noupoort wind farm, in the Northern Cape, has been declared officially operational by Umsobumvo municipality district mayor Mzwandile Toto, following the completion of construction and the plant's connection to the Eskom grid earlier in the year.

Located 10 km east of the Karoo town of Noupoort, the new ZAR1.9 billion facility spans 7500

ha and comprises 35 wind turbines, which stand 99 m in height.

Construction started in May 2015 and the wind farm will generate 304 800 MWh yearly. It entered commercial operation on 11 July 2016.

*Engineering News, 14 September 2016*

### **Zimbabwean IPP to erect 15 MW solar plant**

The Zimbabwean IPP, Utopia Power Company Limited, is reported to have stated its intentions to construct a solar power plant in Q4 2016, at an estimated cost of US\$18 million.

Local media reported that the IPP expects to begin feeding the power generated into the grid by the second half of 2017.

The company is said to have recently been awarded an electricity generation licence by the Zimbabwe Energy Regulatory Authority and was also granted an investment licence by the Zimbabwe Investment Authority in December 2015.

*ESI Africa, 15 September 2016*

### **Renewables investment in 2015 more than covers global power demand growth for first time**

A new report by the International Energy Agency (IEA) states that global electricity sector investment rose 4% to a record US\$682 billion in 2015 – a year when overall investment in the energy sector fell to US\$1.8 trillion, from US\$2 trillion, mainly as a result of lower oil and gas investment.

The inaugural *World Energy Investment 2016* report, which will be produced yearly by the IEA, shows that power generation accounted for over 60%, or US\$420 billion, of total electricity investment, while spending on electricity networks made up the balance.

Investment in renewables-based generating capacity accounted for more than two-thirds of power generation, despite edging down by 2% to US\$288 billion. In inflation-adjusted terms, however, renewables investment was “virtually unchanged compared to 2011”.

*Engineering News, 15 September 2016*

### **Will nuclear tender "lock in" bid price, energy expert asks**

A leading energy academic, who is opposed to the imminent issuance of a nuclear tender in the absence of an updated generation plan, says he will be paying close attention to whether the request for proposals (RFP) is a “genuine competitive tender for a fixed-price contract”, or simply a process for selecting a strategic partner, with the price being negotiated later.

University of Cape Town Graduate School of Business professor Anton Eberhard says it will be

interesting to see whether South Africa is able to “lock in a bid price”, leaving the nuclear vendors to take the risk of construction cost overruns.

*Engineering News, 15 September 2016*

### **Nuclear power call is based on outdated plans, warns Yelland**

SA did not need to commission huge new inflexible nuclear power capacity because the government's chaotic planning meant there was a big chance the country would have a surplus of electricity in the next few years, Chris Yelland the MD of EE Publishers, said on Thursday.

"SA does not have an energy crisis, it has a management crisis," he said.

Yelland was speaking at the launch of Powermode's monitoring portal shortly after Energy Minister Tina Joematt-Pettersson said a request for proposals for 9600 MW of nuclear power would be issued on 30 September.

*Business Day, 16 September 2016*

### **South Africa nuclear tender open to all, Rosatom not frontrunner**

A massive nuclear tender in South Africa is open to all bidders prepared to manufacture locally and share technology, and Russia is not the frontrunner, the head of the country's nuclear agency said.

After meetings between Russian President Vladimir Putin and South African President Jacob Zuma, Rosatom had been considered the leading candidate to build 9.6 GW of nuclear power capacity in South Africa by 2030.

"Russia is not the frontrunner. It never was," Phumzile Tshelane, CEO of South African nuclear state agency NECSA, told Reuters in an interview on the sidelines of the World Nuclear Association conference.

*Engineering News, 16 September 2016*

### **Gas will be integral to energy mix in the future – Eskom**

South Africa's decision to introduce a carbon tax by 2020 will impact coal mines in an already declining coal market, Eskom renewables research manager Kubeshnie Bhugwadin said on Thursday.

Addressing an audience at a gas workshop hosted by the Fossil Fuel Foundation, she pointed out that the implementation of a carbon tax would lead to further coal mine closures, impacting on Eskom's security of supply.

"Electricity tariffs are going to increase and when Eskom increases its prices our customers will look for alternate forms of energy, which right now will probably be gas or solar power," she said.

*Engineering News, 16 September 2016*

*The above reflects a summary of certain news articles published during the preceding week. It is not an expression of opinion in respect of each matter, nor may it be considered as a disclosure of advice by any employee of Hogan Lovells.*

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