

NATIONAL UNION OF MINeworkERS



ENERGY PUBLIC HEARING PRESENTATION

NORTH EAST REGION FOR NERSA

INTRODUCTION

The nature of our inherited type of energy economic state is inherent to cost periodic increase. This is so irrespective of whether the raw materials used in the power generating process are found locally or abroad. The underlying issue is that one way or another the cost find a way to increase. Commercially speaking it is a lucrative business for merchants to invest in. By investor attraction we then speak jobs. While on the other hand the end user on the receiving end feels a little discomfort but has fewer options for relief. Thanks to NERSA as an ear where the many voices present their voice to with the hope of being the loudest and being the most heard. Both Employers, community organisations and the broader community at large. Our electricity production is mainly dependent on coal with the mix of nuclear and renewables. This is the industry with a lot of jobs in the production chain. It has been a reliable industry for years and continues to be.

We have three legs for discussion.

1. Jobs
2. IPP's
3. Price

JOBS

The industry has a lot of jobs both in the generation, transmission and distribution of electricity. By using coal it means there are lots of jobs created in the mines due to the utilization of coal in the power stations. Due to the distance between the mine and the power station transportation kicks in. Transmission lines are now a spider web network in the country. This calls for maintenance. Distribution of this electricity calls for construction and both maintenance of the same lines. Support structures like call centres, fleet management, manufacturing, management and stores are adding to the network of jobs permanently and temporarily created. Leadership structures also involved. The nature of the industry is such that it creates customers even from its own workers. This setup creates a conflicting situation where the employer may look for price increase to add to the same employee salary but the employee as the customer back up the resistance for the price increase as they are part of the same customer base. A good example is Emalahleni. The economy is formed by the same employees mining and generating the electricity where they are again the customer base. Where coal power stations will be closed we will remain with a ghost town in such an area. Where employment disappears crime flourish. This is currently the case with the areas where mining was once flourishing. Migrant labourers from our land Africa have been part of the party since days past and when jobs like mines closes they have to look for other jobs within the country. Just imagine ten years from now how many languages will be spoken in South Africa. This shows that we cannot continue to treat South Africa as an isolated country, if we prefer to do so we will spiral into what has already started, people fighting for jobs. We need to industrialise Africa and treat it as one country. There are many minerals everywhere in Africa but the problem is the supply of electricity to such areas. Big examples are the gold and diamonds in Botswana and Zimbabwe to name the few, and the copper belt in Zambia.

REIPP

The issue of industrialization takes us to Independent Power Producers. We seem to be already in a state where we cannot operate in the country with one company called Eskom. This is because there are policies already that forces the same state enterprise to share its network with others. They are power producers and that means they are not power transmitters or distributors. The policies are in place for the power producers to distribute and transmit through Eskom lines. The whole scenario dictates that we analyse the market base for electricity because for us to accommodate more IPP's we risk the surplus labour where we will close power stations and mines will be affected also. We also risk power energy surplus. This is not a new concept because between 2011-2016 we saw the inclusion of 3 GW supplied by IPP's. In 1998 the white paper was signed for the unbundling of the transmission, generation and distribution of electricity in the country. The aim was to have the competitive generation of power where IPP'S were to be well

accommodated. All goes with the political willingness of the country at any stage. We have already seen the rise in the size of the cross border sales to neighbouring countries at 12% yearly while the domestic usage spirals downwards where municipalities were blamed for not paying and were threatened to be cut off from the system. Electricity theft was also blamed and the biggest contributor was the closure of mines and the industries that were a supporting structure to those mines. The challenge with the interconnectors through SADC is the lack of infrastructure in terms of transmission. The country Africa is hungry for power and willing to pay the price but the challenge is the supply. This can reduce the labour concentration to one area and distribute the jobs and power to African states. 7GW and growing is being sold to neighbouring countries and it increases during droughts where they depend more on hydro-electricity like Zambia and Malawi.

PRICE

With the cross border supply on demand and the region being more stable with regards to civil wars that were displacing investments in those African states, it is more wiser to industrialise cross border. This will reduce the price burden domestically because if the IPP's and the power utility Eskom concentrate on a domestic consumer they will surely strip the ordinary customer of all cash. There seems to be a challenge in funding the power utility as it increases in dept. That means the ordinary teacher, policemen, and other workers including pensioners will be liable to pay the price. This may not be sustainable in the long run. Mainly because we cannot assess the increase of electricity tariff in isolation to the price of food, fuel, tax, education and water including municipal rates. All this costs deal with one person who depends on a salary which does not increase with the costs.

CONCLUSION

We need to look for the exporting of power to ease the burden domestically as we have seen it work for us previously. Innovative billing of domestic customers through prepaid. Restructuring of both the municipal dept and Eskom dept to funders. The model of IPP's should have looked at the introduction of independent power transmitters in the surrounding countries in order to have a broader customer base. This can include independent power distributors in those states. The benefit would be the distribution of jobs, quality health systems, investor luring in those SADC countries. This would save many jobs by slowing down the unbundling of Eskom as a utility. The move from coal to renewables will obviously become louder as more and more IPP's feel the need to fill the space. The creating of these jobs from renewables should consider the fact that Eskom in the power stations have a lot of youth employees that are not close to pension. It has a dept to service and no one will want to inherit it as they utilise the same network from its grid funded by the very debt it is servicing. In turn the very funding of Eskom is to sustain the very jobs it provides for the thousands of workers in it, coupling to the mining of coal. One of the challenges that will always face COSATU and the country Africa is that whenever the inefficiency of the company is mentioned, the remedy is to cut labour benefits and downscaling head counts. This is the very blood that runs in COSATU' s heart, the workers. The threat of African civil war is now gone. Africa needs to grow its economy. Industrialisation is what grows every economy in the world and we are only at the receiving end.

Compiled by Freedom Ngobeni///

