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Business Day
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**Response on Letter: Renewable Energy will be a disaster – Andrew Kenny, Business Day 23 April 2019**

Dear Sir/Madam

It is always interesting to read letters and opinion pieces in our daily newspapers. One such opinion piece was published in the **Business Day** on the 23rd of April 2019 and was written by freelance journalist and professional engineer, Andrew Kenny.

He wrote a similar piece in the **City Press** newspaper dated 12 April 2019.

Andrew is a great example of someone who writes opinion pieces in an effort to create an alarmist view and doing so without giving any facts to back up his view. He uses phrases like: 'ruinous folly', 'lunatic plan', 'sure recipe for disaster', 'colossal cost' and 'get your candles ready'. His piece is however void of any substantial information to support his view that 'renewable energy will be a disaster'.

Kenny claims that Australia saw its electricity prices dropping steadily when powered by coal and then in 2005, when they started putting renewable energy onto the grid prices rose rapidly.

What Kenny, in his fearmongering alarmist view is not telling the reader is that ***historically,*** when any new generation capacity of any nature whether it be coal, nuclear, gas, hydro or renewables is added to the gird, the tariff supplied by that specific new capacity will be higher than the blended tariff at the stage that the new capacity is added. This is purely an economical fact as most of the older generation capacity would have been depreciated over time while the new capacity still had to be depreciated.

In 2003, I was working for a large listed mining company and was doing business development for its coal division. We wanted to build a new coal fired power station to unlock some coal resources that we couldn't access without having the proverbial 'dust bin' to supply the lower grade coal to. At that stage, Eskom's average tariff was around 19c/kWh and we calculated that electricity from a new coal fired power plant will come in at around 60c/kWh. It was clearly not going to fly. It also became clear that electricity tariffs had to rise sharply to enable any new investments in generation capacity. Andrew is therefore not telling the whole truth if he says: '…Prices rose rapidly, as they do all around the world when renewables are added…'. ***He should have been more honest with us and***

***stated: 'Prices rose rapidly, as they do all around the world when any new capacity is added'.***

In South Africa, we also proved that new capacity comes at a higher tariff than older capacity that have already been depreciated. We have started construction on Medupi coal fired power station in 2008 and although it hasn't been finished yet, the electricity price from this plant is anywhere in the region of R1.00 to R1.35/kWh and is mainly a function of the capital cost and the interest during construction. In the first bidding window of coal fired power as part of the Department of Energy's Independent Power Producer Programme, the tariff was around R1.03/kWh in 2016 terms.

On the other hand, wind and solar tariffs that formed part of the Renewable Energy Procurement Programme ("REIPPPP") has steadily come down in each bid window from an average of R1.51/kWh in November 2011 to 62c/kWh in the expedited bid round in 2016. These facts, however are not mentioned by Kenny as it doesn't fit his alarmist agenda.

In an earlier article published by Kenny in The City Press of 12 April 2019, Kenny states to have the production figures for REIPPPP. He says '…They are terrible, showing wild, unpredictable ups and downs in power production…'. He then doesn't give any numbers. His claims are in stark contrast with the facts as published by the Depart of Energy via its IPP Office.

The report, reporting up to June 2018 has the following to say: ***'26840 GWh of energy has been generated by renewable energy sources procured under the REIPPPP since the first project became operational. Renewable energy IPPs have proved to be very reliable. Of the 62 projects that have reached COD, 57 projects have been operational for longer than a year. The energy generated over the past 12 month period for these 57 projects is 8204 GWh, which is 92% of their annual energy contribution projections (P50) of 8884 GWh over a 12 month delivery period. Thirty (30) of the 57 projects (53%) have individually exceeded their P50 projections.'***

Kenny, although claiming to be a professional engineer, seems not to be up to speed with the subject matter of statistics and the advancement of technology according to Moore's Law. Renewable Energy, like other fields of technology will become cheaper and cheaper as technology advances. ***In fact, in future, new renewable energy capacity will come in way below grid parity and will over time push nuclear and coal technology out of the mix due to economic reasons. This includes the cost of operating and stabilising the energy system.***

As South Africans, we need to move away from making alarmist statements in an effort to protect the interests of specific industries or stakeholders. We need to get together and debate the issues at hand in an effort to build a prosperous, inclusive economy for all our citizens.

Our biggest task is to follow a process of getting alignment between government, the private sector, labour and civil society on the optimal electricity supply industry model and

to follow a planned approach to ensure we create sustainable jobs and localisation in an industry that has been disrupted by the Fourth Industrial Revolution.

As role players in the energy industry, we are willing to work together with all stakeholders to create a better future for all.

***Thomas Garner*** *is Chairman of the South African Independent Power Producers Association, is a professional engineer and a fellow of the South African Academy of Engineering. He has 26 years of experience in the coal mining and renewable energy fields.*