

Public ire over Karpowership contract can't be dismissed — MPs

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The contract will lock South Africa into a 20-year deal for emergency electricity.

The meeting kicked off with the reading of two letters addressed to the committee's chairperson, [Sahlulele Luzipo](#). The letters, from civil society and environmental

organisations, urged the committee to investigate the contract and asked that Parliament hold public hearings into the risk mitigation independent power producers procurement programme.

Last month, the [department of mineral resources and energy](#) announced [Karpowership](#) as a preferred bidder under the programme.

Karpowership, part of Turkey's Karadeniz Energy Group, is a private electricity exporter that runs a floating power plant fleet. The firm will use liquefied natural gas to produce 1 220 megawatts under the 1 845MW emergency power programme. The price tag is an estimated R10.9-billion annually.

Environmental and economic costs

Earlier this month, the [Mail & Guardian reported](#) that environmental justice groups and energy experts were critical of the contract.

Environmental justice organisation [groundWork](#) said in its recent submission on the [environmental impact assessments](#) (EIAs) for the powerships, that the country's energy "emergency" had been created through poor decision making that was skewed towards [fossil fuel development](#).

"Attempts to resolve the 'emergency' through additional fossil fuel investments, dependent on the whims of global energy markets, will dig a yet deeper hole and put a just transition to a low-carbon economy further out of reach. Signing a 20-year contract to procure power from Karpowerships is effectively locking in gas for that time, crowding out space for ever-cheaper and more reliable clean energy, and exacerbating the climate crisis," it said

The groundWork's submission noted how, according to the [Integrated Resource Plan](#), gas was not meant to be considered as the main source of energy, but to complement other sources.

Other analyses, such as work published by Meridian Economics last year, groundWork said, reiterated the lack of need and desirability of gas-powered energy such as the powerships in terms of both cost and climate impacts, "particularly in the time frames and with the contractual obligations of these projects".

Powerships, groundWork maintained, are not a least-cost option over 20 years.

"They are designed to be a short-term resource to fill a narrow gap in case of true emergencies, such as large amounts of critical power being knocked offline by a storm. The application of this technology for a 20-year contract is quite distinct, and

this lock-in will result in higher tariffs and less affordable and accessible energy – quite the opposite of what is intended for the social goals of these procurement processes.”

The location of the ships just off the coast, groundWork said, meant that communities living in the vicinity would be exposed to emissions at all times that the predominant onshore wind was blowing, “which is typically during the day and therefore exactly when these ships will be called on to provide power”.

A statement released by environmental organisations on Tuesday said it was troubling that public outcry over the Karpowership contract was being ignored.

Glen Tyler-Davies, of climate activist group 350Africa.org, said in the statement: “Fossil fuels are increasingly seen as stranded assets globally. Renewable energy allows us to bring power online quickly, affordably and without the damage to people and the environment inherent in projects like these powerships. There cannot be climate justice without our Parliament hearing from people who will be impacted and affected by this decision.”

Dismissive

During a presentation on the risk mitigation independent power producers procurement programme, minerals department director general [Thabo Mokoena](#) said that if members of the public wanted to take the department to task over the preferred bidders, “there are due processes that can be followed”.

The department’s presentation noted that the 20-year contract was designed to enable investors to recover the capital put into the project at a rate that was affordable to government, thus ensuring that the price of electricity was kept low.

The programme’s “outcome is based on a process that was open, transparent and fair,” the presentation concluded.

But some MPs criticised the department’s attitude towards public hearings. Kevin Mileham, the [Democratic Alliance](#) minerals spokesperson, said he was concerned that Mokoena dismissed the idea of public hearings.

“It cannot possibly be right for the director general to tell Parliament how to conduct its business and who we should listen to and who we should not listen to. And that’s absolutely unacceptable,” Mileham said.

[Economic Freedom Fighters](#) MP Phiwaba Madokwe questioned the length of the contract. “Why are we projecting that the emergency is going to be attended to in the space of 20 years?”

She added: “I think it is unfair for us to dismiss the contents of the letters on the basis that this is just a procurement process. The reality is that whenever any project is undertaken, it is required that there must be EIAs that are undertaken as well ... and EIAs do require public participation.”

DA MP [James Lorimer](#) said the powerships project “will have a huge impact on the country’s economy for many years”.

“If this Karpowership deal is as good as we are hearing, then it should stand up to public scrutiny. If you don’t want public scrutiny, we have to ask why not,” Lorimer said.

<https://mg.co.za/business/2021-04-20-public-ire-over-karpowership-contract-cant-be-dismissed-mps/>