

FISH HOEK VALLEY RATEPAYERS & RESIDENTS ASSOCIATION

(Incorporating Fish Hoek, Clovelly and Sun Valley)

~~65B Central Circle, Fish Hoek 7975~~

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Heritage Western Cape: Conservation Body

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SUBJECT: COMMENTS ON KARPOWERSHIPS

DUE DATE: 19 JUNE 2023

Karpowerships: one-year delay

We, the Fish Hoek Valley Ratepayers and Residents Association (FHVRRA), are concerned about our lack of electricity and its impact upon our economy. However, Karpowerships are not going to just come, dock and start providing electricity. These ships would take roughly a year before they started generating electricity and adding supply to the grid, according to CEO of Organisation Undoing Tax Abuse (OUTA), Wayne Duvenage, ¹ We think a year from now is too late.

Karpowerships: just 4% (2%) of our need

The three Karpowerships will generate 1.22 GW only and our electricity demand is about 30 (to 60) GW currently. This demand would be greater if our economy was really singing. South Africa's state power utility Eskom warned the country to brace itself for winter when almost daily power cuts were likely to increase due to higher demand. The main cause of our chronic energy woes is due to a lack of investment and aging (and failing) coal-fired power plants that provide the bulk of South Africa's electricity needs. ² It is too late to build new coal burners and they are heavy polluters.

Karpowerships: more expensive than current rate

"[T]he ships will produce electricity at somewhere between R1.60 and R2.80 per kWh, and even the lower number is not particularly cheap and its more expensive that Eskom's current rate. Outa has estimated that the cost of Karpowership's power will actually be much higher, around R5 / kWh, when all costs are taken into account." ³

Negotiating shorter contract period than the 20 years tendered will result in higher costs (quicker amortisation). 20-year supply contracts, attract the ire of environmentalists who say South Africa will be locked into using a fossil fuel for their duration. Godongwana said that the contract period would be shorter. However, formal talks about reducing the length have not begun. Reducing the duration may ease complaints by environmentalists, but would likely boost the cost per unit of electricity produced. The initial cost was worked out a time when gas and other costs were lower and the expenses incurred could also be amortised over a longer period.

1 <https://businesstech.co.za/news/energy/689913/mantashe-throws-down-the-gauntlet-over-power-ships-take-us-to-court-as-much-as-you-want/>

2 <https://www.reuters.com/world/africa/south-africa-grants-turkeys-karpowership-deal-ease-power-crisis-2023-05-18/>

3 <https://www.dailymaverick.co.za/article/2023-05-28-after-the-bell-ramaphosa-at-last-grabs-the-nettle/>

So, Karpowership power production is about a quarter of Medupi alone, yet it will cost the equivalent of two Kusilies and one Medupi.^{4 5}

Karpowerships: corrupt

It seems that the same promises by Karpowership as made to us were made to Brazil in 2021 resulting in the same charges of corruption. There, Karpowership also sought to avoid complying with public notice (participation) and as a warning note to us, with their contractual obligations. They were late in starting their delivery of electricity. "The thermal plants were contracted at very high prices and were not delivered on time. Contracts and probable environmental and climate damage" charges were also laid.⁶

Karpowerships: undeclared costs

This article⁷ mentions that the Karpowerships also required Floating Storage and Regasification Unit (FSRU). This has not been mentioned in the applications available to the public.

Karpowerships: environmental hazard

In Brazil, the issuance of the environmental authorization to carry out ship-to-ship (STS) operations is required for the transfer of cargo of oil and its derivatives, in Brazilian jurisdictional waters, this requires a 50 km distance from marine conservation areas.⁸ Environmental pollution by Karpowerships is a real concern and will negatively impact the Department of Forestry, Fisheries and the Environment's Marine Sector Plans of the Marine Spatial Planning Act 16 Of 2018, specifically the Marine Biodiversity Sector Plan's marine protected or (some critical) biodiversity conservation areas, which includes our entire coast. Also, the company that assessed Karpowership's fire and gas explosion risks, Major Hazard Risk (MHR) Consultants, has voluntarily suspended itself from and the SA National Accreditation System has suspended their official accreditation, following questions over its staff's qualifications.⁹

Karpowerships: another delay

Also, a new environmental impact assessment could take as long as eight months,¹⁰

4 <https://www.news24.com/fin24/economy/transport-dept-confirms-it-gave-karpowership-mooring-rights-for-sa-ports-three-months-ago-20230519>

5 <https://mybroadband.co.za/news/energy/492353-major-win-for-karpowerships-plans-in-south-africa.html>

6 <https://arayara.org/revocation-of-grants-for-floating-thermal-power-plants-in-rj-increases-expectations-of-ngos-regarding-the-definitive-closure-of-the-operation/>

7 <https://www.enerdata.net/publications/daily-energy-news/karpowership-installs-560-mw-gas-fired-power-plant-ships-brazil.html>

8 <https://arayara.org/instituto-arayara-ingressa-com-nova-acao-para-barrar-termeletricas-da-karpowership/>

9 https://www.dailymaverick.co.za/article/2023-06-13-accreditation-of-karpowership-gas-explosion-risk-consultants-suspended-after-daily-maverick-probe/?utm_source=TouchBasePro&token=MEdjczVNYUpZeFBuZmN2SkdvQUJXQlNuWXJReEdQeUQ0cGZ1cTd4SlhNVzFDMmxKMkpaQjNH0VdnYitxQThlTGFIWXJyNTdDa1p2ZTlaRINTNUFjZWc5ZWxHT3FucEE1czRyelpN2Zk5MTFuTjAwTGO2RlVXN1hVeGpZR2hMMzNKN3QrVVpNQVloTTVkt0NISGlP50hnPT0=&utm_medium=email&utm_campaign=Business%20Maverick_WEDNESDAY_14%20June%202023_Hippo+utm_content=Business%20Maverick_WEDNESDAY_14%20June%202023_Hippo+CID_7f059ceflc384c2a2fce483886025c27&utm_source=TouchBasePro&utm_term=Accreditation%20of%20Karpowership%20gas%20explosion%20risk%20consultants%20suspended%20after%20Daily%20Maverick%20probe

10 <https://businesstech.co.za/news/energy/689405/karpowership-secured-rights-to-move-on-three-south-african-ports/>

ALTERNATIVES TO BURNING FOSSIL FUELS

Nuclear power

Nuclear power is “extremely expensive, especially the upfront construction costs. It will also take years, and SA doesn’t have the time.”

Wind and solar

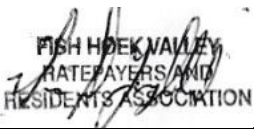
The “most obvious alternative is environmentally-sustainable power, which is now the cheapest available. The current cost is around 90c / kWh. Critics have been saying for years that neither wind nor solar are capable of providing baseload power because of production variability. That's somewhat true, but increasingly less so. The first baseload solar power plant (i.e., one that runs 24h) was produced in, would you believe it, 2011.”¹¹

SUMMARY

FHVRRA opposes any deals with Karpowerships as:

- there will be at least a one-year delay before any contribution to our grid;
- at just 4% (2%) of our need, the additional costs and negative environmental impact don't make sense;
- more expensive than current rate;
- corrupt (we don't need more negative publicity);
- undeclared costs (even more expensive than imagined);
- environmental hazard; and
- other delays before producing electricity.

There are alternatives to burning fossil fuels, but nuclear power isn't practical. We prefer **more wind and solar projects**, even if solar mainly operates during daylight, other than Khi Solar One examples of concentrated solar power operating for 24 hours a day. Wind can operate 24 hours a day.

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DATE	15 June 2023

¹¹ Email from Daily Maverick, 26 May 2023 “Ramaphosa, at last, grabs the nettle” by Tim Cohen