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# NEVA MAKGETLA: Shine a light on myths about load-shedding

The real problem is that Eskom has used its near-monopoly to impose its incompetence on US

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Electricity pylons near Grootvlei Power Station in Mpumalanga, January 25 2023. Picture: ALAISTER RUSSELL/THE SUNDAY TIMES

A series of myths has arisen about the electricity crisis — not surprisingly, given its devastating impact on all of our lives as well as the economy. Often they are rooted in the defensiveness and self-interest of stakeholders in the electricity value chain, from Eskom itself to its suppliers and regulators, but taking them at face value will only delay recovery. And we really don't need more time sitting in the dark.

The biggest myth is that somehow the move away from coal causes load-shedding. Like all the best myths, this one has a whiff of truth smothered in a mass of lies. SA does plan to move away from coal, but only over the coming 40 years. Eskom has not closed a single plant to protect the environment, though they severely harm health and farming in nearby communities.

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Indeed, Eskom's nominal capacity has climbed steadily over the past decade, mostly thanks to its enormous new coal-fuelled Medupi and Kusile plants. But it has proved unable to produce at capacity, while agreeing to pay inflated prices for coal. From 2010 to 2022 Eskom's installed capacity rose 8% but it sent out 6% less power.

Undeniably, coal has been a pillar of the economy over the past century, shaping SA's uniquely exclusionary and unequal growth. SA remains seven times more dependent on coal than other upper-middle-income countries outside China. But the cost escalated over the past 15 years. Soaring coal prices pushed domestic revenues for the mines from 0.8% to 1.7% of GDP, though coal sales were almost flat in volume terms. Eskom's revenues rose from 1.5% to 3.5% of GDP, again with no real increase in production. Its unit costs and tariffs both tripled in real terms.

Not surprisingly, demand for grid electricity fell as tariffs soared. It peaked in 2013, and since then has dropped 4%. For that, the mines and Eskom have only themselves to blame. Even so, Eskom can't keep up with demand, though independent power producers' supply to the national grid rose from 2% to 8% in the past 15 years.

In short, coal might have benefited electricity users 30 or 40 years ago, when Eskom was able to hold down the price to its suppliers and pass the rents on to customers. Today overpriced coal and over-reliance on inefficient and faulty coal plants, both old and new, is costing us all dearly in rand and cents, even leaving out the environmental damage. Coal can no longer compete with newer technologies, while the entire value chain has become deeply inefficient.

Eskom has nurtured a second myth: that it has to load-shed because the government delayed its investments in new capacity until 2007. That contention downplays the far greater damage caused by its own shortcomings. Eskom began working on Medupi and Kusile in 2007, with completion planned for the mid-2010s. In the event, both plants started generation five years late, and still operate far below capacity. If Eskom had completed them on time and to standard, we would not be facing load-shedding today.

The reality is that Eskom's procurement systems are dysfunctional, whether for coal, maintenance of older plants or new construction. That reality opened the door to criminal syndicates as well as incompetence and supplier fraud. Unless its systems are fixed or new electricity suppliers emerge, we can expect a future full of blackouts.

The propagation of myths about load-shedding point to the real problem: Eskom's continued power relative to society and the government. It hasn't responded to load-shedding with fundamental changes in procurement and operations. Instead, it has used its near-monopoly over the national electricity supply and technical expertise to externalise the costs of its incompetence on to producers and households.


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As the national electricity plan underscores, ending load-shedding will require tough action to make Eskom more accountable as well as more efficient.

- *Makgetla is a senior researcher with Trade & Industrial Policy Strategies.*

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