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## **New UCT study shows that coal sector is in a state of crisis**

A new University of Cape Town (UCT) study into the coal transition in South Africa has revealed that the country's coal sector, both coal mining and coal-fired electricity, is in a state of crisis. Rising input costs and energy insecurity have made coal increasingly less competitive for electricity generation and could place thousands of jobs at risk.

The report found that Eskom's coal costs have increased by 300% in real terms over the past 20 years.

Principal researcher on the report, Jesse Burton of UCT's Energy Research Centre (ERC), says: "This massive increase in costs has put Eskom under increasing financial pressure and contributed to their current financial position. Rising coal costs coupled with cost overruns at Medupi and Kusile have left Eskom with little option than to hike tariffs, which in turn obviously hurts consumers."

The trends shown in the study confirm that a coal transition is already underway in South Africa and the closure of coal plants and mines is inevitable. "There is no question that the changing face of the South African energy landscape will have an effect on jobs in the coal mining and coal-fired energy sector. What matters is how the Department of Energy (DoE) and related ministries find a way to deal with the inevitable," says Burton.

The findings by the researchers at the ERC will have a considerable impact on how the DoE handles the proposed coal phase-out in the 2018 Integrated Resource Plan (IRP). "The fact that coal is no longer part of South Africa's energy future means that government urgently needs to find solutions to re-skill workers and limit the impact associated with the transition," says Burton.

Minister of Energy, Jeff Radebe, has previously said that achieving a just transition will require that government ensures that no one is left behind. Instead of subsidising expensive coal, the report argues that the solution is to support workers and communities to transition.

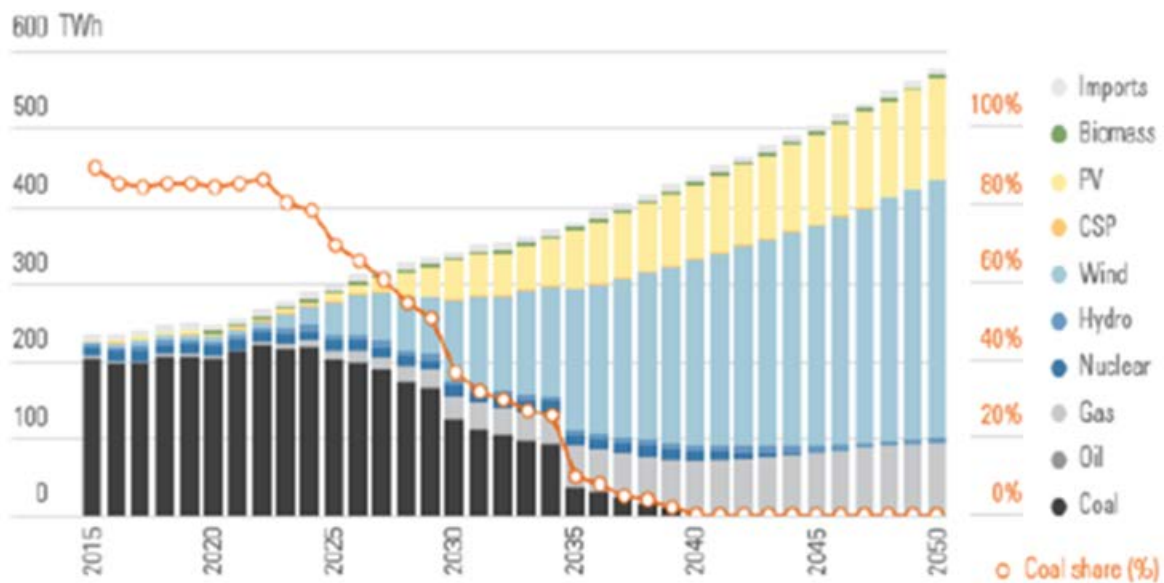
The study also confirmed that new renewable energy capacity is now considerably cheaper than either the new Eskom coal-fired power plants that are currently

under construction, such as Medupi or Kusile, or the privately-owned coal plants proposed in the IRP 2018, that has recently been released for comment.

The study was completed as part of a global report into coal transition strategies around the world and was coordinated by French energy think tank The Institute for Sustainable Development and International Relations, and Climate Strategies.

[Read the full report.](#)

### **Coal share percentage graph**



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