

# Eskom Gas Strategy

## Eskom and Sasol Memorandum of Understanding

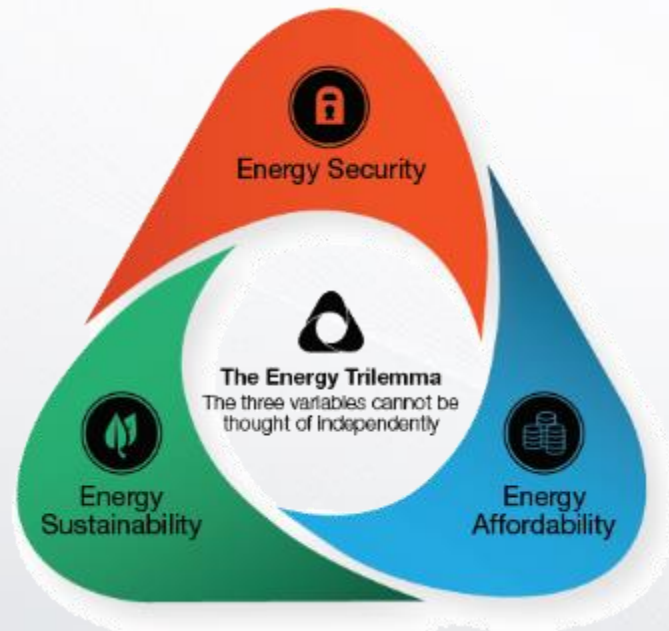
September 2024





## Energy Security

Unreliable performance from installed Eskom base leading to constraint energy supply



## Energy Sustainability

- 84% of electricity generation fossil fuel based, 47% contribution to GHG emission
- The transition of a country's energy system towards mitigating and avoiding potential environmental harm and climate change impacts



## Energy Affordability / Access

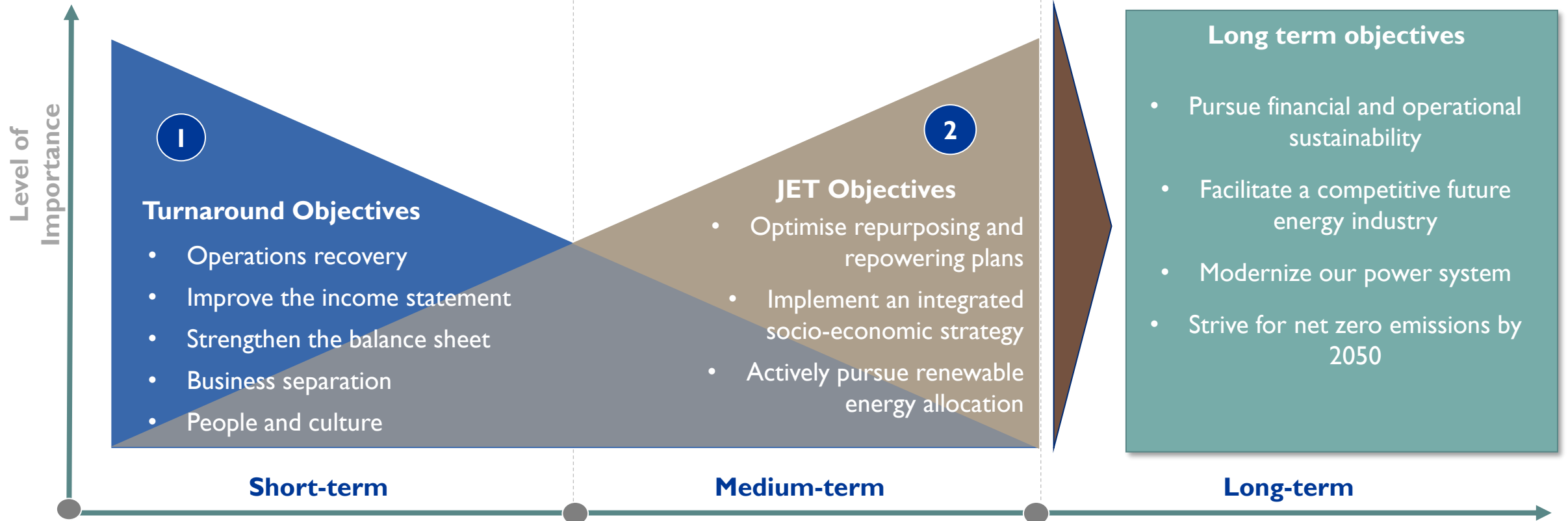
- SA's socio economic status and high levels of employment
- GDP growth negatively impacted by energy crisis



## Impact of these interlinkages in decision making

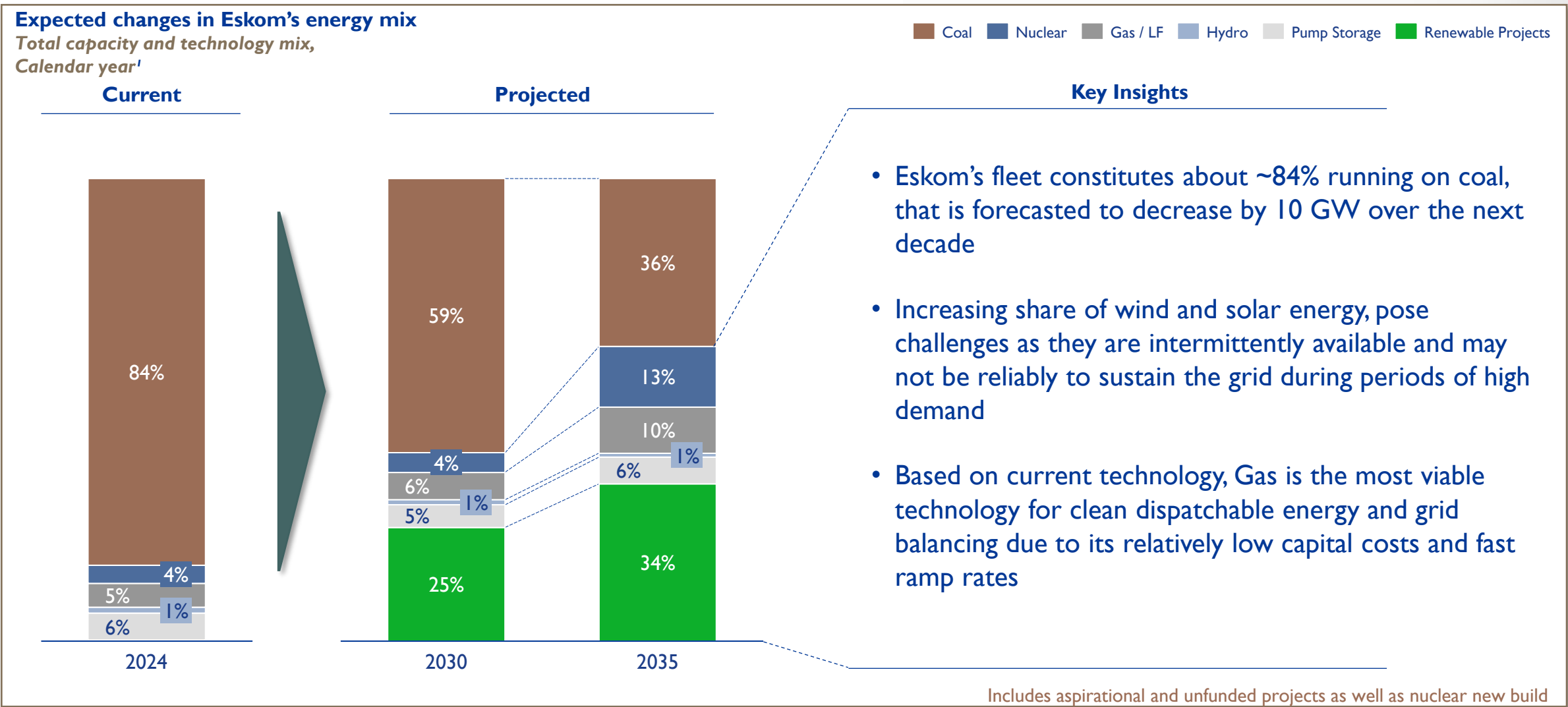
- Decisions that **impact the energy sector** must be viewed along the dimensions of energy security, affordability and sustainability
- **Relative priority** placed on each dimension **evolves over time** based on the context
- As a **developing country energy security and affordability** takes more priority than sustainability in the short term
- Decision making during this dynamic context needs to **enable sufficient flexibility to respond** to changing context

# Eskom's transition from fossil fuel to cleaner energy sources will not be an overnight change



Eskom's strategy is not binary, we need a balance between optimal operation of the coal fleet and transitioning to clean energy. Finding an optimal solution to aid in the transition and provide a second life to the stations will be critical

# Reduction in coal baseload capacity requires new dispatchable sources of generation (gas, nuclear) to complement intermittent renewables



Footnote: 1 New capacity projects are represented by installed capacity  
Source: Clean Energy Project Funnel and Roadmap 26 Aug 2024



### Dispatchability

- Provides viable alternative for decreasing baseload electricity, and repowering option
- Gas plants are dispatchable and will be required to **support high penetration of renewables**



### Environmental Impact

- Contributes to the **country's energy transition** and **decarbonisation goals** - Natural gas is **cleaner than coal**, leading to reduced emissions



### Socio Economic

- Reigniting gas industry will have a **positive impact on the economy, providing a repowering option for coal plants, and creating job opportunities**



### Efficiency

- Conversion of our diesel peaking plants to gas to reduce costs - natural gas is **more cost-effective** than diesel, resulting in lower operational costs for power generation.





**Thank you**