

SA seeks over R400bn of finance for shift from coal

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South Africa is seeking cheap finance for more than R400bn of electricity infrastructure as part of its plans to move away from heavily polluting coal, a senior presidency official said on Thursday, 21 October.



Steam rises at sunrise from the Lethabo Power Station near Sasolburg. Reuters/Siphwe Sibeko

Through a funding facility backed by rich nations and development finance institutions, South Africa hopes to build more than R180bn of cleaner power generation, R120bn of transmission equipment, as well as substations, transformers and distribution technology.

More than 80% of the country's electricity is currently generated by burning coal, making it the world's 12th biggest carbon emitter. But last month the government adopted a more ambitious emissions reduction target ahead of the United Nations COP26 climate summit in November.

"South Africa's message: We are prepared to make a substantial carbon reduction, but this must be financed by developed countries on concessional terms," presidency official Rudi Dicks said in a presentation.



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Seeking R180bn from global lenders

State power company Eskom has said it is seeking around R180bn from global lenders for the transition away from coal. But Dicks' presentation made clear that amount only accounted for the cost of building more than 7,000 megawatts (MW) of new generation from sources like solar, wind and natural gas to replace coal units that will be decommissioned.

It said the country was also seeking grants and low-cost loans to pay for a transmission grid expansion of at least 8,000km, strengthen distribution corridors and set up a fund to accelerate economic diversification in a province with many coal plants.

Britain, the United States, Germany, France, as well as French and German development banks and the World Bank, could contribute funds, one slide showed.

Eskom plans to decommission between 8,000-12,000 MW of coal over the next decade, it said in August.

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