

South Africa faces isolation if it sticks with coal, Eskom CEO says

By [Alexander Winning](#)

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South Africa faces "another era of isolation" if it persists with coal power generation, the chief executive of state-owned utility Eskom said, arguing a pivot to cleaner energy would boost the competitiveness of the country's exports.



Cooling towers are pictured at a coal-based power station owned by state power utility Eskom in Duhva. Reuters/Mike Hutchings

Chief executive Andre de Ruyter made the comments in Eskom's annual report for the year ended March 2021, when the utility trimmed its net loss to R18.9bn from a R20.8bn loss a year earlier.

He did not elaborate on the remarks in the report released on Tuesday, 31 August, but they appeared to be a reference to the country's period of isolation during apartheid.



Eskom plans sharp reduction of coal-fired power by 2031

18 Aug 2021



Africa's worst greenhouse gas emitter

De Ruyter has long-term ambitions for Eskom, the continent's worst greenhouse gas emitter which operates 15 coal-fired power stations, to shift away from coal and towards renewable energy sources like solar and wind.

Analysts have flagged the carbon intensity of South Africa's economy as a major risk as investors and governments become increasingly attuned to climate concerns.

As part of the shift from coal, De Ruyter is trying to attract billions of dollars of concessional financing from development finance institutions, which he also hopes will help lower the company's funding costs.

That strategy recently sparked a public spat with energy minister Gwede Mantashe, a powerful figure in the governing African National Congress.

At a recent appearance before a parliamentary committee, Mantashe criticised Eskom for being "excited" about shutting down coal plants and likened it to committing "economic suicide".

Asked about Mantashe's comments on Tuesday, De Ruyter noted the minister's department set energy policy and said Eskom would abide by it.



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R15.2bn net loss expected

Reforming Eskom, which regularly implements power cuts that hold back economic growth and survives on bailouts that place huge strain on public finances, is among the biggest challenges faced by President Cyril Ramaphosa's government.

A company presentation showed on Tuesday that Eskom expects to make a R15.2bn net loss in the year that ends in March 2022 and that it assumes it will return to profit only from 2026.

One bright spot in Eskom's latest financial results was that gross debt fell by R81.9bn to R401.8bn, partly because of a R56bn government equity injection.

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