



Energy Intensive
Users Group SA Est. 1999

Energy Intensive Users Group of
Southern Africa NPC

Reg no: 2019/478422/08

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5 November 2021

Mr Andre De Ruyter

Group Chief Executive Officer

Eskom Holdings

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Email: dRuyteAM@eskom.co.za

CC: RambhaM@eskom.co.za

Dear Mr De Ruyter

EIUG/ITTCC DECARBONISATION LETTER OF SUPPORT TO ESKOM

The EIUG and the Industry Task Team on Climate Change (“ITTCC”) collectively view climate change as one of the greatest threats humanity has ever faced. The impacts of climate change on people’s livelihoods, the environment and future generations is seen daily worldwide and cannot be understated.

Ultimately, climate change poses a threat to the achievement of the UN Sustainable Development Goals (“UNSDG”), particularly UNSDG 13. Developing countries, such as ours, have already experienced the severe effects of climate change and we will be highly impacted in the near future by the negative impacts of climate change. As such it is expected that the ‘triple threats’ identified in the National Development Plan i.e., poverty, unemployment and inequality, will be harshly brought to the fore by the effects of climate change in South Africa.

Globally, the need to decarbonise the power sectors of economies around the globe is a crucial part of realising the emissions reduction targets in the Nationally Determined Contributions (“NDC”) of the various signatory countries to the Paris Agreement. In addition, the IPCC has stated that “*virtually full*” decarbonisation of the Global power sector by around 2050 is necessary to meet the Paris Agreement’s target of capping global temperature rise.

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Directors: J J Martin (Chairman), V Dlamini, H M Pretorius and N F Dawson

Chief Executive Officer: F F Mondl

As recent national studies show, decarbonisation of South Africa's national grid is integral to meeting South Africa's NDC commitment of 350 – 420 MtCO₂e by 2030.

As the EIUG and ITTC, we are fully committed to the transition toward a low carbon economy. We are also cognisant of the fact that failure to address issues related to climate change will result in:

1. Operational disruptions due to changing weather patterns and extreme weather events; and
2. Increased operating costs e.g. requiring enhanced operational resilience, local carbon taxes and potential international carbon border taxes; and
3. Decreased global Environmental, Social and Governance (ESG) performance, restricted access to capital markets, and increased costs of capital; and,
4. Impairment of local product in favour of products with greener manufacturing origins; and
5. Increased costs of, and decreased availability of funding for our members.

It is for these and other business critical reasons that our member companies have set ambitious emission reduction targets and are actively reducing their direct and indirect greenhouse emission emissions.

Failure to decarbonise is already negatively impacting on the ability of our members to attract investments from investors who are becoming increasingly stringent about the sustainability and social impacts that their investment decisions support. With carbon pricing and carbon border adjustment mechanisms being considered or adopted globally, our products and the country are going to become less competitive in the global markets, without significant decarbonisation support. There is thus an urgent need to decarbonise our industrial energy systems and the power sector before South Africa's competitiveness in the global markets completely wanes. It is thus critical that Eskom in turn decarbonises its electricity generation, not only to ensure its own survival, but the survival of its key commercial and baseload customers and the country at large.

We, therefore, pledge our support to Eskom in its commitments towards decarbonising the power sector and encourage Eskom to develop an action plan (with tangible milestones) toward attainment of the Paris Agreement goals. We are cognisant of the financial and



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technical pressures that Eskom will encounter in doing this and, as energy-intensive industry, we offer our support in working with Eskom to develop and execute such plan. Only through inclusivity and collaboration will we be able to manage a just transition and reinstate a competitive electricity supply industry for South Africa.

We look forward to working with you, accordingly

Yours sincerely

A handwritten signature in black ink, appearing to read 'F. F. Mondi', enclosed within a hand-drawn circle.

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The Energy Intensive Users Group of Southern Africa (“EIUG”) was established in 1999 as a voluntary, non-profit association. It was incorporated as a Non-Profit Company in 2019. The group was founded on the belief that energy is the engine for economic growth and development in the country.

The EIUG represents intensive energy users consuming around 40% of electricity, contributing over 20% of GDP and employing over 650 000 employees. The EIUG therefore has skin in the game and appreciates the opportunity to be heard in electricity supply industry related deliberations. The EIUG continues to engage Eskom, NERSA, government departments and other stakeholders in a constructive manner to raise our concerns and work with them in finding solutions. As a collective of stakeholders, we need to create an enabling electricity supply industry in order to prosper and empower the country through the deployment of self-generation, closing of the national supply deficit, stabilising our escalating electricity costs and the decarbonisation of our economy.

The Industry Task Team on Climate Change (ITTCC) is a committee of the EIUG. The ITTCC is a voluntary, non-profit association made up of a number of large companies whose activities together play a material part in the nature and scale of South Africa’s carbon footprint.