

Eskom warns of power shortage

■ Load shedding a possibility as maintenance is conducted

Londiwe Buthelezi

THE NEW year is off to an uncertain start, with an irregular electricity supply the last problem the domestic economy needs. As most companies returned to full production yesterday on the first day of work for many, Eskom warned that there was a risk of power shortages for the rest of the month.

The power utility said it had started using its emergency reserves to meet the escalating power demand. Eskom spokeswoman Hilary Joffe said some power generating units had tripped and others were not performing well.

"The system has been very volatile. There are issues with (wet) coal at some stations because of rain. Others are unable to perform at very high temperatures," Joffe said.

The utility held meetings yesterday with its large customers, including municipalities, asking them to decrease power use and switch off as many appliances as possible.

Joffe said yesterday had been a tough day and Eskom expected the rest of the week, if not the whole month, to be equally challenging.

She said the utility was, however, not warning of load shedding for now and would do its utmost not to resort to this.

"We are not saying we are about to do it now, but we are warning that the risk is there if the demand does not go down. We are pleading to everyone to switch off. We are running on emergency reserves and it's not even peak time yet," she said.

To bridge the gap yesterday, Eskom began using the open-cycle gas turbines in the Western Cape, which Joffe said were extremely expensive to run.

It also activated its pump storage scheme and used all the

power available from independent power producers.

Joffe said some of Eskom's large customers had been helpful in trying to stabilise demand. Eskom implemented its agreement with BHP Billiton to cut off its KwaZulu-Natal aluminium smelter.

The utility said all households and businesses needed to cut their power use by 5 percent to stabilise the system.

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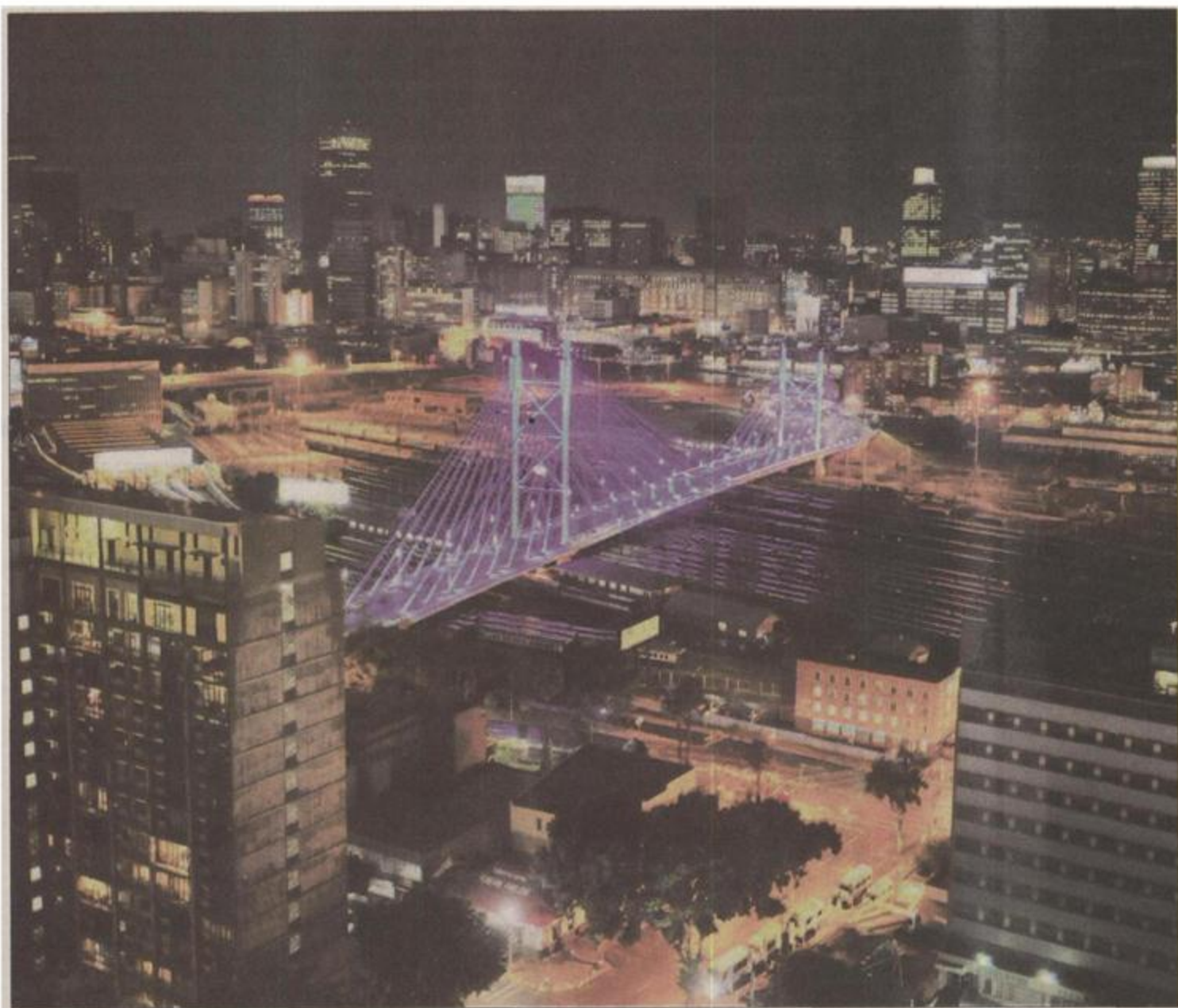
Cornelis van der Waal, the electricity analyst programme manager at Frost & Sullivan, said the threat of load shedding had been imminent for some time, and some businesses that had special arrangements with Eskom had been enduring load shedding for months.

"The problem stems from 1998 when the government refused to invest in new power generation. It doesn't come as a surprise. We all knew that the system has been constrained for some time now," he said.

Van der Waal said there would be an impact on the economy but it could not be determined as the extent of possible load shedding was not known.

Tony Twine, a senior economist at Econometrix, said the implications of Eskom's warnings were difficult to assess at this stage because load shedding remained a risk rather than a reality.

Twine said it was likely that Eskom did not yet know the probability of load shedding



Eskom says municipalities, businesses and households must reduce electricity usage by 5 percent to stabilise demand.

PHOTO: STEVE LAWRENCE

Mining houses ready if electricity fails

Dineo Matomela

MINING houses had already catered for the "eventuality" of low power supply, they said yesterday, and they were not wholly surprised by Eskom's announcement of the risk of imminent load shedding.

"Members of the Chamber of Mines have been working with Eskom on the demand-side management of the electricity situation. If required to do so, affected companies

will continue to work with Eskom to alleviate the situation as they have been doing over the past four years," said Chamber of Mines spokesman Jabu Maphalala.

"When (yesterday's) generation shortage became known, some members agreed to reduce their demand to mitigate the situation."

Mining group Anglo American and steel producer ArcelorMittal South Africa said that they had received

alerts on the power shortages.

"It is positive that there has been early notification of the potential load shedding, and as a result we have prepared for the eventuality. Anglo American will make the required adjustments when necessary," Anglo American spokeswoman Hulisani Rasi-vhaga said.

ArcelorMittal SA spokesman Themba Hlengani said the firm "was informed about Eskom's load-shedding plans

and the company has taken all necessary steps to minimise production impact on its operations".

Mining companies, being some of the biggest electricity consumers, are among the 500 major clients that have agreements with Eskom to cut power use. Last year it was reported that 134 of these users had saved 5 percent against their baselines since 2008, when load shedding was introduced to manage demand.

occurring as it depended on future demand as well as supply.

"I don't believe there can be (load shedding). In a threat you need to know the outcome and the probability of the outcome. The outcome is still unknown. We don't know if it would be local or regional," he said.

Eskom regularly runs maintenance on its units during the summer season. Joffe said at the moment, 13 percent of its capacity was allocated for this scheduled maintenance. Last year the utility warned

of possible power constraints until the commissioning of the first unit of the Medupi power station in 2013.

Eskom chief executive Brian Dames, in his last state of energy update in November, said the risk in summer was that there was not the capacity to meet demand, because it might not have enough reserves during the maintenance season. This usually starts in September and ends in May.

In the past, Dames has said that Eskom's power plants were

aging and required more maintenance to improve reliability.

Eskom's warning comes just weeks after the utility posted a stellar profit, which it attributed to big tariff increases.

But Gary van Staden, an analyst at NKC, said although the parastatal made a large profit, it could not reinvest this in a few months.

"If they don't have a clear plan on what to do to reinvest that profit to increase power capacity, then that would be the problem. But certainly this

is not good news for the ordinary consumer," he said.

The Cape Chamber of Commerce said while it appreciated the fact that Eskom had contacted it, the chamber was not happy with the lack of information provided.

"Basic scenario planning should be in place. For the country's power supply to possibly be prejudiced in this way, at this time, and this economic climate, is just not acceptable," said Michael Bagraim, the president of the chamber.