

Dated: 09/20/2010

To:

Fred Hochberg  
Chairman

Diane Farrell  
Director

Bijan Kian  
Director

U.S. Export-Import Bank  
Washington D.C.

Dear Chairman Hochberg and Directors Farrell and Kian,

The undersigned South African and other groups are deeply concerned about the fact that the US Export-Import Bank (U.S. Ex-Im Bank) is exploring the possibility of funding Kusile coal power station. Kusile is expected to become one of the world's largest coal fired power plants upon completion. With the generation capacity of 4,800 MW, this plant will not only emit 26 Million Metric Tons of carbon dioxide but will also discharge other harmful pollutants, including sulphur dioxide and mercury. The Kusile power plant will require a supply of 17 metric tons of coal per year, thus opening up new environmentally harmful mines. This in turn will adversely impact water quality, as well as human health. Much of South Africa's coal is surface-mined poor quality coal, with high ash and sulphur content, which will require washing before being burned in the plant, thus further taxing the already scarce water supply as well as causing more water, air, and land pollution. The streams and rivers downstream of the Emalahleni township are already devastated by acid mine drainage. Sulphate salts are so thick on the water of the Brugspruit river where it flows through the heavily populated township of Maguqa that the stream looks as if it is covered by snow!

Although the South African government has passed air pollution emission limits applicable to power stations these remain weak and poorly enforced. The ability of the South African

government to implement its recently gazetted ambient air pollution standards is not possible without concurrent globally acceptable emissions standards, requisite staff and enforcement protocols. While support by US Ex-Im Bank aims to expand the power supply in the name of energy access, it does so by adding to South Africa's total CO<sub>2</sub> emissions from the power sector by 2018. South Africa already has the distinction of being amongst the top global greenhouse gas emitters. As per the International Energy Agency's statistics indicate that CO<sub>2</sub> emissions intensity (kg CO<sub>2</sub>/2000 USD) in South Africa is nearly four times that of the USA." This represents a vast climate debt that will have to be repaid to victims of climate change across Africa. Furthermore, Kusile, with a proposed life-span upwards of 50 years, would further lock South Africa into carbon-intensive electricity supply and crowd out investment in renewable energy capacity, thus undermining the potential for renewable energy industry development in time to replace retiring coal plants in the 2020s

We are also dismayed that the giant coal power plants like Kusile and Medupi, which the U.S. Treasury opposed, are being built in the name of poor South Africans, to benefit them by providing them cheap energy access, despite the fact that the current consumption level of the poor in South Africa is less than 5 percent of the electricity grid, in contrast to the 38 largest corporations that consume 40 percent. South Africa supplies the cheapest electricity supply in the world to its biggest industrial consumers. In actuality, the poor are paying far more for their electricity than are the export-oriented metals and mining industries, and these industries repatriate the vast bulk of their profits abroad.

A recent report by Environmental Defense Fund (EDF) discusses how the policies that subsidize coal-fired power plants ignore their true costs, including serious human health impacts. EDF public health experts estimate between 6000 and 10,700 additional deaths per year, just from cardiopulmonary diseases and cancer alone, are attributable to the 88 plants listed in the report. Kusile is not included in that report, meaning that Kusile's operation will cause the number of deaths to increase still further. A Dutch research institute, CE Delft, has estimated the costs of the world's coal-fired power plants on human health and the environment to be roughly \$355 billion in 2007. As a result of the Kusile plant, people living in the vicinity of the Kusile plant may be exposed to serious health threats from airborne pollutants such as

sulphur dioxide, nitrogen oxides, particulate matter, and mercury residues in the air, water and land caused by coal-fired electricity generation.

Given South Africa's large and untapped renewable energy potential, the US Ex-Im Bank should look into possibility of funding renewable energy projects instead of Kusile. The National Electricity Regulator of South Africa (NERSA) calculates that wind energy will be cheaper than coal by 2025 and concentrated solar power will be on a par with coal by 2030. These dates will be brought forward by the energy crunch. An alternative strategy based on renewable energy assumes that South Africa's economy shifts from energy-intensive to job-intensive development. Renewable technologies create more jobs than coal-fired plants. According to research done by AGAMA Energy in South Africa, wind for example, creates 12.6 jobs per GWh of power sent out as opposed to coal's 0.7 jobs per GWh.

We therefore urge the U.S. Ex-Im Bank not to provide financing for mega coal power plants in South Africa, a country which is already reeling under the impacts of extensive use of coal and already high CO2 emissions. While the local community has been promised benefits of employment and local economic development, these and other public benefits would be more sustainably realised through accelerated and scaled up implementation of the Working for Energy programme, which prioritizes utilising local and renewable resources and labour to provide affordable access to appropriate energy services.

Sincerely

Sunita Dubey  
groundWork South Africa (US office)

## **Endorsements**

### **South Africa**

Jay Scot  
Africa Files - solidarity and justice for Africa

Dale T McKinley  
Anti-Privatisation Forum

Brian Ashley  
AIDC / Amandla

Ceasefire Campaign

Patrick Bond  
Centre for Civil Society

Judith Taylor  
EarthLife Africa, Johannesburg

Dominique Gilbert  
Pelindaba Working Group

Earthlife Africa, e thekwine

Alan Murphy  
ECOPEACE Party

Percy F. Makombe  
Economic Justice Network

Stephan Law  
Environmental Monitoring Group,

Dorah Lebelo  
Gender CC-SA

Bobby Peek  
groundWork South Africa

Desmond D'Sa  
South Durban Community Environmental Alliance

Shereza Sibanda  
The Innerscity Resource Centre

Eunice Mthembu and Thandi Sangweni

The Soweto Concerned Residents

Samson Moekana  
Vaal Environmental Justice Alliance

Nomalizo Xhoma  
Women in Energy and Climate Change

Richard Worthington  
World Wildlife Fund-South Africa

### **International**

Thomas Wenidoppler  
ECA-Watch Austria

Norman Jiwan  
Social and Environmental Risk Mitigation Initiatives  
Sawit Watch, Indonesia

Knud Vöcking  
Urgewald  
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Alba Valle Basanta  
Euronatura  
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Lori Pottinger  
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Doug Norlen  
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