

MEDIA STATEMENT - Immediate

Issued By: Coega Development Corporation

Date: 8 August 2015



ENERGY HUB: THE Dedisa Peaking Power Plant, a liquid fuel open cycle gas turbine with a 342-megawatt (MW) generation capacity is located in the Coega Development Corporation (CDC) in Nelson Mandela Bay. Last month (June) Dedisa PPP transferred power to the national grid during a test exercise and the facility is scheduled to go online later this year. This week Coega released a tender call for a second gas-to-power plant in the IDZ.

New EC Power Plant to improve SA energy security through LNG / Gas

PLANS for a liquefied natural gas (LNG) power plant in Port Elizabeth, set to be one of the most efficient greenfield capacity expansion options for South African energy security, will soon become a reality with Coega Development Corporation (CDC) announcing that the project will now enter the next stage of development.

The project, first announced 10 years ago, has advanced further this week.

Early this week, CDC issued a tender notice for an environmental impact assessment for combined cycle gas turbine (CCGT) power facility that will operate on gas said Sandisiwe Ncemane, CDC energy sector manager.

Ncemane said the project will support government's Integrated Resource Plan (IRP) and a 2012 Ministerial Determination allocation of 2,652MW for energy from natural gas between 2021 and 2025. The project also slots into Operation Phakisa – the government's "Big Fast Results" programme to unlock economic growth and development through an oceans economy.

"Up to this point in time, we [Coega] and various state organs undertook a lot of valuable preparatory work. The technical feasibility and financial viability of the project had been broadly established," said Ncemane.

According to Ncemane five environmental impact assessment studies supporting agas-to-power solution have been undertaken since 2006. Among these are EIA studies for rezoning of land in the IDZ, the establishment of a 400kV transmission line between the plant site and the Dedisa substation, and the marine pipeline servitude EIA which is currently underway. A draft scoping report was also prepared by Eskom and CeF/iGas for a LNG-to-power project. Transnet also conducted its own feasibility study for the liquefied natural gas (LNG) terminal in the Port of Ngqura, identifying several berth locations for its deep-water seaport adjacent to the Coega IDZ.

The latest tender notice for an EIA calls for the actual development of a gas-fired plant in the Coega IDZ, which links up to a LNG terminal and berth at the Port of Ngqura.

The integrated project between the Ngqura deep seawater port and the CDC entails a special berth which makes provision for cryogenic sea vessels or LNG carriers, a processing facility that will convert LNG into gas and a 2km pipeline to the power plant that will generate electricity from natural gas. The distance from site for the gas plant is 4km from the Dedisa substation, and this will significantly reduce costs.

The proposed combined cycle gas turbine (CCGT) plant will be the second power plant in the Coega IDZ after the Dedisa Peaking Power Plant, a liquid fuel open cycle gas turbine with a 342-megawatt (MW) generation capacity. Last month Dedisa PPP transferred power to the national grid during a test exercise and the facility is scheduled to go online later this year.

"Policy developments such as the proposed Gas Utilisation Master Plan and the establishment of the Gas Independent Power Producer Procurement Programme inform the progress on the development of the LNG terminal and second gas power plant in the Coega IDZ," Ncemane said.

South Africa has three gas production fields off the south coast. There is no active onshore exploration, but most operators are busy with desktop studies. The Petroleum Agency SA (PASA) this week announced that currently 45 companies have active onshore and offshore permits and rights.

In terms of shale gas mining in the Karoo, Ncemane said exploration licenses are due to be issued sometime between 2020 and 2022, after the completion of the EIA due in 2018. There is a close association between South Africa's proposed shale gas mining site in the Karoo and the LNG solution and pipeline at the Port of Ngqura and Coega, said Ncemane.

Ncemane noted that the development of the LNG terminal and second gas plant for Coega IDZ is imminent. This is because the berth facility at the Port of Ngqura allows the country to import LNG as a short-term bridging solution while the country's nascent indigenous gas exploration and production industry develops.

"There is no doubt in my mind that the Coega IDZ and Port is ready to be part of the solution for improving energy security in the country through LNG. CDC is well positioned to develop a second gas fired plant through our expertise and track-record with Dedisa PPP," said Ncemane.

"CDC has over the past couple of years built momentum on energy projects in both conventional and renewable energy. We [CDC] have made progress and covered a lot of ground-work in preparing for the distribution of natural gas at the Coega IDZ," she said.

The Coega IDZ also now has the necessary labour at its disposal through its construction track record with Dedisa.

"We have now built a labour force with high absorption of local human resources, who are ready to work on this new project," said Duncan Grenfell Head of CDC's Recruitment and Placement.

LNG terminals and related facilities have an excellent safety record in comparison to other large-scale industrial operations, with terminals functioning well at ports in South Korea, Italy, Belgium, France, Japan, Spain, Turkey, Puerto Rico, Dominican Republic, Taiwan and the US for several decades.

"An LNG-to-power plant at Coega will be one of the most efficient greenfield capacity expansion options for South African energy security. Gas-fired power plants make efficient use of natural resources and relatively low CO₂ emissions because of high thermal efficiency," concluded Ncemane.

ENDS.

About Coega: The Coega Development Corporation (Pty) Ltd (CDC) is the operator of the Coega Industrial Development Zone (IDZ) in Nelson Mandela Bay, South Africa. Established in 1999, the CDC is wholly-owned by the South African Government. The Coega IDZ is South Africa's premier location for new industrial investments. The CDC aims to provide a competitive investment location and a total business solution for its customers, as well as ensuring sustainable economic development in the region. The CDC's IDZ Zone 2 is a fully registered Customs Control Area. To date, the CDC has delivered on its mandate to provide socio-economic development for the Eastern Cape, has enabled the creation of 96 776 direct jobs since inception, with 29 operational investors and boasts an investment portfolio in excess of R151-billion. The CDC has also trained 71 445 people since inception.

For more information contact:

Dr Ayanda Vilakazi
Head of Marketing and Communications
Coega Development Corporation
Work: 041 403 0464
Fax: 041 403 0401
E-mail: ayanda.vilakazi@coega.co.za

