

# BUSTING THE MYTHS ABOUT KARPOWERSHIPS



## WHAT ARE POWERSHIPS?

Powerships are mobile floating power plants typically deployed following natural disasters which use Liquefied Natural Gas or another fuel source to generate electricity. They dock at ports and transmit the electricity to the mainland via cables.

**Karpowership SA** is the South African holding company for the Turkish company, Karadeniz Holdings, which operates powerships around the world. They won a bid to dock three powerships at the ports of Saldanha, Coega and Richards Bay via a 20-year contract.

They can produce 1 220 MW of electricity collectively and it is estimated that they will cost R218 billion (\$16 billion) over 20 years. The contract also allows for variable charges, including fuel, so certain costs might increase.

## MYTH #1

### Karpowerships will be the end of loadshedding in South Africa

According to the Organization for Undoing Tax Abuse (OUTA), Karpowerships can only lessen the loadshedding crisis by **one stage**.

One stage of loadshedding can be lessened through every 1000MW or 1GW of electricity generated and added to the grid. Karpowerships will contribute only 1220MW.

A report by Meridian shows that the energy needs of South Africa can be met by alternative green energy.

## MYTH #2

### Karpowerships can start working immediately to reduce loadshedding

According to Business Live, Karpowerships will take up to **15 months, or longer**, before they are able to start producing electricity, or in late-2024.

After Karpowerships have been legally cleared to start producing energy, they will still need to build the onshore infrastructure needed to connect the Karpowerships to the South African energy system.

## MYTH #3

### Karpowerships are worth the money invested

Investing in Karpowerships will cost South Africa **R218 billion over 20 years** - almost R1 billion a month. The contract with the Karpowerships will allow for changes in the costs of fuel - Liquefied Natural Gas - which means that this will be subject to fluctuating prices.

After the 20-year period, the Karpowerships will leave. South Africa will lose out on investing in permanent energy generation - such as wind or solar generation facilities.

Renewable energy offers a cheaper alternative to Karpowerships. See Myth #7

## MYTH #4

### Karpowerships are a legitimate way for South Africa to generate electricity

Karpowerships have **a history of corruption** - as well as leaving countries in difficult and costly situations when the countries fail to pay on time. There are claims that the Karpowership deal with South Africa is also corrupt.

There are also concerns about the length of the contract (20 years) and the cost of the contract with Karpowerships (R218 billion). Does this meet the requirements in law for a "fair, equitable, competitive and cost-effective" procedure, which is required when approving developments in South Africa.

# BUSTING THE MYTHS ABOUT KARPOWERSHIPS



## MYTH #5

### Using gas to generate power is best for South Africa

The Karpowerships will use Liquefied Natural Gas. **Gas is a fossil fuel**, and methane leaks from gas extraction, transportation and combustion contribute more to climate change than coal. Not only that, gas is volatile and using gas can lead to explosions.

Karpowerships will contribute to our **carbon emissions** and worsen climate change. We need to focus on cleaner alternatives, such as wind and solar.

## MYTH #6

### Karpowerships will create jobs and improve the local economic development of an area

Karpowerships will be managed by a foreign company and employ very few local people. While a small number of jobs might be created, many of these will be low-paying, other jobs will be lost and local communities will have their ways of life impacted.

Karpowerships can also **harm the local environment and people**. They produce air pollution from the ships, emergency spills, noise and general pollution, waste water from the gas, and they warm the nearby waters. These impacts will have detrimental effects on the livelihoods of local people like tourism operators and fishers.

## MYTH #7

### Karpowerships are better than renewable energy for producing electricity

**Solar and wind energy sources** are both efficient and cost-effective ways of producing energy for South Africa. We have plenty of sun and wind, and the cost of renewable energy has decreased significantly over the past few years - making it affordable.

New, emerging and existing storage solutions, together with renewables, could be used instead of karpowerships.

Solar alternatives bought for the same price as the Karpowership deal, currently believed to be worth R218 billion, can also potentially mitigate much higher stages of load-shedding.

## SOURCES AND FURTHER READING

#### Karpowership deal won't end loadshedding, says OUTA

<https://ewn.co.za/2023/02/02/karpowership-deal-not-the-solution-to-south-africa-s-energy-crisis-says-outa>

#### Load of Hot Air: Gas-fired power generation for South Africa is an expensive dead-end street

<https://www.dailymaverick.co.za/article/2022-06-21-load-of-hot-air-gas-fired-power-generation-for-sa-an-expensive-dead-end/>

#### Environmental Ruling for Karpowership due by March 7

<https://www.businesslive.co.za/bloomberg/news/2023-01-23-environmental-ruling-for-karpowership-due-by-march-7/>

#### Powership company trails corruption claims in its wake

<https://www.dailymaverick.co.za/article/2021-06-19-powership-company-trails-corruption-claims-in-its-wake/>

#### Karpowership consortium: In affidavit, losing bidder claims 'blatant corruption', fingers Mantashe 'associate'

<https://www.dailymaverick.co.za/article/2021-04-29-karpowership-consortium-in-affidavit-losing-bidder-claims-blatant-corruption-fingers-mantashe-associate/>

#### Power ships vs home solar installations — the best value for R218 billion

<https://mybroadband.co.za/news/energy/478859-power-ships-vs-home-solar-installations-the-best-value-for-r218-billion.html>

#### Communities at Risk: The Hazards of Liquefied Natural Gas

<https://www.youtube.com/watch?v=uBAgvXPw1aI>

#### OUTA court case

<https://www.oua.co.za/projects/energy/karpowership>

#### Green Connection court case

<https://thegreenconnection.org.za/karpowership/>

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