

South African Kusile Coal Fired Power Project Fact sheet

Background: The Kusile coal fired power plant in South Africa will be one of the largest power plants of its kind in the world - and one of the largest industrial point sources of greenhouse gas emissions. An Ex-Im Bank decision to finance this project hampers the sustainable development of South Africa as well as a thriving United States clean technology export sector. The project serves only to continue to promote outdated, heavily polluting and harmful fossil fuel technology.

According to the projects' own EIA Kusile will:

Significantly Contribute to Climate Change

- The annual Green House Gas (GHG) equivalent emissions for this *single project* – 36.8 million tons - would increase South African energy sector emissions by 12.8% and the country's total contribution to climate change by 9.7%. This despite the fact that South Africa already has the distinction of being amongst the top global greenhouse gas emitters per capita, and according to the International Energy Agency its energy sector is four times more CO₂ intensive than even the USA's. Despite the immensity of its climate impacts, the EIA dedicated less than 1 page of a 174 page document to the subject with no mitigation measures proposed. Financing of such a project is clearly not an appropriate choice for Ex-Im Bank's low carbon policy.

Create Local Population Displacement & Economic Harm

- The plant will require the relocation of 27-43 families (around 300 people). With the aid of the Expropriation Act Eskom can determine "appropriate" compensation value for the land required for the project. In a particularly cynical and Orwellian fashion the EIA suggests leasing back expropriated land to displaced farmers as a "mitigation measure" to reduce economic impact associated with the project.
- Less than 50% of the economic benefit of this project will be accrued to South Africa as more than half of project financing will be spent on imported equipment and the hiring of foreign specialists. Currently, the poor in South Africa consume less than 5% of grid connected power, in contrast to the 38 largest corporations that consume 40%. In reality, the poor are paying far more per kilowatt for their electricity than export-oriented metals and mining industries that overwhelmingly benefit from these projects while repatriating the vast bulk of their profits abroad.

Lead to High Pollution and Health Impacts

- **Sulphur Dioxide** – According to the US Environmental Protection Agency, SO₂ contributes to serious cardiovascular and respiratory illnesses such as asthma and heart disease, and can cause premature death. The project EIA demonstrates that the current ambient background Sulphur levels already far exceed permitted levels. The project therefore, will only serve to add to these dangerously high levels rendering the area unable to comply with internationally recognized limits for toxic sulphur emissions. "*The exceedances [of existing sources] were a factor of 6 times above hourly SO₂ limits, for more than 200 hours per year; and 20 to 30 days per*

*year...making it challenging for cumulative concentrations to be within limits regardless of the site selected, the stack height or the SO2 control efficiency implemented... even for the best case scenario, exceedances still increased by some 30% above the future base case scenario...Impacts on human health as a result of the additional emissions of SO2 are therefore **deemed to have a high significance.***

- **Toxic Fly Ash** – Fly ash from coal burning contains heavy metals and other toxics such as arsenic, uranium, and mercury, which can cause cancer, and neurological and developmental disorders. Approximately 1,000 ha of land would be required to accommodate a toxic above ground fly ash dump for the life of the coal fired power station i.e. 40 – 50 years. This dump “*could have direct and indirect impacts on the aquatic environment...The impact would have a high magnitude and long term duration...accordingly a **high significance impact is anticipated.***”
- **Nitrogen Oxides** – NOx can mix with other compounds to produce volatile substances and causes or worsens respiratory and cardiovascular illnesses such as emphysema, bronchitis, and heart disease, increasing hospital emissions and premature death. Despite the fact that this is a major pollutant produced from burning coal, the project completely avoids addressing specific mitigation measures for NOx pollution saying they are “*...not considered in any further detail.*”
- **Contaminated Water Supplies** - The plant will require a supply of 17 metric tons of coal per year, which will stimulate demand for new environmentally harmful mines. This in turn will have an adverse impact on water quality and peoples’ 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 adding burden on scarce water supply as well as causing more pollution.

Conclusion: Kusile’s EIA shows that the project fails on several fronts to meet sustainable development objectives. In addition, Kusile diverts Ex-Im Bank’s attention away from its Congressional mandate to dramatically increase support for American competitiveness in the clean technology sector. Considering the size and scope of the project, its lack of attention to climate impacts, as well as its glossing over of local economic harm and health impacts it is clearly a breach of required due diligence. Ex-Im Bank financing of Kusile therefore represents a serious misuse of precious public funds and should not be approved.