



**PRESIDENTIAL  
CLIMATE COMMISSION**  
TO WARD & JUST TRANSITION



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A Presidential Climate Commission Report

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## **EARLY LESSONS AND RECOMMENDATIONS FROM KOMATI'S DECOMMISSIONING AND REPURPOSING PROJECT**



## Summary of Key Findings

The Komati Power Station was commissioned in 1961, consisting of nine coal-fired generators, with a total installed capacity of 1 GW by 1966 – more than twice the capacity of any existing power station in the country at that time.

After more than 50 years, in 2017, Eskom began looking into possible decommissioning of South Africa's five oldest plants, including Komati. Between 2018 and 2022, all nine Komati generators were sequentially removed from operation. The number of jobs supported by the plant also declined over this period.

In November 2022, the World Bank Group approved a US\$497 million project to: support the decommissioning of the Komati coal-fired power plant; repurpose the project area with renewable energy (wind and solar), batteries, and synchronous condensers; and provide support and create new opportunities for workers and communities.

The Presidential Climate Commission (PCC) began interacting with the Komati community and workers in January 2022 as part of the development of the national Just Transition Framework. At these consultations, concerns relating to the closure and repurposing of the Komati Power Station were brought to the attention of the PCC—particularly around the “justness” of the process.

The President of the Republic of South Africa and Chair of the PCC subsequently requested that the PCC investigate the process followed at Komati, focusing on justice outcomes. While the Komati coal power station was closed primarily due to economic reasons associated with its age, not the country's decarbonisation agenda, it nonetheless offers useful lessons for future just energy transition (JET) projects in South Africa.

The PCC's key findings and recommendations are summarised as follows:

1. The Komati project was implemented initially with a narrow scope, focused largely within the boundary of the power station, though work is now underway to expand the project boundary. If the vision for the just transition is to be realised in South Africa, projects must be designed with a broader scope to enable the deep, just, and transformational shifts necessary for a just transition. The Komati project should be expanded to provide new opportunities and create additional jobs in the local area, region, and value chain, in partnership between Eskom and the local and provincial governments. This is about giving life to the principles of procedural, restorative, and distributive justice. Work between Eskom, the PCC, and the provincial and local governments has been initiated towards securing these outcomes.
2. The engagements around the decommissioning process at Komati fell short of the inclusive and participatory engagements required to embody procedural justice. For future decommissioning projects, the PCC intends to work with Eskom, local government, and other relevant actors on a public engagement strategy, to help build consensus and support on difficult transitional issues.
3. Community members and workers affected by the Komati transition want a say in their future and to be integral to the decision-making process. Communities have their ideas for what would work best in the local context and their ideas should be listened to and leveraged. At a minimum, community needs, including improvements in access to basic services, should be included in the district's Integrated Development Plan,

and subsequently budgeted for and funded. An asset-based community development (ABCD) approach can help support the socio-economic outcomes of areas in transition, helping garner support and agency.

4. It is essential to get the timing and sequencing right on decommissioning and repurposing projects; the process at Komati started too late. Communities and workers should be informed of the closure years ahead of time – as they are mapped out in the Integrated Resource Plan – and then Eskom and local and provincial governments must develop economic diversification plans for the surrounding district and region, with the involvement of workers and community members.
5. An inter-governmental and multi-stakeholder approach is required to design and oversee effective transitional projects. Eskom cannot diversify the economy alone; the government and other stakeholders must play significant roles. An integrated development strategy is needed for the coal belt, which incorporates economic, social, environmental, infrastructural, financial, and spatial aspects and maps out the responsibilities of different actors. A new development agency for the coal belt could be set up to implement such a strategy.
6. Significant financial resources are required for decommissioning, repowering, and repurposing projects, from different sources. Private sector investments, commercial finance, and development finance should be directed towards repowering and repurposing activities, as they are typically bankable projects with revenue streams; Eskom should bear the costs associated with decommissioning; public resources and grants should be directed toward justice activities/outcomes. An outcomes-based procurement/impact investment approach can also help stimulate innovation, creativity, and scalability – and promote local inclusion and participation.

Despite the shortcomings in the closure of the Komati plant, there is enough agency and will in and around Komati to see real progress in the future, at an imaginable scale. With the recommendations described in this report, it is possible and feasible for Komati to emerge as a post-transition town of national significance, paving the way for future just transition projects. The PCC is committed to supporting the achievement of that outcome.

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# Introduction

## Context

The President of the Republic of South Africa and Chair of the Presidential Climate Commission (PCC) requested that the Commission visit the Komati Power Station, to learn lessons from—and make recommendations about—coal power station decommissioning and repurposing projects. In particular, the aim of such a visit was to evaluate the extent to which the process and early outcomes at Komati meet the principles of justice (procedural, distributive, restorative), as set out in the country's Just Transition Framework.

## Sequence of Events

On 7 July 2023, the PCC visited the Komati Power Station and met with Eskom, workers, labour unions, community members, and other relevant stakeholders. The PCC also visited the Komati Village and met with community leaders in the area. The visit was broadcast live, in keeping with the PCC's transparent and consultative approach. Commissioners received a briefing note for their visit, which presented the facts and history of the power station, along with issues that had surfaced from various stakeholder groups.

Following the visit, the PCC convened a closed special sitting on 21 July 2023 for commissioners to review information about the Komati project, discuss the evidence and perspectives gathered during the site visit, and agree on key recommendations—both for the Komati project itself, as well as for future coal plant decommissioning projects in South Africa. Since the Komati project focuses on repowering a coal-fired station with renewable energy, coupled with economic and social development initiatives, many view the Komati project as instructive for future JET projects in the country and beyond. The PCC's Monitoring and Evaluation Working Group developed the lessons and recommendations further, which were circulated to Commissioners for input and review, and tabled for discussion at the PCC's quarterly meeting on 29 September 2023. At that meeting, the Commission adopted an interim report on Komati, with a decision to consult again with local government, community members, and Eskom on the substance and recommendations presented in the report.

On 27 October 2023, the Commission returned to Komati to discuss the interim report with local government, community members, Eskom, local business, civil society organisations, and representatives from women's and youth groups. The meeting was broadcast live and covered by local radio and television stations. Overall, there was consensus on the recommendations presented in the interim report, and an appreciation that the Commission returned for another consultation.

## Report Objective and Scope

This report presents the Commission's final recommendations on Komati. The recommendations are based on publicly available information,<sup>i</sup> stakeholder perspectives, inputs from Commissioners and the various constituencies they represent, and the PCC's broader stakeholder engagement efforts related to the just transition. The recommendations take a broad view, building on the work and learnings from the Commission over the last few years and set against the backdrop of South Africa's Just Transition Framework.

The recommendations are intended to be *instructive* and *constructive*. On the one hand, Eskom has taken a pioneering role in its conceptualisation of a second life of a power station, with a focus on community upliftment and social development. As acknowledged by all stakeholders, however, there were shortcomings in the project, which must be addressed. As this report shows, there is no single actor responsible for effecting just transitions. To reach the desired state of transformation, all social partners will need to play their part, unified by the shared commitment articulated in the country's Just Transition Framework.

The analysis and recommendations of this report are primarily focused on the power station and the surrounding community, while acknowledging that any solutions must consider the wider economy and development of the region. This report does not seek to characterise or make recommendations with respect to impacts on the entire coal value chain. While the PCC recognises that the closure of coal-fired power stations will have impacts on coal mines, workers, and other down- and upstream actors in the value chain, an exploration of these impacts warrants a more thorough and separate analysis outside the scope of this report.

## **Report Structure**

The report begins with a summary of the facts (Section 1), which covers the history of the Komati Power Station and the decommissioning process to date, followed by a summary of the perspectives voiced during the PCC's site visits, categorised in terms of the major themes emerging (Section 2), and set against the context of additional relevant perspectives voiced in other consultations, as well as public comments made since the site visit. Section 3 presents recommendations for further work to be undertaken at Komati, and Section 4 presents broader recommendations for future decommissioning and repurposing projects in South Africa.

# **1. Summary of Facts**

## **1.1. History of the Komati Power Station**

The Komati Power Station was commissioned in 1961, consisting of nine coal-fired generators, with a total installed capacity of 1 GW – more than twice the capacity of any existing power station in South Africa at that time. The construction and operation of the power station brought new jobs and communities into the area, with more than 500 people finding full-time work at the plant itself, along with a burgeoning local economy.

In the late 1980s, after more than 20 years of operation, the Komati plant was mothballed because of surplus capacity on the South African electricity grid, the increasing costs to maintain older power plants, and the ability to bring more commercially viable plants online.

In the early 2000s, the economic picture had changed. Growing demand for electricity pressed the Komati power plant back into service. By the end of 2012, all nine coal-fired generators were running again. During the period of full operation, the site fell in breach of the national air quality laws, with Komati granted its first suspension of compliance with the minimum emissions standards in 2014.

## **1.2. A Power Station in Transition**

In 2017, Eskom began looking into possible decommissioning of South Africa's five oldest plants, including Komati. Two generators at Komati were placed in reserve that same year due to age and cost of operation. At that time, accordingly to Eskom, around 375 full time workers were employed by Eskom at the plant, with an additional 400 ERI employees and 527 contract workers.

Between 2017 and 2022, all nine Komati generators were sequentially removed from operation. The decommissioning process was scheduled to take place in 2019/2020 as stipulated in the 2019 Integrated Resource Plan, based on the 50-year operational period (this timeline was pushed to 2022/23 in Eskom's Emissions Reduction Plan). As the units at Komati were shut down, various spares/plant equipment were removed and transferred to other units and power stations. The number of jobs supported by the plant also declined over this period.

In 2020, Eskom established a JET office to support the process of reaching Eskom's goal of net-zero carbon emissions by mid-century, with a focus on job preservation and creation. The sites initially examined for possible JET projects were Komati, Hendrina and Grootvlei – some of the plants facing the earliest shutdowns.

Later in 2020, Eskom commissioned a socio-economic impact study (SEIS) for Komati, Hendrina and Grootvlei to assess the potential impacts of a shutdown. From late 2020 to early 2021, the consultants conducting the SEIS held initial meetings with select stakeholder groups in Komati, as well as the province more broadly. The beginning of the consultations coincided with the COVID-19 pandemic which placed restrictions on the number of people that could be consulted at a given time. According to Eskom, the aim of these early consultations was to gather information on projects already being implemented in the region that are expected to create jobs, provide new skills, or develop new infrastructure, which could help mitigate some of the impacts of the Komati plant shutdown. Selected community members, farmers, and local businesses were surveyed to better understand the potential impacts of the shutdown and to explore areas of collaboration (see Annex 1 for more details). These initial consultations for the SEIS did not involve workers or broad community feedback as only some community members were consulted through focus group discussions.

Following these initial meetings, the consultants returned between March and May of 2022 to collect further information and feedback from local and provincial government, community members, the ward councillor and ward committee members, small business representatives, NGOs, and farmers. The secondary consultations aimed to obtain feedback and inputs into the outcomes of the [SEIS](#). According to the SEIS report, stakeholders were provided with an opportunity to raise their concerns, ask questions on aspects related to the study, and provide their views on the study outcomes and methods of communication.<sup>ii</sup>

Around the same time, Eskom also conducted its own engagements with national departments (Forestry, Fisheries and Environment [DFFE], Mineral Resources and Energy [DMRE] and Trade, Industry and Competition [dtic]); workers; local government (Steve Tshwete, Nkangala, Gert Sibande, Emalahleni, Mpumalanga Provincial government); as well as some international representatives (British High Commission, COP26 Delegation and the Ambassador of Spain). A focus group meeting was held with community and NGO representatives in June 2022. In these engagements, local and provincial government representatives raised their concerns about how the closure of Komati would impact livelihoods, local businesses, the tax base, and crime rates.

In May 2022, the first repurposing project [broke ground](#) at Komati, which included an assembly of microgrid containers for renewable energy. Plans for the development of an agrivoltaic project and training facility at the site were announced. At the time, the plan was to train workers at the facility and eventually produce the microgrids on-site, which was estimated to be able to employ up to 500 workers. This is also when Eskom officially began negotiations with the 236 permanent workers and 133 Eskom Rotek Industries workers,<sup>iii</sup> along with their labour unions, to discuss transition options for each employee.

In September 2022, Eskom [announced](#) a partnership with the South African Renewable Energy Technology Centre (SARETEC) and the philanthropy-funded Global Energy Alliance for People and Planet (GEAPP) to develop a new renewable energy skills training facility at Komati.

In October 2022, the last operational unit at Komati was shut down, which had been generating just 121 MW of power, marking the closure of Komati as a coal power station. Without a complete overhaul and huge investments to replace generators and related equipment, as well as retrofitting with pollution abatement equipment to ensure air pollution regulation compliance, the power plant cannot be brought back to life. At the time of closure, 236 full-time Eskom employees worked at Komati, along with an additional 534 contract employees. Eskom [stated](#) that no Eskom employees would lose their jobs because of this closure.

In November 2022, a community engagement session was held on the decommissioning, repurposing, and repowering plans. This was the first public session in which many community members were presented with the socio-economic impact study for the first time and given details on proposed mitigation solutions.

### 1.3. Project Design for Decommissioning, Repurposing, and Repowering

In November 2022, the World Bank Group approved a US\$497 million project to support the decommissioning of the Komati coal-fired power plant, repurpose the project area with renewable energy and batteries, and create opportunities for workers and communities (henceforth named "the Komati project").

Most project funds are in the form of traditional loans (close to 90%), with highly concessional loans and grant funding comprising the rest (8% and 2% respectively). The largest source of project funds is the International Bank for Reconstruction and Development (US\$439.5 million – loan), with additional funds from two World Bank-Administered Trust Funds: the Canada Clean Energy and Forest Climate Facility (US\$47.5 million - concessional terms) and the Energy Sector Management Assistance Program (US\$10 million – grant terms).

The Komati Just Energy Transition project, as developed by Eskom in the terms of its financing agreement with the World Bank, comprises [three components](#):

Component A involves the decommissioning of the Komati plant (US\$33.5 million funding allocation). This component involves the whole process from shutting down Komati and disconnecting it from the system to demolition and blasting activities and site rehabilitation. The decommissioning process is anticipated to take up to four years, including a 1.5-year preparatory phase. A portion of the grant finance will be applied to the decommissioning activity.

Component B is the repurposing of the project area with hybrid renewables (solar, wind), batteries, and synchronous condensers (US\$416 million). This component is designed to be implemented in parallel with Component A, with renewables installed in the outer areas of the Komati plant where there is no large infrastructure. The total planned new capacity under the repurposing component is 150 MW of solar PV, 150 MW of batteries and 70 MW of wind, to be built in two phases. Solar energy is anticipated to be generated on-site from mid-2024 and wind from late 2025. As part of the repurposing component, Eskom is investigating the potential for spurring additional public-private partnerships for renewable energy generation. Eskom has appointed an owner's engineer for final designs on the PV and battery energy storage system installation at Komati and has submitted environmental studies for these installations to the Department of Forestry, Fisheries and Environment (DFFE) for approval.

Component C focuses on minimising the socio-economic impacts of the plant closure and creating opportunities for workers and communities (US\$47.5 million). This includes support for permanent workers, contract workers, and suppliers; funding for the Komati training facility; community development and economic diversification, involving piloting and scaling up of initiatives, investments in local area development, strengthening livelihoods by supporting SMMEs, skilling/upskilling of community members, and community support programmes; and stakeholder engagement, community empowerment, and a grievance redress mechanism. Eskom is in the process of appointing an implementing agent for Component C to support Eskom's Just Energy Transition Office with the planning, coordination, and partnerships between relevant government departments, civil society, and private sector agencies in the implementation of the planned activities. When the agent is appointed, Eskom will determine whether additional activities will be undertaken, envisaged to be developed in consultation with municipal/provincial authorities, local communities, and other stakeholders.

The project financing agreements between Eskom and the World Bank became effective on 28 July 2023. Procurements related to project priority activities are currently underway, though Eskom had implemented some activities in advance.

#### 1.4. Current Project Status

At the PCC's meeting in Komati on 27 October 2023, Eskom stated that it had accelerated the implementation of the project and broadened its socio-economic component since the PCC's first visit in July 2023. Eskom provided the information below regarding the project status, as of October 2023. In all, Eskom estimates that 1500 – 2000 direct, indirect, and induced jobs will be created in the next 3-4 years.

##### Workers:

- Many Komati workers have already been deployed to other Eskom sites. 159 workers have been retained for the interim period to support activities including ash management, auxiliary plant operations, and the operation and maintenance of the water management systems. Staff numbers at the site are envisaged to increase to 167, with a large proportion of retained staff be upskilled/reskilled in activities relating to renewable energy.

##### Training:

- A contractor has been appointed to refurbish onsite technical and community training centres. Early training has also commenced at these Eskom facilities, with services provided by SARATEC. The training centre will employ 15-16 people, 12 of whom will be from the community. Two Eskom staff have already commenced with wind turbine service technician training and a "train-the-trainer" course at the SARETEC facility in Cape Town to enable them to serve as trainers at the Komati training centre. There is also an opportunity for the training centre to be used by the TVET colleges in the province as an extension of their respective campuses.
- Two cohorts of community members (18 people total) have received training in solar PV installation and mounting.
- Two programs (the "SMME training" and "soft skills training" through Eskom's Academy of Learning) have commenced through SARETEC.
  - 14 individuals have enrolled in the SMME program.
  - 17 community members participated in the soft skills program between August and October, focused predominantly on women and unemployed youth from the community. An additional 30 individuals have also enrolled in this program.
- Eskom is repurposing the old milling plant workshop to create a welding training facility that includes 24 cubicles; participants will be recruited soon with an expected start date of December 2024. The Welding Training Facility will provide a pipeline of welders that can be employed at the CMG Assembly Plant, in addition to creating skills that could be used at mines and/or future renewable construction projects at Komati.
- Work has begun to set up an Agri-voltaic facility (plant construction is complete and was handed over to Eskom in October 2023), which will be utilised as a provincial agricultural training centre and to establish an incubator for small, medium and micro-climate smart agricultural enterprises. The facility employed 25 people during construction, 19 of whom came from the community. A commercial aquaponics plant will be assembled beneath the elevated solar PV plant to allow for the incubation of SMME's, which will employ an additional 8-10 people over the incubation period of 12-18 months.

##### Local economic development:

- Eskom is working with the Mpumalanga government to establish an aquaponics test and development centre within the agri-voltaic facility, to better understand crop yields, water usage, and the potential for fish farming in the aquaponics facility.
- Preparations are underway for the establishment of the containerised micro-grid assembly line, with work to begin shortly. Eskom plans to assemble 30 microgrids at Komati by the end of March 2024.



- Work is also set begin shortly under the alien invasive species removal project. 150-200 people—focused on youth, the unemployed, and women—will be employed under this project for 6 months. Eskom is also investigating longer-term jobs opportunities here.
- Beyond the projects that have already started, Eskom is exploring additional activities to accelerate and expand job and economic opportunities in and around Komati. For example, Eskom is assessing the viability of a copper recycling plant at Komati that will remove and recycle copper from Komati and other power stations when they reach end of life. Such a recycling facility would feed into a beneficiation facility that could be established within a special economic zone to produce bus bars, transformer windings, wind turbine generator windings and a host of other products.
- Eskom is working with Impact Catalyst and Sasol to look at the feasibility of a manufacturing facility for personal protective equipment (PPE) for the industry, to be located near the Komati Power Station.
- The Nkangala District and the Steve Tshwete Local Municipality in collaboration with Eskom are exploring the establishment of a special economic zone, which would provide key components for the renewable energy value chain. These include, but are not limited to, establishing facilities to manufacture wind turbine blades, PV panels, and vanadium redox battery energy storage system using vanadium mined in the province.

Finally, Eskom is in the process of formalising a community centre, which will establish a two-way communication channel to share relevant communication about the project and related activities, and get regular feedback from the workers, local communities, and other project stakeholders. Infographics on the impacts and benefits of the project as well as a Terms of Reference for the Forum have been prepared. Mpumalanga is also working to set up a community stakeholder forum through its Department of Agriculture, Rural Development, Land and Environmental Affairs to ensure an inter-governmental and multi-stakeholder approach is used in engaging and collaborating with the local community and to oversee effective transitional projects.

## 2. Stakeholder Perspectives on Komati

The PCC's interactions with the Komati community and workers began in January 2022 as part of the development of the Just Transition Framework. At these consultations, concerns relating to the closure and repurposing of the Komati Power Station were brought to the attention of the PCC.

This section summarises the views from many stakeholder groups on the Komati decommissioning and repurposing project (civil society, community leaders and members, local business, organised labour, and local government). These perspectives were gathered during the PCC's two formal consultations at Komati (in July and October 2023), as well as other broader engagements undertaken by the PCC and public comments made before and after the PCC's site visits. (Labour was not represented formally at the meeting in October, so the PCC plans to engage them further on the recommendations presented in this report.)

### 2.1. The Closure of Komati and Potential for Reopening

The closure of the Komati coal power station was scheduled to take place in 2019/2020 per the decommissioning schedule set out in the 2019 Integrated Resources Plan, published by the DMRE. (The IRP sets out a long-term plan for meeting South Africa's energy needs to 2030 by diversifying the energy mix while reducing the dependence on coal by retiring 10 GW of coal-fired power plants by 2030.) This timeline was then pushed to 2022/23 in Eskom's Emissions Reduction Plan. Despite the schedule being stipulated in South African policy documents, there is a perception amongst some stakeholders that Komati closed because of pressure from developed countries and foreign investors to decarbonise, and that the process is being driven by the World Bank rather than Eskom. This perception has been reinforced by recent public statements made by the Ministers of Electricity and Mineral Resources and Energy. As reported in an article from [Mail & Guardian](#), a Ward Councillor for Komati stated: "The minister's words gave the people of Komati hope – now they are

saying even the minister agrees with us that the plant should be opened because coal is the future. They are calling for the plant to continue to burn coal."

During the PCC's July 2023 site visit, stakeholders asked why the government would be acting based on a mandate from the international community, particularly developed countries, and trying to copy solutions from Europe without studying how they would work here. This viewpoint was also echoed during the consultations the PCC conducted on electricity planning with some social groups, especially labour, voicing frustration that South Africa was being forced to transition more quickly than was feasible because of pressure from larger polluting countries.

Throughout the July 2023 site visit, several workers and community members stated their hope that Eskom would bring two to four generators at Komati back online, on the basis that this was not only possible but would help to end load shedding.

Eskom stated in their presentation during the July 2023 visit that restarting Komati would require a total overhaul of the plant at a considerable cost and is beyond the financial capacity of Eskom.

## **2.2. The Future of Coal and Deployment of Other Technologies**

During the PCC's July 2023 site visit, many stakeholders expressed the view that coal should remain part of South Africa's energy mix and the economy for the foreseeable future. For instance, during the July visit, the Mayor Councillor of Nkangala stressed the importance of coal in Mpumalanga Province and stated that the country should continue to use this "God-given" resource in concert with carbon capture and storage (CCS) technologies. The idea of using CCS to enable the prolonged use of coal was also raised by workers and community members in July 2023, as well as at the PCC's consultations on electricity planning and the Just Transition Framework. Labour representatives have been particularly vocal in calling for continued use of and investment in coal along with so-called "clean coal" technologies; during the July site visit they also voiced concern that renewable energy was not reliable enough and asked about investing in nuclear as well as carbon capture technology.

While workers at the July 2023 site visit acknowledged the issue of climate change, they stated that it is not a top priority compared to South Africa's triple challenges and that there are things that could be done to address climate change without having to start with coal. The topic of moving away from coal is seen as highly contentious given that it is so embedded in the identity of the Mpumalanga region, with one worker stating that he was "born into coal, lived coal". A labour representative stated that the transition is slowly turning Mpumalanga into a ghost province.

## **2.3. Transparency and Access to Information**

One of the repeated requests from workers and communities at Komati during both visits from the PCC was for greater transparency throughout the process, particularly with respect to information sharing, so that they can engage "on an equal level". Community members and workers stated that they had been unable to obtain detailed historical employment figures for Komati. Many felt that the numbers Eskom provided misrepresented the true impact of the shutdown as it did not capture job losses in the preceding years, those of contractors, or impacts in the broader community. Eskom maintains that no permanent Eskom employees lost their jobs because of the decommissioning.

Beyond clarity on the impacts, the community and workers also requested clearer information on the projects that are already underway, including timelines and jobs to be created. During the October 2023 visit, there was also a request for an inventory of Eskom's assets in the area and an indication of whether Eskom would be willing to transfer these to community ownership. A community activist emphasised during the July 2023 visit

that until all the requested information was in the public domain, there could not be procedural justice. Eskom since confirmed in writing to the PCC that Eskom does not own any properties in the village—these are all privately owned, with the explanatory note that “Eskom historically owned the 640 houses in the Komati village, the “club” and other assets, with the houses and the club since sold to the community.”

During the PCC's consultations in eMalahleni on the Just Transition Framework, stakeholders felt they did not understand what the just transition is and called for more accessible language to be used along with practical and relevant examples. Stakeholders want case studies or demonstration sites to prove that the alternatives proposed under the just transition will work for communities.

In the PCC's consultations on electricity planning, social groups requested that any information be shared at least two weeks to a month before consultations so that stakeholders had time to review and prepare positions in advance. They emphasised the need for government to set up mechanisms that enable transparency and accountability alongside robust management strategies to prevent corruption.

## 2.4. Engagement Process

During consultations on the Just Transition Framework, stakeholders emphasised that they want a say in their future and to be integral to the decision-making process. Communities have their own ideas for what would work best in the local context and their ideas should be listened to and built upon.

In general, workers and community members considered the engagement process around the decommissioning, repurposing, and repowering of Komati to be highly inadequate. They felt the process should have started much earlier, with more frequent engagement opportunities and follow-up after engagements to respond to questions that were raised in sessions. Workers also said they felt that they were being consulted after the fact and that the decommissioning of Komati was a *fait accompli* (already done).

At the same time, Eskom highlighted its own frustrations with the engagement process. Eskom indicated that the labour relations machinery prescribed overly bureaucratic procedures, and that labour itself had contributed to delays in the issue being tabled. However, Eskom representatives at the July 2023 site visit did acknowledge that the engagement process was inadequate. They stated that it should have started sooner and that procedural justice aspects were missing.

In October 2023, in response to the PCC's initial report, Eskom also provided the PCC with a list of meetings they had conducted in different forums prior to October 2022, which were mostly smaller group meetings rather than broad-based consultations. Eskom stated that COVID-19 restrictions placed constraints on the consultations, which were expanded to include more people as restrictions were lifted.

There was a sense of frustration amongst community members during the July 2023 visit about the many first-time visits from funders and the government without any follow-up or feedback mechanism in place to understand if/how their input was being implemented. This point was also raised in consultations on electricity planning and the Just Transition Framework. During the October 2023 visit, community members and other stakeholders voiced their appreciation that the PCC was returning as promised to share the draft recommendations and collect feedback. In general, most felt that the report captured the major perspectives and issues and that the recommendations responded to these.

With respect to the earlier engagements, however, community members felt the process should have been more inclusive in terms of who was consulted. In the PCC's consultations on electricity planning, stakeholders called for better inclusion of youth, communities, CSOs and women's groups throughout the entirety of the process and not just for information gathering and feedback. Youth felt particularly excluded from the decision-making process, and they did not appear to have a strong presence at the July site visit. Overall,

workers and communities felt that the process at Komati was not just and should not be called such – justice must be earned and not assumed. A community leader said during the July 2023 site visit that he believed this project had come to “plant poverty”. Community members felt that they had not been consulted adequately, if at all, before the shutdown. In their [Contested Transition](#) report, groundWork referred to the process followed at Komati as “tick-box consultation” and criticised Eskom’s “choice to plan on behalf of communities, rather than with communities”.

While the community members expressed their frustration over how the decommissioning process was handled and concern over the lack of forthcoming solutions, they also stated that they were not against change. There seemed to be a recognition that some type of transformation is necessary, but the community wants to be part of the process, to “walk with” Eskom and the government, rather than behind it. This sentiment echoes the fundamental principles that should underpin the just transition, which is further explored in sections 3 and 4 of this report. Workers and community members wanted the chance to inform the types of projects to be undertaken based on what they saw as their own opportunities and assets.

## 2.5. Timing

On the issue of timing,<sup>iv</sup> workers and community members at both site visits stated that the process of shutting down had been rushed, while at the same time, the process of putting solutions into place to address impacts had been too slow. Workers and the community thought the phrase “just transition” implied an immediate replacement of jobs and economic opportunities, but many of the proposed solutions will not come to fruition for years.

Media coverage following the site visit has highlighted how the delays in implementing new projects to address the economic impacts of the closure have impacted Komati. [One article](#) referred to feelings of “despair and frustration” in Komati and a former Eskom contractor was [quoted as saying](#): “We have been saying that the green energy things will not work. Look, we are going for a year now and there hasn’t been any action in that place. While we sit here being hungry, the plant would have continued while they trained and the transition would’ve been smooth, but now we are waiting and not sure if we can wait any longer.”

During the October visit, Eskom representatives acknowledged the timing issues and said that they are taking these recommendations seriously. In their written comments, Eskom added that renewables could have been built as a no-regret project at Komati while units were still in operation. Considering the Komati experience and the ongoing energy crisis, an Eskom representative stated that the decommissioning process is being slowed down for other plants and they are working to accelerate projects that will create job opportunities at Komati.

## 2.6. Jobs and Training

One of the most frequently raised points throughout the various consultations was the need to take a wider view of impacted workers. While none of the permanent full-time Eskom employees who were working at the plant at the very end may have lost their jobs, this does not account for those who were retrenched earlier as other units shut down, or contract workers. During the consultations, contractors and contract workers voiced a sense of hopelessness as they felt they no longer had a way to earn a living if they remained in Komati.

During the public consultation conducted following the release of the [Socio-Economic Impact Study](#) (SEIS), another community member raised the issue of whether the sectors in which new jobs might be created (agriculture, tourism) would provide wages comparable to those lost at the power station. While the SEIS states that the agricultural sector likely has the best capacity to create additional jobs in the area, stakeholders consulted for the Just Transition Framework cautioned that the sector should not be expected to absorb all jobs lost during the transition. During the July site visit, workers requested more detailed information on where jobs will be coming from and in which sectors, as well as the sustainability of the jobs (short-term versus permanent).

Workers and community members also raised numerous questions during the July site visit about the training opportunities to be provided. They wanted to know whether workers who previously lost jobs before the final unit closed would be eligible; whether women/youth would be prioritised; how people in more rural areas could access training opportunities; and more about the types of skills to be developed, the timing of trainings, number of participants, and prerequisites (e.g., literacy). There were also questions about why the training was being led by a university from Cape Town (SARETEC is hosted at the Cape Peninsula University of Technology) rather than an institution based in Mpumalanga.<sup>v</sup>

During the PCC's consultations on electricity planning, stakeholders said they felt that skills development, in general, had not been given a high enough priority in transition conversations and that youth especially need to see that there are opportunities for them in the emerging green economy.

In the same vein, stakeholders at Komati said that there need to be clear job opportunities for the people being trained. People must be equipped with skills that are currently in demand in the job market and the mitigation solutions for Komati should be connected to the local supply chain and labour market. For example, a community activist remarked that the skills and materials are not available locally for many of the products Eskom wants to develop at Komati. This means the money from the World Bank will be going to foreign companies, and localisation may be years away. Stakeholders consulted as part of the Just Transition Framework creation emphasised that they want relevant and meaningful skills that fit into the alternative development pathways being developed under the transition. They also stressed that communities and workers directly impacted by the move away from coal should be the first to receive reskilling.

## **2.7. Role of Government**

Community members and workers at both the site visits said they wanted more involvement from local and provincial government. There were questions raised about what the role of the local and provincial government has been to date and whether they are considered co-implementors or managers of the process. During the October consultation, stakeholders said that local government should be the lead implementer in the process and emphasised that the South African Local Government Association (SALGA) should be included in consultations. Community members also noted during the July visit that the municipality has failed to deliver community and health services to the Komati community and seems to ignore its responsibility for service delivery. The lack of local, district, and provincial government involvement has been noted in other PCC engagements.

With respect to national government, Komati stakeholders wanted the opportunity to speak directly with relevant ministers. During consultations on the Just Transition Framework broadly and in eMalahleni specifically, stakeholders voiced their perception that national government is unresponsive to their needs and unwilling to engage or act on their behalf. One worker said he hoped that the energy minister would come to Komati so they could ask him to reopen some of the generators.

## **2.8. Local Economic and Social Development Challenges**

Many workers and community members emphasised that a job loss at the power station has a ripple effect, potentially resulting in the subsequent loss of a job in transportation, domestic work, etc. [Sunday Times](#) reported in July 2023 that a guest house owner in Komati had to lay off 24 people as there had been no guest bookings in all of 2023. In consultations, community members stressed the importance of not only supporting jobs but also local businesses and entrepreneurs as part of the transition.

Following the discussions on-site at Komati Power Station in July 2023, several PCC commissioners accompanied community leaders on a tour of Komati Village and the neighbouring informal settlement. While there and

during the earlier discussions, community members spoke passionately about their village, home to around 4,000 people, and emphasised that the impacts they have experienced are not what Eskom has portrayed. Community members noted that there are unemployed people in the streets of the village and that crime has increased, as have other social ills. The coal plant closure also came as the country was recovering from the devastating impacts of the Covid-19 pandemic, which exacerbated many existing vulnerabilities. There were also concerns raised about outsiders coming into Komati and taking the projects from locals. Consultations on the Just Transition Framework emphasised the importance of women's empowerment and targeted job opportunities to help combat gender-based violence.

During the PCC's return visit in October 2023, community members requested that this report is updated to emphasise the social impacts of the plant's closure on the surrounding community more clearly. Multiple community members noted that there has been an increase in gender-based violence, rape, and crime. There is also high local unemployment, inadequate skills development, and families who lack the resources to care for their children. While much of the broader discussion around the just transition focuses on the economic and jobs impacts, it is critical to not lose sight of the social impacts that can arise from a poorly planned and executed transition.

The PCC noted with concern reports at its October 2023 meeting of increased gender-based violence in Komati. Gender-based violence has a profound impact on community development and agency as experienced by women and undermines the concept of distributive justice in a just transition. The PCC intends engaging with local leaders at Komati on this issue, and to consider measures that could mitigate these risks for women at Komati and in future transition projects.

In terms of infrastructure and services, community members stated their desire that the power station be retained in its current form (and not demolished), to show their children and grandchildren what they had been part of. There is a strong sense of pride in having provided electricity to the nation. The plant could be turned into a tourist attraction, a people's museum, or a recreational site which would be desirable given the closure of the recreational facilities and shared community spaces, once owned by Eskom. There were also requests for modernising roads, bridges and public facilities.

Community members stated that there are many empty buildings and lots that are privately owned and, therefore, cannot be redeveloped. Members also noted that the village lacks a health clinic, a high school, a library, and there is only one supermarket to cater to the entire village. Consequently, community members and older students must travel elsewhere to access healthcare and education.

According to a community leader, outside the immediate village, many of the farmers live in mud dwellings. During the October 2023 visit, a youth stakeholder from a local farm stated that the farms lack running water and electricity and there must be an emphasis placed on meeting basic needs. At the informal settlement next to the village, ward leaders showed Commissioners in July 2023 the treacherous routes that many people need to traverse to get home, including over broken pipework. Water tanks must now be trucked into the site as the water pipes are no longer functional. Other service delivery issues include concerns about energy affordability and load shedding, as voiced by the local municipality representative and in the Just Transition Framework consultation in eMalahleni. Community members emphasised that providing these services, as well as improving infrastructure, represents job creation and economic development opportunities for locals. Stakeholders consulted during the Just Transition Framework development stressed that economic development must be specific to the local context and deliver tangible benefits for the community.

Currently, many workers and community members seem to view the decommissioning as something that is contributing to the triple challenges (poverty, inequality, and unemployment), rather than alleviating them, as the Highveld Deputy Regional Secretary for the National Union of Mineworkers [stated](#).

One issue that was not raised by community members or workers at the site visit, but that has come up repeatedly in broader consultations led by the PCC, is related to air pollution impacts of coal-fired power stations and the health benefits of closure and cleaner air. Komati falls within the Highveld Priority Area, where ambient air quality does not meet health-based ambient air quality standards. Often, people do not realise that their exposure to pollution is the reason for their ill health.<sup>vi</sup>

### **3. Moving Forward at Komati**

Based on a review of the evidence, the site visits, and discussions with relevant stakeholders, including Eskom and community members, four important areas stand out for making progress on the just transition at Komati: economic diversification; infrastructure and services; community development and agency; and engagement.

#### **3.1. Economic Diversification and Job Opportunities**

The Komati transition project was initially conceptualised with a narrow scope, focused primarily within the boundary of the power station and with emphasis on managing the implications of the project for the employees. This illustrates a role for additional social partners to be involved in these projects from the outset, particularly local government. If the vision for the just transition is to be realised in South Africa, projects must be designed broadly to enable the necessary deep, just, and transformational shifts and account for climate resilience and adaptive capacities.

There are several potential interventions that could contribute to addressing distributive and restorative justice at Komati. First, the Komati project could be expanded to provide new opportunities and create additional jobs. Eskom has relayed that they are now undertaking work to explore additional job creation and training opportunities (see section 1.4 for more details) - particularly to address the short-term impacts of the closure while the repurposing project is still underway.

Second, Komati could also serve as a pilot for community-owned renewable energy as envisioned in the Just Energy Transition Investment Plan (JET-IP).

Thirdly, a feasibility study could also be undertaken to explore the large-scale manufacture of mini grids, based on local and international demand. This could help support South Africa's economic competitiveness and bring innovation to the area.

Finally, there may be opportunities to bring in local universities or other training institutions to expand the training offered and build local capacity to provide more specialised training.

More broadly, the PCC is developing an Employment Strategy for Mpumalanga, with the provincial government, focused on the economic sub-sectors with considerable employment opportunities. These opportunities, some of which may have an industrial focus while others may be favourable to the SMME sector, will be socialised with stakeholders for adoption. The PCC is also embracing the Partnership Implementation Model (PIM) to create a partnership of community representatives, government, and the private sector to identify bankable and livelihood projects to stimulate economic activity and reduce unemployment and poverty. The partnership will co-create and co-implement these initiatives towards a collective impact and improved outcomes. The community identification of livelihood projects is critical to counter inevitable job losses not accommodated through bankable and industrial opportunities. Through this partnership, community members and workers will be united around economic and livelihood projects through social ownership models (e.g., cooperatives). This project is informed by the understanding that the government alone cannot lead South Africa's just energy transition but requires a whole-of-society approach.

Looking ahead, it is important to identify existing resources in the community that could be leveraged. For instance, community members suggest that Eskom could donate scrap materials from the power station to support new opportunities in the informal economy. Further, there is a well-established farming community surrounding Komati. How these existing farms can be supported to create new opportunities in the agricultural sector, perhaps in agroecology and ecotourism, will be important work going forward.

### 3.2. Improving Existing Infrastructure and Services

The area surrounding the Komati Power Station is woefully underserved regarding basic services. The lack of a high school, full-time clinic, library, recreational facilities, and other essential infrastructure increases the chances of out-migration. The municipality has a constitutional obligation to provide services and infrastructure, even if Eskom did some of that previously when the coal power station was operational.<sup>vii</sup>

It was clear from the PCC's visit that there is a sense of agency among community members and their leaders, and a drive to improve the situation for the community. This agency is, however, currently blocked by a lack of resources, as well as a lack of support and engagement with Eskom management, local government, and the municipality on the future of the plant. During the PCC's site visit, residents suggested several community-driven remedial projects that would go a long way towards supporting people's wellbeing and livelihoods in the Komati area.

For example, simple things such as a pedestrian bridge over the open water areas to Komati's informal settlement ("The Big House") – as requested by Komati residents – should be relatively easy to provide. What is less straightforward, but also essential, are larger infrastructural improvements and resilience-building. The Big House needs to be reconnected to the water supply from the power station and generally upgraded. Town planners and architects can be brought in to assist with local goods and services leveraged to the extent possible. The upgrades need to not only serve the basic needs of the tenants but also account for climate impacts and resiliency. This latter point applies to the entire Komati area – infrastructure and service improvements must consider the current and expected climate impacts in the region and plan accordingly.

Furthermore, access to basic services, affordable healthcare, and quality education are necessary prerequisites for just and equitable transitions, which must be supported in the area. Accordingly, building or investing in assets that the community currently lacks is essential. These assets should consider the unique needs and context of Komati, for example, providers at the health clinic should be trained to monitor for pollution-related illnesses. These community needs should be included in the district's Integrated Development Plan, and subsequently budgeted for and funded.

On the topic of Eskom-owned property, some community members requested that the cooling towers at the plant and other buildings be retained to create a museum that could be a tourist attraction. This could be locally run as a people's coal museum. Such a museum could showcase the history of Komati but should also be contextualised within the broader history of the just transition and climate change.

### 3.3. Community Development and Agency

An asset-based community development (ABCD) approach can help support socio-economic outcomes of areas in transition, to help garner support and agency in the transition. This approach, as recommended by groundWork in its analysis of the Komati decommissioning process in the [Contested Transition](#) report, is one that the PCC supports and recommends for Komati moving forward.

The ABCD approach starts with a community-based identification of community assets and what can be done with them. A trusted community agency should lead such an effort, with an external facilitator appointed to run the process to produce practical proposals for Komati that support and improve the wellbeing of village



residents, with the community as the central stakeholder. There are several community-based organisations already operating in and around Komati that can be funded to support this type of work.

A key element in support of an asset-based community development approach is a household survey of the entire community so that the range of circumstances and needs are known and so that options can be developed that meet real needs. This survey and the broader ABCD approach supported by a professional facilitator would help to capture the specific and urgent needs of the community, such as those reflected in the recommendations from Komati residents above, while also informing longer-term strategies. This will help inform the development of projects that support social ownership and well-being of the community.

### **3.4. Inclusive and Participatory Engagement**

The consultations described earlier clearly fall short of the inclusive and participatory engagements required to fully embody procedural justice. Only certain community members were aware of, and consulted on, the transition plans before the Komati coal plant closed for good. That said, Eskom largely had to define its approach to justice and implementation of the just transition, without a blueprint or framework, and with few links to regional approaches to industrial development and economic diversification.

The Komati shut-down process commenced well before Eskom established a JET office (in 2020), before Cabinet adopted the Just Transition Framework (in 2022), and before the Mpumalanga Province had developed an integrated economic diversification strategy (currently underway).

Eskom representatives acknowledged the shortcomings in the engagement process during the July site visit and they have made efforts to significantly increase engagement activities in the months following the closure as evidenced by regular meetings with the ward councillors, community leaders and other key stakeholders; Eskom stated that they work with Steve Tshwete Local Municipality on a regular basis and have taken key learnings from Komati forward by consulting with a wider range of stakeholders. Eskom should continue this pattern of regular engagement at Komati and ensure that all interested parties can participate. (See section 4.2 below for further recommendations on best practices around engagement.)

Eskom should also provide workers and the community with the information they have requested, such as the detailed employment figures at the plant over time, timelines on all projects, and specifics on the training opportunities raised during the community consultations. Procedural justice requires that all actors have the relevant information to engage.

However, the responsibility for engagement does not rest solely with Eskom. Numerous government ministries and other groups have visited Komati to hear from workers and the community, with a promise to return with answers to their burning questions. Many of these return visits and critical answers have never materialised. Engagement for engagement's sake is not sufficient. Engagement must be followed by action and representatives that promise to return with requested information must do so.

Furthermore, the national government must ensure that it presents a united front when it comes to engagement and communication on Komati. To date, contradictory messages coming from different government ministries have left Komati residents uncertain about their future and made it difficult for local and provincial government to provide leadership without clear direction from the national level.

## **4. Recommendations for Future Decommissioning and Repurposing Projects**

The Komati project is instructive for future decommissioning and repurposing projects. The PCC's recommendations are presented here, based on the learnings from Komati and the Commission's broader just transition work.

## 4.1. Timing and Sequencing

It is essential to get the timing and sequencing right on decommissioning and repurposing projects.

First, Eskom, the DMRE, and local government must inform all impacted workers, and the local community about a plant's decommissioning as soon as the plan is known. This is typically years in advance, as the decommissioning schedule for coal power stations is published in the Integrated Resources Plan. The timeline for that decommissioning process – and its associated implications – must be made clear, with consistent messages shared with all stakeholders and opportunities for regular engagement provided in the years ahead of decommissioning. Everyone should have access to the same information at the same time. If there is uncertainty around the timing of plant closure, because of load shedding or other factors, that should also be clearly communicated. Workers and community members should be encouraged to discuss points of agreement and disagreement around transition plans, openly and transparently, and there should be clear communication around how stakeholder feedback will be used. (See more on engagement and communication in section 4.2.)

Second, Eskom, the local government, and the provincial government must develop economic diversification plans for the surrounding district and region, with the involvement of workers and community members. Bottom-up participation from the beginning, in terms of shaping, supporting, and leading the transition, is essential. Indeed, workers, communities, and small businesses should be supported and empowered in the planning around decommissioning, repurposing, and repowering projects, with them defining their own development and livelihoods in the context of the transition. Projects that are selected should spur industrial development and economic diversification of the local area and region. Money should also reach local development, the informal economy, and other job creation initiatives before it reaches the plant decommissioning stage. Economic diversification plans should also link with the local Integrated Development Planning process. (See more on economic diversification and community agency in sections 4.3 and 4.5, respectively.)

Third, repowering and repurposing projects should commence *before* any decommissioning takes place so that the transition from one to another is as seamless as possible. New jobs and/or skills training must be available before a plant shutdown. If not, workers could face extended periods of unemployment as they wait for the new jobs to be created.

The types of activities described here require significant lead times, often years or more. This is due to the time required for adequate stakeholder engagement, worker negotiation, project financing, project planning, contracting, and implementation, among others. Having a lag of months to years, following closure, for the training, employment, and economic opportunities to become available is not *just* and could result in additional job losses or force people to relocate when they otherwise would not. Therefore, planning must commence early.

The ability to start repowering and repurposing activities early is, of course, dependent on the availability of financing. Long delays between securing agreement for and receiving funding can delay implementation. Funders must ensure they are doing their part to prevent bureaucratic processes from becoming a significant barrier.

In terms of future decommissioning projects, the Climate Investment Fund (CIF)'s Accelerating Coal Transition (ACT) Investment Plan for South Africa has been designed to start the transition process with more active consultations and engagements well in advance of the closure of the plants, repowering outer areas of the power stations with alternate energy sources before power plants are decommissioned, and frontload worker support projects, community development and socio-economic activities. Eskom has also stated its intent to delay some decommissioning projects, mostly to address the current electricity and load shedding, but also to

have time to bring other energy and social development projects online prior to decommissioning. The extent of this proposed delay will have consequences for air quality and health, as well as South Africa's ability to meet its international climate commitments.

## 4.2. Engagement and Communication

Public awareness and support of the just transition is important to its success. A public engagement strategy, shared by the PCC, Eskom, and local government could go a long way towards forging consensus and support on difficult issues. Such a strategy could detail timelines, milestones, target stakeholders, plans for how to reach these stakeholders, what success will look like, particularly considering procedural justice, and how that could be measured. The plan should be publicly available and be conducted over a long timeframe to build trust within the community and other impacted stakeholder groups. The strategy could also help enhance transparency around the engagement process and eliminate ambiguities. Importantly, consultation must be accompanied by the necessary action. The PCC is in the process of implementing a three-year work programme on awareness-raising and communication in which work in Mpumalanga forms an important part.

Public engagements, done by any social partner involved in the transition, must follow a facilitated, structured process. A trusted, neutral moderator could be employed to help lead discussions. All stakeholder groups and the public should have an opportunity to be involved, and all parties should be given equal opportunity to speak. Materials should be shared ahead of time using local languages and channels that are accessible and used locally (e.g., radio, WhatsApp, local newspapers). Events should be held in places and at times that are accessible to the community and workers, and in places that do not create power imbalances. There should be both public, accessible, and transparent meetings as well as opportunities for closed-door discussions on more sensitive topics if/as requested by the stakeholders. Historically underrepresented groups such as women and youth should be given the opportunity to participate, which may necessitate separate engagements with each of these groups. Capturing the voices of the most vulnerable/marginalised is essential in effecting procedural and distributive justice.

Engagements must be directed toward making positive change. For example, community input would be important for discussing issues like how best to manage the transfer of utility service provision from Eskom to the municipality or other managing authority. These services materially impact the day-to-day lives of the community members, and they should be involved in the decision-making process. Similarly, the mitigation strategies for dealing with the closure should be co-created with the community and other impacted stakeholders. This will increase the acceptability of the plans and prevent stakeholders from feeling as though solutions are being imposed on them. In their response to the interim report, Eskom acknowledged the importance of community members having a say in their future. Eskom further noted that they are taking the lessons learned from Komati and applying them to the implementation of JET at Grootvlei. Accordingly, they have begun community engagements in the surrounding local municipality in partnership with the provincial government and the Mpumalanga Green Cluster.

Effective partnerships can support engagements toward better outcomes and improved trust. Working with organisations that already have a history of engaging at a local level could help with improving inclusivity, as would including local government in discussions at the national level. (It should not, however, be assumed that the views of one person in a group necessarily represent that of the whole.)

Communication efforts should be context-specific and evidenced-based, tailored to the specific audience. For example, there should be clear and understandable messaging around the reasons driving the just transition broadly, as well as the rationale behind the decommissioning of a specific power station. Additionally, it is important to highlight how South Africa as a country, and the community/region in particular, stands to benefit from the just transition agenda. Stakeholders need to understand both the short- and long-term benefits and drawbacks of different projects that can be implemented as part of the transition and given the chance to

provide input on their preferences. It will be hard to build support for projects if people cannot see themselves and their communities benefiting. At the same time, it is also important to acknowledge the complexities of the situation and that the closure represents a real loss for the community. It is possible to make space for people to be proud of the plant and the benefits it brought to their community and the country, while also showing the benefits of moving towards a new vision of prosperity.

### **4.3. Economic Development and Diversification**

Decommissioning, repowering, and repurposing of projects should be designed at a scope and scale that meets the needs of the local area and region, supporting economic development and diversification. New economic clusters will be needed in Mpumalanga, to create new jobs and replace jobs where they may be lost in the declining coal industry and value chain, and to build on local strengths including agriculture and ecotourism. Such clusters can be designed to meet local needs, for instance, by producing local necessities such as food, construction materials, entertainment, education, or healthcare; alternatively, these clusters can provide products for regional or global markets. Local and provincial authorities need to take responsibility for local economic development in the area, in partnership with Eskom and local businesses.

Economic development can be guided by a skills assessment in impacted communities, led by local government. Such an assessment would provide an understanding of potential future industries that can absorb existing skills as well as identify areas for reskilling. This assessment will also inform whether and how many individuals may need to be relocated and if there is any appetite for a voluntary scheme to support that within the community. The skills assessment, along with broader community consultations, can be used to develop concrete proposals for how to support the sectors where new opportunities lie, such as agriculture, ecotourism, and renewable energy development. A better understanding of existing and future value chains and the jobs in these value chains is important.

Infrastructure reuse and adjustment are essential in the transition. Economic diversification planning must consider how local infrastructure can be reused and repurposed. This includes physical infrastructure at the power station, community buildings historically owned by the utility, and ensuring that auxiliary services surrounding power stations are maintained and grown, for example, local guest houses and food services. This requires two skills: the technical skills to reimagine the existing infrastructure and the soft skills to understand and respond to social and community issues.

There must also be a focus on creating economic opportunities for women, youth, and other groups, such as migrant workers and those with disabilities. Distributive justice requires that there are equal opportunities for all social groups and restorative justice means going further to ensure past harm is addressed. As such, there should be targeted efforts aimed at groups who have historically been excluded from certain economic opportunities, for example, women in the coal value chain.

The Mpumalanga provincial government must lead a process to create an integrated development strategy for the coal belt, which integrates economic, social, environmental, infrastructural, and spatial aspects, and provides specific guidance on the public and private investments that are required. A development agency for the coal belt could be set up, with a specific mandate for the rehabilitation, upliftment, redevelopment, and economic diversification of the region. The different spheres of government, Eskom, mining companies and other actors should be integrally involved in the agency and the development plan, have collective ownership, and make funding contributions.

#### 4.4. Institutional Arrangements

An inter-governmental and multi-stakeholder approach is required to design and oversee effective transitional projects. Eskom cannot diversify the economy alone; the government and other stakeholders must play significant roles. This requires careful planning, with clear delineation of roles and sequencing.

Broadly, the roles of various actors can be set out as follows, as adapted from the Just Transition Framework:

National government must provide overall leadership and policy to guide the transition. Cabinet adopted the Just Transition Framework in 2022 as the overarching policy framework to facilitate the just transition. Cabinet has also requested the PCC to develop a Just Transition Implementation Plan, to help provide the necessary specificity to guide the responsibilities and timing of the transition, which must be subsequently integrated into government's planning and budgetary system. Further roles for national government are set out in the Just Transition Framework. Within government, the Just Energy Transition Investment Plan Projects Management Unit (JETIP PMU) within the Presidency is also developing an implementation plan for the Just Energy Transition Partnership (JETP) and DFFE is undertaking further work related to the Sector Job Resilience Plans, among other examples.

Provincial and local governments have important roles to play in coordinating just transition measures in their provinces and local areas. Supporting local economic diversification, with a particular focus on working people and small businesses in at-risk communities, must be led and championed by the province.

While Eskom is not responsible for the industrial development of the area surrounding its power stations, nor the broader province, it does nonetheless have important responsibilities. These include: (1) engaging openly, transparently, consistently, and timeously with workers and surrounding communities; (2) ensuring that basic services that were historically provided by Eskom are transferred to the local municipalities, with appropriate oversight, and done in such a way that minimises disruption to the extent possible; (3) transferring, reskilling or retraining all Eskom employees to meet the new opportunities of the future, and/or offering temporary financial support for workers that cannot transition easily, and/or offering early retirement packages, where applicable; (4) collaborating with local and provincial government on economic diversification and industrial development initiatives; and (5) designing and implementing decommissioning, repowering, and repurposing projects in support of local economic development.

As noted in the specific recommendations for Komati in section 4.3, an ABCD approach can provide community agency for areas in transition, where community members can define their projects and alternative livelihoods in the context of the transition. Communities may also benefit from external support to help manage the unavoidable out-migration and business closures that will occur. The community will likely want to minimise such losses, but as Eskom transfers workers to other plants and others leave in search of new opportunities, the local population will shift, and it is important to plan for such changes. Former steel and coal towns in North America and Europe have gone through similar experiences and could offer case studies on how to manage the process.

The PCC also has a role to play under its advisory position to government on the Republic's climate change response and efforts to affect a long-term just transition to a low-carbon and climate-resilient-economy and society as provided for in the Climate Change Bill. The PCC will strive to monitor progress of transition projects against the Just Transition Framework, convene stakeholders where necessary, and advise stakeholders on good practices that will increase prospects of achieving a just transition.

As noted above, further work is needed to define specific roles and responsibilities of various stakeholders in future power station decommissioning projects. There should be a workable and inter-relatable structure of responsibilities that could work as a template that is then customised to the specific context. Given this

framework will be used continually over the coming 30 years for all of Eskom's current coal asset capacity, such work would pay dividends. Elsewhere in the world, major economic changes have seen the appointment of response agencies to coordinate local or regional responses – an approach that could be considered for South Africa.

#### 4.5. Financing Arrangements

Significant financial resources are required for decommissioning, repowering, and repurposing projects from diverse sources, and it is necessary for financing to support the timing and sequencing required for a just transition as described in 4.1 above. If finance tracks behind, it will not be possible to deliver a just transition.

Public, private, domestic, and international funds should be directed towards reaching the most effective outcomes:

- Private sector investments, commercial finance, and development finance (whether by local development finance institutions [DFIs] or multilateral DFIs), should be directed towards repowering and repurposing activities, as they are typically bankable projects with revenue streams. These sources of funds will likely prioritise internal rates of return (IRR) that achieve expected profitability hurdles.
- Eskom should bear the costs associated with decommissioning since this activity should have been provided for in their own cost budget.
- Public resources (whether financial or non-financial) and grants (in the case of Komati, this was provided by the World Bank as part of the project funding package of US\$48 million) should be specifically and transparently directed toward just transition activities/outcomes, which would also include reskilling of affected workers, early retirement packages, and sufficient severance packages. The balance of funds should be allocated to a coherent and participatory process to develop alternate local economic plans, as well as an appropriate portfolio of projects which can be developed for successful financing and implementation. Even modest allocations towards community participation and capacity development, which involve local communities in the development of alternative livelihoods and service provision, particularly focusing on women and youth, will ensure that the principles of procedural justice are embedded in planning. Attention must also be given to assisting existing SMMEs to adapt to the transition to new value and supply chains.
- Mine rehabilitation funds can provide an additional source of funding for projects associated with mining land rehabilitation.

An outcomes-based procurement/impact investment approach can help stimulate innovation, creativity, and scalability – and promote local inclusion and participation. Instead of putting tight specifications on Requests for Proposals, calls could be made broadly, indicating the final outcomes being sought. These would be aimed at improving community and development outcomes, with applicants enabled to come up with their own creative (and bankable) ideas to respond to those outcomes. Local markets should also be stimulated to absorb any domestic and international finance that is channelled towards transitional activities.

Finally, Eskom's debt relief constraints have a bearing on the financing of future decommissioning projects. Earlier in 2023, the Minister of Finance proposed Eskom's Debt Relief Bill, towards restoring Eskom's financial stability and ensuring its long-term sustainability, with strict conditions. Under the proposed conditions of the Debt Relief Bill, Eskom's capital expenditure would be restricted to transmission and distribution only. No other greenfield generation projects would be allowed during the debt-relief period (until the end of FY25/26). In addition, no new borrowing would be allowed until the end of the debt-relief period, unless written permission is granted by the Minister of Finance. Unless granted an exception, this bill will make future decommissioning or repurposing projects impossible, which are considered as part of the CIF ACT Investment Plan for South Africa.

## 5. Conclusion

This report emphasises aspects that are critical to ensuring a just transition in the closure of a coal-fired power station. It shows that local economic diversification must be central to any successful transitional process, with local markets stimulated and grown, prior to the start of any decommissioning processes. The planning process for decommissioning and repurposing must commence as soon as the timeline is known, to support a seamless transition with immediate jobs and training as coal plants close, and with early and frequent engagement with impacted groups. Transparency and participatory planning processes can support community agency and build trust that all actors are committed to the just transition, with communities reaping the benefits. The local government must stimulate local economic development and diversification, the province must drive the deployment of renewable energy projects, and national government must channel sufficient funds and policy support. The PCC stands ready to support these activities and undertake further policy work and advice to support these transitions, including undertaking regular feedback processes to spur learning and course correction, setting up intergovernmental platforms to accelerate just transitions, and identifying for-purpose financial arrangements between public, private, local and international financing.

The Just Transition Framework offers further guidance about how transitional processes can be designed to meet the principles of justice, at a scale that is commensurate with the challenge. While late in application, these justice processes can still be applied at Komati, as well as the other coal power stations that are nearing the end of life.

Despite the initial shortcomings in the closure of Komati, as identified in this report, there has been early course correction by various stakeholders. The PCC is confident that there is enough agency and will in and around Komati to see real progress, at the appropriate scale. With the support described in this report, it is possible and feasible for Komati to emerge as a post-transition town of national significance, paving the way for the success of future just transition projects.

## Annex 1: Consultations as part of the SEIS

Phase 1 Consultations <sup>viii</sup> (August 2020-March 2021)	
Stakeholders	Purpose of Engagement
Steve Tshwete LM	<p>During the first phase of the Urban-Econ (2022) study, engagements with various stakeholders were focused on obtaining information to inform the socio-economic impacts associated with the shutdown of KPS, the identification of possible areas of collaboration in the proposed mitigation measures, and information on projects implemented by local government entities. These included:</p> <ul style="list-style-type: none"> <li>Engagements with local government (Steve Tshwete LM and Nkangala DM) were centred around the acquisition of information relating to projects implemented by each municipality. These projects were noted as possible mitigation measures for the shutdown of KPS.</li> <li>Engagements with community members, ward committee members, CBOs, PBOs, NGOs, farmers, small businesses, and KPS contractors/suppliers were undertaken in various forms to inform the socio-economic impacts associated with the shutdown of KPS on the respective stakeholder groups.</li> <li>Organised businesses and NPOs were engaged to inform possible areas of collaboration in the proposed mitigation interventions.</li> <li>Other entities, such as national government (DFFE) and DFIs (DBSA) were engaged to obtain their views on the shutdown of KPS.</li> </ul>
Various community members surveyed	
Farmers surrounding KPS	
Ward 4 committee member	
Farm Belt Community Economic Development Structure	
JOG Church	
Small businesses in the local area surveyed	
Nkangala DM	
Contractors/suppliers of KPS surveyed	
Middelburg Chamber of Commerce (MCCI)	
Mine Water Coordinating Body (MWCB)	
Minerals Council of South Africa (MCSA)	
Development Bank of Southern Africa (DBSA)	
GreenCape	
Department of Forestry, Fisheries and Environment (DFFE)	

## Endnotes

<sup>i</sup> The information reviewed includes: The [Socio-Economic Impact Study for the Shutdown and Repurposing of Komati Power Station](#) and the [Stakeholder Engagement Plan for the Shutdown and Repurposing of Komati Power Station](#) commissioned by Eskom through Urban-Econ Development; groundWork's 2022 report [Contested Transitions](#); the PCC's reports summarising stakeholder engagement undertaken for the [Just Transition Framework and electricity planning](#); and World Bank documentation related to the project including the [Project Appraisal Document](#).

<sup>ii</sup> Some of the issues raised during consultations included provincial and local economic impacts, lack of education facilities and teachers, how the shutdown would impact water services, substance abuse and crime in the area, job loss, lack of job and other economic opportunities for community members, decrease in property values, Komati becoming a ghost town, and ownership of infrastructure. Recommendations proposed to address these issues included public-private partnerships, community ownership of solutions, keeping Komati operational, Eskom reskilling/upskilling community members, community ownership of infrastructure and land, increased policing and retain rather than demolish infrastructure.

<sup>iii</sup> Eskom Rotek Industries (ERI) workers fall under the purview of Eskom Enterprises, which in turn forms part of Eskom Holdings. ERI was established to provide construction, maintenance, and transportation services in support of Eskom operations.

<sup>iv</sup> Beyond timing of engagement which all stakeholders agreed began too late and did not happen frequently enough; the first public consultation on the decommissioning was held four days after the plant shut down, per groundWork's report.

<sup>v</sup> SARETEC is one of the few training institutes in the country that offer certified/accredited courses in both wind and solar. It's a non-profit/affiliated with a public university that is backed by government funding making it a national centre.

<sup>vi</sup> [The Centre for Research on Energy and Clean Air](#) estimates that closure of units at Komati Power Station from 2020-2023 avoided 220 deaths (95% confidence interval: 130 – 350) and R4.9 billion in health costs.

<sup>vii</sup> Eskom relayed to the PCC that its service provision in the Komati area before 2005 (when the area was proclaimed and handed over to the Steve Tshwete Local Municipality) included water, sewer and electricity to some homes. Eskom's service provision post 2005 is limited to water, as follows: Komati Village: 45 ML/month; Lakama Group (Komati Village): 1.5 ML/month; and Koorfontein mine.

<sup>viii</sup> Adapted from Table 4.1 in the [Stakeholder Engagement Plan for the Shutdown and Repurposing of Komati Power Station](#) developed by the SEIS consultant Urban-Econ.