



# *The Coal Industry in SA and “just transition”*

Presented by

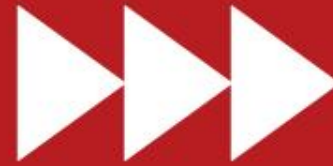
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# *The Coal Industry in SA and “just transition”*

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Global Coal Industry  
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# Introduction



“Global coal production has reached peak, so from now it will decline until the it is replaced by other, cleaner sources of energy.”

This statement doesn't consider that there is not another source of energy more dependable, abundant and cheap that can replace coal.

According to the IEA and the WCA, coal usage is still increasing and for some poorer countries, it is the only alternative to energy poverty.

# *COP26: SA hails deal to end reliance on coal*

**South Africa is set to receive \$8.5bn (£6.2bn) to help end its reliance on coal in a deal announced at the COP26 climate summit.**

President Cyril Ramaphosa has called it a "watershed moment".

The country is currently a major emitter of greenhouse gases because of its addiction to coal, which it uses to generate electricity.

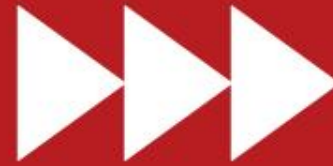
This deal, funded by wealthier nations, could have both global and local implications.

The vast scale of the coal operation run by the country's state power company Eskom makes SA the 12th biggest carbon dioxide emitter in the world, according to the Global Carbon Atlas. Some of those at the heart of SA's coal country hope that the latest deal could ease the environmental and health impacts of the power sector.



# *In Southern Africa*

*BBC Africa Business Thu 2021/11/04*



- We advocate strongly that in this country, coal should be retained as a sustainable part of our energy mix.
- “Contrary to the popular belief that ‘coal is dead’, SA’s coal resources are abundant and can provide low-emitting, cost-effective reliable and sustainable power well into the future with the correct technology,”

# *IEA Coal Market Report 2019 – a wake-up call for our global community*



“The world simply cannot ignore the reality of coal – global demand is expected to reach 5 624 Mtce in 2024. If we are to have any chance at meeting our global environmental aspirations – we must come together. Most concerning is that there is messaging being perpetuated that coal cannot be part of the low carbon solution. This is simply untrue. The entire coal value chain needs to unite in support of the coal industry to educate a global public that is largely unaware of how coal contributes to economic growth and everyday life.”

# *An unprecedented global health and economic crisis*

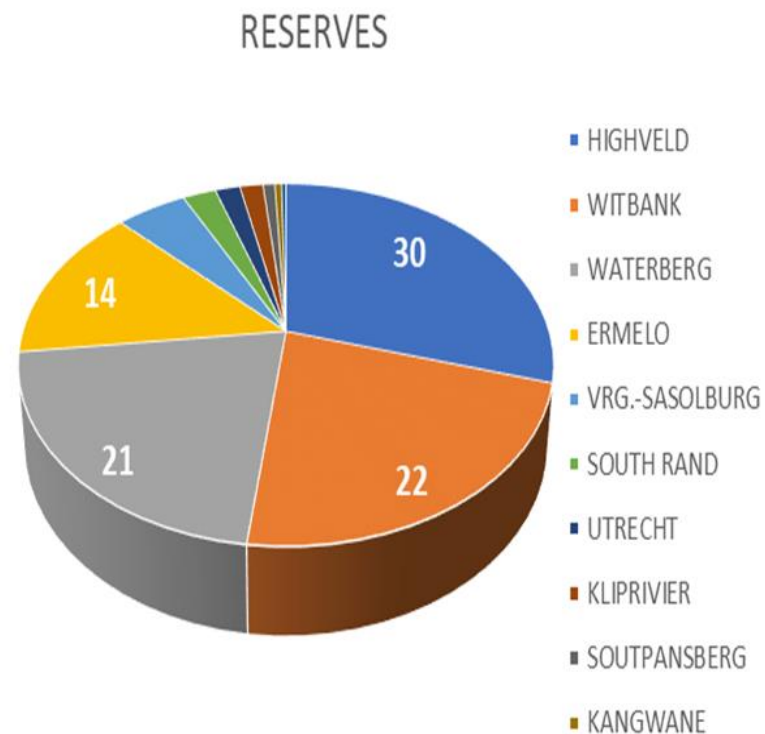


The coronavirus (COVID-19) has created the biggest global crisis in generations, sending shock waves through health systems, economies, and societies around the world. Faced with an unprecedented situation, governments are focused on bringing the disease under control and reviving their economies.

The energy sector is also severely affected by this crisis, which has slowed transport, trade and economic activity across the globe. Our latest analysis of daily data through mid-April, published in our Global Energy Review 2020, shows that countries in full lockdown are experiencing an average 25% decline in energy demand per week and countries in partial lockdown an average 18% decline.

# South African Coal Reserves of the 12 Operating Coalfields

COAL RESERVES			
COALFIELDS	RESERVES 1982 (Mt)	RESERVES 2022 (Mt)	%
HIGHVELD	10 920	8 832	30
WITBANK	12 461	6 705	22
WATERBERG	7 441	6 343	21
ERMELO	4 658	4 263	14
VRG.-SASOLBURG	2 233	1 517	5
SOUTH RAND	730	716	2
UTRECHT	610	535	2
KLIPRIVIER	617	500	2
SOUTPANSBERG	267	256	1
KANGWANE	147	144	0
RYHEID	180	97	0
ONGOMA	40	0	0
<b>TOTAL</b>	<b>40 302</b>	<b>29 907</b>	<b>100</b>





# SA Coal Saleable Production 2023 in tons

Contents									
	<u>Jan 2023</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>YTD 2023</u>	Projected
<b>Production</b>	<b>17 963</b>	<b>16 184</b>	<b>20 212</b>	<b>18 571</b>	<b>18 748</b>	<b>19 940</b>	<b>20 226</b>	<b>131 843</b>	226 017
Bituminous (kt)	17 751	15 994	20 006	18 342	18 495	19 680	19 971	<b>130 240</b>	
Anthracite (kt)	212	190	206	229	253	260	255	<b>1 604</b>	

# SA Coal Exports Jan –Aug 2023

## SA Exports 2023

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	YTD 2023
<b>Total anthracite</b>	<b>39</b>	<b>15</b>	<b>68</b>	<b>63</b>	<b>58</b>	<b>65</b>	<b>18</b>	<b>79</b>	<b>406</b>
<b>Total coal exports</b>	<b>6 137</b>	<b>5 297</b>	<b>6 061</b>	<b>7 268</b>	<b>6 244</b>	<b>5 962</b>	<b>5 404</b>	<b>6 330</b>	<b>48 328</b>

# McCloskey daily coal prices Oct 2023

(US dollars per metric ton)

Contents (US dollars per metric ton)	McCloskey daily coal prices Northwest Europe (ARA)	Richards Bay (FOB)
2-Oct-23	128,03	132,00
3-Oct-23	124,03	124,45
4-Oct-23	121,68	123,67
5-Oct-23	119,67	121,00
6-Oct-23	121,40	126,50
9-Oct-23	128,21	130,00
10-Oct-23	131,10	131,33
11-Oct-23	135,14	133,17
12-Oct-23	139,10	135,00
13-Oct-23	144,37	135,20
16-Oct-23	151,58	135,60
17-Oct-23	149,00	135,67

Source: McCloskey by OPIS, a Dow Jones company

# Coal Forecast 2023 to 2026

Firm prices for: 17-Oct-2023

## Daily forward curves

API#4

(6,000kcal/kg NAR FOB RBCT)

	Bid	Offer	Average
<b>Oct-23</b>	133,25	133,75	133,50
<b>Nov-23</b>	134,90	135,40	135,15
<b>Dec-23</b>	134,55	135,05	134,80
<b>Jan-24</b>	133,90	134,40	134,15
<b>Q4 23</b>	135,00	135,50	135,25
<b>Q1 24</b>	136,05	136,55	136,30
<b>Q2 24</b>	136,45	136,95	136,70
<b>Q3 24</b>	137,05	137,55	137,30
<b>Cal 24</b>	136,80	137,45	137,15
<b>Cal 25</b>	136,45	137,15	136,80
<b>Cal 26</b>	135,45	136,20	135,85

Firm prices for:

Source: McCloskey by OPIS



# Why Coal Powers the World



Lars Schernikau: Economics of the International Coal Trade

- *Its importance will further increase in absolute and relative terms for decades to come.*
- *Man-made CO<sub>2</sub> has no effect on global temperatures and combustion of fossil fuels does not influence the weather.*
- *We cannot stop the advance of coal; we can only make this process as environmentally sustainable as humanly possible.*



# *South Africa Coal Industry Status*

As a result of the current lack of incentives and capital to implement new coal projects, production was static, some large mines, like the old Eskom's captive collieries are at the end of their lives, so production was dropping considerably. Now, because of the lockdown, the above situation has become critical and only a miracle, or lots of hard work can save the industry.

Inland prices have increased continuously in the past, some higher (A, B) grades could fetch higher prices than similar export grades.



*Thank You!*

*XAVIER PREVOST  
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