

SA wind energy industry anticipates conclusion of outstanding PPAs in Q1

The South African Wind Energy Association (SAWEA), together with the broader renewable power sector, anticipates the conclusion of the 26 outstanding power purchase agreements (PPAs) in the first quarter of 2018.



Loeriesfontein Wind Farm

The majority of the processes that precede the finalisation of the PPAs were fulfilled by the IPP Office and the preferred bidders during mid-December. The minister of public enterprises is now required to provide her approval in terms of section 54(2) of the Public Finance Management Act so that the Department of Energy (DoE) can conclude Direct Agreements with preferred bidders.

“With all previous steps completed, we now await the final step in the process: approval of the minister of public enterprises so that the DoE can finally enter into power purchase agreements with the preferred bidders identified through due procurement process,” explained Brenda Martin, CEO of SAWEA.

Bulk of projects in Northern Cape

The 26 renewable energy projects, which include wind, solar PV and CSP, remain hopeful that the country’s Renewable Energy Procurement Programme (REI4P) will allow the industry to continue to contribute to the country’s development and electricity mix. The bulk of the outstanding projects are earmarked to be constructed in the Northern Cape, which has over 60% of the preferred bid allocation, whilst the Eastern Cape has 19%. The balance of the projects are to be located in the North West (10%), Western Cape (6%) and Mpumalanga (1%).

Following due procurement, the preferred bidders should have concluded signed PPAs from Eskom by mid-2016. Instead, a delay now entering its third year has halted the associated R58bn investment and the creation of 15,000 jobs.

“Beyond the direct effects of delayed investment in rural areas, the jobs that have not been realised, along with the loss of jobs throughout the renewable energy value chain, the cost of investor confidence lost, and citizen confidence in good governance, is worth considering as well,” added Martin.

The REI4P is widely regarded as one of the country’s most successful public-private partnerships, resulting in over R20bn being committed to socio-economic development, the majority of which goes to empowering South Africa’s rural communities.

Martin concluded, “We continue to engage with government and hope to receive a formal notice from the minister of energy regarding the date for conclusion of outstanding PPAs, very soon.”

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