Hulisani bets on wind tower firm

Hulisani, the black-owned energy investment company, has made its third acquisition in three months by injecting R82.5m into wind tower manufacturer GRI Wind Steel SA.

The move appears surprising because SA's renewable energy sector has stalled on Eskom's refusal to sign offtake agreements with successful bidders in the latest round of projects, citing affordability. Eskom has told Parliament that several conditions need to be met before it signs agreements, including completion of the Integrated Resource Plan.

Its refusal has jeopardised the future of manufacturers of wind towers and solar photovoltaic panels who invested in SA on the basis of the government's commitment to renewable energy. Two months ago, DCD Group sold its share in the R536m DCD Wind Towers joint venture plant in Coega for R1.

Hulisani CEO Marubini Raphulu said while DRD Wind Towers focused on the South African market, GRI Wind Steel SA was part of a corporation that sourced wind towers for customers from 13 factories around the world. In Africa, Mauritius, Madagascar and Kenya were planning wind farms.

GRI Wind Steel SA, which opened its local factory in Atlantis, Cape Town three years ago, is properly capitalised and has a good order book for the next five years, he said.

Hulisani will acquire an indirect 12.5% stake by taking 50% of the shares of PeleSPV13, part of Pele Green Energy, for

R41.25m. Pele intends to take 25% of GRI Wind Steel. Hulisani will also inject R41.25m into Pele198 in the form of preference shares to enable Pele198 to buy the other 12.5% in GRI Wind Steel through taking the other 50% of PeleSPV13. Raphulu said the transaction would contribute towards GRI Wind Steel's black empowerment shareholding.

Hulisani was listed on the JSE 15 months ago, raising R500m for energy investments. It has since bought 6.67% of the Coega wind farm and 66% of Rustmo1 Solar Farm. Raphulu said about R200bn was invested in the first four rounds of SA's renewable energy programme and about 20%, or R40bn, of that was held by private equity funds or developers looking to exit.

Hulisani was working on about R4bn of potential acquisitions. These were attractive long-term investments offering government-guaranteed cash flow rising in line with inflation.

Source: *Business Day*