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'Smalls' renewable energy first bid close-out goes unnoticed

SMEs using new technologies will boost energy security by 200 MW

As the country dealt with power outages in the wake of a collapsed Eskom coal silo last week, a piece of good news passed unnoticed with the closing date on 3 November for bids in the first phase of a “small projects” renewable energy programme that will support two national aims - enhanced energy security and small business development.

The Small Projects Independent Power Producers Procurement Programme (SIPPPP) forms part of the government’s overall target of 10 000 megawatts for renewable energy.

The Minister of Energy has determined that 3 200MW from renewable energy is required for an uninterrupted electricity supply over the next 15 years.

Two hundred megawatts will be secured from small projects under the SIPPPP, each with a maximum contracted capacity of 5 MW, allocated over four bid submission phases/windows.

Specialist black-owned fund manager Mergence Investment Managers and the Industrial Development Corporation (IDC) have committed R600-million in debt funding to support 10 small and medium enterprises bidders in the first phase of the SIPPPP.



Lizeka Matshekga, head of green industries at the IDC, says technologies that will be considered – under the SPIPPPP – include onshore wind, solar photovoltaic, biomass, biogas and landfill gas.

“Bidding in the first phase involves 50 megawatts allocated across renewable, photovoltaic, wind and biomass technologies,” says Matshekga.

Mark van Wyk, head of impact investing at Mergence, says the SPIPPPP provides a long-term opportunity for small businesses to play a strategic role in the alternative energy generation market.

“By investing in these projects we want to enable our clients to meet their own development objectives. At the same time, we believe the SPIPPPP offers a compelling business case for investment,” says van Wyk.

Matshekga says the programme provides a great scope for localisation, saying the partnership with Mergence will also ensure broad-based black participation in the generation of alternative energy.

Preferred bidders are expected to be announced in early 2015.