

SMEs will boost energy supply

Programme to secure 200MW with green methods

Wiseman Khuzwayo

SMALL and medium enterprises (SMEs) using renewable technologies will soon be boosting energy supply by a total of 200 megawatts.

Specialist black-owned fund manager Mergence Investment Managers and the Industrial Development Corporation (IDC) have committed R600 million in debt funding to support 10 SMEs in the first phase for small independent power producers.

Two hundred megawatts would be secured under the programme, each with a maximum capacity of 5MW, allocated over four bid submission windows.

Lizeka Matshekga, the IDC head of green industries, said technologies that would be considered under the programme included onshore wind, solar photovoltaic, biomass, biogas and landfill gas.

She said the programme

provided a great scope for localisation and the partnership with Mergence would ensure broad-based participation in the generation of alternative energy.

Mark van Wyk, the head of impact investing at Mergence, said the programme provided 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, we believe the programme offers a compelling business case for investment.”

The closing date was November 3 for bids in the first phase of a “small projects” renewable energy programme, which forms part of the government’s overall target of 10 000MW for renewable energy.

The “small projects” renewable energy programme is aimed

at enhanced energy security and small business development.

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

The IDC and the German Development Bank have a R500 million Green Energy Efficiency Fund (GEEF), which has as its intention the encouragement and promotion of renewable energy efficiency and renewable energy in South Africa. GEEF focuses on private sector companies registered and operating in South Africa and provides loans from R1 million to R50 million at a concessionary rate of prime less 2 percent. GEEF allows for loan repayments of up to 15 years.

Mergence is a black-owned fund manager founded in 2004, managing more than R16 billion in assets. By April 2014, Mergence had invested R852 million in 10 renewable projects.