

RENEWABLES

Signing delay for green energy scheme

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Confidence in the previously successful renewable energy programme has taken another knock after the renewable-energy procurement office again postponed the signing of agreements with successful bidders in the past two rounds.

The signing ceremony, which will unlock billions of rand in funding for the construction of about 50 projects in round four and for projects of 1-5MW, was due to take place on Tuesday. Financial closure for these projects has been awaited for about two years.

Finalisation was delayed for months after former Eskom CEO Brian Molefe expressed concern about making this commitment due to costs to the utility and its power surplus amid weak demand. But former minister of energy Tina Joemat-Pettersson said in February the impasse had been broken. In his state of the nation address, President Jacob Zuma said the outstanding power-purchase agreements would be signed.

Last week, as part of the cabinet reshuffle, Zuma appointed Mmamoloko Kubayi, a little-known backbencher, to replace Joemat-Pettersson.

The independent power producers (IPP) office for renewables said on Friday the signing ceremony was postponed to allow Kubayi to consult interested parties including Minister of Public Enterprises Lynne Brown.

The IPP office said it would continue to finalise all project agreements to ensure they were in “near-final form”, ready for financial closure.

Mark van Wyk, head of unlisted investments at Merger Investment Managers, said the firm was “exceedingly disappointed” by the added delay. “We hope the parties will come to a swift agreement so that further momentum is not lost, as this could potentially [damp] participation by investors, particularly with regard to the building of new plant[s],” he said.

South African Renewable Energy Council (Sarec) chairwoman Brenda Martin said the council understood that once Kubayi and Brown had met, a new date would be set for signing agreements. Over the past few weeks, independent power producers had taken all steps to finalise the paperwork. Once financial closure was achieved, construction could begin.

Martin said 13,000 jobs would be created during construction of the power plants and 1,900 during the operational phase. Sarec estimates about R58bn in investment will be unlocked after power-purchase agreements were signed, adding to the R194bn invested in the renewable power industry.

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