

Spanish firms seeking to sell stake in South African solar plant - sources

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3 Nov 2021

Spain's Grupo Cobra and Sener companies are seeking to exit their stake in the 100-megawatt (MW) Ilanga solar power plant, which supplies electricity to South Africa's national grid, two sources with knowledge of the process told Reuters.



Source: [Grupocobra.com](https://grupocobra.com)

Grupo Solar and Sener have hired bankers for the transaction, the sources said, in line with their strategies to exit minority stakes in up-and-running assets.

Grupo Cobra and Sener, which were the engineering, procurement and construction companies for Ilanga, did not respond to emails seeking comment.

The companies together hold a 20% stake in the project. Based on analyst estimates that it costs around R11m to build each megawatt of an industrial solar plant, the project overall would be worth around R1.1bn.

The Ilanga solar power plant, which supplies power to state-utility Eskom's transmission grid, was completed in 2017.



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Increasing deal activity

Separately, two bankers noted the planned exit comes on the heels of a possible plan by global private equity investor Actis to sell its stake in renewable power firm Lekela, according to a report from Bloomberg, which they said pointed to increasing deal activity in South Africa's renewable energy market. Lekela, which operates five solar projects in South Africa, is worth \$2bn, the report said.

Activity, the bankers said, is picking up as companies look to raise cash from mature renewable assets at a profit and invest it into newer projects coming up for bids as President Cyril Ramaphosa's government seeks to reignite the country's renewable energy drive.

"We are certainly aware of lots of interest around acquisition of portfolio of assets, and more and more companies are coming to us with a greater degree of frequency," said Stephen Barnes, global head for power and infrastructure at South Africa's Standard Bank.

Bhavtik Vallabhjee, head of power, utilities and infrastructure at Absa Group, said South Africa is one of the front runners on the continent in terms of offering large-scale renewable capacity and opportunity to deploy large amounts of capital.



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Pressure to shift away from coal

As the world's 12th largest emitter of climate-warming greenhouse gases, South Africa is under pressure to shift away from its reliance on a fleet of aging coal-fired power plants that regularly fail, resulting in rolling blackouts that hurt the economy.

After much delay to South Africa's renewable energy programme due to slow government activity and bureaucracy, the government earlier this year announced preferred bidders to set up 2,000MW of gas-fired and renewable energy plants under an emergency power plan.

Last week it announced 25 preferred bidders for another 2,600MW of wind and solar plants.

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