

25 renewable energy preferred bidders announced

Twenty-five companies are expected to add at least 2,583MW of energy to South Africa's electricity grid once their renewable energy projects are complete, says mineral resources and energy minister Gwede Mantashe.



Mineral resources and energy minister Gwede Mantashe. Reuters/Siphiwe Sibeko

The 25 companies were named as successful bidders for the Department of Mineral Resources and Energy's (DMRE) fifth bid window of its Renewable Energy Independent Power Producers Procurement (REIPPPP) Programme.

The 25 renewable energy projects are expected to inject at least R50bn into the economy and create about 13,900 jobs during and after construction.

Mantashe cautioned that although this is a positive step for further securing electricity supply, the 25 chosen bidders will only add power to the grid once the projects are completed.

"Sometimes ... we normally create an impression that if you open up a bid window, this weekend there will be electricity in the grid. It takes up to 36 months for electricity to be in the grid. The reason for that is that if you are announced as a

winning bidder, you have to construct that capacity of energy.

"The immediate solution to our electricity supply challenges lies in getting existing plants to perform in a predictable and stable manner," he said as he made the announcement on Thursday, 28 October.



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Emergency procurement of energy

The DMRE is expected to also sign agreements for energy procurement for the shorter term.

"In addition, we have selected 11 preferred bidders totalling to 1,995MW under the ... emergency procurement of energy and these preferred bidders are expected to be connected to the grid within the next 18 months after signing the commercial agreement," Mantashe said.

The department also expects to procure another 160MW of energy from existing renewable energy projects.

The minister also moved to dispel reports that government had not added any extra power generation capacity to the grid.

"Since the promulgation of the first IRP [Integrated Resource Plan] in 2011, the DMRE has taken on a number of projects to supplement the power generation supply from Eskom. To date we have procured and signed agreements with 93 independent power producer projects totalling 7,308MW. The total of these bid windows have already been connected to the grid and supply 6,855MW [of energy]. This is equivalent to two Eskom six pack coal-fired power stations," he said.

Mantashe said the department will pursue financial close with the bidders over the next six months.

Bid Window Six is expected to open no later than January 2022.



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Empowerment

On the empowerment front, Mantashe explained that economic empowerment targets for Black people – in particular Black women had been set and achieved. In addition, bidders also committed to procuring components from local manufacturers during project builds.

"The Bid Window Five set out a number of key economic development targets. The DMRE not only requires participation by Black South Africans at project level but also requires participation across the entire renewable energy value chain.

"We must begin to see real owners who are South African and who are Black and that process takes its own time and we are very patient with it," he said.

"These projects will continue to make a big difference – not only in the lives of those communities in the vicinity of the proposed power plants who will own 2.5% of the preferred bidder projects – the preferred bidders have committed a total of R2.7bn towards socio-economic development, enterprise and skills development initiatives over the 20-year lifetime of the

projects," he said.

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