

South Africa to get \$73m towards three wind farms

Coal has been a dominant source of fuel in South Africa, accounting for about 89% of the country's primary energy consumption. However, with significant additional generation capacity needed in the future, the government is seeking to bring in almost 20 GW from renewable sources through the REIPPP according to the Integrated Resource Plan of 2010.



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Miga, a member of the World Bank Group, will be investing \$73m in support of the construction, operation and maintenance of three wind farms in South Africa, namely, Noupoort, Khobab, and Loeriesfontein 2.

The wind farm projects will have a collective generation capacity of 360 MW, and were selected as preferred bids during the third round of the South African Renewable Energy Independent Power Producers Procurement Program (REIPPP).



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Ross Harvey 9 May 2018



Miga's guarantees cover equity and shareholder loan investments by Lekela Power B.V. and its subsidiary, Lekela Power Intermediate Holdings, and provide protection for up to fifteen years against the risks of expropriation, transfer restriction and inconvertibility, breach of contract, and war and civil disturbance. Some 90% of the equity and shareholder loan investments are covered by the guarantees.

"Help diversify the country's energy mix, benefit local communities"

"The wind farms will help diversify the country's energy mix, and directly benefit local communities," said Keiko Honda, Miga's executive vice president and CEO. "Such large power generation capacity also provides opportunities for South Africa and its neighbours to further realise their development potential."

One of the farms (Noupoort) began operations in 2016, while the two others (Khobab, Loeriesfontein 2) followed at the end of 2017. The power generated from all three farms will be purchased by Eskom, the national state-owned utility, under 20-year Power Purchase Agreements (PPA) that are backed by the Implementation Agreement (IA) with the government of South Africa. Miga reportedly guarantees provide additional cover, in the event the government fails to comply with its obligations under the IA.



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2 May 2018



“Building and operating renewable capacity in African countries require a highly skilled and an experienced team capable of managing the risks inherent in these complex projects,” explained Chris Ford, chief operating officer of Lekela.

Each wind farm will invest significant sums from its revenues in funding sustainable projects in the local area. These funds will be focused on priority topics such as expanding and developing local businesses, healthcare, education, and energy.

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