

WIND ENERGY INDUSTRY CELEBRATES RENEWABLE PROCUREMENT PROGRAMME POISED TO GET BACK ON TRACK

The South African Wind Energy Association (SAWEA), together with the broader renewable power sector, are celebrating Minister Radebe's confirmation that the country's renewable procurement programme will resume. The Energy minister has set a firm date for the conclusion of duly procured power purchase agreements (PPAs): Tuesday March 13th, 2018.

The task of getting the REIPPPP which has endured extended policy uncertainty for over 2 years back on track will no doubt be a challenge for all involved, however, the industry has reaffirmed its commitment to working with government, civil society and labour to ensure that the programme makes an optimal contribution to job creation, advancing the transformation agenda and attracting further foreign direct investment.

Over the past two years, renewable industry employees across the value chain, at power plants, construction companies, manufacturing facilities, service providers and other related firms have been retrenched and many local firms continue to face significant financial losses due to the delay.

South Africa's manufacturing and construction industries in particular, stand to benefit immediately from conclusion of the PPAs. The recovery and growth of the domestic manufacturing industry is particularly critical, given its potential to increase investment, create jobs and drive down the price of renewable technology. Policy certainty is essential to realising continued value chain benefits, attracting investment and creating jobs.

"The Industry is therefore immensely relieved to receive confirmation today from Minister Radebe that PPAs will be signed with no further delay," said Brenda Martin, CEO of SAWEA.

At the end of 2015, after three successful competitive bid rounds utility-scale renewable power projects totalling 6376 MW and amounting to investment of over R200 billion had been procured. The estimated average portfolio cost for all technologies under the REIPPPP has dropped consistently in every period to a combined average of R0.86 /kWh by that point.

37 Preferred Bidders from Rounds 3.5 and 4 should normally have signed PPAs with Eskom by no later than April 2016. Instead, the agreements have remained unsigned, delaying investment of over R59 billion, the creation of over 13 000 construction jobs and a further 2000 operations jobs.

Minister Radebe has advised the Office of the Director General and the IPP Office to commence with the arrangements for the signing of the 27 renewable energy projects to realise the substantial investment that will help to stimulate the country's economy at a time that is most needed.

"SAWEA and all its members look forward to resuming a focus on realising the great contribution that wind and renewable power can make to South Africa's social, environmental and economic development," concluded Martin.

