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## **Independent Power Producers to decide on Power Purchase Agreements**

Preferred Bidders selected in Rounds 3.5 and 4 of the Renewable Energy Independent Power Producers Programme (REIPPP) will need to consider the various legal, financial, and credit risk implications on their projects resulting from the Minister of Energy's recommendations in her statement of 1 September 2017, before they are able to sign outstanding Power Purchase Agreements (PPAs) with Eskom.

Energy Minister Mmamoloko Kubayi announced earlier this month that she would sign the PPAs relating to 26 large-scale renewable energy projects on the 28th October. The signing would however be subject to the IPPs and the DoE coming to an accord on various issues around price and the management of community trusts.

The Minister has recommended a price ceiling of 77c/kWh for all bids in Round 3.5 and Round 4 and the viability of this is currently under consideration by Preferred Bidder IPPs. "The Minister also raised concerns with regard to the funding of the community trusts in these projects, and we believe that greater clarity over those concerns would assist in moving towards a resolution."

SAPVIA says that they will continue to do what is best for the Solar PV industry and support the decisions of the individual Preferred Bidder IPPs once they have evaluated their positions and made a decision as to whether they are willing to proceed under the new conditions.

"We believe that the majority of the IPPs are willing to offer more value and engage openly and honestly with the Department of Energy and the Independent Power Producers office regarding the Minister's statement, but ultimately the decision lies with each of them individually," says SAPVIA Programme Manager Niveshen Govender.

"There are a number of issues that each of the IPPs involved in these rounds need to consider before proceeding with financial close. These include the obvious financial considerations of a lower price, the overall legitimacy of the process, and the risk of legal challenge after closure," explained Govender. Mr Govender says that it would be a "disaster" if the agreements were challenged after signing the PPAs.

This decision will also affect the more than 70 bidders in the Expedited Round who are waiting for official clarification around the status of those bids. “We request DoE leadership to communicate with those projects who have been sitting in limbo for the past two years. If there is a decision to be made, it needs to happen soon because the validity of those bids expire at the end of September” Govender says.

-ENDS-

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SAPVIA represents 180 member organisations in the solar PV industry spanning technical service providers, installer, EPC companies, financiers, developers, utilities and IPP’s.