

DealMakers[®]

RENEWABLE ENERGY

2022



FOREWORD



MARYLOU GREIG

Over the next two weeks, global leaders will gather in Sharm el Sheikh, Egypt, to discuss climate-related topics, as countries address the struggle to cut greenhouse gas emissions amid a global energy crisis, war in Europe and rising inflation.

Africa is home to some 17% of the world's population, but contributes only 2% to 3% of its carbon emissions, and according to the Energy Democracy Initiative, there are three key drivers for a global energy transition away from fossil fuels. The first is the imperative for all governments and non-state actors to take urgent action to address climate change. The second is the need for energy security. The third is the massive advances made in the past few years, in terms of technology, innovation and affordability by the renewable energy sector. The key challenge for such a transition in South Africa is that the shift away from the dependence on coal is managed in a manner that addresses the most pressing socio-economic challenges, namely poverty and inequality.

Last year, South Africa, the continent's most industrialised economy, secured \$8.5 billion in loans and grants from a group of rich countries. However, President Ramaphosa told Parliament days before flying out to Egypt to attend COP27 that the money was not enough, with the release of a just transition investment plan suggesting that South Africa would need \$83bn over the next five years for its plans to cut carbon emissions, harness economic opportunities from the energy transition, and support affected communities. Earlier, the World

Bank indicated that South Africa would need around \$500bn by 2050 to achieve carbon neutrality.

The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) was announced in August 2011, and has since allocated projects to over 92 Power Producers, injecting over 6,300MW of power into the power grid, mainly from solar and wind generation. These sources currently make up about 8% of South Africa's energy mix, but a target of 50% electricity from renewables is perfectly feasible and is the minimum that the country should aspire to.

In South Africa, companies are using M&A to accelerate shifts in their portfolios. Fluid M&A market dynamics will continue to provide a myriad of opportunities for resilient companies to transform their portfolios and reposition themselves for the great energy transition, which will involve both divestments of high-carbon assets and investments in the energy transition.

Articles carried in this feature give insightful information on this topical issue, and the "Meet the Specialists" section introduces some of those individuals who have made dealmaking in the energy space their passion. ♻️



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If it's Just Energy,
it's more than
just energy.

The Just Energy Transition is about communities being transformed, and individuals being advanced. It is the landscape of the country changing – for the better. It's the environment, people and South African business all reaping the benefits of cleaner, more sustainable energy. Investec's Power and Infrastructure Team is the partner of choice for renewable power providers and developers – providing out of the box finance solutions and on the ground commitment that take decarbonisation further. It is our agility that set us apart.

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— OUT OF THE ORDINARY



Investec partners with Pele Green Energy in a unique refinancing of the Touwsrivier CPV1 power plant

Investec's role

Investec Power and Infrastructure Finance, as mandated lead arranger, partnered with Pele Green Energy (Pele) in the refinancing of its 44MWp concentrated photovoltaic (CPV) solar project in Touwsrivier in the Western Cape.

In addition to the debt, Investec's Treasury Sales and Structuring Interest Rates team provided interest rate hedges for the senior term loan, thus providing protection in this rising interest rate environment.



CPV Power Plant No.1 (Pty) Ltd

Sector: Power - Renewable Energy

Investec role: Mandated lead arranger

Asset financed: CPV Power Plant No.1 (Pty) Ltd

Type of funding: Refinancing of JSE-listed project bond

Amount: R1.2bn



About CPV Power Plant No 1:

CPV Power Plant No.1 (Pty) Ltd is a 44MWp CPV solar plant in Touwsrivier in the Western Cape. It was built as part of Round 1 of the South African Renewable Energy Independent Power Producers Procurement Programme (REIPPPP) and has been in operation for seven and a half years. Its main shareholders are Pele Green Energy (Pty) Ltd (majority shareholder), the Public Investment Corporation (PIC) and the Touwsrivier Solar Community Trust (TSCT).

It is one of the largest solar CPV plants in the world and the only one in Africa.

The plant consists of 1,500 dual-axis solar tracking systems with a total of 18,000 modules over 190 hectares. It powers roughly 26,000 homes and has achieved an average reduction of 69 tonnes of CO₂ a year when compared to coal-fired power plants in South Africa.

About Pele Energy Group

Pele Energy Group is a sustainability business and independent power producer that develops, owns, procures, builds and operates power projects in South Africa and other sub-Saharan Africa countries. Pele Energy Group has an established track record in the REIPPPP, operating in key power generating sectors, with over 1.3GW in energy projects at various stages of development.

HIGHLIGHTS AND KEY FEATURES:

- > The transaction is unique in that it involved the refinancing of a JSE-listed project bond, the only REIPPPP project to have been funded in this way. The refinancing will help reduce the tariff of the electricity sold to Eskom under the Power Purchase Agreement, ultimately benefitting the South African consumer.
- > Investec provided grant funding to partly fund the development of a commercial hydroponic farm jointly owned by Pele and the Touwsrivier Community Trust (also a shareholder in the CPV1 Project) located at the project site.
- > The Touwsrivier plant has helped with job creation in the area, including 733 jobs during its construction phase and 44 permanent staff retained to date.
- > Pele group's socio-economic development team has assisted the Touwsrivier community by contributing to 55 bursaries and 59 internships, developing 63 start-up enterprises, as well as the mentoring of 38 SMEs and the installation of three solar PV systems at schools in the community.
- > The project has also made an investment into the development of a community resource centre called the 4-Rooms of Freedom.

