



## **Successful Coal IPP's for Africa : What is Required**

**Fossil Fuel Foundation**

**17 March 2016**

**Yousuf Haffejee**

# Successful Coal IPP's for Africa – What is Required

- **Background**
- **Coal Projects Opportunities**
  - Botswana
  - South Africa
- **What Developers see as Successful IPP Programs**
  - RSA Policy Background
  - Government IRP Plan
  - Policy and Interface Alignments
  - What else developers require

# Coal Opportunities (Botswana)

## Botswana

- 300 MW Tender for Marupule Unit 5 & 6
- Botswana Ministry of Minerals & Energy is procurer
- Build Own Operate structure (BOO)
- Botswana Power Corporation off-taker (30 year PPA)
- Approximately \$ 800 million US
- Marupule Colliery is coal supplier
- Limestone imported from South Africa
- Water under supply by Government of Botswana
- US \$ based Tariff (not limited to local Banks)
- Local equity not mandatory

# Coal Opportunities (South Africa)

## South Africa

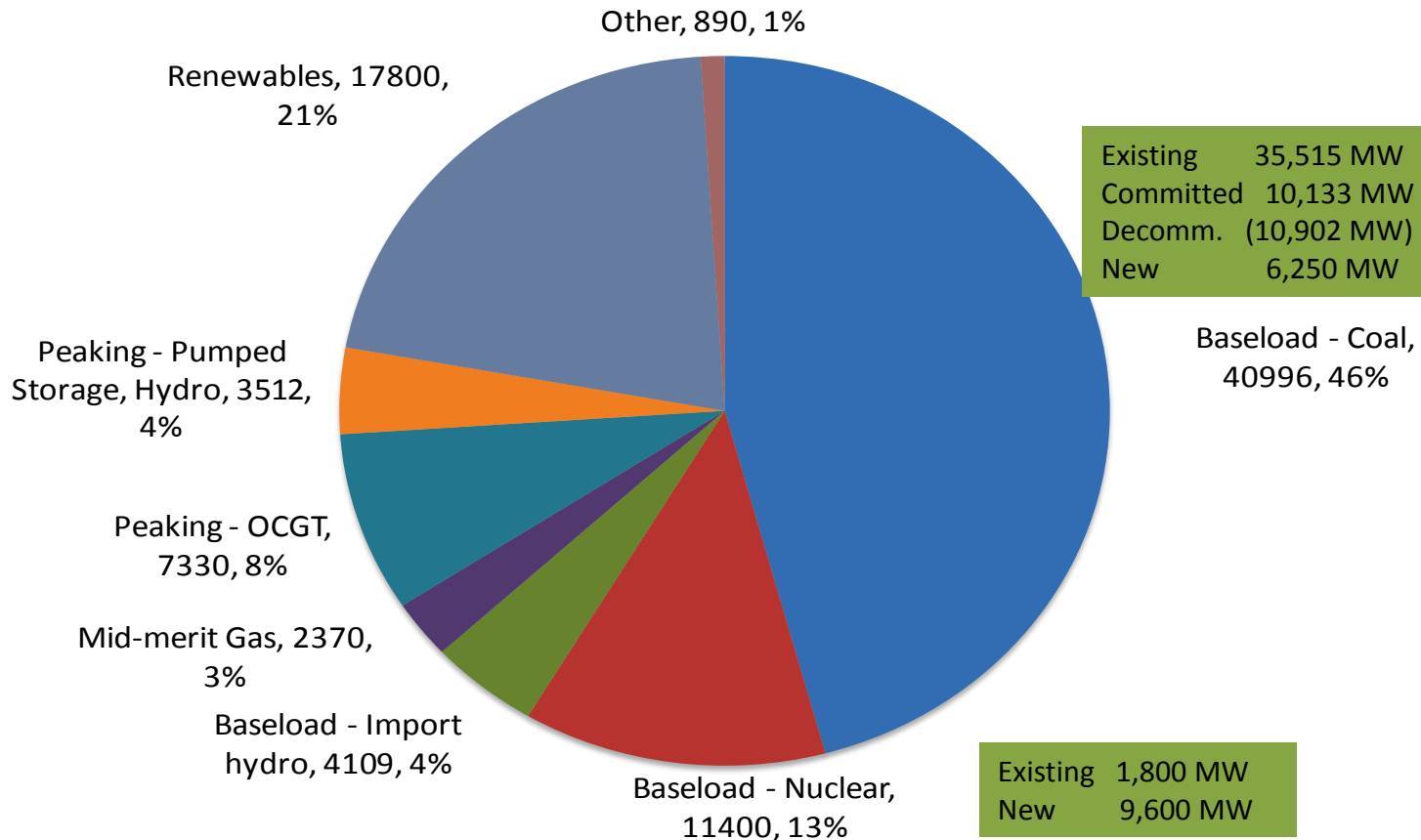
- 1000 MW Tender for Coal bid Window 1
- Department of Energy (DOE) is procurer
- Build Own Operate structure (BOO) + Decommission provision
- Eskom off-taker (30 year PPA)
- Developer to Secure / Source
  - Site inclusive of full EIA
  - Coal & limestone
  - Water
  - Grid
- Ceiling price of 82,0 c/kWh (Rand based tariff)
- Debt Funding only from local banks and DFI's
- 30% BEE Equity required
- 51% RSA Equity required

# South Africa Background to Policy

- **South African energy policy supports the entry of IPPs and the development of private sector generation**
  - 1998 White Paper on Energy proposed liberalization of the power sector
  - 2001 Cabinet decision proposed a 70/30 split between Eskom Generation (100% Government owned) and IPPs
  - 2004 White Paper on Renewables proposed renewable targets
  - National Government extremely supportive of creating a green economy that supports localization and job creation
  - 1<sup>st</sup> IRP Determination (29 January 2010)
  - Electricity Regulations on New Generation (30 Nov 2010)
  - IRP 2010 -2030 (6 May 2011)
  - Energy Determinations (19 December 2012)
  - IPP Procurement Renewable 2013
  - IPP Procurement Coal 2015
  - IPP Procurement Gas 2016

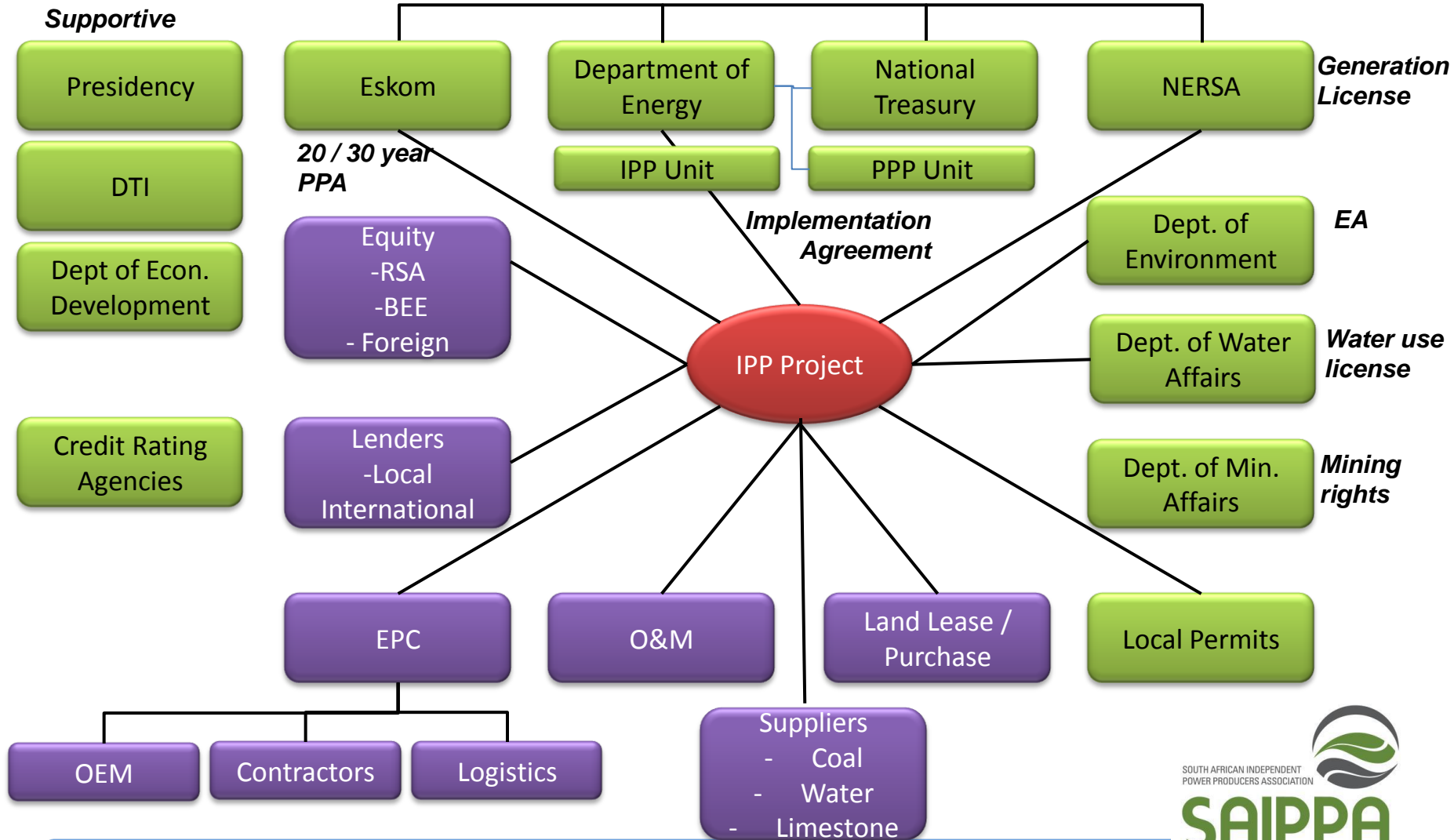
# South Africa Capacity in 2030 (IRP)

## RSA Electricity capacity, 2030 (MW)



# Essential Policy / Interface Alignments

*Inter-Governmental Framework Agreement (Government Guarantee)*



Government needs to succeed in aligning its' elements.

# Successful Coal IPP's for Africa : What Els is required

## Policy Certainty

Government commitment and support for IPP

Appropriate Timelines and Approval process

Bankable Documents (PPA, IA, Grid etc.)

Stable Financial Environment

Stable Political Environment

Appropriate Risk Allocation in PPA

Credible off-taker under PPA

Fair Returns



# Successful Coal IPP's for Africa – What is Required

# Thank You

Yousuf Haffejee

Yousuf-haffejee@marubeni.com

