

African Power Corporation (AFPOC)

5 permanent, 318 temporary construction jobs
Employees

USD 5.6m
Fund investment

Region: South Africa
Sector: Renewable Energy
Year of investment 2012
Fund intermediary: Evolution One
Financial intermediary: Inspired Evolution
SIFEM investment into fund: USD 8m

African Power Corporation (AFPOC) is a private holding company owning 50% of African Clean Energy Developments (ACED). ACED is at the forefront of renewable energy development in South Africa. It carries out some of the most advanced onshore wind and solar photovoltaic (PV) projects in South Africa with 1.8GW in various stages of development. SIFEM has invested into AFPOC via Evolution One, a private equity fund dedicated to clean and renewable energies in South Africa

The Situation in South Africa

- Currently only about 85% of South Africa's population have access to electricity. This represents a dramatic increase from 35% of households having access to electricity in 1990; however the country's demand, which is currently not satisfied, is expected to double in the next 20 years. Large-scale national electrification interventions have provided a foundation for many communities to improve their economic wellbeing, health and quality of life, but around 8 million people still lack access to electricity.
- The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) has been designed by public authorities to encourage private companies to assist in reaching a targeted production of 10,000 GWh of renewable energy. This targeted production of 10,000 GWh is equivalent to about 5% of the present electricity generation in South Africa, and is the amount of electricity required for approximately 2 million households. Projects which succeed to take part in the program are able to sell their production to the national grid at previously agreed tariffs.
- Local job creation, local ownership, and economic and socio-economic development are criteria which the projects must fulfill to qualify for the REIPPPP. This is particularly significant as South Africa has a rate of unemployment of 25%.
- Large parts of South Africa's coastal land, as well as various inland areas, yield a commercially tenable source of wind energy, which has not yet been fully harnessed.

Development Effects in a Nutshell

- African Clean Energy Developments (ACED) has onshore wind and solar PV projects in various stages of development. The most advanced of these is the Cookhouse Wind Farm; once completed, it will be the largest wind farm in South Africa.
- Once beginning commercial operations in 2014, the Cookhouse Wind Farm will provide enough power for about 145,000 low-income homes in the area - a net of 135.4MW of clean power capacity via a grid connection located adjacent to the site.
- The Cookhouse Wind Farm Project will supply clean energy directly to the national grid; it is taking part in the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) as a small independent power producer.
- The Cookhouse Wind Farm project will contribute significantly to local economic development by offering additional jobs and training - not only during the construction phase, but continuing over the project life. In addition the project will actively invest in socio-economic development initiatives, including education, health, skills development and environmental conservation.
- ACED has worked with its partners to establish the Cookhouse Wind Farm Community Trust, creating a black economic empowerment ownership scheme holding 25% equity in the Wind Farm. The local communities within a 50km radius will benefit from funds for community development programmes, in particular supporting the local agriculture sector.

Data as of 2013

Obviam has made reasonable efforts to ensure the accuracy of the data presented. A case study is made possible both through Obviam's first-hand experience and/or the information provided by Obviam's investment partners. Data is valid as per the date recorded.



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