

Red Cap Kouga Wind Farm Development Company

15 for operation phase
Employees

USD 8.5 mio
Fund investment

1.09% of revenue will be spent on socio-economic development projects
Social Responsibility

Region: South Africa
Sector: Renewable Energy
Year of investment 2012
Fund intermediary: Evolution One
Financial intermediary: Inspired Evolution
SIFEM investment into fund: USD 8 mio
<http://inspiredevolution.co.za/>

Red Cap Kouga Wind Development Company (DEVCO) is focused on developing a portfolio of onshore wind energy projects in the Kouga Region in the Eastern Cape Province of South Africa, an area with exceptional wind resources. One of these projects is the Kouga Wind Farm (KWF) which is due to begin commercial operations in November 2014. SIFEM has invested into DEVCO and KWF via Evolution One, a private equity fund dedicated to clean and renewable energies in South Africa.

The construction of Kouga Wind Farm is the realization of a dream to build a proudly South African wind farm with significant community ownership.
Mark Tanton, Managing Director

Video

The Situation in South Africa

- Currently only about 85% of South Africa's population has access to electricity and the country's demand 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 well-being, 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 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

- The Kouga Wind Farm consists of 32 wind turbines, with a combined total power capacity of 80MW. The wind park will generate approximately 300 GWh of clean energy per year, which is sufficient to fully provide the yearly electricity consumption of approximately 50,000 households.
- The Company is taking part in the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) as a small independent power producer which will supply clean energy directly to the national grid.
- By providing clean and renewable energy, KWF will help to reduce South Africa's impact on climate change and dependence on coal power, displacing approximately 290,000 tons of CO₂ annually.
- All of DEVCO's wind energy projects are developed in partnership with landowners, the local community, environmental experts and public stakeholders, with the aim of benefitting all parties involved and avoiding negative impact on the environment. For instance the Kouga Wind Farm is working with a local conservation NGO to identify and implement conservation initiatives in the region including vegetation search and rescue, rehabilitation, and monitoring of risks to bat and bird species.
- Approximately 85% of the operational costs are expected to be spent in the Eastern Cape area, which translates into an economic impact on the local communities of USD 9 million per year.

Social Responsibility

- The Kouga Wind Farm Community Trust is a broad-based black economic empowerment ownership scheme which owns 26% of the wind farm. It is expected to benefit directly from more than USD 100 million during the project's life, supporting local communities via socio-economic development and enterprise development projects.

Data as of June 2014

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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