

Energy Strategic Business Unit

Development funding for the Just Energy Transition



Industrial Development Corporation

Partnering you. Growing the economy. Developing Africa.

The world has been gearing towards cleaner, greener, more energy efficient ways of doing business and life for a number of years now. The Energy Strategic Business Unit (SBU) was formed in 2020 to assist the IDC in spearheading this global initiative in Africa. The Energy SBU ensures sustainable energy security in South Africa and the rest of the continent and strives to be the leading catalyst funder in Africa of reliable and affordable clean energy solutions that drive inclusive economic growth.

The South African energy sector is currently undergoing several exciting and impactful transformations, moving away from traditional fossil fuel power sources to lower carbon, environmentally sustainable technologies and business models, such as Renewable Energy (e.g. Solar PV, Wind, Biomass and Hydropower), Energy Storage Technologies, Green Hydrogen, Distributed Generation, Mini and Micro Grids, Energy Efficiency and Management, etc.

In support of this energy transition, the South African Government issued an updated Integrated Resource Plan (IRP2019), which presents a major shift towards these low carbon emitting technologies.

Through its funding support to the energy sector, the IDC has been proactive in contributing to the country's Just Energy Transition and energy security.

R15.4 BILLION invested in renewable energy.

25 Community Trusts funded enabling active participation.

	NORTHERN CAPE	WESTERN CAPE	NORTH WEST	EASTERN CAPE
Number of projects	15 projects	3 projects	1 project	6 projects
Combined purchase price for community shareholding	R2.5 billion	R23 million	R23 million	R256 million
Combined capacity	486MW	13,6MW	13,6MW	386MW

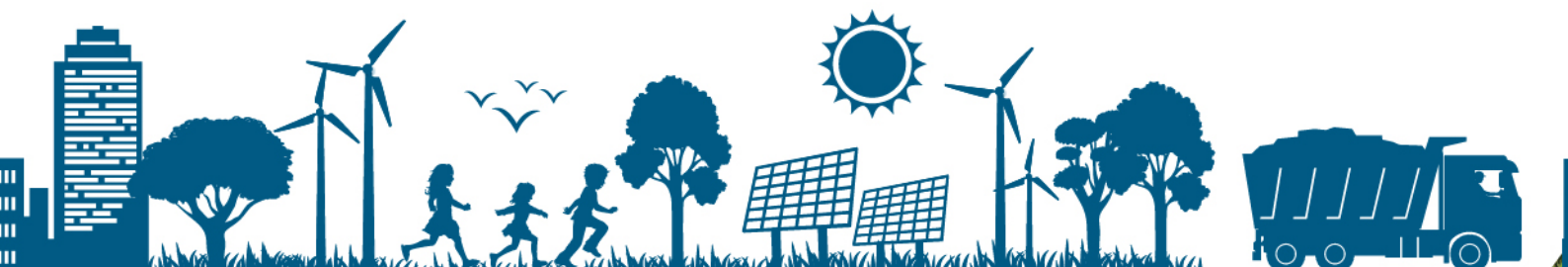
The Energy SBU has a specific focus on stimulating local, regional and continental economic activity through targeted funding and investments in the energy value chain with significant development impact, including support for:

- Operational and ownership participation of black / women / youth technical partners / developers and operators.
- Increased adoption of new (but proven) energy generation and storage technologies and innovative business models, to ultimately justify the establishment of local production capacity of these components or systems to supply the local market, as well as for export to the continent and the rest of the world.

We target opportunities at bankable stage, ranging in size from Utility Scale through to Small-Scale Embedded Generation. We support opportunities aimed at the Southern African Government's Independent Power Producer Procurement Programmes and opportunities in the private sector, specifically in the Commercial & Industrial space.

We focus on viable energy projects that boost the country's energy supply security whilst not impacting the environment adversely. To this end, we support projects that focus on the reduction or avoidance of carbon emissions.

We manage several funds, which allows us to offer attractive funding terms for Clean Energy Generation and/or Efficiency opportunities. The unit also continues to build strategic partnerships with commercial banks, other Development Finance Institutions, Private Equity Funds and Investment Houses focused on investing in the Energy space in general, and in Renewable Energy specifically. IDC always prefers to co-fund opportunities with one or more of these funding partners.



Who And What We Fund?

The SBU provides funding in the following sub-sectors of the value chain:

- For own use by companies in the Commercial & Industrial (C&I) space.
- To Independent Power Producers (IPPs) for sale under long term off-take agreements, such as Power Purchase Agreements (PPAs) to:
 - Energy Intensive Users, such as mines, chemicals processing companies, smelters, etc.
 - Other C&I companies
 - Eskom under any of the Government's Independent Power Producers Procurement Programmes, e.g., RMIPPPP, REIPPPP bid windows, etc.

Examples of energy generation and efficiency opportunities that we can consider for funding support include:

- Renewable Energy (Solar & Wind) deployments
- Gas-to-Power
- Biomass-to-Power
- Hydropower
- Coal to power technologies with proven carbon sequestration processes and complying to emission standards
- Micro & mini grids
- Proven Energy Storage technology deployments
- Cooling-as-a-Service
- Heating-as-a-Service
- Deployment of Fuel Cells
- Waste-to-Energy
- Heat-to-Energy
- Green Hydrogen

Investments In The Rest Of Africa

The project must be of direct benefit to South Africa in any of the following ways:

- Must promote regional economic development with linkages to South Africa.
- Upstream / Downstream businesses within IDC value chains.
- Must develop and integrate regional value chains in line with IDC priority sectors.
- Must support the implementation efforts of the African Continental Free Trade Area to entrench the development of regional value chains and move away from a reliance on offshore supply chains.
- The minimum size of the total project funding requirement must be:
 - ZAR 5 million for SACU-based investments.
 - USD 3 million for SADC-based investments.
 - USD 10 million for investments in countries outside SADC.
 - Rand, US Dollar and Euro-based funding are available.



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