

Time is of the essence for small power developers – SOLA Future Energy

Small power developers that invested in securing contracts in the government's renewable energy procurement programme, are in the dark about when their agreements will be finalized.

This is according to Dominic Wills, CEO of SOLA Future Energy, who says several local companies have been forced to retrench staff because of the financial impact of the delay in concluding the contracts for "small projects".

The department launched the Small Projects IPP Procurement Programme (SPP) in 2014, favouring locally owned companies with a sharp focus on BBBEE and local procurement. "Although the projects were awarded in 2015 following a competitive process, what followed was a series of missed deadlines," he explains.

The programme, aimed at emerging small power developers on projects with less than 5MW of capacity, was intended to give manufacturers and Engineering Procurement and Construction companies ("EPC") who do not yet have international certification, the opportunity to supply equipment and services for the projects.

"To date, they've been left with stagnant projects and no answers," Wills explains.

He says this situation demonstrates the importance of government oversight and follow through to prevent projects from falling by the wayside.

"Many small-scale developers are trying to build a successful track record that will allow them to secure contracts," says Wills. "These projects would have enabled them to do so. One cannot build in this industry without a track record."

Wills says the recent successful conclusion of 27 power purchase agreements has shown what can be achieved when government and private companies engage. Energy Minister Jeff Radebe recently announced that companies will have a fresh opportunity to supply the national grid with electricity when the next bid window of the Renewable Energy Independent Power Producer Procurement Programme opens in November.

"Similar engagement is needed to conclude the Small Projects IPP," he concludes.