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Senior Transactor:  
Infrastructure Sector Solutions

**AREA OF SPECIALTY**

The Infrastructure Sector Solutions team of Rand Merchant Bank is a multi-disciplinary team and covers all types of infrastructure, including ports, rail, road, conventional and renewable power, water, telecommunications, and industrial and manufacturing facilities. Given the above, I have a broad range of project finance and infrastructure related transactional experience.

**EXPERIENCE WITHIN THE INFRASTRUCTURE SECTOR, AND MORE SPECIFICALLY RENEWABLE ENERGY**

Over the course of the last 10.5 years at RMB, I have had the privilege of closing several infrastructure transactions, across a range of sectors including telecommunications, ports, accommodation PPP's and power. Two renewable energy transactions specifically worth noting are the small renewable energy debt fund and the Harmony Gold wheeling private power transaction – both of which were unique. The first involved the development of a debt fund alongside a German DFI to fund small renewable energy transactions in South Africa – a sector which has seen rapid growth but has struggled to secure project finance funding solutions from commercial banks. This debt fund has grown to c.R800m of diversified exposures across a range of resources and credit risk. The Harmony Gold transaction was the development of 3 x 10MW solar PV projects - two behind the meter, and one in-front of the meter. This transaction was one of the first private power transactions to close under the new regulation in South Africa.

**THOUGHTS ON INFRASTRUCTURE AND RENEWABLES IN SA**

The South African Government has made it clear that South Africa's future energy mix includes renewable energy. Against the backdrop of the low performance of coal-fired power stations and the decommissioning of older coal-fired power stations, the contribution of renewable energy to our power supply remains a relevant input for the foreseeable future. There is ample funding available

for renewable energy transactions in South Africa. This coupled with the issue of trading licenses to entities looking to trade power and create a liquid secondary market for power will lead to greater flexibility and exponential growth of the sector.

**HURDLES/CHALLENGES WITHIN THIS SECTOR**

The recent deregulation of the energy sector, made possible via the amendments to the Electricity Regulation Act (2006), have gone a long way to liberalise the energy market in South Africa. Large corporates now have the option of procuring significant amounts of renewable energy generated by Independent Power Producers, in the same way that Eskom has under the Renewable Independent Power Producer Program (REIPPP). The challenges facing this sector, as it continues to grow and evolve at a rapid rate, is and will continue to be, grid capacity and availability of grid connections until further investment is made by Eskom to address this constraint. The evolution of, and sustainability of Eskom is critical as the grid owner, and baseload power supplier of our country.

In addition, wheeling projects, typical of IPP-type power procurement, require a robust wheeling framework to facilitate the transfer of power from seller to buyer, and the reconciliation of the consumption of renewable energy in the buyer's electricity invoice. The wheeling framework is established and tested in the Eskom construct—but wheeling across municipality grids remains a constraint. Many municipalities are without a wheeling framework in place, resulting in the inability of corporates with a municipal grid connection, to procure power from IPP's. ♻️

