

Storage will make CSP projects more financeable in South Africa

Concentrated Solar Power (CSP) has been positively affected by the decision of the South African Department of Energy (DoE) to increase the tariff uplift for producing power during the peaking hours of the day, as they will get paid 2.7 times the agreed tariff rate.

It can become an incentive to the CSP producers in the country to build plants that have at least six hours of storage. Plants with more storage have greater capacity to determine when they want to produce the power, which in turn gives the power generator greater flexibility and influence over how much revenue it will be able to earn.

“All of these factors have contributed to a reduction in the risks for CSP, which in turn will make these deals more bankable”, said Alastair Campbell, Managing Director at Vantage GreenX and former Head of Power Finance at Standard Bank in the latest CSP Today Quarterly Update.

“The tariff uplift in the peak hours is forcing the CSP developers to structure their deals more like peaking projects than mid merit projects which, when compared against the cost of generating power from gas or distillate peaking alternatives in South Africa, starts to make a lot more economic sense. Over its lifetime, CSP with storage is probably the cheapest peaking alternative in this country, which in turn will make these projects eminently more financeable”, added Alastair Campbell.

Vantage GreenX will be will be joined at CSP Today South Africa 2014 (8th – 9th April, Cape Town) by leading financial institutions such as Investec, Standard Bank or DBSA who are all active in South Africa’s renewable energy program (REIPPPP) to guarantee your project is bankable in future bidding rounds.

For more information about CSP Today South Africa 2014 visit the website: <http://goo.gl/sN0OpB>
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