

First refinancing transaction for Bokpoort CSP concluded with R5bn deal

Located in the Northern Cape, the ACWA Power Solafrica Bokpoort Concentrated Solar Power (CSP) plant has achieved refinancing in a R5bn deal with its project financiers, led by Investec Bank. The project is part of South Africa's Renewable Energy Independent Power Producer Procurement (REIPPP) programme.



In May this year, the Department of Mineral Resources and Energy (DMRE), via the IPP Office (IPPO), invited Bid Window 1 – 3.5 IPPs to consider participating in a voluntary refinancing initiative. Bernard Magoro, head of the Independent Power Producers Office, was pleased to have reached this significant milestone in concluding the first such transaction. “We hope that this will encourage other Bid Window 1-3.5 IPPs to also participate and jointly contribute to a reduction in the wholesale price of electricity.”

Setting production records

The ACWA Power-developed, majority-owned and managed plant achieved commercial operations date (COD) in March 2016, and has since been setting new production records, including the African continental benchmark for 13 days (312 hours) of continuous operations on 23 October 2020 and recently an all-time record for maximum daily production at 1,077MWh, recorded on 30 November 2020 at a daily load factor of 89.8%.

The R5bn deal is particularly significant in the context of the government's recently gazetted plans to increase the country's reliance on affordable, reliable and sustainable electricity through solar and other independent power producer (IPP) projects.



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Impacting the cost of electricity

“Accelerating South Africa's transition to a cheaper and more sustainable energy mix requires innovative funding solutions,”

explains Andre Wepener, head of the Power & Infrastructure Finance team at Investec Bank. “This refinancing transaction increases gearing and creates more favourable debt terms, effectively reducing the project’s cost of capital. The structure unlocks a reduced tariff to Eskom under the Power Purchase Agreement (PPA), which directly impacts the cost of electricity for South African consumers.” Additional project lenders include Absa, RMB, Omsfin, Sanlam and Futuregrowth.

Founded in June 2013, ACWA Power Solafrica Bokpoort CSP is a ring-fenced project company, established by ACWA Power, a Saudi developer, investor and operator of power generation and desalinated water plants worldwide. Additional shareholders in the project company include the Public Investment Corporation (PIC), Solafrica Lereko Investments, the Lereko Metier Solafrica Fund I Trust, Kurisani Solafrica Investment, Solafrica Community Investment Company and Lereko Metier Sustainable Capital Fund.



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Socio-economic, community impact

The initial build project attracted approximately R1.4bn in foreign direct investment into the country, with almost 42% of the total project costs directed to local content and value-add in civil works, reinforcing steel, structure steel, local manufacturing, as well as pre-assembly and on-site assembling. The refinancing transaction also extends the socio-economic and community impact of this greenfield project, which created roughly 1,300 jobs during the peak construction period and now employs 61 permanent staff during operations

Located in the Northern Cape Province to maximise the country's solar resources, the 50MW plant was one of the first CSP projects awarded under the REIPPP programme, and includes 1,300MWh of molten salt thermal energy storage capacity, making it one of the biggest storage facilities of all CSP plants in South Africa. The project operates on a 20-year PPA with Eskom, consistently producing electricity to meet South Africa's peak demand periods in support of the grid.

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