

Preferred bidder for 2,600MW renewable energy to be announced next month

The minister of mineral resources and energy Gwede Mantashe says his department is planning to announce the preferred bidder for the procurement of 2,600 megawatts of renewable energy under Bid Window 5 by the end of next month.



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Mantashe said this while the ministers in the economics cluster responded to oral questions in the National Assembly on Wednesday, 8 September.

“The department is in the process of procuring a further 6,800 megawatts of renewable energy. From this proposal, 2,600 megawatts will be under Bid Window 5, which is being evaluated, with the preferred bidder announcement planned for the month of October 2021.

“The remainder of the 6,800 megawatts capacity is planned for procurement before the end of March 2022,” the minister said.

To date, the department has completed the procurement of 6,422MW of renewable energy. Through four bidding rounds, as at the end of June this year, 5,422 megawatts is already connected to the grid and is part of the energy supply.

Mantashe said renewable energy now accounts for just under 10% of electricity supply, with the country still heavily reliant on Eskom.

“In line with the Integrated Resource Plan 2019, additional renewable energy capacity will be released to Eskom and municipalities as and when requested, when requests for Section 24 determination are received.

“The biggest allocation for new generation capacity to be developed between now and the year 2030 is renewable energy.

“The Integrated Resource Plan 2019 provides for 14,400 megawatts of additional wind power, 6,000 megawatts of additional solar power and 2,088 megawatts of battery storage.



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Renewable energy a necessity to the economy

Mantashe said, meanwhile, that one of the issues that need to be considered about renewable energy is that while it is expensive technology to be introduced, it is necessary to do so, as it contributes to economic growth.

“What we should always take into account is that renewable energy is relatively new technology in South Africa and if you look at Bid Window 1, 2, 3, and a little bit of Bid Window 4, one of the issues was that it was expensive to build renewable energy.

“But I always argue that that was a subsidy for introducing technology that was necessary in the economy.

“Therefore, it was not a cost, rather that it was a premium paid for introducing technology to the economy.”

Mantashe said the second inhibiting factor is the fact that the components of building renewable energy are manufactured outside of South Africa.

“That’s inhibiting, as it does not give South Africans optimal benefits of the technology and lastly, it is the fact that it is still dominated by foreign companies. We have a responsibility of ensuring that there is an increased participation of South Africans in the technology.”



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Local manufacturing

To combat high costs, Mantashe said his department is working towards localising the manufacturing of renewable energy components in the country, which is expected to lead to job creation.

“The department is working with business, labour and community representatives to develop localisation and industrial plans that will make it possible for us to attract investment and develop local manufacturing capacity.

“Analysis of the potential jobs in renewable energy shows that large numbers of jobs will be created during the manufacturing and construction phase. It is crucial for us as a country to maximise economic opportunities that come with the planned power generation capacity,” Mantashe said.

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