

# Independent power generation offers investment opportunities

While Eskom's massive debt and lack of maintenance has resulted in load shedding and an inability to service the debt, Energy Minister, Gwede Mantashe comments that the government is looking forward to creating a new entity with the ability to generate power independently from state-owned power utility has piqued investor interest.



Image source: Getty/Gallo

"By this time next year, we hope we can say we have a site for energy generation outside of Eskom. We want people to sell energy through transmission. We want to take the pressure off of Eskom," he said.

The minister believes that any such venture should ideally be a government and private investor partnership enabling both parties to consolidate their resources. Working in tandem will enable them to deploy a diverse variety of technologies and power generation modes, including gas, solar power and clean coal. The minister further divulged that the idea of creating alternative power generation was inspired by a model from the Netherlands which is expected to enhance the competition to close the energy gap while reducing prices for commercial as well as residential consumers.

## Pressure from stakeholders

This presents a great opportunity for African investors to become a constituent of a highly profitable energy sector where demand is only going to increase in the coming years. Eskom's current theoretical capacity is slated at 45,00 MW; however, the state-run power venture has failed to generate more than two thirds of its capacity. This implies a deficit of 15,000MW to be offset and industrialists, miners and other stakeholders are willing to pay a reasonable price in this regard.

This particular investment opportunity entails financial gains along with forging strategic alliances within government ranks. According to Eskom's CEO, André de Ruyter, it may take more than a year for the company to repair the power stations in an endeavour to alleviate the shortage. The severe power cuts in December 2019 have put the South African incumbent government on the defensive with mounting pressure from all the stakeholders. As such, investors will possess an extensive amount of leverage to strike a favourable deal. As it stands, the government has already announced to waive off the condition of a license for mines producing their own power..

For more, visit: <https://www.bizcommunity.com>