

NERSA

Public Hearing



Solar Capital Orange (Pty) Ltd.

AGENDA

1. Company Introduction
2. Economic Development
3. Project Background and Information
4. Project Progress
5. Technical Information
6. Project finance and funding
7. Value for money
8. Interested parties / stakeholders
9. Objections
10. Project timelines and Expected CoD

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1. Company Introduction



SOLAR CAPITAL ORANGE

- Solar Capital Orange (Pty) Ltd
 - Registration number 2012/009340/07
 - Established as a special purpose vehicle in 2012

47 Main Road
Green Point,
Cape Town, 8005
0214330366

Contact information: lilly@solarcapital.co.za



THE DEVELOPER

WHO WE ARE

Solar Capital (Pty) Ltd is a South African based International Investment and Renewable Energy Development Company, with the vision to become a world market leader in the production of renewable energy.

Solar Capital's highly qualified and specialized international team has in depth knowledge and experience within the sectors of corporate finance, renewable energy, engineering and technologies development.



VISION

- To build “People Capital” with integrity and proven experience.
- Establish Integrity in all aspects of our business through the creation of a climate of respect for the individual and encourage self-respect.
- Strong focus on corporate responsibility to aid Sustainable Development through social, education, environment and job creation.
- Delivering low cost, reliable energy thanks to continue Innovation across all our business pillars



A LEADING IPP COMPANY

MANAGEMENT

Demonstrated

Grid connected 75MW in De Aar , producing power for Eskom since August 2014
Under construction 75MW in De Aar, expected grid connection in early 2016

PORTFOLIO

Diverse

Over 2,500 MW of solar projects across South Africa

GROWTH

Expanding

Growth target of over 200 MW to be installed each year for the next 10 years
The Group is expanding into new markets; Asia, Middle East and Sub Saharan Africa

2. Economic Development



ECONOMIC DEVELOPMENT

Commitments during construction (12 month period) **directly benefiting the community:**

- 99.43% of employees will be RSA Based Employees who are Citizens
- 86.74% of employees will be Black People
- 73.32% of employees will be Skilled Black People
- 79.32% of employees will be from the local community within approximately 100km of the facility



ECONOMIC DEVELOPMENT

Commitment during construction **benefiting South Africa:**

- Local Content Procurement in South Africa - 56%
- Shareholding by SA Black People in Seller – 42.40%
- Shareholding by SA Black People in the Contractor – 14%
- Shareholding by SA Black People in the Operator– 33.51%
- Procurement from BBBEE - 77.54%
- Procurement from OSE's & EME's (SA) - 10%
- Procurement from Woman Owned Vendor's - 5.09%



ECONOMIC DEVELOPMENT

Commitment during Operations & Maintenance (20 years period) for funds to be spent on the Economic Development in Loeriesfontein, Calvinia, Nieuwoudtville and Brandvlei .

- 0.65% of Revenue
- 1.61% of Revenue
- Community Trust owns 12.50% of the project – money will become available when dividends flow. At least 2 years after final completion of construction.



SOLAR CAPITAL 2015 Entrepreneurial Programme

- **R2 million - UFS Business School**
- Adult Entrepreneurs -17 Participants took part in 8 month training programme, 3 days a month. Course content: Entrepreneurship, Management, Marketing, Financial Management, Project Management , Strategic Management, Mentorship. 8 Top candidates chosen to receive financial and other assistance.
- Scholar Entrepreneurs – 20 Grade 11 & 12 Learners enrolled for a 6 month entrepreneurial programme. Course content: Entrepreneurship, Management, Financial Management, Project Management, Strategic Management. Successful students automatically enter the Adult Entrepreneurs Programme or receive a bursary for entrepreneurial studies.

** Solar Capital – Track Record in De Aar.*

3. Project Background and Information



ORANGE LOERIESFONTEIN - *awarded*



GENERAL INFO

Project extent (ha.)	193
Number of projects	1
GHI	2220
Installed unit capacity DC	86.25 MW
Distance to substation	6 km
Technology	Poly PV

STATUS

The project was submitted under the Bid Round 4 REIPP.

The project capacity was awarded in June 2015, construction will start in 2017 due to Eskom connection constrains.

4. Project Progress



PROJECT PROGRESS

Feasibility Studies and regulatory permits	Status
EIA	<i>Approved</i>
Environmental Authorization	<i>Approved</i>
Title Deed	<i>Approved</i>
Option Lease and Servitude & POA	<i>Approved</i>
Section 53	<i>Approved</i>
SKA	<i>Approved</i>
Land Claims	<i>Approved</i>
Water Use License Legal Review Report	<i>Approved</i>
General Authorization for Water Use	<i>Approved</i>

5. Technical information



Location Information



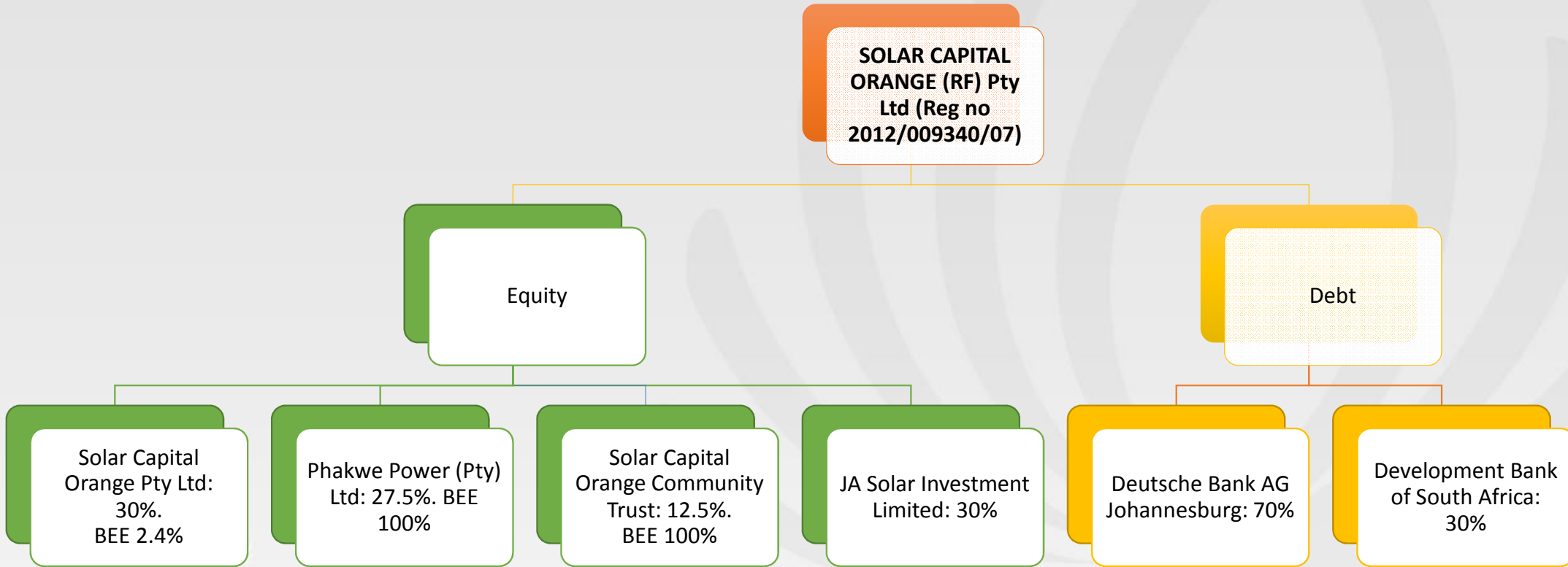
Technical information

- The Facility will be located on the farm Narosies which is approximately 55km North of the town of Loeriesfontein in the Hantam District Municipality, Northern Cape Province
- The project will connect to the Eskom Grid via a new 132kV Switching Station (Narosies Switching Station) to be constructed on the land adjacent to the Facility
- A new 6km 132kV Eskom line will connect Narosies to Helios MTS (this line route and capacity has been determined with Eskom planning to support future grid in the area)
- At Helios a new 132kV feeder bay will be constructed
- A 22/132kV substation adjacent to the Eskom Switching Station will connect the facility to the Eskom Grid
- The installed DC Capacity of the Facility will be 86.25MW delivering 75MW to the Grid
- The project will utilize Polycrystalline Modules mounted on a single axis tracking substructure connected to inverter stations
- An on site Control Room will be constructed for manned maintenance
- The size of the Facility will be 193 hectares

6. Project Finance and Funding



FUNDING STRUCTURE DIAGRAM



7. Value for money



VALUE FOR MONEY



- **Cost**

- The cost for Solar Capital was carefully considered and all elements were investigated to ensure a realistic but competitive price at attainable cost considering all possible contingencies with the overall mission to deliver a project of above expected standards within the project time and costs to make all South Africans proud.

- **Price**

- This is a result of a major cost management exercise as part of our own determination for lower cost solar energy in South Africa. And that is why we can offer such a competitive price.

VALUE FOR MONEY



- **Quality**

- Proper and thorough research for the best quality suitable product considering the South African conditions, led to supply partnerships with manufacturers of photovoltaic application solar panels for long lasting power supply at consistent levels without interruptions. The product will be optimizing the available irradiation and systems will be transferring to the national network with proven quality products of superior quality. The environment and topography are perfectly suited to contribute to a high quality output. The position and close proximity of the connecting substation ensure quality of feed.

- **Quantity**

- The installation of 86.25MW is the optimum quantity to cost effectively generates 75MW net power into the grid.

VALUE FOR MONEY



- **Risk**

- All risk elements were carefully considered and analyzed in compiling an effective and efficient solution and where possible measures imposed to mitigate risks. Solar Capital is convinced that we properly and adequately addressed all potential risk elements to ensure risk are covered, eliminated or minimized. Mitigation plans are in place as part of our risk management program.

Value for Money



• Economic Development

- *Solar Capital Orange, Solar Capital and other stakeholders are convinced that we shall make a permanent difference through Economic Development in the areas of Enterprise and Social Development as well as the Community Trust.*
- The committed 0.65% of Revenue allocated for Enterprise Development will fund "The Annual Solar Capital Entrepreneurial Programme". Members of the community enter the programme, they are coached and mentored in the development of sustainable enterprise, once they have completed the 8 month course funds and other assistance are provided for these entrepreneurs. Approved existing entrepreneurs will also have access to funding or other assistance.
- The committed 1.61% of Revenue allocated for Social Economic Development will be used to implement social programmes that were identified during stakeholder engagement. Areas that were highlighted are healthy recreation facilities, upgrading of the health care facility, programmes and a facility addressing substance abuse, creation and implementation of programmes and facilities to ensure wise water usage, vegetable gardens ensuring food security.
- Community shareholding in the project is 12.50%. Money will become available through dividends and will be used to fund projects identified by local beneficiaries.

VALUE FOR MONEY

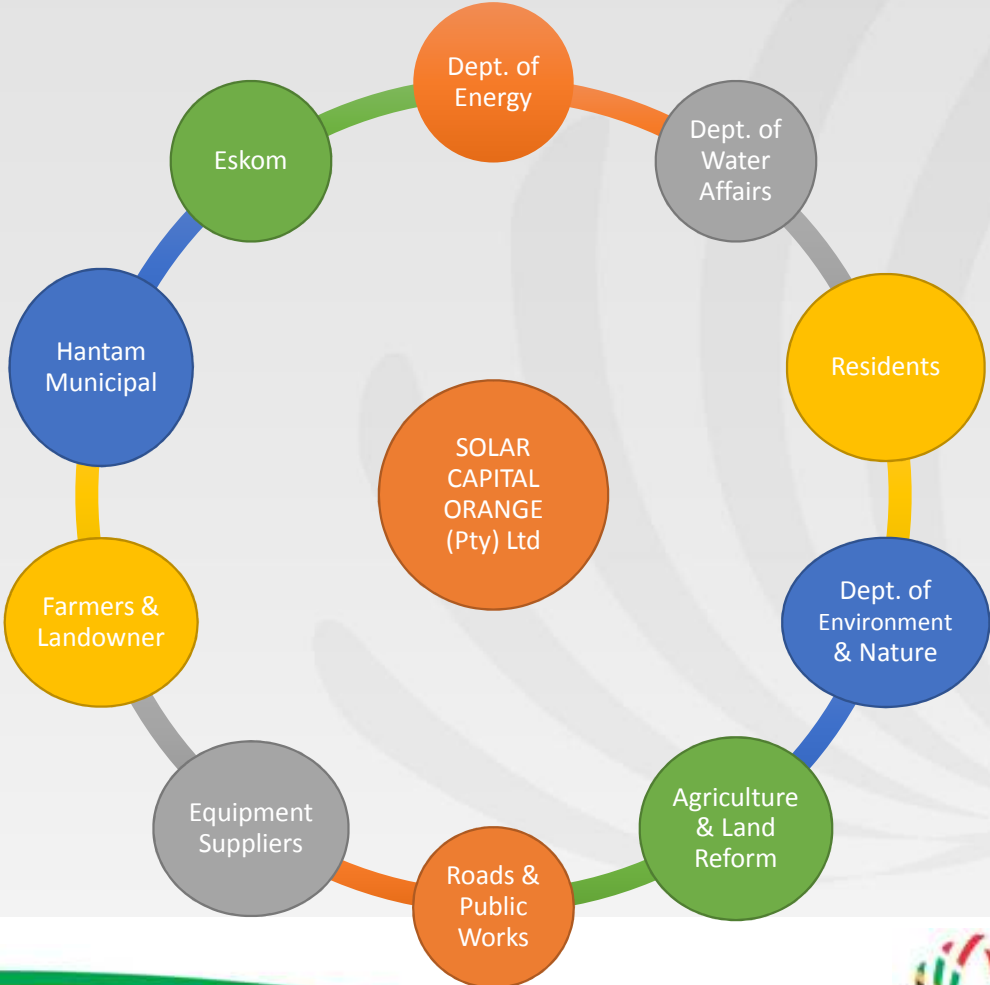


- **Improving Lives of Black South Africans**
- Solar Capital Orange has a 12,5% BEE Empowerment Company as a shareholder.
- Solar Capital is keen to implement direct and immediate measures to facilitate in community needs.
- Our partnerships are well aligned and the projects identified in areas where delivery has been lacking and in which high needs in the community has been identified.

8. Interested parties / stakeholders



PROJECT COMPANY STAKEHOLDERS DIAGRAM



9. OBJECTIONS



OBJECTIONS

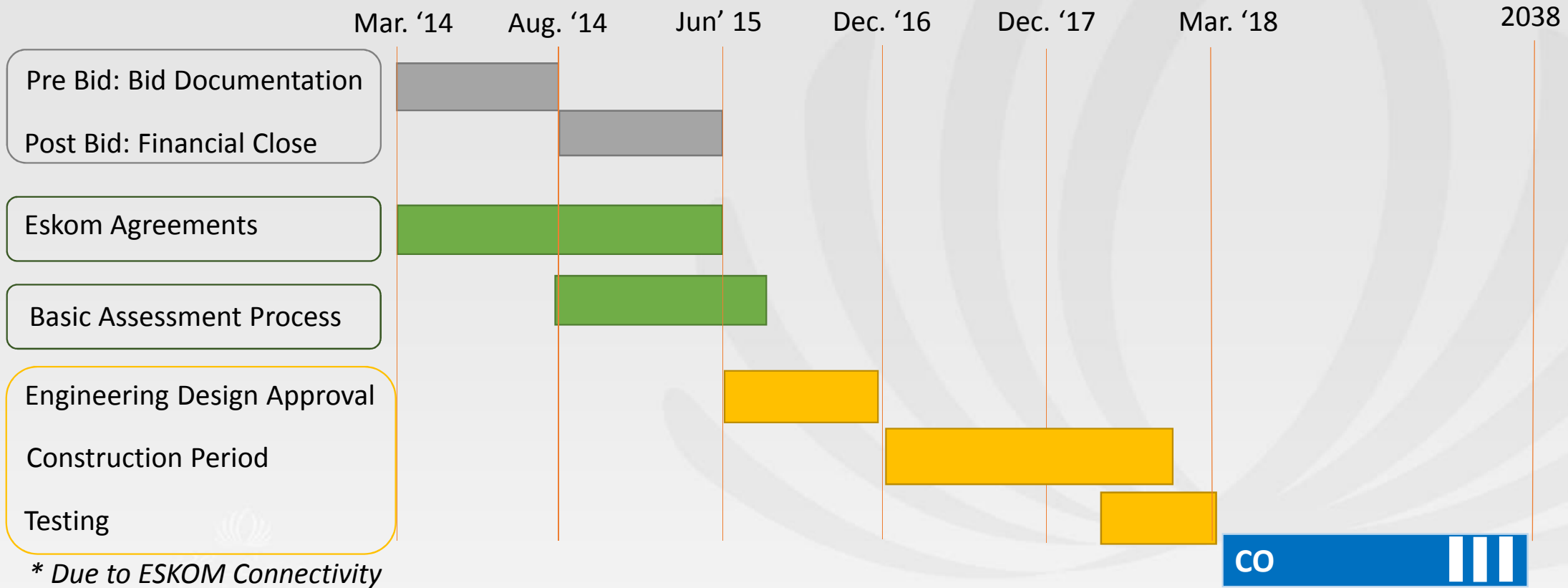
- No objections received



10. Project Timelines and Expected CoD



PROJECT TIMELINES AND EXPECTED COD



Thank you for your attention!

