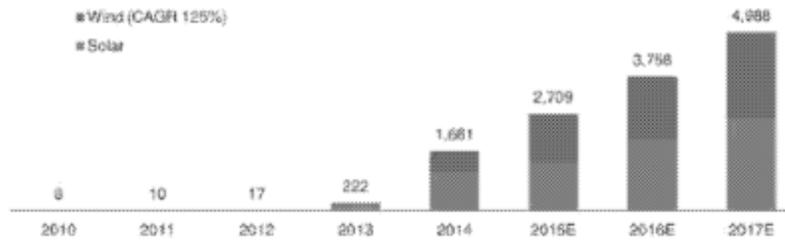

 Table of Contents

The cumulative installed capacity of solar energy in South Africa grew from 0 MW in 2010 to 1,075 MW in 2014, while the cumulative installed capacity of wind energy grew from 8 MW to 606 MW during the same period. The following chart reflects actual and projected growth in South Africa's cumulative solar and wind energy generation capacity from 2010 to 2017:

South Africa cumulative solar and wind energy generation capacity (in MW), 2010–2017



Source: Bloomberg New Energy Finance

Key drivers of renewable energy growth in South Africa

South Africa's Department of Energy expects South Africa's energy demand to double by 2030 as a result of continued economic and population growth and its current program to expand the availability of electricity throughout all regions of South Africa. In 2010, South Africa approved the Integrated Resource Plan 2010 to 2030 (updated in November 2012), which outlines a strategy for ensuring that electricity generation capacity is sufficient to meet future demand in South Africa. Under this plan, the South African government guarantees the payment obligations of the primary utility offtake purchaser under PPAs with renewable energy producers in defined circumstances. This has facilitated private sector development of renewable energy, as financing sources and investors have been willing to accept sovereign country risk without requiring political risk insurance, as would be the case in virtually every other African jurisdiction, in light of South Africa's relatively strong international credit standing.

South Africa's Renewable Energy Independent Power Producer Procurement program contemplates a total of 6,925 MW of new electricity generation capacity being added from renewable energy technologies through a multiple round bidding process in which renewable energy developers are eligible to receive a feed-in tariff that is determined based on the bidding process. Each bid is evaluated under this program based 70% on amount of the proposed tariff and 30% on specified economic development criteria. Under this program, the government expects to procure 2,925 MW and 3,320 MW of installed solar and wind capacity, respectively. See "Business—Government incentives—South Africa."

South Africa's Integrated Resource Plan estimates that renewable energy sources will account for 42% of all new electricity generation in South Africa over the next 20 years. As a result, the South African Department of Energy is developing a long-term plan to facilitate the development of a renewable power market. As a signatory to the Kyoto protocol, the government has been focused on fulfilling its carbon reduction obligations by increasing the share of renewable resources in its total energy mix. For example, South Africa announced in 2011 a target of 4% of the total energy mix to come from renewable energy sources by 2016.

South Africa is well suited for the development of solar power due to its high levels of solar irradiation. The Integrated Resource Plan (2010 – 2030) estimates that solar energy will be a significant portion of the growth in renewables and account for 8.4 GW of cumulative capacity by 2030.