

SUSTAINABLE ENVIRONMENT A PRIORITY

As part of its Integrated Resource Plan, government has set a target that 42 percent of its new power generation for the next 20 years should come from renewable energy. Public-private partnerships will play a significant role in achieving this.

Santam, South Africa's largest short-term insurer is already involved in various projects, providing surety for large renewable projects.

Helping to create a sustainable environment is a priority for Santam. In this light, many of Santam's business units have been participating in various renewable energy projects. Santam is actively involved in providing sureties both directly and indirectly for some of the significant

renewable energy projects, like the KaXu Concentrated Solar Parabolic Trough project, which has a total project value of R5,28 billion, comprising of a 100MW facility in the Northern Cape. Abengoa, a Spanish renewable energy contractor for which Santam is providing surety, brings its significant experience and expertise to the project.



Reeta Ambaram, Manager, Bonds and Guarantees, Santam

"At least 20 000MW of renewable energy should be contracted by 2030" (NDP: Vision for 2013, Chapter 4). This is one of the key objectives of the National Development Plan, the 30-year vision for the country drawn up by the National Planning Commission appointed by President Jacob Zuma in May 2010. In comparison to our current Eskom capacity of 40 000MW, it is clear why renewable energy is the latest buzz word across all industries.

The South African government's commitment to this objective is further evidenced by the fact that the Renewable Energy Programme is incorporated in the Presidential Infrastructure Coordination Commission (PICC) process as Strategic Infrastructure Project 8 – Green energy in support of the South African economy - being one of eighteen prioritised infrastructure projects planned for the next three years.

Renewable energy is also receiving attention in the media with Standard Bank Group recently signing a R20 billion funding support agreement for renewable energy projects in South Africa with the Industrial and Commercial Bank of China.

Whilst most technologies used to generate renewable energy have been tried and tested, there are still many financial and physical risks, real or potential, that need to be overcome. Investors are increasingly seeking appropriate insurance covers to lower the cost of capital and increase liquidity by reducing the financial impact of risk events.

Various insurance covers are required to prevent and/or mitigate risks from project

GREEN LIGHT FOR RENEWABLE ENERGY

Sheila Colman, Underwriter, Emerald Risk Transfer

delays or damage during fabrication, transport, construction and operational stages of a renewable energy project. Emerald Risk Transfer (Pty) Ltd, underwriting on behalf of Santam, the only South African insurance company to achieve an A- S&P credit rating, offers a seamless product providing the various insurance covers required. The product has been developed by Santam's relevant group of underwriting managers and divisions, all experts in their respective fields, who, with Emerald, form part of a Santam Specialist Business risk solution.

Emerald has a significant portfolio that extends beyond South Africa throughout the African continent, that includes multinational companies, petrochemical business, mining, mining processing, state and local government entities with or without power generating plants, manufacturing, industrial and engineering works, airports, roads and ports, hospitals and telecommunications.

Proper cover is not just about the right product, but also the right advice and Emerald is further geared to offer risk management, risk engineering services, claims and related professional services.

South Africa's least developed provinces and the rest of Africa, with all its natural resources and massive untapped hydropower potential,



Sheila Colman

are the ideal location for renewable energy infrastructure investment and development. Providing insurance to renewable energy projects in Africa is highly regulated and insurance legislation varies in each country. Emerald has the expertise to structure an insurance programme that complies with such legislation and Lender requirements.

Emerald is committed to renewable energy development and, by providing the appropriate products to unlock funding by the Lenders of large renewable energy projects, contributes to the development and sustainability of renewable energy in South Africa and Africa.