



MINISTRY
ELECTRICITY AND ENERGY | REPUBLIC OF SOUTH AFRICA
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MEDIA STATEMENT

FIRST TWO GRID-SCALE IPP BATTERY ENERGY STORAGE PROJECTS IN SOUTH AFRICA REACH COMMERCIAL CLOSE

16 OCTOBER 2024

The Minister of Electricity and Energy, Hon. Dr. Kgosientsho Ramokgopa, is pleased to announce the successful signing of the Projects Agreements and Commercial Close of the first two Projects appointed as Preferred Bidders under the first Battery Energy Storage Independent Power Producer Procurement Programme (BESIPPPP) Bid Window 1. The signing happened in Cape Town on 16 October 2024.

This is a historic event for the energy sector in South Africa as these will be the first standalone grid-scale private sector battery energy storage Projects procured under the government's BESSIPPPP to reach Commercial Close.

The two Projects, with combined capacity totalling 180 MW/720MWh, will be connected to two Transmission substations located in the Northern Cape and North-West provinces. Battery Energy Storage System (BESS) technology plays a critical role for grid operation by storing energy during periods of less demand for electricity and releasing that energy when needed (for example, during peak demand periods). In addition, BESS provides grid stability through Ancillary Services for the System Operator. BESS further allows for more integration of renewable energy onto the grid.

The two Projects that achieved Commercial Close today are Mogobe BESS and Oasis Mookodi. Mogobe BESS, with a contracted capacity of 103MW/412MWh will be connected to Eskom's Mogobe Substation close to Kathu in the Northern Cape province. Oasis Mookodi, with a contracted capacity of 77MW/288MWh, will be located at Mookodi substation close to Vryburg in the North West Province.

The two Projects will now move into Construction phase. Project construction is expected to take no more than 24 months with Commercial Operation expected around September 2026.

These projects, developed by international investors in partnership with local players, will together attract a total investment of R5.3 billion.

The two Projects have committed a total of 484 job opportunities (measured in job years) for South Africans, which includes 217 jobs during construction and 267 jobs during operations. The Projects have committed to spending 11% and 20% of total costs on local content during construction, and 20% and 26% of total costs on local content during operations.

The Projects have also made commitments of over R182 million over their 15-year lifetime, to be spent in areas such as Skills Development, Supplier Development, Bursaries for Black Students, Enterprise Development, and Socio-Economic Development initiatives.

Four (4) Preferred Bidders were announced under the BESSIPPPP Bid Window 1 on 30 November 2023, and a further fifth Project was appointed later on 28 March 2024, following value for money negotiations. Two (2) of these three remaining Projects are expected to reach Commercial Close by the end of November 2024. The fifth bidder is preparing for Commercial Close in early 2025.

Another two BESSIPPPP Bid Windows have subsequently been launched. BESSIPPPP Bid Window 2 (total capacity of 615MW/2460MWh) is currently in Evaluation phase with bid announcement expected within the next few weeks. Bid Submission for BESSIPPPP Bid Window 3 (combined capacity of 616MW/2464MWh) is planned for the end of the month.

Minister Ramokgopa congratulates the two Preferred Bidders on achieving this major milestone and wishes the remaining Preferred Bidders success in achieving Commercial Close over the coming months.

Issued by the Ministry of Electricity and Energy