



NATIONAL BIOGAS PLATFORM

WG: FINANCING OF BIOGAS PROJECTS

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IDC Sandton



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PURPOSE

- ❖ Present progress of the National Biogas Platform's Financing Working Group

BACKGROUND OF THE WG

- ❖ Commissioned by the National Biogas Platform to investigate **Finance options** for the biogas industry and provide **Information tool**.

STATE OF THE BIOGAS INDUSTRY

- ❖ Only handful of projects funded to date.
- ❖ Available renewable energy source in SA.
- ❖ Produced from a variety of organic materials & wastes.
- ❖ Used to generate electricity, heat and/or cooling or can be upgraded to pipeline quality gas for use as vehicular fuel.
- ❖ Still in its infancy in SA with only few plants operating.
- ❖ Lack of conducive regulatory & funding environment - changing.
- ❖ Opportunities - introduction of the REIPPP programme & other initiatives supporting renewable energy.
- ❖ Under the Umbrella of the SA Biogas Industry Assoc.
- ❖ Creating awareness & promoting biogas benefits.

TERMS OF REFERENCE FOR THE WG

BIOGAS FUNDING

- ❖ Investigate both private & public sector funding for biogas projects (local and international funding sources).

BANKABLE BIOGAS PROJECTS

- ❖ Entails the **key criteria** which most (if not all) funders require to be satisfied before they can consider projects bankable.
- ❖ Can be a **checklist** to assist developers to judge readiness before approaching lenders.

POSITIONING INDUSTRY FOR LOCALISATION

- ❖ Exploration of appropriate means of adopting and making localisation beneficial to the growth of the industry instead of it being seen as a hindrance by developers.

TERMS OF REFERENCE FOR THE WG CONT'D

PREFEASIBILITY FUNDING

- ❖ Funding sources for conducting pre-feasibility studies with a view to overcome challenges related to implementation funding.

GOVERNMENT ROLE & OTHER INSTITUTIONS

- ❖ Determination of specific government (and associated institutions) role/interventions required for the growth and sustainability of the biogas industry.

WORKING WITHIN THE MFMA/MSA

- ❖ MFMA seen by most project developers as a stumbling block to the development of biogas projects (where municipalities are involved).
- ❖ Intention - assist project developers to work with various legislations (specifically municipal legislations).



PROPOSED APPROACH

- ❖ Split **early-stage funding** needs from the **implementation funding** needs.
- ❖ The two require different criteria and as a consequence attract different funds.
- ❖ **Early-stage** funding refers to financial support required before bankable stage is achieved (idea to bankable).
- ❖ **Implementation funding** refers to funding in cases where the bankable stage is already achieved to take the project forward to implementation (*financial close – engineering, procurement, construction, and operation & maintenance*).

WEB TOOL DEMONSTRATION Tool hosted by SANEDI Demo by HEINRICH



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