

Clean Development Mechanism South Africa  
Designated National Authority



energy

Department:  
Energy  
**REPUBLIC OF SOUTH AFRICA**

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## Project Design Document (PDD)

Project reference number (office use only)	
Date received (office use only)	
<b>NOTES ON COMPLETING THIS PROJECT DESIGN DOCUMENT</b> 1. Please provide this PDD in both hard-copy	

### Part A: Project Proponent Details

<b>Project Name</b>	Rhebokfontein Wind Energy Facility
<b>Date of Submission of PDD</b>	April 2012 to the UNFCCC and July 2012 to this DNA

Project Developer	
<b>Name</b>	The project developer Moyeng Energy (Pty) Ltd is (together with Macawber 895 (Pty) Ltd listed below – approval is sought for both companies) proposing to establish a commercial Wind Energy Facility and associated infrastructure in the Western Cape Province of South Africa.
<b>Organizational Category</b>	Private Company
<b>Legal Status</b>	Limited liability company
<b>Street Address</b>	6-10 Woodlands Drive Lincolnwood Office Park Block E, First floor, Woodmead, Sandton
<b>Postal Address (if different from above)</b>	N/a
<b>Website Address</b>	<a href="http://www.Gdfsuez.com">www.Gdfsuez.com</a>
<b>Main Activities</b>	Moyeng is a developer of renewable energy projects in Southern Africa.

<b>Summary of Financial Performance in last fiscal year</b>	Not available as yet
<b>Contact Person(s)</b>	Sanjith Mungroo
<b>Telephone</b>	Work: +27 (0) 11 209 9225
<b>Fax</b>	+27 (0) 11 209 9229
<b>Email Address</b>	sanjith.mungroo@iprplc-gdfsuez-meta.com
<b>Project Partners</b> Provide the following Information for <b>all</b> project partners (copy and paste relevant sections of the table if information is to be provided on more than one partner organisation)	
<b>Name</b>	Micawber 895 (Pty) Ltd ( <b><u>Approval is sought for both companies Moyeng Energy (Pty) Ltd and Micawber 895 (Pty) Ltd to jointly to participate in the Project</u></b> )
<b>Nature of partner</b>	<i>Special Purpose Vehicle (Project Company)</i>
<b>Organizational Category</b>	Private company
<b>Legal Status (if private company)</b>	Incorporated
<b>Street Address</b>	6 - 10 Woodlands Drive, Lincolnwood Office Park, Block E, First floor, Woodmead, Sandton
<b>Postal Address (if different to Street Address)</b>	N/a
<b>Website Address</b>	N/a
<b>Main Activities</b>	<i>Ownership of Rheboksfontein project</i>
<b>Contact Person(s)</b>	Sanjith Mungroo
<b>Telephone</b>	Work: +27 (0) 11 209 9225
<b>Fax</b>	+27 (0) 11 209 9229
<b>Email Address</b>	Sanjith.mungroo@iprplc-gdfsuez-meta.com
<b>Project Partners</b> Provide the following Information for <b>all</b> project partners (copy and paste relevant sections of the table if information is to be provided on more than one partner organisation)	
<b>Name</b>	Tractebel Engineering
<b>Nature of partner</b>	Tractebel Engineering is Moyeng's CDM consultant for the Rheboksfontein Wind Energy Facility.
<b>Organizational Category</b>	Private Company
<b>Legal Status (if private company)</b>	Limited company
<b>Street Address</b>	Avenue Ariane 7 1200 Brussels Belgium
<b>Postal Address (if different to Street Address)</b>	
<b>Website Address</b>	<a href="http://www.tractebel-engineering-gdfsuez.com/">http://www.tractebel-engineering-gdfsuez.com/</a>
<b>Main Activities</b>	Tractebel Engineering Carbon Services offers the full scope of expert CDM consulting services with the goal of optimising their investments through reduction of GHG emissions and issuance of carbon credits. Our consultancy is supported by an international network of technical experts in CDM projects (notably renewable generation and energy efficiency) strengthened by renowned engineering expertise.
<b>Contact Person(s)</b>	Name: Mauricio Rovea
<b>Telephone</b>	Cell: +32 (0)2 773 9882

<b>Fax</b>	+32 (0) 773 94 46
<b>Email Address</b>	mauricio.rovea@gdfsuez.com
<b>Contractual Arrangements</b>	
<b>Contractual arrangements between various entities involved</b>	Tractebel Engineering contracted to develop the CDM component of the project.

## Part B: Project Overview (Technical Summary, Location and Schedule)

<b>Technical Summary of the project</b>	
<b>Objective of the Project</b>	<p><u>Purpose of the project activity</u></p> <p>The proposed project activity is an initiative to export renewable electricity produced by the Rhebokfontein Wind Energy Facility to the national grid, which is currently mostly derived from coal. The wind power generated from the project site will be replacing electricity from the national grid.</p>
<b>Project Description</b>	
<p>The scope of activities/measures that are being implemented within the project activity: The proposed project is the installation of a new grid-connected zero-emission renewable (wind) power generation activity. The purpose of the proposed project is to generate electricity using wind power resources in the project region and replace the same amount of power generation in South African Power Grid.</p> <p>The project will comprise the installation of 35 Vestas V112 wind turbines, each turbine of 3MW with a total installed capacity of 105 MW and is expected to generate 360,500 MWh/year.</p>	
<b>Project Constraints</b>	
<p>Are there any constraints affecting project operations or commissioning? <i>(Brief description: 1 paragraph or less)</i> <i>Note: these may be due to energy supply, infrastructure, other resources etc.</i></p> <p>No constraints to project development, commissioning and implementation have been identified, other than the usual risks associated with this type of project.</p>	
<b>Technology to be employed</b>	<p>Vestas V112 3.0MW</p> <p>The proposed project activity will contribute to technology transfer to the host country South Africa, since it utilizes wind power technology (Vestas) developed in Denmark. Vestas is one of the world's top five wind turbine suppliers, with an installed capacity in excess of 50,000MW across a number of developed and developing countries. Wind energy technology is deemed to be a safe and relatively mature technology, and is established in countries worldwide with approximately 197GW of wind capacity installed globally as at the end of 2010.<sup>1</sup></p>
<b>Greenhouse Gases Targeted</b>	<p><i>Identify which greenhouse gas(es) this project will target.</i></p> <p>CO<sub>2</sub></p>

<sup>1</sup>[http://www.gwec.net/fileadmin/images/Publications/GWEC\\_annual\\_market\\_update\\_2010\\_-\\_2nd\\_edition\\_April\\_2011.pdf](http://www.gwec.net/fileadmin/images/Publications/GWEC_annual_market_update_2010_-_2nd_edition_April_2011.pdf)

Technical Summary of the project											
<b>Emission reductions</b>	<p>Average over one year: 327,982tonnes CO<sub>2</sub>e</p> <p>Total over 10 years: 3,279,820tonnes CO<sub>2</sub>e</p>										
<b>Baseline &amp; Additionality Assessment</b>	<p><b>Methodology Applied:</b> Version 12.3.0 of the Approved consolidated baseline and monitoring methodology ACM0002: “Consolidated baseline methodology for grid-connected electricity generation from renewable sources”</p> <p><b>Tools Applied</b> Version 06.0.0 of tool for the demonstration and assessment of additionality Version 02.2.1 of tool to calculate the emission factor for an electricity system</p> <p>According to the ACM0002, if the project activity is the installation of a new grid-connected renewable power plant/unit, the baseline scenario is the following: Electricity delivered to the grid by the project activity would have otherwise been generated by the operation of grid-connected power plants and by the addition of new generation sources, as reflected in the combined margin (CM) calculations described in Version 02.2.1 of the “Tool to calculate the emission factor for an electricity system”.</p> <p><b>Additionality</b> <b>Barriers due to prevailing practice, <i>inter alia</i>: the project activity is the “first-of-its-kind”.</b></p> <p><b>The Project is considered a First-of-its-kind because:</b></p> <ol style="list-style-type: none"> <li>1. No other large scale (&gt; 15 MW) wind power plants have reached commercial operation within the borders of South Africa (applicable geographical area) before the project start date.</li> <li>2. The Project participant selected a crediting period for the project activity that is a maximum of 10 years with no option of renewal.</li> </ol>										
<b>Monitoring</b>	<p>The propose project activity will use the net electricity exported to the grid as performance indicator. The net electricity supplied to the grid multiplied by the grid emission factor (defined ex-ante) will result in the project emission reduction for the period.</p> <p>As a cross check, the electricity invoices may be used. Further description is given in the table below:</p> <table border="1" data-bbox="436 1419 1360 1845"> <thead> <tr> <th colspan="2">B.7.1 Data and parameters monitored:</th> </tr> </thead> <tbody> <tr> <td colspan="2"><i>(Copy this table for each data and parameter)</i></td> </tr> <tr> <td><b>Data / Parameter</b></td> <td>EG<sub>facility,y</sub></td> </tr> <tr> <td><b>Data unit:</b></td> <td>MWh/yr</td> </tr> <tr> <td><b>Description</b></td> <td>Quantity of net electricity supplied by the project to the grid in year y.</td> </tr> </tbody> </table>	B.7.1 Data and parameters monitored:		<i>(Copy this table for each data and parameter)</i>		<b>Data / Parameter</b>	EG <sub>facility,y</sub>	<b>Data unit:</b>	MWh/yr	<b>Description</b>	Quantity of net electricity supplied by the project to the grid in year y.
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Technical Summary of the project											
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<b>Type of project/activities</b>											
a. Energy Supply	Yes										
b. Energy Demand	<i>N/a</i>										
c. Industrial Process	<i>N/a</i>										
d. Transport	<i>N/a</i>										
e. Waste Management	<i>N/a</i>										
f. Forestry/ land use	<i>N/a</i>										
g. Other	<i>N/a</i>										
<p>Project Boundary Define the Project Boundary (Approximately 1 paragraph)</p> <p>As per ACM0002 / Version 12.3.0 and the tool, the spatial extent of the project boundary includes the project site and all the power plants connected physically to the electricity system. The project electricity system is defined by the spatial</p>											

Technical Summary of the project	
extent of the power plants that can be dispatched without significant transmission constraints.	
Indicate Emissions outside the Project Boundary	There are no net emissions attributable to the proposed project activity outside the project boundary.

Location of the Project	
Province	Western Cape
Municipality	Local Municipal area of Swartland
Nearest city/large town	Darling
Brief description of the location of the project site	<p>The project is located in Western Cape Province, near the town Darling.</p> <p><b>SG Codes</b></p> <ul style="list-style-type: none"> <li>C34680000200054760000 - Nieuwe Plante 567</li> <li>C34680000200057460000 - Farm 571 (RE)</li> <li>C34680000200057460000 - Doorn Fontein 574/1</li> <li>C34680000200051800000 - Plat Kip 561/1</li> <li>C34680000200058800000 - Farm 568 (RE)</li> <li>C34680000200053200000 - Slang Kop 552/2</li> <li>C34680000200119900000 - Slang Kop 1199</li> </ul> <p><b>Legend</b></p> <ul style="list-style-type: none"> <li>Regional Road</li> <li>Transmission Power Lines</li> <li>Farm Portions</li> </ul> <p><b>Rhebokfontein Wind Energy Facility near Darling</b></p>

Project Schedule/Timetable	
Earliest Project Start Date	According to the definition of the CDM, the project start date will be November 2012 (updated with new information after the issuance of the first version of the PDD).
When is the expected first year of CER delivery	2014
Project Lifetime	20 years, but the crediting period is only 10 years
Project End Date	2024
Crediting Period	10 years
Current Status or phase of the project	Pre-bidding phase. It is expected to bid in the next round.
DNA Approval	
Approval by other bodies	No

## Part C: Performance Against the DNA's Sustainable Development Criteria

South Africa has identified the following sustainable development criteria and indicators against which each CDM project will be assessed. Please provide your interpretation of how this project will address each of these **criteria and indicators** where they are relevant to the project. If the space provided is not sufficient please append additional information as required.

**NOTE:** For all indicators which are of relevance to the project show how the performance of the project against these indicators can be objectively monitored and measured on an ongoing basis.

**1. Economic: Does the project contribute to national economic development?**

While most of the South African energy demand is likely to be covered by energy from fossil fuels, rising oil prices, and the need to complement current supply with additional electricity and environmental and climate stability concerns present a need and opportunity to develop wind (and other) renewable energy facilities in order to secure the needed levels of energy to drive macro development.

This project will assist to supply the growing electricity demand within South Africa and the need for diversifying Eskom's energy mix. Renewable energy is considered one of the 'clean sources of energy' with the potential to contribute greatly to a more ecologically, socially and economically sustainable future. In addition to its environmental and sustainable development credentials, the project is contributing to the Foreign Direct Investment (FDI) in South Africa and development enhancing technology transfer as well as providing investment opportunities for local entities with an offering of capital growth. Furthermore the project is enhancing interdisciplinary Renewable Energy project development skills domestically, having a multiplicative effect on development as the sector grows.

The sale, development, installation, maintenance and management of renewable energy facilities have significant potential for job creation.

**2. Social: Does the project contribute to social development in South Africa?**

Impacts on the social environment as a result of the wind turbines are expected to occur during both the construction and operation phases.

The key social issues associated with the *construction phase* include:

Creation of employment and business development and the opportunity for the skills development and onsite training.

The key social issues affecting the *operational phase* include:

- Creation of employment and business opportunities. The operational phase will also create opportunities for skills development and training
- Impact on tourism and the creation of potential tourist opportunities
- The promotion of clean energy as an alternative energy source and establishment of Clean Development Mechanism (CDM) project.

The proposed development also represents an investment in clean, renewable energy, which, given the challenges created by climate change, represents a positive High social benefit for society as a whole.

**3. Environmental: Does the project conform to the National Environmental Management Act principles of sustainable development?**

Please provide brief comment for each of these below.

i) That the **disturbance of ecosystems and loss of biological diversity** are avoided, or where they cannot be avoided, are minimised and remedied

The EIA did not find unacceptable impacts on biodiversity.

ii) That **pollution and degradation of the environment** are avoided, or where they

The project will avoid environmental degradation through electricity generation from coal that includes coal mining, often in open pits, and

cannot be altogether avoided, are minimised and remedied	often causing acid mine water pollution problems. It will also avoid the emissions of other pollutants from power stations like sulphur dioxide, mercury, particulates or any other type of air pollution.
iii) That the <b>disturbance of landscapes and sites that constitute the nation's cultural heritage</b> is avoided, or where it cannot be altogether avoided, is minimised and remedied	All adverse impacts were fully assessed in the EIA. In Appendix K of the EIA, conclusion regarding "visual impact" states that the proposed project will have a potential visual impact which is not considered to be a fatal flaw for the development.
iv) That <b>waste is avoided</b> , or where it cannot be altogether avoided, minimised and reused or recycled where possible and otherwise disposed of in a responsible manner	The project avoids waste from fossil fuel plants that would have generated coal based electricity in the absence of the project.  Solid waste from the site during the operational phase of the project is foreseen to be minimum. Any waste products (e.g. oil) will be disposed of in accordance with relevant waste management legislation.
v) That the <b>use and exploitation of non-renewable resources is responsible and equitable</b> , and takes into account the consequences of the depletion of the resource	Wind power consumes no non-renewable fuel for continuing operation.
vi) That the <b>development, use and exploitation of renewable resources is responsible and equitable</b> , and takes into account the consequences of the depletion of the resource.	Wind power is the conversion of wind energy into a useful form, such as electricity, using wind turbines. The use of wind for electricity generation is a non-consumptive use of a natural resource, and therefore does not deplete the resource. The electricity generated will be exported to the national grid from where it will be distributed to all South Africans for consumption.
vii) That a <b>risk averse and cautious approach</b> is applied, which takes into account the limits of current knowledge about the consequences of decisions and actions	Adherence to the conditions of the Environmental Authorisation for the project ensure that a risk averse and cautious approach is adopted. This will be enhanced further by the use of established and internationally-recognized technologies, control systems and procedures.
vii) That <b>negative impacts on the environment and on people's environmental rights</b> be anticipated and prevented, and where they cannot be altogether prevented, are minimised and remedied	The project will be implemented in such a manner that any potential social negative impacts will be anticipated and prevented wherever possible. Interested and Affected Parties (I&APs) participated in the stakeholder process and were given the opportunity to learn about the project, raise questions, and provide input into the project at the planning stage.
<b>Other comments</b> Please provide any other comments on how this project contributes to sustainable development in South Africa (optional)	

### Indicators in Support of the Project Approval Criteria

Category	Indicator	Comment
Environmental	Impact on local environmental quality	<ul style="list-style-type: none"> <li>Impact of the project on air quality</li> <li>Impact of the project on water pollution</li> <li>Impact of the project on the generation or disposal of solid waste</li> <li>Any other positive or negative environmental impacts of the project (such as impacts on noise, safety, visual impacts, or traffic)</li> </ul> <p>The use of renewable energy for power generation will avoid the emission of air pollutants such as Suspended Particulate Matter (SPM), Sulphur Dioxide (SO<sub>2</sub>) and Nitrogen Oxides (NO<sub>x</sub>) thereby improving the surrounding air quality.</p> <p>The project will not impact on water and will not cause any water pollution.</p> <p>The project will not result in significant disposal of solid waste.</p> <p>Visual/noise impacts: These were investigated in the EIA and found to be acceptable</p>
	Change in usage of natural resources	<ul style="list-style-type: none"> <li>Impact of the project on community access to natural resources</li> <li>Impact of the project on the sustainability of use of water, minerals or other non renewable natural resources</li> <li>Impact of the project on the efficiency of resource utilisation</li> </ul> <p>The project is to make use of a renewable resource as a fuel being wind. As such, no effect on community access to natural resources will take place. The project activity will reduce the use of finite fossil fuel resources by substituting coal-derived grid electricity with renewable energy. The project will in no way negatively impact on the surrounding community's access to natural resources.</p> <p>Additionally, the project will have no impacts on any non-renewable resources at local level.</p> <p>On a wider national level, the project will have a positive impact on non-renewable resources by replacing fossil-fuel based power from the national grid. This will reduce in particular coal and water consumption and improve the efficiency of resource utilization overall.</p>
	Impacts on biodiversity and ecosystems	<ul style="list-style-type: none"> <li>Changes in local or regional biodiversity arising from the project</li> </ul> <p>The project will have no significant negative impacts on local or regional biodiversity. Appendix I of the EIA regarding "Avifauna" states that the development area does not impinge on any unique landscape features. The environmental assessment addressed the environment impacts including those on biodiversity in its assessment and found it to be acceptable.</p>

Indicators in Support of the Project Approval Criteria		
Category	Indicator	Comment
Economic	<ul style="list-style-type: none"> <li>Impact of the project on foreign exchange requirements</li> <li>Impact of the project on existing economic activity in the area</li> <li>Impact of the project on the cost of energy</li> <li>Impact of the project on foreign direct investment</li> </ul>	<ul style="list-style-type: none"> <li>The project will have an impact on Foreign Exchange Requirements which will be identified upon the finalization of the project financing structure.</li> <li>Owed to the additional employment opportunities created from the implementation of the project, employees from the Darling area will benefit from the increased spending power.</li> <li>The Project will not have an impact on the cost of energy to the consumer in the local Municipal area.</li> <li>The Project will result in the injection of an amount of foreign exchange into the South African economy through the sale of carbon credits (CERs).</li> </ul>
	<ul style="list-style-type: none"> <li>Positive or negative implications for the transfer of technology to South Africa arising from the project</li> <li>Impacts of the project on local skills development</li> <li>Demonstration and replication potential of the project</li> </ul>	<p>Significant benefits exist in the transfer of state-of-the-art technology to South Africa since this type of technology has only limited applications currently in the energy industry as yet.</p> <p>It is believed that lessons learnt and systems developed during its implementation will be highly replicable in other potential projects throughout the country. As such it will have significantly high demonstration potential.</p>

Indicators in Support of the Project Approval Criteria		
Category	Indicator	Comment

**Indicators in Support of the Project Approval Criteria**

Category	Indicator	Comment
<p align="center"><b>Social</b></p>	<p>Alignment with national provincial and local development priorities</p> <ul style="list-style-type: none"> <li>• How the project is aligned with provincial and national government objectives</li> <li>• How the project is aligned with local developmental objectives</li> <li>• Impact of the project on the provision of, or access to, basic services to the area</li> <li>• Impact of the project on the relocation of communities if applicable</li> <li>• Contribution of the project to a any specific sectoral objectives (for example, renewable energy targets)</li> </ul>	<p>Firstly, South African Government has recognized the country’s high level of renewable energy potential and presently has in place a target in the Integrated Resource Plan 2010 of about 8,700 MW of wind power installed by 2030. The electricity supply to the grid will increase and therefore will contribute to the provision of basic electricity supply services to the country as a whole.</p> <p>The project will contribute towards the provincial economy; create sustainable employment opportunities; enhance profitability; ensure sustainable development and poverty eradication - in line with ASGI-SA.</p> <ul style="list-style-type: none"> <li>· There will be no impact in terms of relocation of communities.</li> <li>· The project will positively impact on the provision of alternative energy to the country’s national grid and will support the Government’s objectives for the supply of electricity from renewable sources such as wind.</li> </ul>
	<p>Social equity and poverty alleviation</p> <ul style="list-style-type: none"> <li>• Impact of the project on employment levels? (specify the number of jobs created/lost; the duration of time employed, distribution of employment opportunities, types of employment, categories of employment changes in terms of skill levels and gender and racial equity)</li> <li>• Impact of the project on community social structures</li> <li>• Impact of the project on social heritage</li> <li>• Impact of the project on the provision of social amenities to the community in which the project is situated</li> <li>• Contribution of the project to the development of previously underdeveloped areas or specially designated development nodes</li> </ul>	<p>The construction phase will create approximately 305 South African based employment opportunities for a period of 20 months. This will assist in poverty alleviation. After commissioning, the proposed wind energy facility will employ 30 full time employees and, as such, will create potential employment opportunities in the Western Cape Province.</p> <p>The company will work in conjunction with the Local Municipality with regards to the involvement of local companies. Identify potential opportunities for local businesses.</p> <p>The project will enhance the development of the Municipal region and surrounding areas.</p>



**Indicators in Support of the Project Approval Criteria**

<b>Category</b>	<b>Indicator</b>	<b>Comment</b>
<p align="center"><b>General</b></p>	<p>General Project Acceptability</p> <ul style="list-style-type: none"> <li>• Are the distribution of project benefits deemed to be reasonable and fair?</li> </ul>	<p>In accordance with the EIA developed, when weighing up the residual positive and negative impacts of the project, there is an inherent positive bias and as a conclusion, this document recommends that the development to be authorized to proceed. Consequently, it is reasonable to conclude that the benefits of the project are deemed fair and reasonable.</p>

## Part D: Finance

Figure 1

<b>Sources of Finance</b>	
<b>Capital Expenditure Costs (R's)</b>	Financial figures are not available in the public domain at present
<b>Other Costs (R's)</b>	Financial figures are not available in the public domain at present
<b>Total Project Costs (R's)</b>	Financial figures are not available in the public domain at present
<b>Sources of Finance</b>	
<b>Equity</b>	The Rheboksfontein Wind Energy Facility is owned by: Micawber 895 (Pty) Ltd
<b>Senior Debt (long term)</b>	Nedbank and Investec Bank have been appointed as joint-Mandated Lead Arrangers and will provide the Senior Debt to the Rheboksfontein Wind Energy Facility.
<b>Subordinated Debt (long term)</b>	Financial figures are not available in the public domain at present
<b>Total CDM Contribution sought</b>	The project relies on a barrier analysis and the contribution sought has thus not been quantified
<b>Expected Price of CER</b> in case of a contract to purchase for:  A period of 7 years A period of 10 years A period of 14 years (2x7 years)	A contract to purchase does not exist at this stage. It is believed that the price of CERs could vary between €3 and €15 over the next 10 years.
Indicate the <b>projected Internal Rate of Return</b> for the project with and without CER revenues.	<i>The project relies on a barrier analysis and the contribution sought has thus not been quantified</i>
<b>Constraints on tradability of carbon credits</b>	Have any commercial arrangements been made that may impact the tradability of the carbon emission reductions? If yes, please define. Note. Examples would be subjection to a mortgage, government tax etc.  NA
<b>Preliminary discussions with potential purchasers</b>	Have you had any preliminary discussions with any potential purchasers of the carbon credits (CERs)  No specific discussions have been held.

