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Investing for a
world of change

Powering SA's renewable shift

South Africa's renewable energy market is evolving beyond government-backed procurement towards direct corporate power purchase agreements. For South Africans, that means new generation and energy security without relying on the public purse; for infrastructure investors, it means new opportunities that require a different approach to risk. The Impofu Cluster shows what this shift looks like in practice.

Key takeaways

- Impofu is the Ninety One SA Infrastructure Credit Fund's first investment in commercial and industrial (C&I) renewable energy assets, supplying clean electricity directly to industrial customers. It is also the first time the fund has taken construction risk on a South African renewable energy project, committing R400 million ahead of commercial operation.
- The investment case rested on three pillars: robust engineering, procurement and construction (EPC) contracts, experienced contractors with a proven wind energy track record and a sponsor with an established record of delivery.
- Demand for the power produced is guaranteed by long-term customer contracts, with Sasol and Air Liquide seeking reliable, lower-carbon electricity at a competitive cost.
- Ninety One views projects like Impofu as part of a long-term structural shift, driven by the energy transition, rather than a single investment opportunity.

When the Impofu Cluster reached commercial operation earlier this year, it marked the completion of a 330MW wind project, and with it, two milestones for the Ninety One SA Infrastructure Credit Fund: its first investment in commercial and industrial (C&I) renewable energy assets, which supply electricity directly to large businesses, and its first South African renewable project involving construction risk.

Impofu supplies electricity to Sasol and Air Liquide under 20-year power purchase agreements. The electricity is wheeled, or transported, across the national grid to Sasol's Secunda site, where Air Liquide, the French industrial gases group, runs the world's largest oxygen production facility. That oxygen is a critical input into Sasol's fuel and chemicals production, making reliable, competitively priced electricity important not only for the companies involved but also for one of South Africa's largest industrial value chains. The deal is independent of the government-backed procurement rounds that have defined South Africa's renewable buildout to date.

Regulatory reforms, including the removal of embedded generation caps and the Electricity Regulation Amendment Act, have reshaped South Africa's electricity market. Large energy users can now contract directly with independent power producers, enabling projects such as Impofu and creating a growing pipeline of privately funded renewable energy infrastructure.

This comes not a moment too soon. South Africa requires substantial new electricity capacity as ageing coal-fired power stations are retired and demand grows. Privately funded renewable energy projects are helping to close this supply gap without placing additional pressure on Eskom or the public purse. At the same time, they offer businesses access to dependable, cost-competitive electricity, reducing exposure to power interruptions and rising tariffs while supporting South Africa's decarbonisation objectives.

Investors willing to take construction risk, where it is appropriately mitigated and priced, can help bring critical infrastructure online while accessing long-dated, inflation-linked cash flows.

Getting comfortable with construction risk

Financing a project before it generates power requires a different approach to assessing risk than when financing an operating asset. Ninety One committed R400 million before the project became operational. That meant answering four questions. Were the contractual protections robust enough? Could the contractors deliver? Had the sponsor successfully built projects of this scale before? And would the project's long-term customers provide a dependable revenue stream once the wind farms were operational?

In this case, Impofu's three wind farms were built under fixed-price engineering, procurement and construction (EPC) contracts that placed much of the construction risk on the contractors. The contracts also included financial penalties if delivery or performance targets were missed.

Construction firms Power Construction and Besamandla had already delivered the civil and electrical works on several South African wind farms, while turbine manufacturer Nordex brought nearly four decades of experience and more than 39GW of installed capacity globally.

Enel Green Power, the project sponsor, is one of the largest private renewable operators globally with more than 54GW of installed renewable capacity. Its local subsidiary has already developed 13 renewable energy projects, with a combined capacity of around 1.2GW, through earlier rounds of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

Finally, long-term customer demand gave the fund further comfort. The Sasol and Air Liquide contracts to buy the electricity provide a predictable revenue stream now that the project is operational.

Looking beyond the guarantee

Sasol's guarantee was an important risk mitigant, but it was not the reason for making the investment. The stronger driver of conviction was the long-term economics of the energy transition.

For large industrial businesses, renewable electricity is more than a sustainability initiative. It can provide a more reliable and predictable source of power at a competitive cost, while reducing exposure to Eskom's tariffs and supply interruptions.

The project is expected to avoid around one million tonnes of carbon emissions annually while supporting Air Liquide's commitment to reduce CO2 emissions at Secunda by 30 to 40% by 2031. It does so at a tariff below the average for wind projects currently in the market. This is not a token 'green premium', instead it's a genuine way to manage operating costs.

The same commercial logic is encouraging more local businesses to secure renewable energy directly from independent power producers. South Africa's Integrated Resource Plan of 2025 estimates the country will need roughly 34GW of additional wind capacity by 2039 as coal plants retire, aggressively scaling wind from roughly 8% to 24% of the national energy mix. This is enough clean energy to power more than 23 million average South African homes each year.

While the target requires thousands of new turbines, the private sector is already moving rapidly; industry figures from the South African Wind Energy Association (SAWEA) indicate that over 5,300MW of private wind projects are actively in development. Combined with market liberalisation, that massive developmental momentum points to sustained demand for projects like Impofu.

Reaching commercial operation

Reaching commercial operation changes the risk profile entirely. With turbines operating and electricity flowing, construction and technology risk largely fall away. What remains is primarily offtaker and market risk, areas that are familiar to the fund.

Just as important, the project provided first-hand experience of taking a South African renewable energy asset through construction. Rather than relying solely on external advisors, the fund has now worked through the realities of construction risk, from contract execution to project delivery.

Impofu is unlikely to be the last project of its kind. As large electricity users increasingly secure power directly from independent producers, more renewable energy projects will need capital before construction begins rather than after operations start. For infrastructure investors, the opportunity is no longer simply owning completed assets. It is helping finance the next generation of energy infrastructure as South Africa's electricity market evolves.



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Additional information on the funds may be obtained, free of charge, at www.ninetyone.com. The Manager, PO Box 1655, Cape Town, 8000, Tel: 0860 500 100. The scheme trustee is FirstRand Bank Limited, RMB, 3 Merchant Place, Ground Floor, Cnr. Fredman and Gwen Streets, Sandton, 2196, tel. (011) 301 6335. The fund is a sub-fund in the Ninety One Global Strategy Fund, 49 Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, and is approved under the Collective Investment Schemes Control Act. Ninety One SA (Pty) Ltd is a member of the Association for Savings and Investment SA (ASISA). Ninety One Investment Platform (Pty) Ltd and Ninety One SA (Pty) Ltd are authorised financial services providers.

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