



The green bank leads in renewable energy finance

A brief search through the headlines across the world leaves no doubt that the threat posed by climate change has morphed from a focus of only climate activists to a global concern. The climate emergency is now being recognised at board level, and contributing towards meeting the UN Sustainable Development Goals (SDGs) has become a requirement in any responsible multinational or major company.

With Nedbank being the first South African bank to issue green bonds on the JSE and among the first to announce that it would no longer finance new coal-fired power plants, it comes as no surprise that the bank is seriously committed to doing its bit to help meet South Africa's commitments to the SDGs, and that it holds a leadership position in renewable energy finance.

Mark Boshoff, Head of Strategic Initiatives for Nedbank Business Banking, says that Nedbank has prioritised nine of the 17 global SDGs as these potentially entail banking solutions and so guide its sustainable-development activities.

Arguably one of the most pressing SDGs with regard to climate change is SDG 7: affordable and clean energy. In pursuit of this goal Nedbank Business Banking is at the forefront of providing finance for renewable energy solutions to commercial enterprises, specialising in the agricultural, service, manufacturing and financial sectors. Typical applications include the installation of photovoltaic panels on buildings with large roofs such as warehouses, factories, shopping malls and office blocks; installations of solar and wind farms on vacant land; and energy-intensive businesses that can benefit from more cost-effective and cleaner generation than the national grid can provide.

'Strategically, Nedbank aims not only to *be* good with money but more importantly to *do* good with it as well. We are therefore proud to use our core business to drive sustainable development, thereby supporting new industries and creating jobs and economic growth for South Africa based on clean energy,' says Boshoff.

A recent innovation financed by Nedbank Business Banking is South Africa's first commercial floating solar farm, installed by one of the oldest farming operations in the country and located near Franschhoek in the Western Cape.

The owners of the solar farm started investigating renewable energy projects in 2018 because of the increasing costs of electricity and the carbon emissions associated with it. Nedbank's Specialised Finance and credit teams came up with a creative solution to use an overdraft facility to fund the development stage of the project, and then move to SDG asset-based finance, with progressive payments over a longer term of 10 years. This solution recognises the need for longer payback periods for solar and other sustainability-related projects.

The solar park can produce 60 kW of energy and is now used to power almost everything on the farm, from irrigation pumps to the machinery involved in the packaging of fruit for export. Infrastructure has

been installed to allow for a battery system, which will take the farm completely off the grid in the second phase of the project.

Nedbank also provides solutions for companies that want to generate energy for endusers like existing independent power producers (IPPs) that bill their clients in a similar manner as municipalities and Eskom. The benefit for the enduser is fixed pricing, with built-in mutually agreed increases over 25 years or more, providing peace of mind for the increasingly cash-strapped consumer. The bank partners with potential IPPs to create a business entity, fund the purchase of equipment and assist with the legal documentation and agreements.

Boshoff advises that businesses that wish to apply for renewable energy finance should shop around for suppliers, equipment and solutions as they would for any acquisition of a large asset. 'Research different technologies, pricing, guarantees and post-sales maintenance. Obtain quotes and specifications to compare the generation outputs, costs and equipment with your research and the various suppliers' offerings,' he says.

He adds that it is important that these companies familiarise themselves with the installers and suppliers. 'Nedbank has partnered with the South African Photovoltaic Industry Association to develop the PVGreenCard, which provides assurance that the installer is qualified, follows the latest industry guidelines, uses quality components, specifies the system correctly and installs it properly, and warrants that the system will perform to specification.'

'It's also a good idea to speak to fellow business owners in similar industries who have embarked on the renewable energy journey to gain insight into the performance and professionalism of their installers. Remember to determine the owners' levels of satisfaction with the actual energy delivery and utilisation versus the promised specifications,' he notes.

Boshoff says that when applying for finance, business owners should ensure that the specifications, invoices, agreements or contracts supplied by the installer accompany the financial records of the company and electricity bills.

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