

Renewable Energy Update

The Glencore Merafe PSV Energy Strategy is based on 6 pillars (Focus points) with the objective to ensuring stable, consistent supply, at optimal cost electricity to the operations considering the carbon emission reduction targets.



Figure 1: 6 Pillars (Focus Points) of the Glencore Merafe PSV Energy Strategy

The pillars consist of

- Eskom Optimisation
- Energy Efficiency
- Onsite Renewables
- Offsite Renewables
- Energy Storage
- Co-Generation

Renewable Energy (“RE”) generation forms an integral part of the road to achieving a sustainable business in South Africa. Available within the current South African contexts are mainly two options to generate renewable electricity;

- Generate at a remote generation site with optimal resource (wind or solar) (“**Offsite Renewables**”) and wheel the energy over the National Grid, or
- Generate on/very close to the consumption site and connect behind the Eskom meter (“**Onsite Renewables**”)

Onsite Renewables

The project team is developing a blueprint for the efficient and cost-effective implementation for onsite renewable energy generation facility development, construction, and operation. Resource analysis indicated that our operations are located in areas where there is sufficient solar resource to realise a capacity factor acceptable for investment.

When land is available with established grid connections, it opens exciting possibilities. The generation facilities will enable the use of renewable energy onsite with the additional capability to export to the grid, should the operation be interrupted or temporarily suspended for any reason.

Project development has commenced at various operations to maximize the generation potential and to enable the development of a phased implementation plan.

Offsite Renewables

Offsite projects are targeted to diversify the renewable portfolio with regards to technology and location, with solar and wind in higher resource potential areas.

The main challenge in the South African environment is still the availability of grid connection capacity for new generation. Eskom has introduced Interim Grid Capacity Allocation Rules (“**IGCAR**”) in an effort to release grid capacity sterilized by projects that doesn’t progress to implementation phase.

We are targeting projects in a mature development phase (compliant to IGCAR) to optimise and reduce implementation timelines.

Negotiations with Independent Power Producers (“**IPPs**”) are in advanced stages, with the first 100MW solar project due to achieve financial close H1 2024. An implementation pipeline is being developed to ensure that the Carbon Reduction targets can be achieved.