

# Government procurement price of business energy storage in South Africa

Why should South Africa Invest in battery storage?

As South Africa grapples with the challenge of meeting its growing energy demands while transitioning to cleaner energy sources, Eskom's initiatives in battery storage are critical for ensuring grid stability and reducing reliance on coal-fired power plants.

Does South Africa have a battery storage tender programme?

South Africa is aiming to procure utility-scale battery storage with two tender programmes: its Battery Storage IPP Procurement Programme as well as hybrid battery storage and variable renewables projects through its Risk Mitigation IPP Procurement Programme.

Who is bidding for battery energy storage in South Africa?

South Africa's Independent Power Producers (IPP) Office has said 33 bids have been received as part of the third window of the country's battery energy storage auctions. The bids have come from 28 companies, with two bidding for multiple sites. The bidders include France's TotalEnergies, which has made several submissions.

How much battery storage capacity does South Africa have?

By the end of the third tender, South Africa is projected to have a total battery energy storage capacity of approximately 3,183 MWh. This capacity is sufficient to power an estimated 250,000 homes during peak demand periods. The graph below illustrates the growth in battery storage capacity over the three tenders.

Why is the South African government using IPP to allocate battery storage?

In 2022, this led to unprecedented load shedding of more than 8 terawatt-hours (TWh), which was a fourfold increase in unmet demand compared with the previous year. As a result, the South African government is using its Independent Power Producer (IPP) Procurement Programmes to allocate firm capacity, including battery storage.

What is a battery energy storage IPP tender?

In November 2023, South Africa announced preferred bidders for the first Battery Energy Storage IPP Procurement Programme tender, which - if all implemented in full - would add 360 MW of dispatchable battery storage capacity to the national grid, and are now expected to enter into power purchase agreements (PPAs) negotiations with Eskom.



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