

RMB and Remgro join forces to grow private electricity trader

Rand Merchant Bank (RMB) has acquired a 25% shareholding in Remgro's Ubiquity energy platform, a strategic energy focused investment vehicle.



Source: Rand Merchant Bank.

Ubiquity is the holding company of Energy Exchange of Southern Africa (Energy Exchange). This transaction aligns with both business' commitment to invest in the private power market to unlock the vast potential of South Africa's natural renewable resources.

Energy Exchange is a Nersa-licensed electricity trader, offering corporate customers an attractive, renewable, alternative source of electricity produced by independent power generators.

"As a large-scale purchaser of electricity from generators of power, Energy Exchange is a key enabler in the private power landscape, connecting South African corporates to privately produced, renewable energy.

"In addition to helping corporates meet their de-carbonisation goals, Energy Exchange will supply a bespoke energy profile to match their unique consumption requirements. This will be done while solving for a balance in competitive pricing, long-term price certainty and flexible contract tenors," said Sindisiwe Mosoeu, infrastructure sector solutions transactor at RMB.

Creating a tailored energy profile

Energy Exchange will provide corporates with the ability to blend different sources of electricity to create a tailored energy profile. Buyers will be able to rely on energy sources such as wind, solar, biomass and hydro, which on a blended basis matches their needs more accurately, rather than just relying on a single source.

RMB principal investments transactor, Philip De Villiers, said: “RMB is proud to partner with Remgro and the Energy Exchange team in our shared vision to connect businesses to renewable energy. The generation, and provision, of sustainable privately produced power is critical to solving our energy challenges, but it’s also a fast-evolving and complex industry.

“The South African market requires a material shift in the way electricity is produced, sold, and consumed and will need bold thinking and innovative solutions. South Africa already has both the natural resources and the capability to address our current energy constraints and, at RMB, we are deeply committed to going the extra mile to enable the development of this industry.”

Growing the private power market

Pieter Uys, strategic investments executive at Remgro said: “Remgro has been developing Energy Exchange over the last five years and has built a strong pipeline on both the supply and demand side of the electricity trading business. Remgro believes very strongly in partnerships and is very pleased to join forces with RMB to open up and grow the private power market in South Africa.”

Importantly, the electricity tariffs charged by Energy Exchange are competitive and escalate at inflation, providing a predictable and stable cost estimate for corporates.

“The platform offers the benefit of aggregation, allowing multiple customers to access scale benefits in procuring energy. In turn, large power generators are able to negotiate with a single centralised electricity buyer,” Uys concluded.

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