



4.5 Private Capital At Work

IMPACT CASE STUDY: POWERX PROPRIETARY

Impact Category: Climate Adaptation & Mitigation

Investor Name: Agrigroupe Energy Holdings/ Sango Capital

Portfolio Company Name: PowerX Proprietary Ltd.

Country (HQ): South Africa

Country (Operations): South Africa

Sector: Renewable Energy - Trading

Revenue & Market Size (2023): Significant- not disclosed -private company; The first privately-owned trader in South Africa's US\$14bn total electricity sales

Number of Employees (2023): 10

Year of Investment: 2016

Investment Stage: Early-stage acquisition

Total Investment / Deal Amount (US\$): US\$15mn

Investment Rationale

Agrigroupe Energy Holdings and its underlying investors acquired POWERX to facilitate renewable energy trading in South Africa as the market liberalized and opened up to new traders and emerging renewable IPPs. PowerX's first mover advantage and unique regulatory status catalysed the development and trading of renewable power in South Africa.

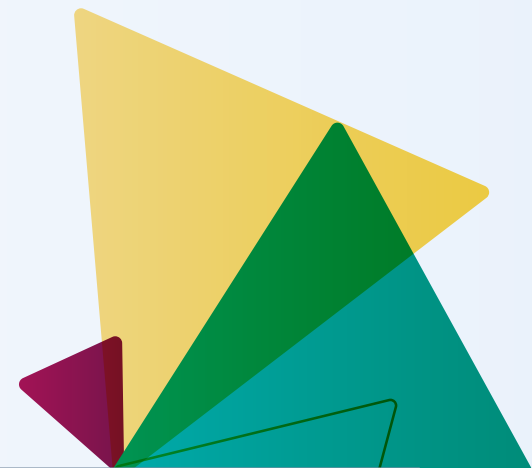
Investment Impact

PowerX collaborates with IPPs and the government to ensure that privately-funded, utility-scale generation projects help de-carbonize South Africa's energy production. PowerX delivers comprehensive risk mitigation strategies for all stakeholders.

Development Impact Type³⁵: Sustainable Development



POWERX
AFRICA'S ENERGY EXCHANGE





General Impact Indicators

Criteria	Indicator	Impact
Impact Generation Timeline	Time (in months/years) from investment initiation to observable results.	Since acquiring PowerX 2016, the company has traded hundreds of millions of kWh in renewable energy within South Africa, providing a model for working with government, Eskom, and the private sector to build and trade renewable generation assets. This work includes acquiring Renewable Energy Certificates for customers and ourselves. Some Renewable Energy Certificates are not passed on to consumers but banked by PowerX, who can then sell the certificates to willing buyers. The impact was immediate given that the company was trading small volumes of power and has since experienced significant growth, with expectations to scale in double digit multiples over time. Funding Independent Power Producer projects can take between 24-36 months from the initial funding stage to the Commercial Operations Date.
SDG Reach	Number and list of Sustainable Development Goals addressed by the investment.	POWERX Pty Ltd assists its clients in meeting SDGs 3, 7, 11, 12, 13, 14, and 15 through the trading of hydro, solar, and wind power, catalysing job creation by building new generation assets.
Beneficiary Reach	Number of individuals, households, or entities directly impacted by the investment.	POWERX Pty Ltd currently purchases energy from 55 generation facilities and supplies it to 101 customer facilities. Some of the generator facilities would not have been able to reach financial close without POWERX's commitment to purchase their output—a key factor contributing to job preservation at these plants. Moreover, POWERX serves high-consuming customers with an international mandate to go green. Without access to renewable energy through POWERX, these customers might have considered relocating their operations to regions where they could independently secure renewable sources, potentially leading to significant job losses. In the worst-case scenario, these high consumption clients could have moved their operations abroad.
Stakeholder Engagement	Number of local stakeholder groups or community members actively engaged or consulted throughout the investment process.	<p>Each independent power plant conducts its feasibility, environmental and other studies, which typically involve stakeholder engagement in local communities likely to get affected by new power plants. While POWERX itself does not directly engage in stakeholder consultations as part of its investment process, it demonstrates a strong commitment to social responsibility. PowerX spends a total of 4-4.5% of its Net profit after tax (NPAT) on Donations, Supplier Development and Enterprise Development. All spending goes to 100% BEE companies/beneficiaries, uplifting the previously disadvantaged communities/people. We then endeavour to give the enterprise companies that we sponsor a contract the next year to become a supplier.</p> <p>We also spend a further 6% of our total payroll amount on skills development and bursaries. This is split between 3.5% to skills development of whom all the students are disabled. Other than the course fees, they get a stipend of R2.5k per month which in some cases are the only income these families get. Then the other 2.5% is for bursaries. Both Skills development & Bursaries are also all spent on previously disadvantaged students.</p>
Risk Assessment	Percentage of anticipated challenges successfully addressed.	South Africa's power trading market is poised to significantly contribute to shifting the country's energy mix towards more renewable and sustainable sources. As with any nascent market, there are challenges around operationalizing it. POWERX has carved a unique niche by establishing a trading association for South African traders. This association addresses market concerns and represents the trading market. Additionally, some members of staff are part of a steering committee with ESKOM, focusing on the development of future trading programs, thus ensuring POWERX's capacity to influence and adapt to evolving market needs. In addition, a POWERX employee serves as an EXCO member on the AMEU board and participates on the RECSA board. Through extensive market modelling, POWERX is adept at forecasting potential market shifts, ensuring its readiness to adjust strategies as required.



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Capacity Building	Number of training sessions, upskilling opportunities, or capacity-building activities conducted as part of the investment.	Bursaries and training are open to all staff and encouraged regularly. The company currently has three employees working towards their degree and another towards an advanced diploma. When a specific skill is required, POWERX offers complementary training.
Technology Transfer	Number of new technologies introduced to the community or sector as a result of the investment (if applicable).	POWERX has built on its own trading platform as the first of its kind in this market.
Policy Influence	Number of local policies or regulations influenced or shaped by the investment (if applicable).	POWERX participates in numerous forums to help shape the form and effectiveness of the private sector's effort to facilitate a renewable energy and trading market in South Africa.

Specific Impact Indicators

Category	Indicator	Impact
Climate Adaptation & Mitigation	Percentage of resources sourced from renewable or sustainable means.	100%. POWERX has been awarded a trading license to buy and sell clean energy
	Percentage decrease in waste generation or increase in waste recycling post-investment.	POWERX does not own the generation facilities, however if one considers the amount of Kwh that the company has traded since its inception, the amount of waste generated through non-renewable (mostly coal-based) generation that is being replaced by cleaner renewable energy is significant. Though not owning generation facilities, POWERX's substantial trade of kWh since inception has significantly reduced waste generated from non-renewable (mostly coal-based) sources.
	Reduction in greenhouse gas emissions by the investee company.	POWERX's operations directly impact the reduction of greenhouse gas emissions by sharing Renewable Energy Certificates (RECs) with customers who require them.