

Renegen gas plant on stream in 2019

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ALTERNATIVE and renewable energy investment firm Renegen's natural gas project in Virginia in the Free State is on course to commence production by the fourth quarter of 2019, chief executive Stefano Marani said yesterday.

The project is in the early stages of construction.

He said the next steps would include going out on tender for equipment, and raising capital.

For funding, the company would tap into the R218 million loan that its subsidiary Tetra4 concluded with the Industrial Development Corporation.

"In addition, we are talking to various parties about equity. But it is still early days to say much," said Marani.

Tetra4 is the first and only South African company which holds an onshore petroleum production licence.

Renegen and Anheuser-Busch InBev (AB InBev), through their respective subsidiaries Tetra4 and SA Breweries Proprietary (SAB), announced on Monday the conclusion of an off-take agreement that would see Tetra4 provide natural gas to SAB. The gas would displace diesel use in trucks.

In terms of the agreement, compressed natural gas from Tetra4's Virginia operations would be rolled out to a small fleet of trucks in Gauteng.

This would be upgraded to a larger fleet to run on liquified natural gas once Tetra4's plant is operational in 2019.

The project could see South Africa become the world's eighth largest exporter of helium, which

is used in the medical industry for magnetic resonance imaging (MRI) machines, fibre optics, electronics, telecommunications, superconductivity, underwater breathing, welding, nuclear power stations, and party balloons.

In May 2016, Renegen concluded an off-take agreement with German technology multinational Linde for helium.

In terms of the agreement, Renegen would supply Linde with helium.

"The agreement with SAB marks another large-scale South African logistics operation to use new age fuels," Marani said.

"The use of LNG not only

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drastically reduces carbon emissions, but has the added advantage of improving the vehicle's lifecycle maintenance and reduces operating cost significantly.

"Renegen wants to remain a pioneer in alternative energy sources and is proud to be associated with SAB in such a landmark agreement," he said.

Renegen has been supplying compressed natural gas to Megabus – a subsidiary of Unitrans – since May 2016.

AB InBev had proactively taken steps to reduce its carbon footprint. The brewer had run vehicles on natural gas in other countries.

"They saw the gap," Marani pointed out.