



Renergen's Virginia Gas Project

The Renergen success story

Business Fleet Africa spoke to Nick Mitchell, Chief Operating Officer of Renergen, a renewable energy natural gas and helium group. “With diesel prices at a record high, liquefied natural gas (LNG) has the potential to lower the cost of energy by as much as 30% for major logistics companies,” says Mitchell.



The Stone Age did not end because the world ran out of stones, and the oil age will not end because we run out of oil. Instead, the oil age will slow down as companies and governments speed up the energy transition towards our final destination, renewable energy.

Renergen's share jumped in March this year after it reported a gas strike during exploration efforts in the Free State. The well was drilled to further expand its Virginia Gas Project, SA's only onshore petroleum development.

Richest helium concentrations recorded globally

The Virginia Gas Project holds one of the richest helium concentrations recorded globally. “We are excited about the

imminent commissioning of Phase 1 of our Virginia Gas Project – South Africa's first commercial LNG facility,” explains Mitchell. “With this project, South Africa becomes one of the only eight helium producers in the world, alongside Algeria, Australia, Canada, Poland, Qatar, United States and Russia”.

Phase 1 to go live soon

The project's first phase will go live with two main customers – Consol Glass and Ceramic Industries. “The two companies will consume about 60% LNG from Phase 1, with the remaining 40% destined for the trucking market as part of Renergen's strategy to drive the dual-fuel concept in the local logistics industry due to start later this year,”

Mitchell shares. “We have been speaking to many fleet owners, and the intent to secure this volume is robust across multiple potential customers. We believe the next offtake agreement is imminent and that a single entity will likely secure all the remaining volumes”.

Access sites

The strategy evolved since Renergen started out. Mitchell elaborates: “There was a delay in the initial uptake of dual-fuel because fleet operators were concerned about OEM warranties. Over the last few years, several OEMs have provided commitments that the warranty can remain in force when fitting a dual-fuel conversion kit. This has provided the market with the necessary confidence to move forward. In addition, our original plan included establishing open sites across the national highways. However, some of our customers prefer bespoke depots purpose-built for their needs on their own premises. This is a

more likely scenario as we start out and then potentially expand to open sites in Phase 2”.

Benefits of dual-fuel

The cost of a conversion kit is about R250 000. “The substitution levels that we are seeing across several kit manufacturers and several truck manufacturers that we’ve tested it on, ranges between 40% and 60% combined with a 25% to 30% discount on the energy itself, resulting in a substantial fuel saving for the operator for every kilometre travelled,” explains Mitchell.

Other benefits include fewer oil changes and significantly less wear and tear “Diesel contains sulphur, Nox’s and SoX’s, so when you substitute it with our LNG, you are reducing the volume of contaminants that are very harmful to the environment and the engine. Using LNG results in less CO₂ emissions into the atmosphere and a reduction in engine wear and tear,” says Mitchell.

What is the feasibility for other suppliers to import LNG?

Mitchell says there’s a lot of talk about importing LNG, but South Africa’s ports do not have the infrastructure. “Likely, imports will not be feasible for approximately five years, given the time it takes to get the necessary permits, conclude



feasibility studies, and project development and construction”.

That said, LNG is a critical fuel for the future and is essential to the path toward reducing CO₂ emissions. “We need a combination of several domestic natural gas projects and imported LNG projects to develop and co-exist”.

Are there other developers of onshore LNG in South Africa?

Mitchell elaborates: “Renegen’s production rights were granted in 2012, and it took up to 2022 to develop the asset,

prove that there is sufficient resource, develop the market, and get the licenses in place before starting commercial operation. Other onshore developers are at the technical cooperation permit stage or starting the exploration stage. At best, other onshore players are several years away from commercial operations. We don’t see them as competition but as augmenting and developing the market. As more LNG becomes accessible, it means more accessible infrastructure and greater market confidence,” he concludes. **BFI**



From the left – Mark Gavin (Babcock Transport Solutions Sales Director) Alec Jackson (Senior Sales Executive Babcock Transport Solutions), Marius Barnard (MD Babcock Transport Solutions), Nick Mitchell (Renegen & Tetra4 COO) Craig Schneiderman (Renegen Commercial and Key Accounts Manager)

“Due to the current cost of diesel, the savings for one of our potential customers, converting a truck to dual-fuel, could enable him to procure a new truck every 10–12 months. This is dependent on how many kilometres the truck travels per month. The operational advantage for the specific fleet owner is that he will be able to expand his fleet quickly and be more economical than any of his competitors,” says Mitchell.