African shifts towards small-scale power generation

The emerging trend in the African energy sector is a shift away from utility-scale developments to community-sized generation projects.

“Businesses and communities are also showing interest in becoming less dependent on the national grids. In rural Africa, especially, the economics of expanding the national grids do not make sense, hence there is a significant trend towards mini-grids and other off-grid solutions,” says Ahmed Jaffer, chairman of KPMG in South Africa and the head of power and utilities.

“These solutions are cost-effective as the costs that are invested in the general infrastructure of generation projects are eliminated in smaller scale solutions,” says De Buys Scott, senior partner in deal advisory and head of infrastructure advisory at KPMG in South Africa.

Energy security remains elusive on the African continent and is one of the biggest challenges facing the utility sector. International Energy Agency (IEA) estimates that two out of three people in sub-Saharan Africa do not have access to electricity. This translates into 620m people on the continent without electricity – and for those that have – the supply is unreliable and very expensive compared to world standards.

Power and utilities companies globally face the triple challenge of improving environmental performance, keeping consumers' costs down and maintaining system reliability. As a result, KPMG has developed a long-term strategy that seeks to continue investing in innovation, thought leadership, and refreshing existing methodologies that have proved to be effective over the years.