

To Rent or Go Permanent: A Mining Perspective

Julian Ford, Chief Commercial Officer, Altaaqa Global CAT Rental Power

The mining industry has played an integral part in Africa's history and progress. Though currently weathering unfavorable economic circumstances, Mining will continue to be important in the progressive growth of the continent's economy.

Africa is instrumental in providing the world with precious metals and commodities, including platinum, diamond, gold, copper, steel and aluminum. Many of the mines sites in Africa, however, are in remote locations, where power infrastructure may not exist or are still developing, or where a reliable connection to national grids can still be improved. This poses a challenge to mine operations, established and developing alike, particularly in light of the fact that without access to a sufficient or reliable source of electricity, mining companies run the risk of losing on profit, valuable production time or opportunities for growth.

In coming up with a solution to ensure a consistent supply of electricity to the sites, mining companies often find themselves choosing between building a permanent power plant or turning to temporary electricity. Julian Ford, Chief Commercial Officer of global power solutions provider Altaaqa Global, shares his insights on how temporary power solutions can benefit mine operations especially during these economically trying times.

Why rent?

It is most advantageous to specify temporary power during the pre-feasibility/feasibility stage of mining operations, when mining companies are applying for finance. This could help them secure financing for the project.

"Temporary power solutions can support the growth phase of mine operations, because they provide flexibility, scalability, risk mitigation and cost minimization," says Ford. Specifying the services of temporary power providers during this stage will preclude the need for mining companies to spend scarce CAPEX in procuring their own generators or building permanent power facilities. "With temporary power, mines can opt to start small, then add power capacity as their operations grow. They can pay for the rented electricity from their operational profits," he says.

As mine operations develop and become established, mining companies will eventually find benefit in building their own permanent power plants, which, however, may take a substantial amount of time to complete. “While the permanent power plants are being constructed,” says Ford, “temporary power can sustain the mine operations. As soon as the permanent facilities are constructed and fully operational, mining companies can simply end the contract, and the temporary power plants will be immediately demobilized. This way, mining companies will not have surplus equipment, because everything was only rented.”

Temporary power solutions are also beneficial for ongoing mine operations, in times of power shortage or emergency situations. “When mine operations need additional power to sustain production, temporary power providers can easily deploy and install temporary power plants at their sites in a matter of days to supply continuous and reliable electricity,” says Ford.

As commodity prices remain depressed, and full economic recovery continues to be elusive for developed and emerging countries alike, mining companies are in the midst of challenging times. “In these times, mining companies cannot afford to subject their operations at risk, owing to lack of funds or long project lead times. Renting power does not require spending scarce CAPEX that is usually related to building permanent power plants. Temporary power plants can also be tailored to any power or voltage, so there is no longer a need to build support power infrastructure to run the rental plants. Additionally, installing temporary power plants will only take days, whereas constructing a permanent power infrastructure may span longer periods of time. This means that in a short time, mine operations can be up and running, and producing.”

“Hiring electricity can prove advantageous for both established and nascent mine operators. It can provide operational flexibility, enhance a site’s productivity and help optimize its processes without the need for a long lead time and a sizeable capital expenditure,” says Ford. “As mining companies realize the benefits of hiring power, it will no longer be uncommon in the coming years to see larger temporary power plants being hired on a longer-term basis within the mining industry.”

End



