

Broadreach Capital, 670 Venture Capital & Energyworx Agree To Develop Energy Efficiency Projects

Energy in South Africa has been a hot topic over the past 5 years, with the latest round of load shedding and cost increases adding to the uncertainty. Cost and security of supply concerns have given rise to many alternative energy solutions entering the marketplace, particularly in the embedded generation sector.

In light of the above, [Broadreach Capital](#) (Broadreach), [670 Venture Capital](#) (670 Ventures) and [Energyworx](#) are pleased to announce the conclusion of a transaction that will see them collaborating to fund and implement energy efficiency projects for retail, commercial and industrial clients.

Energyworx, an energy services company (ESCO) and energy project developer, has for some years been developing energy projects for various clients using the Energy Performance Contracting (EPC) principle.

EPC is a form of financing for energy-saving projects, allowing those projects to be financed out of monetary savings on clients' energy costs. Under an EPC arrangement, an ESCo pays for and implements a project to deliver energy efficiency for a client and in turn receives a share of the cost savings. Essentially, the ESCo does not receive payment unless the project delivers the expected energy savings, ensuring that all parties' interests are aligned.

This form of contracting addresses both the performance as well as the financial risks of energy efficiency projects. Both risks are carried by the ESCo, which provides the capital required for the project and only receives a return when savings are achieved. This means the ESCo is focused on performance and will only install 'best in class' equipment that lasts the length of the contract.

Many companies do not have the capital budget to pay for energy efficiency projects, especially in the current challenging economic climate and the considerable electricity price increases. Under an EPC contract, however, the client not only incurs no capital expenditure, but in fact receives a share of the savings during the term of the EPC, without any of the risk.

This is where Broadreach and 670 Ventures enter the picture, providing the capital required for Energyworx to roll out EPC projects.

With the declining cost of energy products and increases in the cost of electricity from Eskom, having an energy specialist company on your side is now a 'must have' rather than a 'nice to have'. Energyworx, Broadreach and 670 Ventures look forward to partnering with clients on their sustainable energy journey.

Broadreach and 670 Ventures are independent asset management companies. Broadreach was established 4 years ago and focuses exclusively on investing in the renewable and clean energy sectors. 670 Ventures was established 3 years ago, with a focus asset-backed operating rental opportunities, including energy efficiency projects. Both Broadreach and 670 Ventures are registered venture capital companies, which provide their investors with fully tax-deductible investments in terms of Section 12J of the Income Tax Act.