

## **Mining Companies benefit from Renewable Energy**

**For a long time, the mining industry seemed uninterested in the utilization of renewable energies. Rising electricity prices and an unreliable supply situation in many mining countries have led to a rethinking of this position. This is because both photovoltaic and wind power provide for the realization of effective price advantages.**

Mine operators based particularly in Africa, parts of South America, and Asia, are battling against the negative effects of an ailing network infrastructure. Here, sensitive mining operations frequently need to be interrupted for safety reasons due to electricity outages and power cuts. These are paid for through expensive downtimes. At the same time, the demand for electricity is increasing as a result of what are, in general, increasingly difficult production conditions in the mines.

Current studies show that many companies in the sector are unhappy with the service levels and prices offered by their energy providers. The reasons for this can be identified in the predominantly monopoly-controlled energy markets within the classic mining countries. As a result, the ever-increasing lack of a service concept on the part of many energy providers is having a negative effect on workflows, extraction costs and the exploration of new sites. Long waiting times for grid connection coupled with unwillingness, despite six year lows, to offer price discounts for coal, gas and diesel, represent just the tip of the iceberg.

### **Cost controls guarantee competitive advantages**

In order to win back control over their energy expenditure, and to increase their competitiveness, market leaders such as Rio Tinto, Sandfire Resources, or Barrick, utilize the power of renewable energies for their internal consumption: Through their own wind and solar projects they strengthen their bargaining position vis-à-vis local energy suppliers and can improve their cost position by up to 20 percent for electricity and 15 percent for diesel. High performance photovoltaic-diesel hybrid systems coupled with falling prices on the electricity storage market will fuel this trend and further strengthen the energy self-sufficiency of mines.

This pattern is confirmed by the World Bank: Its report 'Power of the Mine: A Transformative Opportunity for Sub-Saharan Africa', assumes, for example, that the utilization of clean energy through mine operators, in the sub-Saharan region alone, will rise by 2020 to 23,000 MW. The financial markets also provide support: Thanks to low rates of interest in Europe and sharply falling prices for solar and wind energy, institutional investors are increasingly investing in the green sector. The use of renewable energies is read by the financial market as a future oriented sign of strong corporate leadership; one that not only contributes to a reduction in CO2 emissions, but also promises lasting returns for the mining sector.

Yours  
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