



AFRICAN INFRASTRUCTURE INVESTMENT MANAGERS

# CASE STUDY:

## STARSIGHT POWER UTILITY LTD

### THE COMPANY:



**Company:** Starsight Power Utility Ltd

**Region:** West Africa

**Country:** Nigeria and Ghana

**Sector:** Distributed Power

**Technology:** Solar

**Investor:** AIIF3

**Investment:** Equity

#### IMPACT HIGHLIGHTS

- February 2018: AIIM acquires significant minority stake in Starsight through its African Infrastructure Investment Fund 3 (AIIF3), as part of a \$30m equity round.
- August 2019: Follow-on commitment as part of additional round.
- May 2020: Starsight provides Ikole Hospital in Ekiti State in south western Nigeria with a reliable source of clean energy (17.5kW of solar plus battery storage) allowing laboratory technicians to run over 1000 Covid-19 tests.
- To date Starsight has grown from less than 1MW installed across 30 locations in Nigeria to nearly 30MW contracted and installed across 350+ locations in Nigeria and in Ghana.
- Using Starsight clean energy solutions, businesses are able to reduce electricity consumption by 20-45% as well as decrease carbon emissions and fossil fuel use by 30-50%.

#### STARSIGHT'S STORY

**Starsight is West Africa's leading commercial and industrial solar power supplier in terms of sites and MW deployed. Founded in 2015, the company has installed approximately 27MW of generation assets and 20MWh of storage at 362 sites across Nigeria and Ghana over its first five years of operations.**

The company has a presence in all 36 Nigerian states, providing power to a diverse client base, including banks, gas stations, schools and commercial agribusiness companies. In 2019, Starsight expanded its operations into Ghana and currently has 2.2MW of Solar PV under contract with its Ghanaian customers.

Starsight delivers an end-to-end service from the initial assessment of a client's energy needs, to the installation and maintenance of a clean energy solution, with ongoing technical support. The company's proprietary smart technology optimises energy consumption enabling customers to significantly reduce their energy costs and boost their profitability, while at the same time delivering a substantial reduction in carbon emissions.

95 million Nigerians (about 55% of the population) lack access to electricity, and those that are connected to the grid suffer from regular power outages. Although Nigeria has roughly 12.5 GW of installed generation capacity, only 3.5 - 5 GW is typically available. Several constraints across the generation, transmission and distribution segments of the sector have resulted in a consistent distributed capacity (with power reaching

the end-user) that only represents around 25% of the installed capacity. An estimated 41% of Nigerian businesses use diesel generators, both expensive and inefficient, to generate their own power supply to augment the national grid supply.

Starsight installations are able to deliver a significant reduction in total power costs for its customers as compared to the price per kW/h from the grid. The cost of Solar PV system components has declined sharply over the past years, making the technology more affordable, and while fluctuations in the price of diesel, maintenance and operational costs of generators are set to increase, solar tariffs are lower than ever before.

In Ghana, where the national grid provides a more consistent power supply, demand for Starsight's solutions is driven primarily by affordability rather than a need to supplement unreliable grid power. The overall Starsight model is to offer customers a discount to their pre-Starsight energy costs, through entering into long-term contracts. Customers pay a monthly fee to cover the cost of power consumed and the operations and maintenance of their generation systems and cooling systems (air conditioners).



# THE COMPANY VIEW

Tony Carr, CEO of Starsight: "We see AIIM as a long-term partner with extensive local knowledge that will help us drive future growth, further expand our customer base and ultimately deliver value to our shareholders."

**"IT'S TIME TO BE MORE ENERGY EFFICIENT."**



## THE ROLE PLAYED BY PRIVATE EQUITY

As long-term infrastructure investors, AIIM recognised an opportunity to make both a positive and sustainable impact. AIIM has invested in Starsight through its African Infrastructure Investment Fund 3 (AIIF3), which targets infrastructure investments in the power, transport and midstream energy sectors across sub-Saharan Africa. AIIM focuses on applying its investment experience, developed through investing in the sector since 2000, to countries and sectors where the large gap between infrastructure supply and demand provide strong risk adjusted returns for investors.

In the time that AIIF3 has been invested in Starsight, the business has grown from less than 1MW installed across 30 locations in Nigeria to nearly 30MW contracted and installed across 350+ locations in Nigeria and in Ghana. The Company has diversified its offering from primarily bank customers to larger applications, including for schools, agriculture and FMCG customers.

Through Starsight's pilot phase, management identified key technical risk areas and bolstered its executive staff with engineering expertise. Since AIIF3's initial investment in 2017, the company has acquired the most extensive databank in SSA for client consumption patterns. Starsight has constituted a data analytics team responsible for translating learnings into actionable improvements in the company's value proposition. With a clear understanding of client needs, Starsight has been able to streamline its client engagement process and reduce its sales conversion timeline.

The board of directors has been augmented with pan-African experts in the distributed energy space. The expertise of board additions has guided Starsight's expansion into Ghana and will support further expansion into new markets.

## A FORCE FOR GOOD

Starsight continues to bridge Africa's energy gap by providing energy at a lower cost to businesses than their current operating costs, helping them to run more energy efficient operations, improve their ease of doing business and spur the economic growth required to create jobs for the continent's fast-growing population.

By purchasing solar electricity or a solar PV hybrid system, businesses are able to regain control over their energy supply, no longer relying on the centralized grid infrastructure and diesel generators, at the same time using cleaner energy and reducing their carbon footprint.

Starsight's clean energy solutions provide cost savings between 35-50% on both energy and OpEx (diesel and grid), achieving between 20-45% energy reduction. Fossil fuel consumption is reduced by 30-50% and carbon emissions are reduced, delivering

long term sustainability benefits to the local environment.

In May 2020, Starsight launched an initiative to provide solar power to a hospital in Iko, Ekiti State in south western Nigeria, to help speed up Covid-19 testing. The Iko Hospital had historically been served by an unstable national electricity grid, receiving only eight hours of electricity every month. Starsight provided the hospital with a reliable source of clean energy (17.5kW of solar plus battery storage) allowing laboratory technicians to run over 1000 tests. For other tests (e.g. blood count and renal function tests), the turnaround time was shortened by 3-6 hours. Based on the success of the Iko Hospital initiative, the Ekiti state government has asked Starsight to provide solutions for five more sites, and the company expects to install sites throughout Nigeria and across the continent in due course.

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