

Athlone Power Station Redevelopment Strategy



The Athlone Power Plant in the City of Cape Town was decommissioned in 2003. The redevelopment of the site has been mooted for several years. The City of Cape Town wished to redevelop the site as a catalytic investment to achieve multiple social, spatial and economic objectives. The municipality approached the National Treasury and the World Bank to fund a feasibility study for the site. HR&A and PDG were appointed to undertake this research.

PDG provided local contextual support on the project, as well as investigated the institutional options and regulatory implications of the different options available to the municipality for the site. PDG drew on our extensive experience of the South African local government legislative landscape (particularly the Municipal Systems Act, the Municipal Financial Management Act, and the Public Private Partnership Regulations), in order to advise on the range of public-private partnerships that might be possible for the site. PDG also engaged with national government stakeholders around possible amendments to the regulations to make alternative transaction structures possible.

This project introduced a new approach to the assessment of the feasibility of a catalytic investment. The approach balanced the large infrastructure investment required with the available finance, the potential revenue to the municipality and the social opportunities provided to the residents of the city. This approach also attempted to balance the risk between the municipality and the developer through a carefully structured institutional model.



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The work resulted in a comprehensive redevelopment plan for the site which itemised the cost of bulk infrastructure, investigated how this could be financed (including the contribution from each actor), and what the proposed land disposal arrangement would be to maximise the private sector interest in the site.

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WBA PROJECT:

Project Profile: Athlone Power Station Redevelopment Strategy

Client: World Bank (Led by HR&A Advisors)

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