

7TH BID WINDOW UNDER THE RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME (REIPPPP BW7) BIDDERS' CONFERENCE QUERIES AND CLARIFICATIONS – 17 JANUARY 2024

No		Response
1.	<p>Given that alternative grid access solutions and mechanisms are still under consideration, how has the IPP Office and Eskom addressed the grid access challenges in bid window 7 to avoid a repeat of the outcomes under bid window 6?</p>	<p>Recognizing the grid constraints in the Cape Region and to avoid a repeat of the outcome from Bid Window 6, the IPP Office and Eskom consulted with the Industry Associations for most of last year to develop mechanisms to unlock grid availability. The mechanisms under consideration included a Curtailment Framework; Gated Approach; Interim Grid Capacity Allocation Rules; and Capacity Preservation/Reservation. For Bid Window 7, Curtailment has been provided for in the Power Purchase Agreement, and Eskom's Interim Grid Capacity Allocation Rules are currently in operation. Recommendations on the other mechanisms, made by the Eskom Board, are under consideration by the National Regulator.</p> <p>During the design of Bid Window 7 we also worked closely with the Presidency (NECOM Secretariat) to look into alternatives, recognising that it may take some time to complete these grid unlocking measures.</p> <p>Eskom released the updated Generation Connection Capacity Assessment (GCCA) on 23rd October 2023 to inform bidders of available capacity in all the provinces. The GCCA 2025 indicates available national grid capacity of 19.94GW in areas other than the Cape Supply area.</p> <p>Bidders have until 31 January 2023 to apply for CELs and will then have 3 months within which to prepare their bids.</p> <p>We are very aware of the possible impact on price of projects in lower yield areas, however value for money principles are applied during all IPP programme evaluations, which takes into account broader aspects and economic benefits for the country.</p>
2.	<p>Can Eskom give any indication of the timelines to reach agreement with the regulator on new grid access solutions, and what other mechanisms are being put in place in the interim to address grid access in the cape region?</p>	<p>Addendum to GCCA 2025 was published, which details additional grid capacity available due to curtailment in the Western and Eastern Cape supply areas.</p>

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3.	What will now happen with those bid window 5 IPP projects that failed to close projects by December 2023?	The Department is engaging the remaining Preferred Bidders that have failed to reach commercial close in line with the provisions of the Request for Proposals (RFP) and procurement rules. As these engagements are of a commercial and legal nature the Department is not at liberty to provide any information on the status of individual Preferred Bidders. Decisions in this regard will be communicated in due course following conclusion of the engagement with those Preferred Bidders.
4.	How will Eskom deal with the grid capacity that may become available from unsuccessful preferred bidders in the other IPP programme rounds?	Grid capacity that becomes available due to unsuccessful bidders is included in subsequent GCCA studies for future GCCA publications to inform future IPP programmes.
5.	If the GCCA is updated during the bid preparation period, will the RFP also be adjusted?	As the RFP is not prescriptive or restrictive in terms of specific areas, there will be no need to adjust the RFP. Bidders will have to satisfy the technical and grid access requirements in the RFP, and these will not change as a result of any adjustments to the GCCA.
6.	How will existing CELs and BQs be treated for bid window 7, and is the turn-around timeline feasible for Eskom to consider applications in time?	Eskom follows its due internal processes and technical diligence when issuing CELs. Bidders must apply for new CELs in case they want to increase MW of existing CELs because the grid impacts will be different.
7.	Are we expecting a major impact on tariffs as a result of projects developing in areas that might not be as optimal as the cape supply area, due to grid unavailability?	Projects will be comparatively evaluated in accordance with the provisions of Part C of the RFP and those Compliant Bidders who are ranked and scored the highest in respect of their Price/ED scores will be appointed as Preferred Bidders. As in prior IPP programmes, a benchmarking assessment is undertaken during the bid evaluation which considers key parameters including the impact of energy yield. In addition, value for money principles are applied during all IPP programme evaluations, which takes into account broader aspects and economic benefits for the country.

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8.	<p>Given the disruptions to global and local supply chains, local content requirements have been a key challenge for preferred bidders under the bid window 5 and 6 rounds. What mechanisms are in place to address this in new bid windows?</p>	<p>Local Content relates to the utilisation of raw materials, manufactured parts and components, utilities and services. This is a catalyst for benefits such as job creation and skills improvement. Local Content in a Project has a positive impact on the country's balance of payments and decreases exposure to currency risk during the implementation of the Project.</p> <p>Under the current regulatory framework in the PPPFA and the Preferential Procurement Regulations Bidders are free to select which Economic Development Elements they are willing to submit Economic Development Commitments for in their Bid Response.</p> <p>Bidders will be scored for Economic Development, out of 10 (ten) points based on the extent of the commitments made by a Bidder in respect of the Economic Development Elements and Economic Development Sub-Elements for which they have submitted the supporting information required.</p> <p>Bidders will be contractually bound to the Economic Development Commitments that they make and are scored for in terms of Part C of the RFP.</p> <p>Bidders are required to use the specified exchange rates issued by the Department in accordance with Appendix R8 (Schedule of Interest Rates and Foreign Exchange Rates) in Volume 4 (Financial Functionality Requirements) of the RFP, in order to calculate the value of their Local Content commitments.</p> <p>The Department is aware of the challenges experienced in respect of certain Local Content products and components. Engagements are continuing with all relevant stakeholders to find a solution to the challenges. Establishing Local Content capacity in South Africa is imperative to growing the economy of the Country at large.</p>
9.	<p>Please clarify the requirements for local community ownership in the project company</p>	<p>Bidders must demonstrate how such shareholding is in full compliance with the requirements for Ownership by broad-based ownership schemes as specified in the B-BBEE Codes.</p>

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		<p>The B-BBEE Codes include the following requirements:</p> <ul style="list-style-type: none"> • the management fees of the vehicle may not exceed 15% (fifteen percent); • the constitutional documents of the scheme must record the rules governing any proportion of Economic Interest received and reserved for future distribution or application; • the scheme must define the participants or beneficiaries and the proportion of their claim to receive distributions (economic interest); • at least 85% (eighty five percent) of the value of benefits (economic interest) allocated by the scheme, must accrue to Black People; • at least 50% (fifty percent) of the fiduciaries of the scheme must be independent persons having no employment with or direct or indirect beneficial interest in the scheme; • at least 50% (fifty percent) of the scheme must be Black People and at least 25% (twenty five percent) must be Black Women; • the chairperson of the scheme must be independent; • the Constitutional Documents must be available on request to any participant in an official language in which that person is familiar; • the fiduciaries of the scheme must present the financial reports of the scheme to participants yearly at an annual general meeting of the scheme; and • on winding up or termination of the scheme, all accumulated economic interest must be transferred to the participants or an entity with similar objectives. <p>Where the vehicle for Local Community participation has already been incorporated or established at the Bid Submission Date, the B-BBEE Verification Certificate must confirm that the Local Community vehicle complies with the requirements of the RFP, and the rest of the provisions of the Amended B-BBEE Codes; and the Bidder must submit the Constitutional Documents (including a trust deed if applicable) for such vehicle and any intermediary vehicles that have already been incorporated.</p>

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No		Response
10.	The government guarantee framework has now been adjusted for bid window 7 which has been on the cards for a while– was this consulted widely and are there any challenges you foresee for the market for bid window 7?	<p>The changes to the government guarantee framework that have now been implemented for Bid Window 7 were initially recommended through various independent studies commissioned by both the National Treasury and the Department through the IPP Office. These recommendations were extensively consulted with the market over the last 2 years, especially lenders and IPPs, as well as with the parties to the Government Support Framework Agreement, which are National Treasury, DMRE, DPE and Eskom.</p> <p>In these consultations, the market and lenders have been understanding and supportive of the need for adjustments to the framework, given the increasing pressures on the fiscus. We do anticipate that it might cause some disruption in the financing sector as the guaranteed reductions are implemented over time, but no major challenges are foreseen for Bid Window 7.</p>
11.	How will South African entity participation be evaluated in bid window 7?	<p>South African Entity Participation (SAEP) is included as a requirement under the Project Structure section of the Legal Functionality Criteria under Volume 2 (Legal Functionality Requirements). The criterion requires that a Project Company must be structured in such a way that at least 49% of the Shareholding in the Project Company will be held by South African Entities or Persons.</p> <p>This is one of the Functionality Criteria and Bidders must comply with the criterion in order to be a Compliant Bid under Part B (Functionality Criteria Requirements), before being Evaluated based on competitive scoring in Part C (Evaluation Criteria Requirements).</p>
12.	It is likely that some projects to be submitted in round 7 were bid compliant in round 5 or 6, please confirm if the various legal opinions and regulatory approvals submitted for previous rounds can be re-submitted?	The Department and IPP Office cannot provide such confirmation. The Bidder needs to satisfy itself that the Legal Opinions and regulatory approvals submitted in response to the Bid Window 7 RFP are valid and applicable for purposes of compliance with the Bid Window 7 RFP requirements.
13.	Civil aviation authority approval is still requested. In light of the lack of resources at CAA/ATNS to assess and that these approvals can take up to 12 months, can this be revisited?	The Department cannot waive environmental authorisation requirements. To the extent that a civil aviation authority approval is identified as part of a project's Environmental Consents, the Bidder would need to demonstrate, in compliance with the RFP criteria, that the requisite applications have been made and is

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		sufficiently progressed by the Bid Submission Date, to ensure that upon appointment as Preferred Bidder, finalisation of the outstanding Environmental Consents, and associated documents, will not delay Commercial Close, Financial Close or implementation of the Project.
14.	What approach is taken in the PPA with regard to green credit ownership?	No specific provision is made in the PPAs. The matter is regulated as per the previous programmes in the Implementation Agreement, dealing with Emission Credits.
15.	What mechanisms are in place to allow startups, local sub-contractors and new renewable energy companies to grow and bid on opportunities without any prior experience or track record?	Unfortunately, with large grid-scale commercial projects such as those under the IPP Programmes, we do require developers, construction companies and operations companies to have the necessary experience and track record to implement these highly complex infrastructure projects. There are, however, many initiatives that are being implemented by Development Banks and Lenders and established IPPs to attract and support emerging players in the energy market. Through the IPP Procurement Programmes we have seen very positive developments over the years where emerging small IPP start-ups and contractors have rapidly grown and are now fully participating in the bidding rounds and winning bids. Our advice would be to continue networking and establishing partnerships in the market to build your portfolio.
16.	How can we tackle logistics challenges of installing 3.2GW of wind with regard to port capacities, road transport permits and escort availability?	Bidders and relevant representative bodies are advised to timeously approach and engage the relevant government authorities to tackle logistics challenges.
17.	The IPPO released the BESS BW2 RFP with similar timelines as REIPPPP BW7. There will be a challenge in terms of the resources IPPs require from a consultancy point of view, is there a possibility of one of the bid submission dates being moved to try and manage the resource constraint?	Each IPP Programme is developed independently of other programmes. A bidder can choose which IPP Procurement Programme it wishes to participate in based on its capacity and ensure it has adequate resources to enable it to submit a bid response. The REIPPPP is also implemented as a rolling programme with different Bid Windows. The same approach has been adopted with the Battery Energy Storage IPP Programme.

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No		Response
18.	What will happen to bid announcement date if ANC is not majority for the 2024 elections in May as announcement is post election date?	Bid Window 7 of the REIPP Procurement Programme is being conducted pursuant to the Determinations issued by the Minister, with NERSA concurrence, in 2020 and 2023, referenced in the RFP. Finalisation of the Bid Window 7 procurement process is not contingent on the outcome of the national election.
19.	Bernard, any final messages to the potential bidders preparing their bids and the public?	We believe strongly that South Africa and the IPP Programme continues to offer solid investment opportunities. Good luck with the preparation of your bids!
20.	Are we able to obtain the list of mandatory requirements and evaluation criteria prior to the purchase of the bid document?	<p>A RFP Summary will be available on the IPP Projects website after the conference.</p> <p>Please note that this summary will not replace all mandatory RFP requirements as more fully detailed in the actual RFP with all of its volumes and prospective bidders are urged to obtain the full RFP to ensure they can fully assess all the RFP mandatory requirements to enable them to comply with the RFP functionality criteria.</p>
21.	Is an EA is required for bid submission compliance?	An EA is required at Bid Submission Date – refer to the RFP for the environmental consent requirements as detailed under Part B of the RFP.
22.	Will northern cape wind and/or solar projects be able to compete bearing in mind the grid capacity uncertainty and proposed curtailment rules?	Bidders must look at the GCCA and any updates thereto, and also engage Eskom GAU to determine and confirm available grid capacity.
23.	At what point do you determine that a project will likely not close and thus call on the reserve bidders? Would this be if they do not reach commercial close after 6 months of being allocated preferred bidder?	After appointment of Preferred Bidder, Preferred Bidders will be engaged to provide all requirements in line with the RFP to achieve commercial close. Anticipated commercial close timeline is approximately 6 months from the Preferred Bidder announcement as per the timetable. The date for commercial close will be communicated to Preferred Bidders at the appropriate time where after if a Preferred Bidder is unable to achieve commercial close, the Department may exercise the RFP option to call on reserve bidders. The RFP timetable in Part A of the RFP is an indicative timeline.

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24.	What is the timeframe between from allocation to commercial close? When is the call made to replace bidders with back up bidders?	After appointment of Preferred Bidder, Preferred Bidders will be engaged to provide all requirements in line with the RFP to achieve commercial close. Anticipated commercial close approximately 6 months from the Preferred Bidder announcement as per the timetable. The date for commercial close will be communicated to Preferred Bidders at the appropriate time where after if a Preferred Bidder is unable to achieve commercial close, the Department may exercise the RFP option to call on reserve bidders. The RFP timetable in Part A of the RFP is an indicative timeline.
25.	After preferred bidders' status then only detailed design and integration discussions take place with Eskom. It has happened in the past that they have not considered all integration factors at CEL and then request changes that require a material amendment. Splitting EAs etc. Are these disqualification criteria?	All technical functionality requirements and evaluation criteria are stated in the RFP. It is only after detailed designs have been completed that the full scope of network integration can be defined, which then informs the final scope of work included in the BQ.
26.	Although the IPPO is confirming that projects that have CELs/BQs under a private procurement can be allowed to take part in BW7, however this is not the understanding as per our interactions with the Grid Access Unit.	A potential bidder must have a valid CEL. It must be borne in mind that the planning assumptions used for wheeling are different to those used for REIPPPP and as such Bidders are required to engage the relevant Grid Provider to confirm the validity of their CEL. Valid BQs issued for C&I projects will be accepted for Bid Window 7.
27.	Excuse my ignorance, but what the bid bond requirement per MW?	Preferred Bidder fee R100 000 per MW; Preferred Bidder Guarantee R250 000 per MW
28.	Eskom did mention program specific CELs (CEL pros). Gated approach process kicked off	The IGCAR will not be applicable for Bid Window 7.
29.	Will the IGCAR evaluation be done during the bid evaluation or post Preferred Bidder awarding? If it's post Preferred Bidder awarding, what happens if the project does not pass the IGCAR evaluation when it has been announced as a Preferred Bidder? GAU should probably consider doing the IGCAR evaluation as part of the Bid evaluation, so that projects are ready to go into the BQ process as soon as the get Preferred Bidder status	The IGCAR will not be applicable for Bid Window 7.

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No		Response
30.	Eskom have recently presented the Curtailment Framework to the industry, and this Framework is meant to mitigate capacity constraints in the Greater Cape regions. How does Curtailment Framework impact the REIPPPP BW7 projects?	Addendum to GCCA 2025 was published, which details additional grid capacity available due to curtailment in the Western and Eastern Cape supply areas. Curtailment will be applicable to Bid Window 7.
31.	Under REIPPPP program, does the preferred bidder have to submit capacity allocation guarantee during BQ stage?	Yes, a bid guarantee is required as per the IGCAR rules.
32.	Will there be a "freeze-period" of Eskom reserving capacity for Private PPA projects to allow for the REIPPPP BW7 to be completed so as the REIPPPP BW6 challenges are avoided this time around? If yes, at what point of the evaluation process will the "freeze-period" be implemented?	The IGCAR will not be applicable for Bid Window 7.
33.	The project documents make provision for payment of deemed energy in case of curtailment, regardless of whether Eskom's new proposed curtailment framework is approved for implementation by NERSA. There appears to be no upper limit defined on how much the System Operator may curtail the project. For example, in theory Eskom could curtail 40% of the project output and the IPP would have to be compensated for that deemed energy. Is there a cap on the amount of curtailment that the Eskom Buyer can absorb and has this been agreed by Eskom System Operator in some form not shown in the project documents?	Yes, there is no cap. The Buyer will make deemed energy payments for all curtailment in line with the provisions of the PPA.
34.	The Gated Connection process for a CEL-pro has a "window" for applications. We now know that the window closes on 31 January, but when did the window open? Will CEL-Pros applied for prior to the RFP being issued be deemed as compliant?	The IGCAR will not be applicable for Bid Window 7. Valid CELs issued by Eskom will be accepted for Bid Window 7.
35.	How stringent will the evaluation be on the technical package seeing as there is not specific scoring for it? eg. if a particular drawing is missing or an item is missing on a drawing will it fail the criteria check?	As per the RFP technical functional criteria, all drawings should be submitted as specified with the details required as full compliance is required.

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No		Response
36.	How will issue of capacity be balanced between Bid 7 and Private bidding in the BQ Queueing system?	Available grid capacity is as per GCCA 2025 and Addendum to GCCA 2025. For Bid Window 7, Eskom will follow the normal process of issuing BQs.
37.	It was mentioned BQs under private procurement would be accepted in BW7 - will CELs issued under private procurement also be accepted?	Yes. CELs issued under private procurement will also be accepted.
38.	If a BQ can be used, instead of a CEL, can the BQ have been issued for a C&I client under IGCAR?	All valid BQs issued for C&I clients will be accepted for Bid Window 7.
39.	If the gated approach was approved by the regulator during the bidding phase, would this be implemented for this bidding window?	Gated approach is not applicable to Bid Window 7.
40.	Will Eskom provide the requirements and details required for the proposed gated approach?	Gated approach is not applicable to Bid Window 7.
41.	Given that there is expected to be less than 3.2GW of available wind outside of the cape areas (even including unallocated BQs), if the curtailment framework is not implemented, how does the IPP Office expect to be able to procure 3.2GW of wind capacity?	Addendum to GCCA 2025 was issued, which details additional grid capacity available due to curtailment in the Western and Eastern Cape supply areas.
42.	Does being a reserve bidder require exclusive commitment to this programme? (i.e. can the selected project participate in any other procurement programmes during the time they are "waiting" to be selected?)	It is the prerogative of the reserve bidder.
43.	Can an example (original CEL type? Programme? Reason for still looking for an offtaker?) be provided of a project which may be able to bid with a BQ rather than a valid CEL?	Bidder should approach Eskom for CEL and BQ requirements.

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44.	If a new curtailment framework is adopted and this leads to new capacity being provided in a GCCA addendum, this would help bidders know whether to apply for a CEL and for Eskom to know that they can take CEL applications in previously constrained areas. How would the timing of a GCCA addendum align then with a 31 Jan CEL application deadline?	Bid submission date for Bid Window 7 has been extended to make provision for application and processing of CELs.