

Ref#	Query	Eskom Response
1	<p>Will Eskom be prepared to enter into design discussions with successful bidders, prior to full BQ payment?</p>	<p>The type of design discussions to be held between Eskom and the Preferred Bidder depends on the fact whether an Eskom Budget Quote (BQ) has been issued to the Customer already, or not. Various technical and governance steps are involved to ensure the integrity of a viable and credible design.</p> <p>Hence, if a BQ has not yet been issued, but an Eskom Cost Estimate Letter (CEL) has been issued and accepted by the Customer, it means that some concept designs have been done previously. The BQ preparation process can then start upon receipt of payment of the relevant fee's as specified in the CEL. This means expanding on the concept designs, and developing a detail design. The CEL is developed by using various assumptions, including that "each Application is the only one" – hence, at BQ development stage, there is more certainty, including on the capacity available at that stage, and the number of Preferred Bidders, and also on the Customer "Self-Build" preference or if the project is going to be Eskom built.</p> <p>If a BQ has been issued already, it means the concept designs which were completed at CEL stage, were developed further into a BQ. This also means that further detail design discussions (as applicable) can be conducted between Preferred Bidders and Eskom, even before full payment of all BQ fee's. This ensures that there are no unnecessary delays involving the detail design process.</p> <p>Additional considerations are the following; impacted by the Customer having the option to elect the "Self-Build" process, or alternatively, if the project will be Eskom built:</p> <ul style="list-style-type: none"> <li>- For Eskom built projects, normally the detailed design stage commences once the BQ has been issued, while Eskom is awaiting BQ acceptance by the Customer.</li> <li>- For Self-Build projects, generally designs are being done by the Preferred Bidders (IPP's), in line with agreed-upon milestones and Eskom processes and specifications. In such instances, Eskom continues with design support during the period that the BQ has been issued (but not yet accepted).</li> </ul> <p>Work on designs, whether it is by Eskom or the IPPs, needs to be agreed upon per project, and is also dependent on meeting payment terms (that is the allocation of financial risk), and on technical factors. Part of the design process would be to clarify interface and design matters between Eskom and the Customer; this means in general that Eskom prefers to have design discussions. Depending on timelines, Eskom may not be able to finalize detail designs before BQ acceptance. In some instances, final designs are presented and accepted at the Design Review Committee, before construction commences.</p> <p>In terms of financial risk and payment terms, the following is relevant. On Self-Build Customer projects, there is no refund possible at a later stage, as such Bidders take on the financial responsibility for all project aspects. In general the Eskom BQ is accurate to a level of 85%, applicable to the connection fee only (and not applicable to the quotation fee and monopoly costs).</p> <p>If Preferred Bidder status has been assigned for the same, or competing capacity, it means that in general, more and additional design and other work is required by Eskom. This affects financial terms and timelines, depending on the additional scope that is required.</p>

**BIDDERS' CONFERENCE (Round 5 RE IPP PP, 26.5.2021):**

**ESKOM Responses as submitted to IPPO on 9.6.2021**

2	<p>How will Eskom ensure capacity to deliver BQs and connection agreements for 2600MW of projects in less than four months to ensure commercial close dates are met?</p>	<p>Eskom has committed resources and dedicated teams which do prioritize the RE IPP projects. This is done to ensure that BQs and related Connection Agreements are issued on time, and in order to meet financial close on the Bid 5 RE IPP Procurement Programme. Eskom optimises design processes, and arranges ad-hoc meetings where possible, and runs parallel processes where possible.</p> <p>There is also a Grid Code prescription on the timeline to issue BQs, and this applies on a per-project basis, and on a case-by-case basis, or on a cost basis, or as per CEL which would have already been issued). The Eskom timeline to issue a BQ therefore also depends on:</p> <ul style="list-style-type: none"> <li>· The number of BQ's to be developed</li> <li>· The size and complexity of the connection, including EIA and Lands/Rights matters</li> <li>· The required level of Design, Technical and Investment Governance, and</li> <li>· The level of vetting required, as well as obtaining signatures as per approved delegation of authority.</li> </ul>
3	<p>Does Self-Build apply to 400kV works if required by some of the MTSs?</p>	<p>Work at 400kV level can be considered for Self-Build, but in all cases (as with other voltage levels), each project is individually evaluated on various aspects. On a per-project basis, the Self-Build scope (in comparison with the Eskom built scope), is specified and needs to be approved at the relevant Committee meeting, at CEL stage. These meetings happen on a regular basis, alternatively are arranged ad-hoc, depending on requirements.</p> <p>Self-Build aspects can then be reviewed when Customers request a BQ, as various factors impact on the BQ and the Self-Build process. One example is where there is more than one Customer project that integrates at the same site, and specifically where the projects are dependent on the same shared infrastructure. Preferred Bidders and IPPs pay in full for all infrastructure which is being developed as Self-Build.</p>
4	<p>When will the updated GCCA be released?</p>	<p>Eskom is planning to release the updated Transmission: Generation Connection Capacity Assessment (GCCA) Report by the end of June 2021.</p> <p>As Tx Grid and Dx Network capacity is constrained in some areas, in terms of grid access for new generation capacity, the modelling has to make many (including some new) assumptions. The specific technologies that require grid access also depend on system operations and the related scheduling; in this regard Eskom is maximising all available dispatch options. Areas that need to be strengthened, and new connection capacity, is also dependent on the procurement process/bidding programme that is being followed.</p> <p>Work on the GCCA 2025 has already started, and this is also aligned to capital committed and approved investment projects – the aimed release is end 2021.</p> <p>The GCCA report is helpful for applicants that require grid access; however there are limits at each connection point (for example, at the relevant MTS substation, including (by way of example) the number of available feederbays). This creates medium term to long term planning challenges, considering the amount and type of new generation capacity that is being planned to be connected.</p>
5	<p>On grid available capacity: We urgently need the revised GCCA Report. When will it be published?</p>	<p>See above.</p>
6	<p>What is the cut-off date to give applications to Eskom? No date was given by the GM.</p>	<p>Eskom will process all applications in accordance with the South African Grid Code, and on a fair and non-discriminatory basis.</p> <p>Any Eskom grid access application received after 16.5.2021 (that is, 3 months before planned bid submission) runs the risk of not receiving a CEL in time, due to the high number of Applications being processed.</p> <p>Customers also need to keep in mind that a CEL can expire, and need to ensure the validity of the CEL beyond bid submission (at least until requesting for, and having accepted a BQ).</p>

7	<p>Will Eskom 'release' grid connection capacity for connection applications from R5 bidders and projects for private offtake, if the RMI projects do not achieve Commercial Close by the stipulated deadline for the RMI process?</p>	<p>Eskom will only release committed grid capacity once the respective Budget Quote applicant cancels the application.</p>
8	<p>Will a list of availability capacity at substations be shared?</p>	<p>At a Tx level, relevant information is shared in the GCCA report (see above). At a Dx level, in many cases there is no current infrastructure in place yet. Available capacity is therefore analysed in line with the GCCA requirements for each project, and the specific outcomes determined in line with the available capacity at the site. Any future infrastructure development is planned to resolve the aggregated generation evacuation requirements in the defined zone. At a Dx level, HV connections are evaluated per facility, and studies will be required. Work on Network Development Plans happens in the different Dx Operating Units, which indicate available capacity, or constraints.</p>
9	<p>Regarding the CEL when is the closing date for this bid window it was mentioned by the grid access GM that they have a closing date for applications of the CEL?</p>	<p>See above (Question 6).</p>
10	<p>If there are two or more successful bidders that link to a to-be-built Tx substation, will Eskom build it? The Eskom timelines may not be in line with COD deadlines.</p>	<p>This question has legal and technical planning aspects, as applicants or Preferred Bidders can possibly structure themselves, and apply collectively for a Self-Build. As explained above, in such instances where more than one IPP integrates at the same site, during the same period and specifically where they are dependent on the same shared infrastructure, Eskom will again review the decision to grant Self-Build. Considering experience and practical aspects, the probability is high that such project would be Eskom built, and therefore Eskom timelines will apply. Specifically from a Dx perspective, and in order to deal with constraints, the Eskom Dx planning approach is aimed at unlocking the potential capacity at each of the Tx MTS zones. This approach complements future bid rounds, and the way such bidding rounds are structured. Such planning approaches are dependent on capital budgets and various other funding options. Such an approach would create the substation infrastructure for the connection of generation capacity, and also determine who would build the substation assets. An Eskom built substation should be requested during CEL application stage.</p>