

REISSUED FOR THE SEVENTH BID SUBMISSION PHASE

TENDER NO: DMRE/014/2023/24

The Republic of South Africa

Department of Mineral Resources and Energy

**OVERVIEW OF THE REQUEST FOR QUALIFICATION AND PROPOSALS FOR
NEW GENERATION CAPACITY UNDER SEVENTH BID SUBMISSION
PHASE OF THE RENEWABLE ENERGY INDEPENDENT POWER
PRODUCER PROCUREMENT PROGRAMME**



**mineral resources
& energy**

Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

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1. PURPOSE

- 1.1 The Department of Mineral Resources and Energy ("**the Department**") launched the Request for Pre-Qualification and Proposal ("**the RFP**") for establishment of new generation capacity under the Seventh Bid Submission Phase of the Renewable Energy Independent Power Producer ("**REIPP**") Procurement Programme on 14 December 2023. The intent of this document is to provide a high-level overview of the Seventh Bid Submission Phase of the REIPP Procurement Programme and procurement process under the RFP.
- 1.2 While this document provides a high-level overview of the RFP it does not replace, supplement, or amend the RFP. Potential bidders wishing to participate in the Seventh Bid Submission Phase of the REIPP Procurement Programme will be required to purchase the RFP and comply with all the requirements of the RFP.

2. DISCALIMER

- 2.1 While all reasonable care has been taken in preparing this document, the information contained in it does not purport to be comprehensive or to have been verified by the Department or any other organ of state of the Republic of South Africa ("**the Government**"), any of its officers, employees, servants, agents, advisors, or any other person. Accordingly, neither the Department nor any of its advisors accept any liability or responsibility for the adequacy, accuracy, or completeness of any of the information stated in this document.
- 2.2 This high-level overview of the RFP is provided solely for information purposes and is not intended to form any part or basis of any investment decisions by the Bidder, its Members or its Lenders including any decision to participate in the Seventh Bid Submission Phase of the REIPP Procurement Programme. Each person to whom this document is made available must make their own independent assessment of whether or not they wish to participate in the Seventh Bid Submission Phase of the REIPP Procurement Programme and this document does not replace the need for a party to fully acquaint itself with the RFP for the Seventh Bid Submission Phase of the REIPP Procurement Programme and the requirement for compliance with the qualification and evaluation criteria set out in the RFP.

3 OVERVIEW OF THE REIPP PROCUREMENT PROGRAMME

- 3.1 The Minister of Mineral Resources and Energy ("the Minister") published the Integrated Resource Plan ("IRP 2019") as GN 1360 of 18 October 2019 in Government Gazette No.42784. The IRP 2019 is the policy planning tool that facilitates planning of future electricity supply by modelling various demand scenarios and the decisions that need to be taken in order to meet such demand at the time when it arises.
- 3.2 To give effect to the IRP 2019, a determination made by the Minister, in consultation with NERSA, pursuant to section 34 of the Electricity Regulation Act, was gazetted on 25 September 2020 under GN. 1015 in Gazette Number 43734 ("**the Second Determination**") and a further determination made by the Minister, in consultation with NERSA, pursuant to section 34 of the Electricity Regulation Act, was gazetted on 6 April 2023 under GN. 3257 in Gazette Number 48402 ("**the Third Determination**")
- 3.3 The Second Determination and the Third Determination provides that the electricity produced from the various energy sources set out in such Determinations shall be procured from Independent Power Producers ("IPPs") through one or more IPP Procurement Programmes as contemplated in the Electricity Regulations on New Generation Capacity, 2011 ("the New Generation Regulations").
- 3.4 In line with the Second and Third Determinations, the Seventh Bid Submission Phase of the REIPP Procurement Programme has been designed to facilitate the procurement of up to 5000 megawatts (MW), to contribute towards socio-economic and environmentally sustainable growth, to continue the successes of the REIPP Procurement Programme since its inception, and to further stimulate increased local participation and economic empowerment in the South African Renewable Energy industry.
- 3.5 In terms of the Seventh Bid Submission Phase of the REIPP Procurement Programme, the following technologies shall be considered as qualifying technologies for selection of Preferred Bidders:
- i Onshore wind; and
 - ii Solar photovoltaic
- (collectively, the "Technologies").

- 3.6 The MW allocation to Projects in respect of the Seventh Bid Submission Phase is indicated in the table below:

Technology	Maximum MW to be allocated in the Seventh Bid Submission Phase
Onshore Wind	3 200 MW
Solar Photovoltaic	1 800 MW
Total	5 000 MW

- 3.7 Each Project must have a Contracted Capacity within the range specified for each Technology in clause 2.6 (Technical Criteria and Evaluation) of Part B (Functionality Criteria Requirements) of the RFP. For purposes of the Seventh Bid Submission Phase, the MW range for Projects eligible to submit Bid Responses is as follows:

Technology	Minimum Contracted Capacity	Maximum Contracted Capacity
Onshore Wind	50 MW	240 MW
Solar Photovoltaic	50 MW	240 MW

- 3.8 The configuration and technology to be selected by the Bidders in respect of the power generation equipment should conform to the requirements of clause 2.6 (Technical Criteria and Evaluation) of Part B (Functionality Criteria Requirements) of the RFP.
- 3.9 In terms of this REIPP Procurement Programme, the Bidders will be required to bid the Price which will be payable by the Buyer pursuant to the Power Purchase Agreement (PPA) to be entered into between the Buyer and the Seller. The Price is an evaluation criterion to be scored in an evaluation pursuant to Part C (Evaluation Criteria Requirements) of the RFP and will form part of the basis on which the Department will select the Preferred Bidders.

- 3.10 Further detail regarding the Department's Price-related requirements is provided in clause 2.5 (Financial Criteria) of Part B (Functionality Criteria Requirements) of the RFP.
- 3.11 This REIPP Procurement Programme, and those additional IPP procurement programmes developed by the Department from time to time, will run independently of each other, and each such programme will be subject to its own rules, criteria, and conditions. Potential bidders may participate in all or any of the IPP procurement programmes in respect of which they have relevant projects, as and when such programmes invite Bid submissions.

4. RFP COMPLIANCE REQUIREMENTS

- 4.1 The evaluation of Bid Responses will, subject to, the relevant provisions of clause 16 (Functionality Criteria and Evaluation Criteria) of Part A (General Requirements, Rules, and Provisions) of the RFP, be conducted in two stages.
- 4.2 First, all Bid Responses will be assessed for compliance with the requirements of Part B (Functionality Criteria Requirements) of the RFP read with relevant Volumes to the RFP, to determine whether they are Compliant Bids.
- 4.3 A Compliant Bid is a complete Bid Response that is submitted in the form required in clause 13 (Format of the Bid Response) of Part A (General Requirements, Rules and Provisions) of the RFP, and which meets or exceeds the functionality requirements in respect of every applicable Functionality Criterion set out in Part B (Functionality Criteria Requirements).
- 4.4 The Functionality Criteria are divided into the following umbrella categories in Part B (Functionality Criteria Requirements) of the RFP:
- 4.4.1 Structure of the Project (clause 2.1 (*Structure of Project*) of Part B (*Functionality Criteria Requirements*));
 - 4.4.2 Legal Criteria and Evaluation (clause 2.2 (Legal Criteria and Evaluation) of Part B (Functionality Criteria Requirements));
 - 4.4.3 Land Acquisition and Land Use Criteria and Evaluation (clause 2.3 (Land Acquisition and Land Use Functionality Criteria and Evaluation) of Part B (Functionality Criteria Requirements));

- 4.4.4 Environmental Consent Criteria and Evaluation (clause 2.4 (Environmental Consent Functionality Criteria and Evaluation) of Part B (Functionality Criteria Requirements));
 - 4.4.5 Financial Criteria and Evaluation (clause 2.5 (Financial Criteria and Evaluation) of Part B (Functionality Criteria Requirements));
 - 4.4.6 Technical Criteria and Evaluation (clause 2.6 (Technical Functionality Criteria and Evaluation) of Part B (Functionality Criteria Requirements)); and
 - 4.4.7 Value for Money (clause 2.7 (Value for Money) of Part B (Functionality Criteria Requirements)).
- 4.5 The requirements in respect of each Functionality Criterion are described in the applicable provision of Part B (Functionality Criteria Requirements).
- 4.6 More detail on the Part B assessment can be found at clause 1 (Purpose of this Part B and Overview of Functionality Requirements) of Part B (Functionality Criteria Requirements) of the RFP.
- 4.7 Thereafter, and if at the relevant Bid Submission Date, the Department receives more Compliant Bids than are required to provide the maximum MW allocated to any Technology, a comparative evaluation of Compliant Bids will be done in accordance with the Evaluation Criteria in Part C (Evaluation Criteria Requirements). Such comparative evaluation will be done per Technology, in relation to Price and Economic Development only, in order to score and rank the Compliant Bids in each such Technology.
- 4.8 The Bidders whose Bid Responses rank the highest in each such Technology may, in the Department's sole discretion and subject to the provisions of clause 17 and 18 of Part A (General Requirements, Rules and Provisions) of the RFP, be considered for appointment as Preferred Bidders on such terms and conditions as the Department may determine. The Department may appoint as many Preferred Bidders as are required to provide the maximum available allocation of MW for a Technology. However, the Department may elect either to appoint or not to appoint as a Preferred Bidder, a Bidder whose Project is the last ranked Project within the maximum available allocation of MW for a Technology, if the Project size is such that it goes over the maximum available allocation of MW for a Technology.

- 4.9 More detail on the Part C evaluation can be found at clause 1 (Purpose of this Part C) of Part C (Evaluation Criteria Requirements) of the RFP.
- 4.10 Notwithstanding the above, the Department may elect to proceed with its assessment of each Bidder's compliance with the information and documentation requirements described in Volume 1 Part 2 (Economic Development Required Supporting Information) of Part C (Evaluation Criteria Requirements) of the RFP, in relation to those Economic Development Elements the Bidder is proposing to make commitments for, before finalisation of its evaluation against the requirements of Part B (Functionality Criteria Requirements) of the RFP. The Department will not, however, score and rank any Bid Responses as provided for in Part C (Evaluation Criteria Requirements) of the RFP, until its determination of the Compliant Bids is complete.
- 4.11 If in the Seventh Bid Submission Phase there are insufficient Compliant Bids to provide the maximum MW allocated to a particular Technology, all the Bidders that have submitted Compliant Bids may, in the Department's sole discretion and on such terms and conditions as the Department may determine, be appointed as Preferred Bidders by the Department and might not be required to undergo a comparative evaluation of the Compliant Bids as provided for in Part C (Evaluation Criteria Requirements) of this RFP.

5. CONTRACTUAL FRAMEWORK

- 5.1 The Project Company of a Preferred Bidder (which becomes a Seller on Commercial Close) must be a ring-fenced company established with the sole purpose of undertaking the Bidder's Project, including entering into and fulfilling the purposes of the PPA, the Implementation Agreement, the Direct Agreement, the Independent Engineer Agreement, and the Connection Agreements.
- 5.2 Subject to clause 8.11 (Legal Personality of Bidder and its Members) and clause 20 (Changes to Bid Response after appointment as Preferred Bidder) of Part A (General Requirements, Rules, and Provisions) of the RFP, all Shareholders of a Project Company are required to be Members of the Bidder that designates that Project Company to be a Seller.
- 5.3 The Project Company of a Preferred Bidder:
- 5.3.1 will, if the Preferred Bidder complies with the terms and conditions of

appointment as such and the RFP, enter into an Implementation Agreement with the Department pursuant to which the Department will grant the Project Company the right to undertake the Project on the terms and conditions of the Implementation Agreement and the PPA

5.3.2 which enters into the Implementation Agreement, will enter into a PPA with the Buyer in respect of the Energy Output and Ancillary Services to be supplied by its Facility, on the basis that during the Early Operating Period (if applicable) and the Operating Period the Seller will sell all the Early Operating Energy (if applicable) and Commercial Energy generated and Ancillary Services by a Unit or the Facility (as the case may be) to the Buyer at the Delivery Point on a self-dispatch basis, and the Buyer shall, subject to the PPA, be obliged to purchase such Energy Output and Ancillary Services delivered to the Delivery Point;

5.3.3 which enters into a PPA, will also enter into an Independent Engineer Agreement with the selected independent engineer, a Transmission Agreement with the NTC or a Distribution Agreement with Eskom, or into a Municipal Distribution Agreement with the relevant municipality, as the case may be, in respect of the connection of the relevant Facility to and the use of the Transmission System or a Distribution System, as the case may be; as well as a connection works agreement with the NTC or the relevant Distributor. The pro-forma Municipal Distribution Agreement included as Schedule 5 (*Pro-forma Municipal Distribution Agreement*) in Volume 1 Part 1 (*Legal Notices, Approvals and Other Documents*) of the RFP has been provided for information purposes and contains the terms and conditions that could be included in the distribution agreement to be concluded by the Project Company and the relevant municipality; and

5.3.4 which enters into the aforesaid agreements, may enter into a:

5.3.4.1 Direct Agreement with its Lenders, the Department, and the Buyer in respect of each of the Implementation Agreement and the PPA; and

5.3.4.2 Connection Direct Agreement with its Lenders and the NTC or Eskom, as the case may be, in respect of the Transmission Agreement or Distribution

Agreement, as the case may be; or

- 5.3.4.3 Municipal Direct Agreement with its Lenders and the municipal Distributor in respect of the Municipal Distribution Agreement. The pro-forma Municipal Direct Agreement included as Schedule 6 (*Pro-forma Municipal Direct Agreement*) in Volume 1 Part 1 (*Legal Notices, Approvals and Other Documents*) of this RFP has been provided for information purposes only and contains the terms and conditions that could be included in the direct agreement to be concluded by the Seller, the Lenders, and the relevant municipality.
- 5.4 The draft PPA, Implementation Agreement, Direct Agreement, Independent Engineer Agreement and Connection Agreements issued with the RFP are not negotiable and may not be marked up by Bidders. The status of these draft agreements and the terms and conditions of the RFP relating thereto is detailed further at clause 2.2 (Legal Criteria and Evaluation) of Part B (Functionality Criteria Requirements) of the RFP.
- 5.5 The Department reserves the right to issue revised versions of the draft PPA, Implementation Agreement, Direct Agreement, Independent Engineer Agreement, and the Connection Agreements during the course of the Seventh Bid Submission Phase, and for purposes of other Bid Submission Phases of the REIPP Procurement Programme.
- 5.6 Projects submitted on the Seventh Bid Submission Date must be capable of achieving the Commercial Operation Date within a period of 24 (twenty four) months after Commercial Close. Therefore, the Scheduled Commercial Operation Date projected by a Bidder in its Bid Response must be within a period of 24 (twenty four) months after Commercial Close and must be based on an estimated date for Commercial Close, specified under clause 8.4 (Timetable for the Seventh Bid Submission Phase of the REIPP Procurement Programme) of Part A (General Requirements, Rules, and Provisions).
- 5.7 A Bidder's Scheduled Commercial Operation Date must be calculated taking into account the Project's own construction and commissioning timetable, as well as the time for grid connection as estimated by the Grid Provider (all of which must fall within the maximum 24 (twenty four) month period between Commercial Close and the Scheduled

Commercial Operation Date).

6. TIMETABLE FOR THE SEVENTH BID SUBMISSION PHASE OF THE REIPP PROCUREMENT PROGRAMME

The following is the timetable for the Seventh Bid Submission Phase of the REIPP Procurement Programme.

Milestone	Anticipated Timeline
Issue of RFP	14 December 2023
Bidders' Conference	17 January 2024
Last date for Bidders to apply to Eskom for a CEL (90 days prior to Bid Submission date)	31 January 2024
Last date for Bidders to submit written questions to the Department, in terms of clause 27.3 (<i>Requests for clarification on the RFP and responses to requests</i>) of Part A	30 (thirty) business days prior to the Seventh Bid Submission Date
Bid Registration Date (i.e. last date for compulsory Bid Registration, including payment of Bid Registration Fee (as per clause 11 (<i>Compulsory Bid Registration</i>) of Part A)	20 (twenty) business days prior to the Seventh Bid Submission Date
Bid Submission Date for the Seventh Bid Submission Phase	30 April 2024
Announcement of Preferred Bidders	Approximately 3 (three) months post the Seventh Bid Submission Date
Last date for Preferred Bidders to apply to Eskom / NTC for a budget quotation	Within 1 (one) month of Preferred Bidder announcement
Commercial Close	Approximately 6 (six) months post Preferred Bidder announcement
Financial Close	Long stop date of 1 (one) month post Commercial Close

Scheduled Commercial Operation Date	Long stop date of 24 (twenty four) months post Commercial Close
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7. KEY CHANGES TO THE RFP FOR THE REIPPP SEVENTH BID SUBMISSION PHASE

Discipline	Issue	BW 7 Key Changes
Technical	Technology	Solar Photovoltaic Wind
Technical	Size	PV min – 50MW PV max – 240MW
Technical	CEL's and BQ's	A CEL/BQ may be submitted by Bid Submission Date with Bid. Bidders must check with the grid provider and ensure that its CEL/BQ can be validly used for the RFP.
Technical	Curtailment	In the PPAs the grid unavailability thresholds captured in the concepts of 'Allowance for Grid Unavailability and Curtailment' and 'Allowed Grid Unavailability Period' will not apply; and the compensation principles under the PPA have been amended accordingly.
ED	Economic Development	Under the new PPPFA Regulations, Bidders may make a commitment in any or all of the elements. Therefore, the RFP does not specify any mandatory Economic Development qualification criteria. The Department's requirements regarding Economic Development are aligned with the concept of "specific goals" in the Preferential Procurement Policy Framework Act and are set out in the RFP.
Legal	South African Entity Participation	To promote South African Entity Participation, a specific criterion has been introduced in the RFP as part of the Legal Structure Functionality Criteria, where a Bidder is required to have a South African Entity Participation of at least 49%.

Finance	Concentration risk	Where one participant participates across different bids, mitigation measures have been put in place and financial criteria strengthened to ensure that as part of the Part B qualification criteria such a participant provides satisfactory evidence that there are sufficient funds appropriately committed for each Project.
Finance	Government Support	<p>The Government support regime under the Implementation Agreement has been amended as a mechanism.</p> <p>Compensation for termination due to Government Default (i.e. where Government fails to settle its obligation arising from an Eskom non-payment event) has been reduced from 100% to 80% if the Seller elects not to retain the plant.</p> <p>Compensation for termination due to an Expropriation Event remains at 100%.</p>
Legal	Reserve Bidders	The Department could, in its discretion, engage with reserve bidders with a view to appointing them to preferred bidders if the need arises and appointed preferred bidders fail to meet the timelines to close their Projects.
Legal	Decommissioning Reserve	A Rehabilitation Trust or a combination of a Rehabilitation Trust and a Bank Guarantee can be used. The Rehabilitation Trust is compulsory even if the latter option is used. If a Decommissioning Costs Bank Guarantee is not used in combination with the Rehabilitation Trust, the amount to be deposited into the Rehabilitation Trust Account as at Commercial Close must equal the total amount of the Decommissioning Costs. Where a Decommissioning Cost Bank Guarantee is used, the Rehabilitation Trust must at minimum be built up over time, in incremental amounts each year on a straight-line basis over the Operating Period and, where applicable, reduce the value of the Decommissioning Cost Bank Guarantee accordingly. For the avoidance of doubt, the Decommissioning Reserves must at all times at least

		cover the total amount of the Decommissioning Cost from Commercial Close.
Legal	Non – Eligible Persons	<p>Bidders must comply with and take particular note of the RFP provisions and requirements regarding Non-Eligible Persons, as well as all requirements in the RFP regarding anti-competitive or collusive tendering practices and the identification of actual or perceived conflicts of interests outlined in clause 9 (Non-Eligible Persons) of Part A.</p> <p>Bidders must provide all required returnable schedules, taking note of which returnable schedules apply to which bidder entities.</p>
Legal	SBD Forms	The applicable SBD forms have been updated with the most recent published forms that must be submitted as Bid returnables.

8. COMPULSORY BID REGISTRATION

Prospective Bidders are required to pay a non-refundable Bid Registration Fee of R25 000 (twenty-five thousand Rand) per Project / Bid Response to be submitted. Further information on the payment of the non-refundable Bid Registration Fee is available on the REIPPP Website.

9. FURTHER DETAILS AND PARTICIPATION

Further details regarding participation and access to the RFP, including information on the document access fee can be found on the REIPPPP website www.ipp-renewables.co.za; or alternatively queries can be addressed to query@ipp-renewables.co.za.