



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

Compulsory Request for Information and Registration

Issued to

Potential Local Solar Water Heater Manufacturers

Date: 19 August 2013

Responses are due by 12h00 on Monday, 26 August 2013. Please direct all questions about this RFRI and all responses to this RFRI to:

Mr. Khanyiso Zihlangu

Mr. Xolile Mabusela

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REQUEST FOR INFORMATION AND REGISTRATION REGARDING THE LOCAL MANUFACTURING OF THE SOLAR WATER HEATER SYSTEMS FOR POSSIBLE PROCUREMENT BY THE DEPARTMENT OF ENERGY THROUGH ESKOM

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I. INTRODUCTION AND BACKGROUND

1. Introduction

1.1 South Africa's Solar Water Heating Aspirations

The government of the Republic of South Africa, through the Department of Energy (DoE), is pursuing a national target of 1 million solar water heaters (SWHs) installations by the close of the 2014/15 financial year. Further to this target, the country envisions an additional 4 million countrywide SWH to be installed by 2030. Hitherto, Eskom has been designated as the implementation agent of SWH systems under the National SWH Programme (NSWHP).

The overwhelming majority of the SWH systems currently installed in South Africa are imported. This is untenable given the lost opportunity to create jobs through the local manufacture of SWH systems using public funds.

1.2 Public Procurement Framework for Solar Water Heaters

To counter the abovementioned untoward situation, on 29 January 2013, the Department of Trade and Industry (*the dti*) announced the “designation” of SWH, in terms of which the local content requirements would be spelled out. On 19 July 2013 National Treasury signed off the Instruction Note to Accounting Officers of Organs of State, to the effect that major SWH components (tank and collector) are designated with effect from 5 August 2013. For more details regarding the Instruction Note, visit: <http://www.treasury.gov.za/divisions/sf/sc/PracticeNotes/default.aspx>.

In terms of this Instruction Note, any SWH systems procured by Organs of State have to contain a stipulated minimum threshold for SWH production and content i.e. seventy (70) percent (%) on tanks and 70% on collectors. The independent verification of the local content will be measured against the official South African Technical Specification (SATS) 1286: 2011 using a formula contained therein. This independent measuring and verification function will be executed by the South African Bureau of Standards (SABS) after conclusion of the RFRI analysis by the DoE.

1.3 Investment Certainty Creation through Local Demand Stimulation

Recognizing that historically the South African SWH demand has never reached levels that stimulate investment for the establishment of a robust local SWH manufacturing industry, through the designation instrument, the government has taken it upon itself to provide a market of about 650,000 SWH systems (520,000 low pressure and 130,000 high pressure) between 1 April 2013 and 31 March 2015.

By releasing this request for information and registration (RFRI), the DoE seeks to obtain information from potential manufacturers of locally produced SWH systems to indicate their interest in providing the required information regarding the progress and readiness of their individual facilities to deliver the locally produced SWH systems that meet the requirements including those stipulated under the Instruction Note.

1.4 Status of the RFRI

Government is fully committed to facilitate a procurement process that is congruent with South Africa's constitutional procurement principles (fair, equitable, transparent, competitive and cost-effective), and the DoE hereby puts on record that this ***RFRI is compulsory*** to all potential manufacturers of locally produced SWH systems.

On submittal of the required information, an assessment of the level of compliance will be done with the assistance of the South African Bureau of Standards (SABS). Potential local manufacturers (PLMs) will be established with whom Eskom may enter into supply agreements for the SWH systems, subject to a bidding process.

1.5 Eligibility for Participation in the Supply of SWH Systems

Failure to fully furnish the DoE with the requested information will compromise the potential manufacture's eligibility for participation in the upcoming Eskom procurement process. Notwithstanding the compulsory nature of this RFRI, future opportunities for participation will be availed through subsequent RFRI's that will be

released pursuant to the achievement of the targeted 1 million SWH installations by 31 March 2015.

The results of the RFRI will give the government a sense of the local market's state of readiness to contract in line with the country's localisation imperative, and it is of uttermost significance that potential tenderers clearly indicate the level of local content of their SWH systems. Projected timelines for ramping up production capacity (output) and local content level should also be well defined. Such information will come in handy for successive procurement rounds leading up to the realization of the government's 2015 target.

II. SPECIFIC PURPOSE OF THIS DOCUMENT

2. Specific Objectives

The specific objectives of this RFRI are to:

- Assess market interest in supplying locally produced SWH systems that are compliant with the stipulated minimum local content threshold;
- Ascertain the capacity and capability of existent and potential local SWH manufacturers to deliver the anticipated SWH volumes;
- Gather information regarding the costs of the various SWH systems in order to design a subsidy framework;
- Gather up-to-date information for establishing a panel of PLMs;

3. Who Should Respond

The DoE encourages responses to the RFRI from SWH manufacturers who have the financial and technology capabilities to manufacture and supply locally produced systems.

4. How to Respond

The RFRI should be submitted in the format prescribed in **Annexure 2** which is inclusive of the forms for calculating local content. Any part of Annexure 2 which is not applicable to the Respondent should be clearly indicated as 'Not Applicable'. The RFRI should be signed by an authorised signatory.

The language for submission of the document shall be English.

All costs incurred by Respondents in connection with the RFRI shall be borne by the respective Respondents themselves.

5. Submissions

The complete RFRI must be returned via email to the addresses below:

The Department of Energy:

Email: swhsupplierRFRI@energy.gov.za

The last date for submission of the completed RFI is **12h00, Monday, 26 August 2013** at the above-mentioned addresses.

The DoE reserves the right to cross check and confirm the information/details furnished by the Respondent in its response.

All the information supplied by the Respondents will be kept as strictly confidential by the DoE and will not be shared with any other third party

6. Next Steps

Based on the responses, the DoE and Eskom will pursue next steps, which may include establishing a formal competitive process i.e. an RFP process.

7. RFRI Indicative Schedule

MILESTONE/ACTION ITEM	DATE
RFRI release	16 August 2013
Compulsory local content workshop and briefing session	22 August 2013
Closure of RFRI enquiries	22 August 2013
Responses to RFRI enquiries	23 August 2013
RFRI closure	26 August 2013
Local content verification of PLMs & issuance of local content verification certificates	05 September 2013

8. Use of Information

The DoE reserves the right to use the information received from respondents for further development of the NSWHP programme. The mere fact of responding to the RFRI however, shall not confer any rights on a respondent to preferential treatment at any subsequent bid/development stage of the initiative.

9. Amendment

The DoE may, at its sole discretion, before the last date for submission of the RFRI, modify this information document by issuing an addendum thereto. The DoE is therefore requesting potential Respondents to visit the website www.energy.gov.za on a regular basis for possible updates of this RFRI.

The DoE may extend the last date for submission of RFRI responses to allow Respondents reasonable time to consider any amendment to this information document and to amend its RFRI submissions in the case of such an amendment.

Annexure 1: Letter of Response

Respondent Letterhead

Director- General

192 Cnr Visagie
and Paul Kruger
Streets
Pretoria
0001

Dear Madam,

**REQUEST FOR REGISTRATION AND INFORMATION (“RFRI”) FOR
PARTICIPATION IN THE NATIONAL SOLAR WATER HEATING PROGRAMME AS A
LOCAL SUPPLIER**

We, the undersigned, offer the following information in response to the RFRI sought by the Department of Energy in relation to the intended procurement of the Solar Water Heater Systems for the National Solar Water Heating Programme (the “NSWHP”).

- a) We are duly authorised to represent and act on behalf of [respondent name] (herein after the “Respondent”).
- b) We have examined and have no reservations to the RFRI Document (“the RFRI Document”) contemplating the background information of the Project as provided to us by the Department of Energy [including Addendums].
- c) We are attaching with this letter and response forms (**Annexure 2**), copies of documents defining –
 - i. The Respondent’s legal status
 - ii. Its principal place of business
 - iii. Its place of incorporation (if Respondents are corporations); or its place of registration (if Respondents are cooperative institutions, partnerships or individually owned firms)
 - v. Proposed SWH technology type (flat plate and/or evacuated tubes)
 - iv. Current status of the local manufacturing of the SWH systems, and level of compliance with SATS 1286: 2011
- (d) We shall assist the Department of Energy and/or its authorised representatives to obtain further verification of our SWH Systems in accordance with the South African Technical Specification (SATS 1286: 2011) from us, if needed.
- (e) The Department of Energy and/or its authorised representatives may contact the following persons for further information on any aspects pertaining to this response: Full name, office telephone number, cellular no. and email address.

(f) This response is made in the full understanding that:

- i. Information furnished in response to the RFRI shall be used confidentially by the Department of Energy for purposes of the NSWHP programme
- ii. The Department of Energy reserves the right to reject or accept any or all responses, cancel the RFRI and subsequent processes without any obligation to inform the respondent about the grounds of same, and shall have no obligation or liability to us in respect thereof
- iii. We confirm that we have no grounds for any claim whatsoever against the Department of Energy and neither is the Department of Energy liable to us on any grounds whatsoever as result of our participation in this RFRI
- iv. We confirm that we are interested in participating in the NSWHP programme as per the details provided in the response form **(Annexure 2)**.

We acknowledge that the information contained in the RFRI Document is not exhaustive, and we confirm that we have made such further enquiries deemed necessary to submit this RFRI response and we do not rely solely on the information provided in the RFRI Document in submitting this response.

The undersigned declares that the statements made and the information provided in the duly completed application is complete, true, and correct in every detail.

NAME:

In the Capacity:

Signed:

Duly authorised to sign the response for and on behalf of

.....

Date: [Day/Month/Year]

Regards

Annexure 2: RFRI Response and Local Content Calculation Forms

*Interested parties are requested to complete the RFRI Response Form in full, **including Annexures (labelled Annexure C, D and E)** for calculating local content. For ease of reference when calculating local content, **the dti's** Guidance Document for the Calculation of Local Content is also attached.*

1. Respondent's General Information		
1.1	Name of Respondent (Company Name)	
1.2	BBBEE Contributor Status Level of Respondent (if known)	
1.3	Website	
1.4	GPS Coordinates of Manufacturing facility	
	Longitude	
	Latitude	
1.5	Province	

1.6	Municipality		
1.7	Main Town		
1.8	Mailing Address	Physical Address	Postal Address
1.9	Name of Primary Contact		
1.10	Primary Contact's Details		
	Tel		
	Mob		
	Email		

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2. SWH Manufacturing Overview

2.1

Please provide a brief overview and description of your SWH technology/technologies.

Provide separate descriptions (as additional attachments not exceeding 3 pages) if more than one technology is manufactured.

2.2	<p>Provide key issues such as the sources of major components (tank and collector), main cost drivers, decision points for the facility to proceed or expand and any unusual features which the Department of Energy should be aware of, which would not emerge clearly from your responses to this Response Form.</p> <p><i>Please attach additional pages if necessary but not exceeding 3 pages.</i></p>	
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2.3	<p>Indicate experience in successful manufacturing of SWH systems successfully in South Africa and/or abroad.</p> <p><i>Please feel free to attach company profile/s.</i></p>	
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3. Technology Type, Manufacturing Capacity, COD¹ and Price Information

3.1 Technology Type: For both high and low pressure SWH systems, please complete the technology matrix associated with the option/s which are relevant to your technology. NB: <ul style="list-style-type: none"> Please submit a matrix for each technology manufactured by crossing the appropriate boxes. Local content calculations for the tank and collector MUST be made on the Excel Sheets in accordance with the formula given in SATS 1286: 2011. 	Flat Plate Collector [for HP/LP SWH system]								
	1	2	3	4	5	6	7	8	9
	<i>Collector/storage tank combination</i>								
	Integral	Close-coupled				Split			
	<i>Heat transfer method</i>								
	Direct	Direct		Indirect		Direct		Indirect	
	<i>Circulation method</i>								
	Thermo-siphon	Thermo-siphon	Pumped	Thermo-siphon	Pumped	Thermo-siphon	Pumped	Thermo-siphon	Pumped
	Evacuated Vacuum Tube Collector [for HP/LP SWH system]								
	1	2	3	4	5	6	7	8	9
	<i>Collector/storage tank combination</i>								
	Integral	Close-coupled				Split			
	<i>Heat transfer method</i>								
	Direct	Direct		Indirect		Direct		Indirect	
	<i>Circulation method</i>								
	Thermo-siphon	Thermo-siphon	Pumped	Thermo-siphon	Pumped	Thermo-siphon	Pumped	Thermo-siphon	Pumped
	Note: Pumped (forced) circulation can be achieved with electrical mains or PV-powered pumps.								

¹ This Commercial Operation Date (COD), which applies to planned manufacturing facilities, indicates the date of Scheduled COD (e.g. Q₁ 2014) or months from signature of Implementation Agreement (IA) and Supply Agreement (SA) with the DoE and Eskom, respectively (e.g. 36 months from signature of IA and SA). *If there are various factors which influence this date, please provide details and attach additional pages if necessary.*

3.2	<p><i>Manufacturing Capacity (Ramp-up):</i></p> <p>Will the existent or new manufacturing facility be ramped-up or developed in phases? If so, please indicate the phases, the desired contracted SWH system volumes in each phase and planned spacing of COD for each phase.</p> <p>If any of the information requested in this Response Form differs significantly between the phases of the project please treat each phase as a separate project and complete a separate form for each project. Please indicate the link between the projects clearly in the Responses [e.g. Project X Phase 1; Project X Phase 2].</p>	
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3.3	<i>Financial information:</i>	Year 1:
	Please indicate your company's average turnover (in ZAR) in the last 3 years; including the funding that has been secured for purposes of local production.	Year 2:
		Year 3:
	Please indicate the price of your complete Designation-compliant SWH system (in ZAR), in relation to supplied quantities, and supply period.	Up to 300 SWH systems/month = R...../system. Indicate ramp-up rate from month zero up to month of full production rate
		Up to 1,000 SWH systems/month = R...../system. Indicate ramp-up rate from month zero up to month of full production rate
		Up to 5,000 SWH systems/month = R...../system. Indicate ramp-up rate from month zero up to month of full production rate
		Up to 10,000 SWH systems/month = R...../system. Indicate ramp-up rate from month zero up to month of full production rate
		Up to 15,000 SWH systems/month = R...../system. Indicate ramp-up rate from month zero up to month of full production rate
3.4	Contractual Framework <i>Please indicate the contractual basis (term sheet) that would allow the company to locally</i>	

	<p><i>produce the systems as indicated in 3.3 above</i></p>	
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Signed: _____

Name: _____

Capacity: _____

Date: ____/____/2013

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