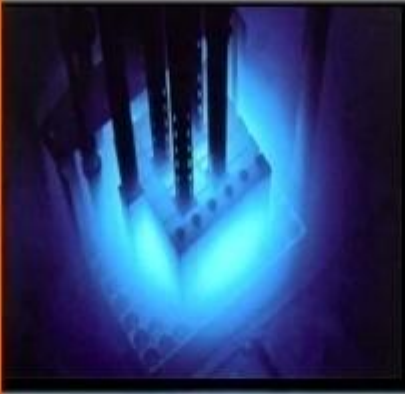


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Media Briefing 6 December 2010

The Results from The Request for Information (RFI) for potential developers of Renewable Energy Projects

DDG Electricity, Nuclear and
Clean Energy
Ompi Aphane



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Targets

- **Renewable Energy White Paper (2003)** targeted 10 000GWh (4%) of renewable energy (RE) by 2013. Currently under review.
- **Integrated Resource Plan (IRP1) (Jan 2010):** 1 025 MW private sector RE to 2013.
- **IRP 2010 (Oct 2010):** 7 200 MW (16%) RE by 2030.



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Background

- **2009:** NERSA announced REFIT programme, Phases I & II.
- Published Regulatory Guidelines, PPAs and Rules on Selection Criteria for Renewable Energy Projects under REFIT.
- **2010:** Due to perceived conflict of interest around Eskom as both buyer & procurer, government task team, (DoE supported by the PPP Unit in National Treasury), took over design, management and implementation of the procurement process.



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DoE in 2010

- Regulatory and legal environment wrt Revised Regulations on New Generation Capacity. **New Gen Regulations have recently been issued for public comment**
- Ministerial determination to Section 34 of the Electricity Regulation Act regarding the buyer under the REFIT programme. **imminent**
- Institutional structures for procurement and implementation of IPPs.



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DoE in 2010 contd

- Draft PPAs per identified REFIT technology, Lenders Direct Agreements, Transmission and Connection Agreements.
- Procurement documentation in first quarter 2011.
- Review of licensing requirements.



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The IPP RFI Objectives

- To assess the progress of developers of RE projects (wind, solar, biomass, biogas, small hydropower and landfill gas, and / or co-generation projects), and readiness of market to enter into intensive procurement, and fast track negotiation processes.
- Under auspices of DOE and National Treasury
- Launched 27 September. Closed 7 October
- Non-Respondents were not disqualified from future bids



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RFI Responses

- 384 responses processed by EA Energy Analyses with support from Royal Danish Embassy
- Approximately 20 GW of REFIT technologies and 4 GW of cogeneration technologies identified.



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RFI Responses

- **Wind power** – 30% of responses; 70 % of total capacity RFI.
- **Solar PV** - 30% of responses; 15 % of proposed capacity
- **Concentrated solar power** - 5 % of responses ; nearly 10 % of proposed capacity.
- The remainder **biomass projects**; some **hydro, landfill gas and biogas**.
- 20 responses to the RFI for **Co-generation** totalling 4 GW of capacity.



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Preliminary Report Findings

- Respondents provided indicators on readiness of data; site (including grid connection process), institutional structure; and commitment of lenders.
- Multi-variate 'Readiness Index' included status of equity partners and lender commitment; environmental approval process; zoning application; grid readiness; shareholder agreement.



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Readiness Index: Key Finding

Although there are a number of projects in the pipeline, **it is a minimal quantity that are sufficiently in a state of readiness to enter into a procurement process and close deals soon after penning a PPA signature.**



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Readiness Findings 1

- **Environmental Impact Assessment:** Always a major barrier for the deployment of renewables. Agricultural land will require rezoning in consultation with the Department of Agriculture, Forestry and Fisheries.
- **Grid Readiness** Less than 30 projects have received an indicative quote and preliminary timeframe for connection.



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Readiness Findings 2

- **Commitment of lenders**

Banks have committed to conducting their financial due diligence at the bidding phase per discussions with Government, in order to reach financial close soon after PPAs have been signed.



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Next Steps 1

- RFI findings are providing criteria for the procurement programme.
- Procurement documentation for release to the market in the first quarter of 2011.
- Also procurement documentation for a small project stream –definitions will be clarified during the procurement process.



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Next Steps 2

- Mapping potential IPP projects against the Eskom transmission system in order to optimise REFIT IPP connection and project roll-out.
- Initial discussions with Eskom Transmission Planning indicate the availability of connection capacity for REFIT IPPs is sufficient until 2016.



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Next Steps 3 and Good News

- The results of the RFI will also be used to inform the IRP2010.
- As part of longer term integrated planning, therefore, the RFI will become an annual event on the REFIT IPP Energy Calendar.



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