



**ANNOUNCEMENT BY THE MINISTER OF MINERAL RESOURCES
AND ENERGY**

THE HONOURABLE GWEDE MANTASHE

28 October 2021

**RENEWABLE ENERGY IPP PROCUREMENT PROGRAMME
(REIPPPP) BID WINDOW 5**

ANNOUNCEMENT OF PREFERRED BIDDERS

Members of the Media

DG and Team DMRE,

Ladies and Gentlemen

Good Evening,

We have invited you here today to announce the outcome of the Fifth Bid Window procured under the Renewable Energy IPP Procurement Programme, also commonly referred to as Bid Window 5 for which we issued the Request for Proposal in April of this year (2021) and committed to announce preferred bidders before the end of October.

It is unfortunate that this announcement happens a time when the country is experiencing load-shedding due to unavailability of the Eskom power generation units. Noting that typical grid scale projects have a minimum of about 36 months before they can produce power into the grid, the immediate solution to our electricity challenges lies in getting the existing plants to perform in a predictable and stable manner.

Since the promulgation of the first IRP in 2011, the DMRE has undertaken a number of programmes to supplement the power generation supply from Eskom.

To date, we have procured and signed agreements with ninety-three (93) Independent Power Producer Projects totaling seven thousand, three hundred and eight megawatts (7 308 MW). Eighty-Nine (89) of these projects including Bid-Window 4 projects signed in 2018 are already connected to the grid and supplying six thousand, eight hundred and fifty-five megawatts (6 855 MW) which is equivalent to two of Eskom's six-pack coal-fired power stations. These include eighty-six (86) renewable energy projects, two (2) diesel fired peaking plants, and five (5) small power plants in the form of hydropower, landfill gas and biomass.

In addition to the projects mentioned, we have selected 11 Preferred Bidder projects totaling one thousand, nine hundred and ninety-five megawatts (1 995 MW) under the Risk Mitigation Independent Power Producer Procurement Programme. Power from these preferred bidder projects is expected to be connected to the grid within eighteen (18) months after the signing of commercial agreements currently set for the end of January 2022.

The department is also in the process of procuring about one hundred and sixty megawatts (160MW) from existing renewable energy IPPs.

Under generation for own use, since 2017 NERSA has registered 438 projects totaling two hundred and six megawatts (206 MW). Projects totaling forty-four megawatts (44 MW) are under consideration. In 2021 NERSA also issued three (3) power generation licenses totaling fifty-nine megawatts (59 MW). We are yet to see registration applications for large projects following the increase in the threshold to one hundred megawatts (100MW) but, we are hoping for movement within the next few months.

Going back to what we have gathered here for, the Renewable Energy IPP Bid Window 5 was released to market on the 12th April 2021 and is the first bidding round to be launched under the Second Section 34 Determination that we gazetted. Bid Window 5 aimed to procure a total of two thousand six hundred megawatts (2 600 MW), which includes one thousand six hundred megawatts (1 600 MW) from onshore wind and one thousand megawatts (1 000 MW) from Solar PV plants.

The programme attracted a total of one hundred and two bids (102 bids) with capacity totaling nine thousand, six hundred and forty-four megawatts (9 644 MW).

The outcome of the evaluation process conducted by a team of independent transaction advisors, overseen by the IPP Office, has resulted in the selection of the twenty-five (25) Preferred Bidder Projects, procuring a total of two thousand, five hundred and eighty-three megawatts (2 583 MW). The weighted average price of the Preferred Bidder projects, including both Wind and Solar PV, is four hundred and seventy-three rand per megawatt hour (R473 / MWh). Weighted average price for Wind is four hundred and ninety-five rand per megawatt hour (R495 / MWh) and that of Solar PV alone is four hundred and twenty-nine rand per megawatt hour (R429 / MWh).

A noticeable development is that we have Preferred Bidder projects in provinces not in previous renewable energy bid windows. Seven (7) of the selected Preferred Bidders are located in the Free State Province, and one (1) in KwaZulu-Natal.

The twenty-five (25) Preferred Bidder projects will inject a total private sector investment amount of about fifty billion rand (R50 billion) to the South African economy.

Preferred Bidder projects will further create a total of thirteen thousand nine hundred (13 900) job opportunities.

As with all the IPP Procurement Programmes to date, the Bid Window 5 also set out a number of key Economic Development targets to be achieved by the Bidders. In this regard, the twenty-five (25) Preferred Bidder projects have achieved South African Entity Participation of 49.2 percent, against the target of 49 percent.

A total of 34.7 percent shareholding by black people in IPPs was achieved against a target of at least 30 percent. The DMRE not only requires participation by black South Africans at project level but also requires

participation across the entire renewable energy value chain. The selected Preferred Bidders committed to 25 percent black participation in companies that will be building the different projects. Whilst most of the sub-contracting will be during construction, the Preferred Bidders committed another 28 percent ownership by black South African sub-contractors during operation.

For the first time, we introduced a target of 5 percent ownership by black women in projects, and it is very encouraging that we have already achieved a 7 percent commitment through this bidding round.

In an effort to re-stimulate local manufacturing and production in the renewable energy value chain, the RFP required projects to commit at least 40 percent local content during construction. The Preferred Bidders committed about 44 percent local spend during construction. This is in addition to the use of designated components as determined by the Department of Trade, Industry and Competition. For the first time, the RFP also required bidders to commit to local content during operation. In this regard, the Preferred Bidders undertook to spend about 41% of their committed budget during operations towards the purchasing of products that are locally produced and meet the requirements for local content.

These projects will continue to make a difference in the lives of not only those communities in the vicinity of the proposed power plants who will own 2.5 percent of the Preferred Bidder Projects. The Preferred Bidders have also committed a total of R 2.7 billion towards Socio-Economic Development and Enterprise and skills development initiatives over the 20-year lifetime of the projects.

It gives me great pleasure to announce the following 25 Preferred Bidder projects appointed under the Renewable Energy Independent Power Producer Procurement Programme Bid Window 5:

- Coleskop Wind Energy Facility
- San Kraal Wind Energy Facility
- Phezuksomoya Wind Energy Facility
- Brandvalley Wind Farm
- Rietkloof Wind Farm
- Wolf Wind Farm
- Beaufort West Wind Facility
- Trakas Wind Facility
- Sutherland Wind Facility
- Rietrug Wind Facility
- Waaihoek Wind Facility
- Dwarsrug Wind Facility
- Grootfontein PV 1
- Grootfontein PV 2
- Grootfontein PV 3
- Grootspruit Solar PV Project
- Graspan Solar PV Project
- Sannaspos Solar PV Project
- Du Plessis Dam Solar PV 1
- Kentani Solar Facility
- Klipfontein Solar Facility
- Klipfontein 2 Solar Facility
- Leliehoek Solar Facility
- Braklaagte Solar Facility
- Sonoblomo Solar Facility

The Department will now pursue Financial Close within the next six (6) months, which is a key milestone for the signing of the agreements.

Congratulations to all the successful bidders that participated in this bid round.

We look forward to more competition and reduced price when we issue Bid Window 6. We are aiming to release Bid Window 6 by not later than end of January 2022. Bid Window 6 will also include one thousand six hundred megawatts (1 600 MW) of onshore wind and one thousand megawatts (1 000 MW) of solar PV in accordance with the Integrated Resource Plan 2019.

I thank you.