

DEPARTMENT OF ENERGY

NO. 733

18 AUGUST 2015

RENEWABLE ENERGY IPP PROCUREMENT PROGRAMME 2015

DETERMINATION UNDER SECTION 34(1) OF THE ELECTRICITY REGULATION ACT, 2006
(ACT NO. 4 OF 2006)

The Minister of Energy (the Minister), in consultation with the National Energy Regulator of South Africa ("NERSA"), acting under section 34(1) of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) (as amended) ("the ERA") and the Electricity Regulations on New Generation Capacity (published as GNR. 399 in Government Gazette No. 34262 dated 04 May 2011) ("Regulations"), has determined as follows:

1. that renewable energy generation capacity is needed to contribute towards energy security and to facilitate achievement of the renewable energy targets of the Republic of South Africa, accordingly, 6300 megawatts (MW) should be procured to be generated from renewable energy sources as described in more detail in paragraph 2 below, which is in accordance with the capacity allocated to certain renewable energy technologies, under the heading "New build", for the years 2021 to 2025, in Table 3 of the Integrated Resource Plan for Electricity 2010-2030 (published as GN 400 of 06 May 2011 in *Government Gazette* No. 34263) ("IRP 2010-2030");
2. the new generation capacity determined to be necessary as per paragraph 1 above ("the new generation capacity"), shall be generated from one or more of the following sources (each a "technology"), notwithstanding that the IRP 2010-2030 does not refer to the sources referred to in paragraphs 2.4, 2.5, 2.6 and 2.7 below:
 - 2.1 CSP;
 - 2.2 wind;
 - 2.3 solar PV;
 - 2.4 biogas;
 - 2.5 biomass;
 - 2.6 landfill gas;
 - 2.7 small (≤ 40 MW) hydro; and
 - 2.8 small projects (≤ 5 MW based on any of the sources referred to in paragraphs 2.1 to 2.7 above);

3. electricity produced from the new generation capacity ("the electricity"), shall be procured through one or more IPP procurement programmes as contemplated in the Regulations, which may, where appropriate and having regard to all relevant circumstances including the urgent need to secure connection to the Grid as soon as possible for the power procured pursuant to this Determination, include tendering processes, direct negotiation with one or more project developers, or other procurement procedures ("procurement programmes"), which procurement programmes may include the IPP Procurement Programme initiated by the Department of Energy during August 2011 or a procurement programme based on the outcome of any earlier procurement programme undertaken by the Department for the procurement of renewable energy;
4. the procurement programmes shall target connection to the Grid for the new generation capacity as soon as reasonably possible taking into account all relevant factors including the time required for procurement, according to a schedule that may differ from the timetable set out in Table 3 of the IRP 2010-2030;
5. the target allocation of MW per technology shall be as set out in the table below this paragraph 5, provided that the procurer designated in paragraph 7 below shall be entitled to re-allocate the MW available amongst the technologies, during the course of the procurement programmes according to an allocation between technologies that may differ from the allocation set out in Table 3 of the IRP 2010-2030:

TECHNOLOGY	MW
Onshore wind	3040 MW
CSP	600 MW
Solar photovoltaic	2200 MW
Small Hydro (≤ 40 MW)	60 MW
Biomass	150 MW
Biogas	50 MW
Small Projects	200 MW
TOTAL	6300 MW

6. the electricity may only be sold to the entity designated as the buyer in paragraph 9 below, and only in accordance with the power purchase agreements and other project agreements to be concluded in the course of the procurement programmes; provided that this shall not preclude multi-buyer agreements or arrangements in terms of which, by agreement with the buyer, the

electricity is sold to both the buyer and one or more third parties or related parties;

7. the procurer in respect of the procurement programmes will be the Department of Energy;
8. the role of the procurer will be to conceptualise and conduct the procurement programmes, including preparing any requests for information, requests for qualification, requests for proposals and/or all related and, associated documentation, negotiating the power purchase agreements, facilitating the conclusion of the other project agreements, and facilitating the satisfaction of any conditions precedent to financial close which are within its control;
9. the electricity must be purchased by Eskom Holdings SOC Limited or by any successor entity to be designated by the Minister of Energy, as buyer (off-taker); and
10. the electricity must be purchased from independent power producers.

Concurrence to this Determination given by
the National Energy Regulator of South
Africa on the below mentioned date:

Signed: 
MR JACOB MODISE

CHAIRPERSON: NERSA

DATE: 30/07/2015

Determination made by the Minister of
Energy on the below mentioned date:

Signed: 
MS TINA JOEMAT-PETTERSSON, MP

MINISTER: ENERGY

DATE: 8/5/2015