

**Request For Proposals for the Independent Power Producer Programme  
Window 1 Financial Close**

**Fact Sheet**

**29 October 2012**

1. The Department of Energy introduced the Independent Power Producers Procurement Programme in August 2011 with the first Bid Submission Date scheduled for the 4<sup>th</sup> of November 2011. The second Bid Submission Date was on the 5<sup>th</sup> of March 2012.
2. 28 bidders were appointed as preferred bidders in December 2011 with 1400MW. The announcement was made by Minister Dipuo Peters COP17 in Durban on 7<sup>th</sup> of December 2011. Financial Close for Window 1 has since been delayed due to numerous reasons including delays in government approvals. The delays in government approvals were caused by the need to have fully populated contracts to be presented to the relevant structures within government for approval.
3. The Department worked closely with the W1 preferred bidders to populate all the contracts such as Power Purchase Agreement and the Implementation Agreement. All preferred bidders were given the opportunity to verify the populated agreements to ensure that they are aligned with the commitment as provided at the bid submission. It was important for the department to get approval with the correct information on all the contracts to avoid any future disputes.
4. The projects under W1 amount to R47billion of investment in power generation. This investment will create job opportunities for a number of South Africans especially in rural areas where these renewable power plants are located. These commitments are all covered by the implementation

agreements which will be signed by the department and the bidders on the 5<sup>th</sup> of November 2012.

5. The Department obtained its approval to enter into the long term agreements with the preferred bidders under the Public Finance Management Act.
6. The Department will outline any additional information as and when necessary for regarding the e process for the signing of the agreements with the 28 preferred bidders on the 5<sup>th</sup> of November 2012. So far, all bidders have been informed about the process to be followed during the signing day. The department has set aside at least two days for the signing of the documents on the 5<sup>th</sup> and the 6<sup>th</sup> of November 2012. Each bidder will be allowed at least 20 minutes to sign the contracts with the Department and Eskom.
7. The Department will be signing the Implementation Agreement and the Direct Agreement with each preferred bidder, whilst Eskom will be signing the Power Purchase Agreement. Bidders will be given some time to finalise other outstanding contracts with the lenders, contractors or with any other participant significant for Financial Close.
8. The Minister received concurrence from the National Energy Regulator of South Africa (NERSA) with regards to three additional determinations as follows:

The **1<sup>st</sup> Determination is on base load with:**

- 2 500 MW of energy from coal in the system between 2012 and 2024;
- 2 652 MW of gas power in the system between 2021 and 2025;
- 2 609 MW of hydro power including regional projects and must be in the system between 2022 and 2024.

The **2<sup>nd</sup> Determination is on renewable with 3 200 MW of power** – which include CSP, Solar PV, Biomass, Biogas, Landfill Gas, and Hydro between 2017 and 2020.

The **3<sup>rd</sup> Determination is on the Medium Term Risk Mitigation Plan** with:

- 800 MW from cogeneration to be on the system as soon as possible;
  - 474 MW from natural gas between 2019 and 2020.
9. The above determination will be promulgated in the government gazette in two weeks' time. Please refer to the promulgated copy for further details in this regards. The publication of the determinations will be followed by a procurement programme with more details on the procurement time frames for all the different technologies per determination. In the procurement documents, the department will outline the procurement framework for each determination.

For more information on the IPP programme go to [www.energy.gov.za](http://www.energy.gov.za) – under “Media & Publications” July 2011 to the present.

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