

## **Fact Sheet for the Media Briefing Session on 31 August 2011 re the Renewable Energy Independent Power Producer (IPP) Programme**

### **1. Invitation to Bid**

- 1.1 According to the Electricity Regulation Act the Minister of Energy determined that 3 725 megawatts (MW) of energy to be generated from Renewable Energy sources is required. The Minister decided that the IPP Procurement Programme has to be designed to procure the 3 725 megawatts and to contribute towards socio-economic and environmentally sustainable growth, job creation and to stimulate the renewable energy industry in South Africa.
- 1.2 The Request for Qualification and Proposals was released on the 3<sup>rd</sup> August 2011 and constitutes the formal invitation to Bidders to submit their detailed Bid Responses for the supply of Energy to the Buyer, generated from new Renewable Energy power generation Facilities, following the Determination.
- 1.3 There will be separate procurement processes that the Government has developed, or is intending to develop in the future in order to procure the Renewable Energy target required by South Africa, namely the IPP Procurement Programme (3 625MWs) and the Small Projects IPP Procurement Programme (100MWs) which will be as follows:

- 1.3.1 **The IPP Procurement Programme** must have a minimum installed capacity of 1 MW and a maximum installed capacity per technology (on-shore wind 140MW, solar photovoltaic (PV) 75MW, concentrated solar power (CSP) 100MW, biomass 10MW, biogas 10MW, landfill gas 10MW, small hydro 10MW
- 1.3.2 **Small Projects IPP Procurement Programme** in respect of Projects which have minimum installed capacity of 1 MW and a maximum installed capacity of 5 MW. The procurement of the Small Projects IPP Programme will be launched in October 2011. It will be a more simplistic designed procurement programme with less requirements and cheaper for Bidders to participate. The intention of the Department is to allow for the smaller players to participate in the programme.
- 1.3.3
- 1.4 The technologies that shall be considered as qualifying technologies for selection under these Programmes are as follows with MW allocated to each Technology:
- 1.4.1 onshore wind - 1850 MW;
- 1.4.2 concentrated solar power - 200 MW;
- 1.4.3 solar photovoltaic - 1450 MW,
- 1.4.4 biomass - 12.5 MW;
- 1.4.5 biogas - 12.5 MW;
- 1.4.6 landfill gas - 25 MW; and
- 1.4.7 small hydro - 75 MW
- 1.5 Small Projects which have a maximum installed capacity of 5 MW utilising any of the above Technologies, have been allocated 100 MW. The Department has reserved the right to re-allocate the MW available amongst the various Technologies Each Facility procured in terms of the IPP Procurement Programme will be required to achieve commercial operation by not later than the end of 2016 as per the Integrated Resource Plan

- 1.6 Bidders are required to specify the Price to be paid by the Buyer for the Energy produced and the offered Price should not exceed the applicable tariff set out in the procurement documentation. The Prices offered in Bid Responses relating to a particular Technology will be comparatively scored and ranked in accordance with the Economic Development Policy (EDP) of the Department as agreed to with the Department of Trade and Industry and the National Treasury. The EDP addresses job creation, BBEE requirements such as ownership, management control, preferential procurement and enterprise development, socio-economic development and local content i.e. local manufacturing.
- 1.7 The Bidders are invited to submit proposals for the supply of Energy Output to the Buyer, generated from new Renewable Energy power generation Facilities adopting the Technologies, for the purpose of entering into an Implementation Agreement with the Department of Energy, a Power Purchase Agreement and Connection Agreements with Eskom or any other Municipal Distributor. These agreements are not negotiable and may not be marked up by Bidders.
- 1.8 The structure of the IPP Procurement Programme has been designed on the basis of 5 Bid Submission Phases in order to assist the market to become ready before they submit a bid response as well as to give Bidders an opportunity to participate in different Phases.
- 1.8.1 the phasing will work on the basis that the total allocation of Megawatts (MW) per Technology is made available during the First Bid Submission Phase, but if it is undersubscribed (having regard to all Compliant Bids submitted for that Technology), the remaining MW will be available to Bidders which submit Bid Responses at the next Bid Submission Date. It is anticipated that there will be a maximum of 5 Bid Submission Phases in respect of the IPP Procurement Programme. The Bidders may submit a revised Bid Response in respect of the same Project, which was the subject matter of a previous unsuccessful Bid Response, by a subsequent Bid Submission Date, or may submit a new Bid Response in respect of a different Project, by a subsequent Bid Submission Date.

- 1.9 The first Submission Date is 4 November 2011 and the Department intends to announce Preferred Bidders in each technology by COP 17. The Department will know by early September how many Bidders will be submitting responses by the 4th.
- 1.10 Under the Electricity Regulation Act, a generation licence must be obtained from NERSA for the lawful operation of a Facility, by each Project Company once appointed Preferred Bidder.
- 1.11 Bidders will have until June 2012 to get the projects to financial close.
- 1.12 In terms of the contact policy of the Department and the time for requests for clarifications all correspondence from a Bidder to the Department must be in writing and addressed to the Project Officer. The Department may issue additional information regarding the RFP on an *ad hoc* basis, which information shall be provided in the form of Briefing Notes. Up to 15 Business Days prior to the relevant Bid Submission Date, the Department may, for any reason, whether at its own initiative, or in response to a clarification requested by a Bidder, modify any part or aspect of the RFP by the issue of Briefing Notes.
- 1.13 In terms of procurement documentation the Department will hold a conference with the Bidders prior to the First Bid Submission Date. The Bidders Conference is planned for the 14<sup>th</sup> September 2011. All registered Bidders will receive an invitation and the Department is expecting a lot of international developers to attend the Conference.