



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA RELEASE

EMBARGO: NONE

Postponement of 3rd Bid Submission Date for the REIPPPP

Pretoria 10 September 2012 – The Department of Energy wishes to inform all parties that the 3rd bid submission date for the Renewable Independent Power Producers programme will be postponed to 7 May 2013 due to, amongst others, representations from the market, the need to focus on Window 1 and 2 financial close processes, and to update the RFP accordingly for subsequent windows.

So far the Department has announced 28 preferred bidders in Window 1, and 19 preferred bidders in Window 2. The preferred bidder's status is subject to obtaining a licence from the National Energy Regulator of South Africa, water usage authorisation from the Department of Water Affairs, connection agreement from the network provider (Eskom or Municipality) and any other approval as may be required for financial closure.

The Department of Energy, among other agreements, would be expected to sign an Implementation Agreement with each preferred bidder whilst Eskom would sign the Power Purchase Agreement. Each implementation agreement should be customised in line with the commitments undertaken by each bidder on its bid submission. These commitments include, among other things, job creation, social development, local content and preferential procurement.

The local communities within a 50km radius from each project are expected to benefit from these projects. Most communities will be holding a stake of up to 5% on average per project through community trusts. These community trusts will be 100% funded by the Development Bank of Southern Africa (DBSA), Industrial Development Corporation (IDC) and/or the Public Investment Corporation (PIC) whilst some will be classified as free carry. The Implementation Agreement referred to above will ensure that preferred bidders adhere to their commitments. Each bidder is required to report to the Department of Energy on a quarterly basis with regards to these

commitments. The monitoring team within the Department of Energy will ensure compliance with the implementation agreement and failing which, it could be regarded as a seller default and the contract may be terminated accordingly.

Window 1 preferred bidders were expected to reach financial close by 30 June 2012. The Department has gone to great lengths to ensure that all the necessary documentation reflects what was submitted by the bidders and are ready for financial close. The Department has already finalised all the necessary approvals required to enter into the Implementation Agreements with the preferred bidders. The government support framework has been concluded giving assurance to Eskom that government will support Eskom in relation to the financial implication resulting from signing of the Power Purchase Agreement. All the populated agreements need to go through certain approval structures within government.

The approvals processes that Government had to undergo are taking longer than anticipated. However, the Department remains committed to close Window 1 projects despite the time delays. Given the limited resources, it is imperative for the Department to give more attention to financial close for Windows 1 and 2.

Having considered the various representations regarding the current Window 3 bid submission date, the Department has decided to postpone the 3rd bid submission date from 1 October 2012 to **7 May 2013**. Thus, the notification period for registered participants to express their interest and submit their bid's is duly extended in line with this revised submission date. The Department will use this opportunity to focus on financial closure for Windows 1 and 2, update the Request for Proposals (RFP), and finalise the new determination for additional MW. It should be noted that the consequence of this postponement will result in amendments of the subsequent bid submission dates. For more information on the revised timelines and registration process, visit the IPP website at www.ipp-renewable.co.za .

The Department extends its apologies at this development, and recognises that this might cause some inconvenience to all the stakeholders involved. However, the Department believes that this decision is in the best interests of the Renewable Energy IPP Programme as a whole.

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