



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

ANNOUNCEMENT OF THE PREFERRED BIDDERS OF THE RENEWABLE ENERGY INDEPENDENT POWER PRODUCERS PROCUREMENT PROGRAMME WINDOW 2

Pretoria 21 May 2012 - The Integrated Resource Plan was published in May 2011 and outlines the required new generation capacity for the next 20 years. The IRP takes into account the different energy carriers required to ensure that stability for the national energy supply, and renewable energy is part of this mix.

In accordance with the IRP, the Request for Proposal (RFP) published in August 2011 provides for the procurement of renewable energy up to 2016. Government acknowledges that the country will suffer the challenge of energy constraints in the next few years. Thus, the procurement of alternative sources of energy from the private sector is motivated by the urgent need for new generation capacity to alleviate the current energy constraints.

With significant numbers of the population currently unemployed, the government of South Africa also sees this procurement programme as an opportunity to grow the economy. We accept that the locations for these projects under this programme are driven by the availability of natural resources (wind, solar and water) but we would like to maximise economic development wherever the projects are located. Thus, the target for local content in the bidding programmes is increasing progressively as seen in the current Window 2 of the IPP's. In some of the technologies the current target is as high as 60%, while the minimum 40% South African Equity Participation remains unchanged. This certainty in requirements should surely encourage project developers to relocate

their manufacturing capacities to South Africa so that we can also realise the additional target of growing local employment opportunities and upscaling skills.

In Window 1, the Department awarded preferred bidder status to 28 proposals out of the 53 received. Window 1 project proposals secured commitment for the provision of 1 416 megawatts of renewable energy – out of the 3 625 total required. With this achievement, Window 1 surpassed the targeted 1 000 megawatts which was to be reached by the end of the year. The Window 1 project proposals are expected to reach financial close by June 2012. Accordingly, the Department is monitoring these bidders very closely with regards to their commitments. So far we have received requests for amendments from some of the preferred bidders but, government will be careful not allow any changes that seek to compromise the procurement process.

With regards to Window 2, I am pleased to announce that the level of commitments on economic development has improved compared to Window 1. More communities will benefit through employment or as shareholding in these projects. According to the RFP, bidders are required to contribute to the local community, and I am pleased to indicate that most of the preferred bidders in Window 2 will be establishing community trusts with the sole purpose of developing the surrounding communities. Through the implementation agreement, the Department will monitor these trusts and ensure that the communities benefit accordingly.

The Department will not hesitate to terminate a contract with a bidder that fails to meet its commitment as per the bid. We urge all preferred bidders to stick to their commitments or improve on them.

It is estimated that by the end of its maximum 5 Window bid process, the IPP programme will attract project proposals to the value of R100 billion over its lifetime. Thus, completion of the **Renewable Energy IPP** bidding programme is of paramount importance to the country. Through it we strive to utilise our plentiful natural resources productively in an environmentally friendly manner. Simultaneously we strive to meet the challenge of satisfying the growing demand for modern energy sources and access for all sectors of the population.

The bid process has so far attracted bidders from international developers and funders, and been hailed as highly successful across the board.

In recognition of the need to satisfy the aspirations of smaller local developers, the Department will roll out the bidding process for **less than 5 megawatts renewable** energy programme in the next few weeks.

In this year of the United Nations declared "Year of Sustainable Energy Access for All" the Department will work hard to actualise all strategies aimed at eliminating long term energy poverty for the people of South Africa

Announcement of the Preferred Bidders for Window 2

Ladies and gentlemen of the media, allow me to announce the preferred bidders for Window 2. Before I make the announcement, I would like to thank all bidders for their dedication and hard work in putting together their bids.

As you may be aware there were limited Megawatts provided for Window 2, hence it was impossible for everyone to be selected. In this Window the Department received 79 bids of which 51 met the qualification criteria as per the Request For Proposals. However, given the MW limitation and competition, only 19 bidders were selected as preferred bidders for Window 2. This indicates that there is still scope for improving on the proposals for those that were not selected.

For a full list of the preferred bidders, please visit the following link:

http://www.energy.gov.za/IPP/Renewables_IPP_ProcurementProgram_WindowTwoAnnouncement_21May2012.pptx

Enquiries:

Thandiwe Maimane

Email: thandiwe.maimane@energy.gov.za / mediadesk@energy.gov.za

Tel.: 012 444 4256 ; 083 645 7837

Johannes Mokobane

Email: johannes.mokobane@energy.gov.za / mediadesk@energy.gov.za

Tel.: 012 444 4612 ; 082 766 3674

Ministry Enquiries:

Zodwa Batyashe

Email : Zodwa.batyashe@energy.gov.za

Tel.: 082 455 9796