



MEDIA STATEMENT

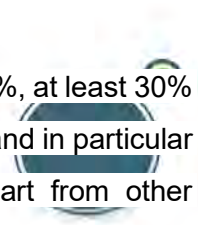
KEY MESSAGES FROM THE RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME BID WINDOW 5 (REIPPPP BID WINDOW 5) BIDDERS' CONFERENCE, HELD ON 26 MAY 2021

The Department of Mineral Resources and Energy (DMRE) convened a Bidders' Conference for the recently launched the 5th Bid Window under the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). Hosted on a virtual platform, the conference was attended by more than 800 delegates, including registered and other interested bidders, project developers, financiers and energy sector stakeholders.

The Ministerial Determination promulgated on 25th September 2020 calls for the procurement of 11 318 MW from a range of energy technologies, including Renewables, Gas, Storage and Coal, in line with the Integrated Resource Plan (IRP 2019). The 5th REIPPPP Bid Window is the first procurement bid window to be launched under this Determination, and will procure a total of 2 600MW from onshore wind (1 600MW) and Solar PV (1 000MW) plants.

The IPP Office confirmed that IPP projects up to the maximum size of 75MW for Solar PV and 140MW for Wind projects will be eligible to bid in this window. The projects must be connected to the grid by no later than April 2024. The REIPPPP Bid Window 5 hopes to attract projects that are fully developed or near ready and that will be able to connect and supply power quickly, without requiring major works on the grid integration side.

Some key changes have been introduced in this new REIPPPP bidding round. The qualification criteria and evidence requirements have been refined and scaled down to promote a more efficient evaluation process and cost and time savings for bidders. The Economic Development (ED) evaluation approach has also been adjusted. Unlike in previous REIPPPP bid windows, the 90/10 evaluation scoring system will be applied in Round 5, with 90% allocated to price and 10% to B-BBEE Status Contribution level. This is in line with the Preferential Procurement Policy Framework Act (PPPFA) Exemption granted by National Treasury for the REIPPPP Bid Window 5. Progressive ED thresholds are still included as part of the functionality requirements and must be met by bidders in order to proceed to evaluation. Preferred Bidder's Economic Development commitments will be incorporated into the Implementation Agreement (IA) between the Department and IPP.



Bidders will be required to demonstrate South African Entity Participation of at least 49%, at least 30% shareholding by black people in the IPPs, as well as 25% ownership by black people, and in particular 5% ownership by black women, in construction and operations contractors. Apart from other commitments such as jobs, skills development, enterprise and supplier Development, and socio-economic development, bidders will also have to commit to local content spend of at least 40% of project value during construction, and at least 45% local content spend during operations.

The REIPPPP has been the major driver behind South Africa's growing Renewable Energy footprint since the first Renewable Energy bid window under the REIPPPP was announced in December 2011. By December 2020, 112 renewable energy IPPs had been procured in seven bidding rounds. Of the current 91 active projects, 76 projects, totalling 4 949 MW, are operational. These projects have generated 56 206GWh renewable energy onto the national grid. Fourteen (14) projects have entered or are still in construction.

REIPPPP has attracted R209.7 billion in investment, ensuring increased participation and shareholding in IPPs for South Africans with every bid round. Currently, South African entities own equity shareholding of 52% in IPPs, and 34% of IPPs are owned by black South Africans. Through the REIPPPP projects 57 236 jobs have been created for South African citizens, and around R1.8 billion has been spent on socio-economic development and enterprise development initiatives in local communities. The REIPPPP has further facilitated local production, manufacturing, and new services industries, the formation of new research and knowledge centres amongst tertiary institutions and in the private sector, and economic activity and opportunities, particularly in rural areas.

The next milestone of the REIPPPP Bid Window 5 is the bid submission date of 16 August 2021. Preferred Bidders are expected to be announced during October/November 2021, with commercial and financial close anticipated by March 2022.

Further information on the Renewable Energy IPP Procurement Programme can be obtained from <https://www.ipp-renewables.co.za/>