



**mineral resources
& energy**

Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

SIGNING OF AN ADDITIONAL THREE PROJECT AGREEMENTS UNDER THE 5TH BID WINDOW OF THE RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROGRAMME (REIPPPP BID WINDOW 5)

10 November 2022

The Minister of Mineral Resources and Energy, Mr Gwede Mantashe, is pleased to announce that an additional three renewable energy projects have signed project agreements under the 5th Bid Window of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP Bid Window 5) on Thursday, 10 November 2022.

The three projects, all procured from onshore wind technologies, will be developed by Red Rocket South Africa. The total investment amount for these projects is approximately R 9.3 billion.

The projects will contribute a total of 364MW of renewable energy to the national grid. These projects are Brandvalley Wind Farm (140MW) and Rietkloof Wind Farm (140MW) that will be located close to Laingsburg in the Western Cape, and Wolf Wind Farm (84MW) that will be located close to Jansenville in the Eastern Cape. Once these projects have reached financial close, the construction timeline is expected to be 24 months.

Minister Mantashe highlighted that this achievement is particularly significant as it also celebrates the signing of the 100th Power Purchase Agreement (PPA) and Implementation Agreement (IA) since the IPP Procurement Programme was launched in South Africa.

The agreements that were signed include Power Purchase Agreement (PPA), between Red Rocket South Africa and Eskom, and the Implementation Agreement (IA) which details the Economic Development Obligations that the Projects commit to over the construction and operations period, with the Department of Mineral Resources Energy (DMRE).

As with other IPP procurement, this bid window was also designed to stimulate economic growth and support socio-economic transformation throughout the term of the PPA. In this respect, together the three projects will create a total number of 1 801 job year opportunities for South African

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citizens during construction and operation periods, and an amount of R 485 million is dedicated to be spent on Skills Development, Supplier Development, Enterprise Development, and Socio-Economic Development over the lifetime of the projects.

The Red Rocket projects will have 60 days to conclude all obligations and conditions precedent in the Implementation Agreement, in order to start drawing down on their lending agreements, and start construction. In the meantime, 2 of the EDF Renewables projects that signed project agreements (legal close) on 22 September 2022 have reached commercial close on 9th November 2022, with financial close to follow shortly.

The Department further confirms that more projects under Bid Window 5 will be signed over the coming weeks, and announcements and details around these will be communicated once all governance processes on the side of government and the projects themselves have been concluded.

Background to the REIPPPP Bid Window 5

The REIPPPP Bid Window 5 Request for Proposals (RFP) was released on 12th April 2021 and was the first bid window to be launched under the Ministerial Determination promulgated on 25th September 2022 under IRP2019. The bid window aims to procure a total of 2 600MW energy, consisting of 1 600 MW onshore wind and 1000MW Solar PV plants.


The Department received 102 bids during bid submission on 16th August 2021, totaling an oversubscribed 9 644 MW. The Minister announced 25 Preferred Bidders on the 28th October 2021, to provide a total capacity of 2 583 MW. Of this, 1608 MW will be procured from 12 Wind projects, and 975 MW from 13 Solar PV projects.


The agreements that were signed on 10th November 2022 include:

- **The Power Purchase Agreement (PPA):** This agreement regulates the sale of the energy between the respective IPPs and Eskom. This document will be signed by Eskom and the IPPs.
- **The Implementation Agreement (IA):** The IA includes all the commitments made by the bidders in terms of Socio-economic Development, Enterprise Development, etc. In addition, the IA also provides for the required Government support to the IPPs and the lenders to the project. This document will be signed by the Department and the IPPs; and
- **The Direct Agreement (DA):** This agreement allows the lenders to have step-in rights, in the event the IPPs fail to honour its obligations under the Finance Agreement. This enables the lender to take over the plant(s) and/or hand it over to another party to operate the plant(s) on

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its behalf until the lender has recovered the total amount invested on the respective project. This agreement is signed by the Department, Eskom, IPPs and Lenders.

Issued by the Department of Mineral Resources and Energy

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