

The Republic of South Africa
Department of Mineral Resources and Energy

REQUEST FOR INFORMATION
IN RESPECT OF THE DESIGN OF A
RISK MITIGATION POWER PROCUREMENT PROGRAMME



Energy
Mineral Resources

TABLE OF CONTENTS

1.	Disclaimer	3
2.	Definitions and Interpretation	5
3.	Background	11
4.	Information to be provided by the Respondent in its RFI Response	13
5.	Format and Submission of RFI Responses	19
6.	Contact with the Project Officer	23
7.	Requests and Clarifications	24
8.	Form 1	25

1. Disclaimer

While all reasonable care has been taken in preparing this Document, the information has been prepared by the Department Mineral Resources and Energy of the Government of the Republic of South Africa ("**the Department**") in good faith, based on information obtained from various sources. However, neither the Department nor any of its advisors accept any liability or responsibility for the adequacy, accuracy or completeness of any of the information or opinions stated herein.

Save where expressly stipulated otherwise, no representation or warranty (whether express or implied) is or will be given by the Department or any of its officers, employees, servants, agents, advisors or any other person with respect to the information or opinions contained in this Document, or in relation to this Document and or the design of the Risk Mitigation Power Purchase Programme.

The Department reserves the right to amend, modify or withdraw this Document or any part of it, or to terminate or amend any of the procedures, processes or requirements detailed in this Document at any time, without prior notice and without liability to compensate or reimburse any person pursuant to such amendment, modification, withdrawal or termination.

The Department reserves the right to terminate or amend the design of the Risk Mitigation Power Purchase Programme, at any time, without prior notice and without liability to compensate or reimburse any person pursuant to such termination or amendment.

The terms and conditions set out in this Document are stipulated for the express benefit of the Department and, save as expressly stated to the contrary, may be waived at the Department's sole discretion at any time. The Department reserves the right to adopt any proposal made by any person responding to this Document at any time and to include such proposal in any documents which may or may not be made available at any stage in the design of the Risk Mitigation Power Purchase Programme to any other persons responding to this Document, without the obligation or liability to pay any compensation or reimbursement of any nature to any person pursuant to such adoption.

This Document is provided solely for the purpose set out herein and is not intended to form any part or basis of any investment decisions by the Respondent, its shareholders, members or its lenders. Each person that accesses this Document must make its own independent assessment of the Project in respect of which it intends submitting a RFI Response, taking such advice (whether professional or otherwise) as it deems necessary.

No Respondent, its shareholders, members, contractors, suppliers or lenders shall have any claim against the Department, its officers, employees, servants, agents or Transaction Advisors, under any circumstances whatsoever, arising out of any matter relating to the design of the Risk Mitigation Power Purchase Programme or this Document of any nature whatsoever, including where such claim is based on any act or omission by the Department, or any of its officers, employees, servants, agents or Transaction Advisors of any nature whatsoever, or where such claim is based on the content of, or any omission from, this Document of any nature whatsoever.

2. Definitions and Interpretation

In this Document, except as otherwise defined herein, the following terms shall have the following meanings:

- | | | | |
|-----|---------------------------------------|---|---|
| 2.1 | "Baseload Energy" | - | Energy Output produced or capable of being produced at a constant or near constant rate by power stations that have high Load Factors; |
| 2.2 | "Bidder" | - | any entity or consortium that submits a Bid Response, which must be either a Project Company or a consortium of legal entities, all of whom shall become shareholders (either themselves or through an intermediary entity) in a Project Company; |
| 2.3 | "Bid Response" | - | any bid submitted by a Bidder in response to the invitation contained in the RFP; |
| 2.4 | "Buyer" | - | the legal entity designated by the Minister in the determinations to purchase Power Capacity and Energy Output from a Seller pursuant to a PPA entered into pursuant to the Risk Mitigation Power Purchase Programme; |
| 2.5 | "Capacity" or "Power Capacity" | | the capacity at any time and from time to time, expressed in megawatts ("MW") to generate and deliver Energy Output; |
| 2.6 | "Commercial Close" | - | the date on which the Implementation Agreement is duly executed by the Seller and the Department; |
| 2.7 | "Commercial Operation Date" | - | the date after which all testing and commissioning of the DM or Power Generation Facility has been completed; |
| 2.8 | "Consents" | - | all consents, permits, clearances, authorisations, approvals, rulings, exemptions, |

- registrations, filings, decisions, licences, required to be issued by or made with any Responsible Authority in connection with the performance of any of the Construction, Operation and maintenance of the Facility by the Project Company;
- 2.9 **“Cost of unserved energy” or “COUE”** the opportunity cost to electricity consumers (and the economy) from electricity supply interruptions.
- 2.10 **“Demand management” or “DM”** interventions to reduce energy demand consumption
- 2.11 **“Dispatchable”** refers to sources of electricity that can be used on demand and dispatched at the request of power grid operators, according to market needs. Dispatchable generators can be turned on or off, or can adjust their power output according to an instruction from the system operator.
- 2.12 **"Distribution System"** - a distribution network of a Network Owner which operates at a nominal voltage of 132 kV or less, as described in any code in respect of electricity distribution published by NERSA from time to time;
- 2.13 **"Document"** - this explanation and request for information document for the Risk Mitigation Power Purchase Programme;
- 2.14 **“Electricity Regulation Act”** - “ the Electricity Regulation Act No. 4 of 2006;
- 2.15 **"Energy Output"** - the electrical energy generated and expressed in megawatt-hours (“MWh”), delivered to the Power Delivery Point;

and to reduce extensive utilisation of diesel peaking generators in the immediate to Risk Mitigation.

- 3.2 The key requirement of a Risk Mitigation Power Purchase Programme will be to procure generation capacity from Power Generation Facilities with short lead times to produce first power.
- 3.3 This request for information is intended to support investigations by the Department of opportunities available in the market for alternative power generation capacity in alleviate the current capacity constraints. As such, the Department encourages Respondents to provide potential solutions to deliver power generation as expeditiously as possible. The Department is issuing this request for information to the market to under projects that are currently under development which could be considered for procurement under a Risk Mitigation Power Purchase Procurement Programme.
- 3.4 The objective of the programme is to procure between 2000 – 3000 MWs of power generation capacity that can be implemented, to mitigate the above security of supply risk on the basis of the shortest possible lead time to commercial operation. It is anticipated that Projects under the Risk Mitigation Risk Power Purchase Programme must be able to connect at intervals of between 3 to 6 months and 6 to 12 months, from issuance of the notice to proceed
- 3.5 The Risk Mitigation Power Purchase Programme sits alongside other initiatives by the Department to give effect to the IRP.
- 3.6 In respect of the Power Generation Facility, where a Respondent anticipates providing a power generation solution, the Respondent is expected to state its anticipated power generation regime (i.e. whether this is Baseload Energy, Peaking Energy or Mid-Merit Energy) and its preferred mode of operations (i.e. whether the plant is dispatchable or self dispatchable).
- 3.7 The Department intends to use the information provided in response to this RFI in designing an appropriate procurement framework and finalising any regulatory amendments that may be appropriate. Accordingly, the Department urges every Respondent who anticipates submitting a Bid Response in the Risk Mitigation Power Purchase Programme to provide the Department with a RFI Response for each and every proposed Project that it shall submit for participation in the Risk

Mitigation Power Purchase Programme. All information submitted will assist in the planning of the location(s), infrastructure, the Distribution System and/or Transmission System and other relevant infrastructure necessary to support the Risk Mitigation Power Purchase Programme. The Department, in its sole discretion, anticipates engaging with some Respondents who have submitted a RFI Response to discuss their Project with a view to seeking clarity in relation to information contained in the RFI Response.

4. Information to be provided by the Respondent in its RFI Response

4.1 The Department requests any and all entities or organisations that may wish to submit a Bid Response in the future under a possible Risk Mitigation Power Purchase Programme to submit a RFI Response to the Department in terms of this Document. Submission of a RFI Response is, however, not compulsory to participate in a Risk Mitigation Power Purchase Programme.

4.2 The RFI Response submitted should be as comprehensive as possible and include the information requested below for each proposed Project and any supporting documentation in respect thereof.

4.3 Description of the Project

4.3.1 Respondents are required to provide as much detail as possible about their Project(s) including the necessary commercial arrangements which have been put in place or still need to be put in place. Such information will assist the Department in determining the readiness of the market for a possible Risk Mitigation Power Purchase Programme Agreement and may inform the design of a procurement process.

4.3.2 The Respondent will be required to provide the following information about its Project:

4.3.2.1 Name of the Respondent;

4.3.2.2 Name of the Project (a separate RFI Response should be submitted for each proposed location, which would be regarded to be a separate Project);

4.3.2.3 The name and contact details of the person appointed by the Respondent as its representative in the event that the Project Officer wishes to engage on the Project.

4.4 **Summary Description of the Project**

The Respondent is, in respect of the Risk Mitigation Power Purchase Power Generation Facility, is required to provide the following details:

- 4.4.1 Overview of the Project scope and background;
- 4.4.2 number of generation units and design capacity of each unit
- 4.4.3 Capacity of the Power Generation Facility;
- 4.4.4 fuel source;
- 4.4.5 the location of the substation or substations for the grid connection of the project;
- 4.4.6 the proposed connection voltage or voltages (kV) for the Power Generation;
- 4.4.7 timing of Commercial Operation Date for each unit from Financial Close. Respondent to provide the necessary supporting documentation in support of such assertion;
- 4.4.8 whether the Power Generation Facility will be Baseload Energy, Mid-Merit Energy or Peaking Energy as well as the anticipated guaranteed availability, the estimated number of starts and stops of each unit over a year and over the economic life of the Project if applicable;
- 4.4.9 provide details on whether this is an existing Power Generation Facility or not. In the event that the Power Generation Facility is existing details required on the anticipated refurbishment or expansion (if any) to be undertaken of the existing facility including a detailed project plan for such

refurbishment as well as the duration of the plant outage if any to perform the refurbishment or expansion;

4.4.10 regulatory approvals required, an indication of which approvals have been obtained and in the case of any outstanding regulatory approvals, the timelines to obtain such approvals;

4.4.11 provide details of the status of discussions/ agreement with any potential suppliers of such power generation equipment. Furthermore provide confirmation of timelines to finalise arrangements with potential suppliers of the power generation equipment;

4.4.12 fuel supply arrangements and confirmation that the fuel supply arrangements are aligned with the proposed tenure of the PPA and will be sufficient to cover the fuel requirements for the Power Generation Facility;

4.4.13 indicative PPA terms and conditions for a 3 year; 5 year, 10 year, 15 year or 20 year PPA period;

4.4.14 In line with the information provided in response to paragraph 4.4.13 provide details on an indicative tariff. Detail to also be provided on the capacity charges and energy charge (where relevant) and any other components of the tariff including variable costs were relevant with the necessary detailed motivations for the tariff breakdown;

4.4.15 the different tariffs in the event that the tenure of the PPA is for 3 years; 5 years, 10 years, 15 years or 20 years; and

4.4.16 the Respondent to provide any additional information in respect of its Project which it may deem necessary to bring to the attention of the Department.

4.5 **Information relevant to technical aspects of the Project**

4.5.1 In respect of the Power Generation Facility, the Respondent is required to provide the following information, as appropriate:

4.5.1.1 the anticipated time (in months) to achieve commercial operation for the Risk Mitigation Power Generation Facility following Financial Close of the Project (either between 3 to 6 or 6 to 12 months);

- 4.5.1.2 description of location;
- 4.5.1.3 anticipated design capacity and availability;
- 4.5.1.4 state of the identified electricity mode of operation (Dispatchable / Self-dispatched);
- 4.5.1.5 any anticipated use of existing infrastructure.
- 4.5.1.6 the location of the substation or substations where the Respondent intends to connect the Risk Mitigation Power Generation Facility;
- 4.5.1.7 the proposed connection voltage or voltages (kV) for the Power Generation;
- 4.5.1.8 whether the Respondent intends to connect both the Risk Mitigation Power Generation Facility to the Transmission System, Distribution System to which it anticipates connecting; and
- 4.5.1.9 details of any interactions with the relevant Network Owner regarding the connection options for the Project.

4.6 **Information relevant to timing of the Project**

- 4.6.1 Following release of the RFP, the Respondent is required to state:
 - 4.6.1.1 the anticipated time (in months) that the Bidder requires to be able to submit a Bid Response to a possible Risk Mitigation Power Purchase Programme;
 - 4.6.1.2 the anticipated time (in months) until the Project will be ready for Commercial Close following appointment as a Preferred Bidder;
 - 4.6.1.3 the anticipated time (in months) to achieve Commercial Operation Date for the Project following Financial Close of the Project;
 - 4.6.1.4 whether the Project has been issued with an environmental authorisation in terms of the National Environmental Management Act, No. 107 of 1998 and, if not, the progress made in obtaining this authorisation and anticipated timelines;

- 4.6.1.5 whether the Project requires, but has not been issued with, or has been issued with any prospecting, exploration, mining or production rights in terms of the Mineral and Petroleum Resources Development Act, 2002, together with a description of the authorisations which it is anticipated that the Project will require, in terms of the act, in respect of its fuel logistics and storage activities;
- 4.6.1.6 any other authorisations required and whether those have been issued or not and the anticipated timelines to obtain such authorisations;
- 4.6.1.7 any key issues relevant to timing of the submission of a Bid Response for this Project that the Respondent would like to bring to the attention of the Department; and
- 4.6.1.8 its anticipated critical path between Financial Close and Commercial Operation Date for the Project.

4.7 **Information relevant to financing aspects of the Project**

- 4.7.1 The Respondent is required to provide a general background on how the Respondent intends to finance the overall Project (or the portion of the Project to which you are responding), including as much detail as possible at this stage as to your planning with respect to:
- 4.7.1.1 how the Respondent proposes to address the financing of the Project;
- 4.7.1.2 proposed debt/ equity mix for the Project;
- 4.7.1.3 anticipated identity of debt lenders to the Project (including commercial banks, export credit agencies, development finance institutions, South African lenders, offshore lenders, etc.); and
- 4.7.1.4 identity of any debt financing support that the Respondent can assist with introducing to the Project (any export credit agency support tied to your participation in the project, etc.).

4.8 **Additional Information**

- 4.8.1 The Respondent is required to provide capability statements demonstrating the Respondent's previous experience. Such capability statements shall

identify the Project name, location, dates the work was performed, key milestone dates, partners in the project, approximate capital expenditure of the work performed and operational expenditure of the Project.

- 4.8.2 The Respondent will not have to pay any monies in order to submit a RFI Response in accordance with this Document.
- 4.8.3 The Respondent is encouraged to submit any additional information that it is of the view that would assist the Department in the design of the Risk Mitigation Power Purchase Programme.

5. Format and Submission of RFI Responses

5.1 Submission of RFI Responses

5.1.1 To facilitate the preparation of the RFI Response, Respondents may access the following website where the Document and Form 1 to the Document can be downloaded at www.ipp-projects.co.za.

5.1.2 The RFI Response, must be submitted to the Department during office hours and by not later than the time and date of 10h00 on 31 January 2020, at the following address:

**The IPP Office
RFI Response Risk Mitigation Power Procurement Programme
Building 9 Bylsbridge Office Park,
cnr Jean & Olivenhoutbosch Ave,
Centurion
South Africa**

5.1.3 RFI Responses reaching the Department later than the cut-off time and date specified above may, in the Department's sole discretion, be rejected without further consideration.

5.1.4 RFI Responses may be submitted prior to the cut-off time and date specified above, however only complete RFI Responses will receive attention from the Department.

5.1.5 All costs incurred by a Respondent in connection with this Document and the preparation of its RFI Responses shall be borne by the Respondent.

5.2 Copies of the RFI Response

5.2.1 Each RFI Response is required to be delivered to the Department by way of:

5.2.1.1 2 (two) hard copies of the entire RFI Response; and

5.2.1.2 1 (one) soft copy of the entire RFI Response, and the documents contained therein must be:

5.2.1.2.1 in Microsoft Word format, version 2007 or later, save where the document cannot be accessed by Microsoft Word, in which event the document must be provided in a PDF format, or in Microsoft Excel format, version 2007 or later; and

5.2.1.2.2 properly indexed, readable and capable of being opened.

5.3 **Format of RFI Responses**

5.3.1 The Respondent is requested to complete the RFI Response and provide all the information required in this Document and address each and every item in paragraph 4 (*Information to be provided by Respondents in their RFI Responses*) of this Document.

5.3.2 All pages should be numbered consecutively from beginning to end and there should be a detailed index to the entire RFI Response.

5.4 **Language of the RFI Response**

5.4.1 The RFI Response and all documents forming part of it shall be in English.

5.4.2 Any printed literature submitted with a RFI Response may be in another language so long as it is accompanied by an English translation (made by an accredited translator) of the entire document.

5.4.3 For the purpose of interpretation of the RFI Response, the English translation provided shall govern.

5.4.4 All correspondence and any other documentation and oral communication exchanged between the Respondent and the Department shall be in English.

5.5 **Identification and Sealing of the RFI Response**

5.5.1 The Respondent shall state as a reference on the top right hand corner of the cover page of the RFI Response "RFI Response Risk Mitigation Power Procurement Programme Generation", as well as state its name, address, and the proposed name of its Project.

5.5.2 The Respondent shall wrap or file each RFI Response (comprising 2 (two) hard copies and 1 (one) soft copy) separately but should provide all copies in one envelope or wrapping.

5.6 **Signing of the RFI Response**

The Respondent shall be required to provide a signed letter confirming the accuracy and completeness of its RFI Response.

5.7 **Further Information**

5.7.1 The Department reserves the right to seek additional information from the Respondent regarding its RFI Response, as it may, in its sole discretion, determine, whether such information has been requested under this Document or otherwise, and may require the Respondent to make oral presentations for clarification purposes or to present supplementary information, in respect of its RFI Response if so required by the Department.

5.7.2 The Respondent may, following the submission of a RFI Response for their Project, be requested to engage with the Department and / or other relevant government stakeholders, including the, the Network Owners and Eskom Holdings as the buyer to discuss matters relevant to its Response. Any meetings are likely to take place at the IPP Office, which is at the following address:

**The IPP Office
Building 9 Bylsbridge Office Park,
cnr Jean & Olivenhoutbosch Ave,
Centurion
South Africa**

6. Contact with the Project Officer

All queries and requests for clarification in respect of this Document must be addressed to the Project Officer and emailed to query_mediumtermpower@ipp-projects.co.za.

The Respondent must give the name and contact details of the person whom it appoints to undertake all contact with the Project Officer in its RFI Response, as provided for in paragraph 4 (*Information to be provided by Respondents in their RFI Responses*) above.

After the submission of its RFI Response, the Respondent may only communicate with the Department through such person and the Department shall be entitled, at its sole discretion, to disregard any communication from the Respondent, that does not come from such contact person, and that does not go directly to the Project Officer. Once the Respondent has been issued with a unique project identification number for the Project this is to be used in all communications with the Department.

7. Requests and clarifications

The Respondent may request clarification on any item contained in this Document by not later than 7 (seven) days before the cut-off date for the submission of RFI Responses specified in paragraph 5.1.2 above.

All queries and requests for clarification in respect of this Document must be addressed to the Project Officer and emailed to query_mediumtermpower@ipp-projects.co.za. E-mailed or oral requests and queries addressed to persons other than the Project Officer, at the aforementioned address, will not be entertained and will not receive a response.

The Department and its Transaction Advisors will endeavour in good faith to respond to all reasonable written queries and requests for clarification raised by the Respondent.

Form 1: Summary of the information to be provided in terms of paragraph 4 (Information to be provided by the Respondent in its RFI Response)

The Respondent should complete and return Form 1 with its RFI Response, for each of its Projects, inserting additional pages as is necessary.

Form 1 should be returned together with all necessary supporting documents.

Name of Respondent			
Project Name			
Name of appointed contact person by Respondent			
Contact Number of appointed contact person			
Email of appointed contact person			
Summary Description of Project			
Criteria			
1	Period to COD after notice to proceed (tick box)	3-6 months	6-12 months
2	Project Site location		
3	Type of Technology e.g Turbine generator		
4	Generation Fuel		
5	Dispatchable or Self Dispatchable		
6	MW offered		
7	Min Hours of operation - Winter (May to Aug)		
8	Max Hours of operation - Winter (May to Aug)		
9	Min Hours of operation - Summer (Sep to Apr)		
10	Max Hours of operation - Summer (Sep to Apr)		
11	Min number of yearly Starts and Stops		
12	Max number of yearly Starts and Stops		
13	Tariff for a 3 Year PPA Contract	Capacity Charge (Rm/MW)	Energy Charge (Rm/MWh)
14	Tariff for a 5 Year PPA Contract	Capacity Charge (Rm/MW)	Energy Charge (Rm/MWh)
15	Tariff for a 10 Year PPA Contract	Capacity Charge (Rm/MW)	Energy Charge (Rm/MWh)
16	Tariff for a 15 Year PPA Contract	Capacity Charge (Rm/MW)	Energy Charge (Rm/MWh)
17	Tariff for a 20 Year PPA Contract	Capacity Charge (Rm/MW)	Energy Charge (Rm/MWh)
18	Project Status (tick status) Provide supporting documents	a. Concept	
		b. Land secured	
		c. EIA	
		d. All Permits	
		e. Designs complete	
		f. Fully Funded	
		g. Construction commenced	
		h. Construction complete	

		i. Operational Plant	
19	Lead Time from Preferred Bidder to Financial Close (months)		
20	Lead Time from Financial Close to COD (months)		
21	Implementation Complexity (low/med/high)		
22	Risks		
23	Comments on Project or Special requirements to enable the project		

Ensure compliance to all laws and regulations in South Africa.