



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

REQUEST FOR PUBLIC PARTICIPATION IN THE REVIEW OF THE RENEWABLE ENERGY INDEPENDENT POWER PRODUCERS PROCUREMENT PROGRAMME (REIPPPP)

In 2010 the Department of Energy (“the Department”) commenced with the design of its Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The world acclaimed programme provides a sound enabling environment for participation by Independent Power Producers in the renewable energy sector through the procurement of targeted megawatt allocations, as defined in the 2010 Integrated Resources Plan. The REIPPPP Programme covers the following technologies: Onshore Wind, Photovoltaic, Concentrated Solar Power, Landfill Gas, Biomass, Small Hydro and Biogas.

After five successful bid submission phases, the Department has decided to review its current procurement framework and formally invites interested parties to submit comments on the REIPPPP Programme. The responses solicited from this public participation process will be considered in the development of a revised approach towards procurement under the REIPPPP Programme. The Request for Proposal (RFP) and related procurement documentation which facilitate the procurement of Independent Power Producers will be issued in early 2016 for the next round of bid submission phases.

Interested parties who wish to comment and provide inputs on the REIPPPP Programme and the related procurement documentation are invited to submit their responses on www.ipp-projects.co.za from 3 August 2015 to 2 September 2015.

BACKGROUND OF THE RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME

In 2010 the Department of Energy (“the Department”) commenced with the design of its Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The world acclaimed programme provides a sound enabling environment for participation by Independent Power Producers in the renewable energy sector through the procurement of targeted megawatt allocations, as defined in the 2010 Integrated Resources Plan. The REIPPPP Programme covers the following technologies: Onshore Wind, Photovoltaic, Concentrated Solar Power, Landfill Gas, Biomass, Small Hydro and Biogas.

The REIPPPP Programme is aligned with national development objectives: Its unique design incorporates a competitive bidding approach based on best price and socio-economic development contribution, with a 70% Price and 30% Economic Development weighting.

The REIPPPP Programme has added to the energy supply capacity and electricity diversity in South Africa over a period of only five and a half years. Competitive energy prices have been achieved, with a distinct and meaningful possibility to make a real socio-economic difference in the communities where they are located.

There has been two determinations for the REIPPPP programme. The first determination of 3725MW and the second determination of 3200MW which brings a total of 6925MW of renewable energy can be procured. The Minister of Energy has made a new determination of 6300MW and submitted it to NERSA for concurrence.

Achievements to Date

From 2011, the Department procured 6 327MWs of Renewable Electricity in Bid Windows 1 to 4 including a dedicated Concentrated Solar Power Bid Window and 92 Preferred Bidders were announced. These 92 Independent Power

Producers are located in all nine provinces with Northern, Eastern and Western Cape hosting the majority of renewable energy plants.

The First Bid Window Submission Date was on the 4th of November 2011 and 28 Preferred Bidders were selected to provide 1 425 MW of contracted capacity. Signature of the agreements took place on the 5th of November 2012;

The Second Bid Window Submission Date was on the 5th of March 2012 and 19 Preferred Bidders were selected to provide 1 040 MW of contracted capacity. Signature of the agreements took place on the 9th of May 2013;

41 of the First Bid and Second Bid Window Projects are connected to the national grid and contributing a total of 1 709MW;

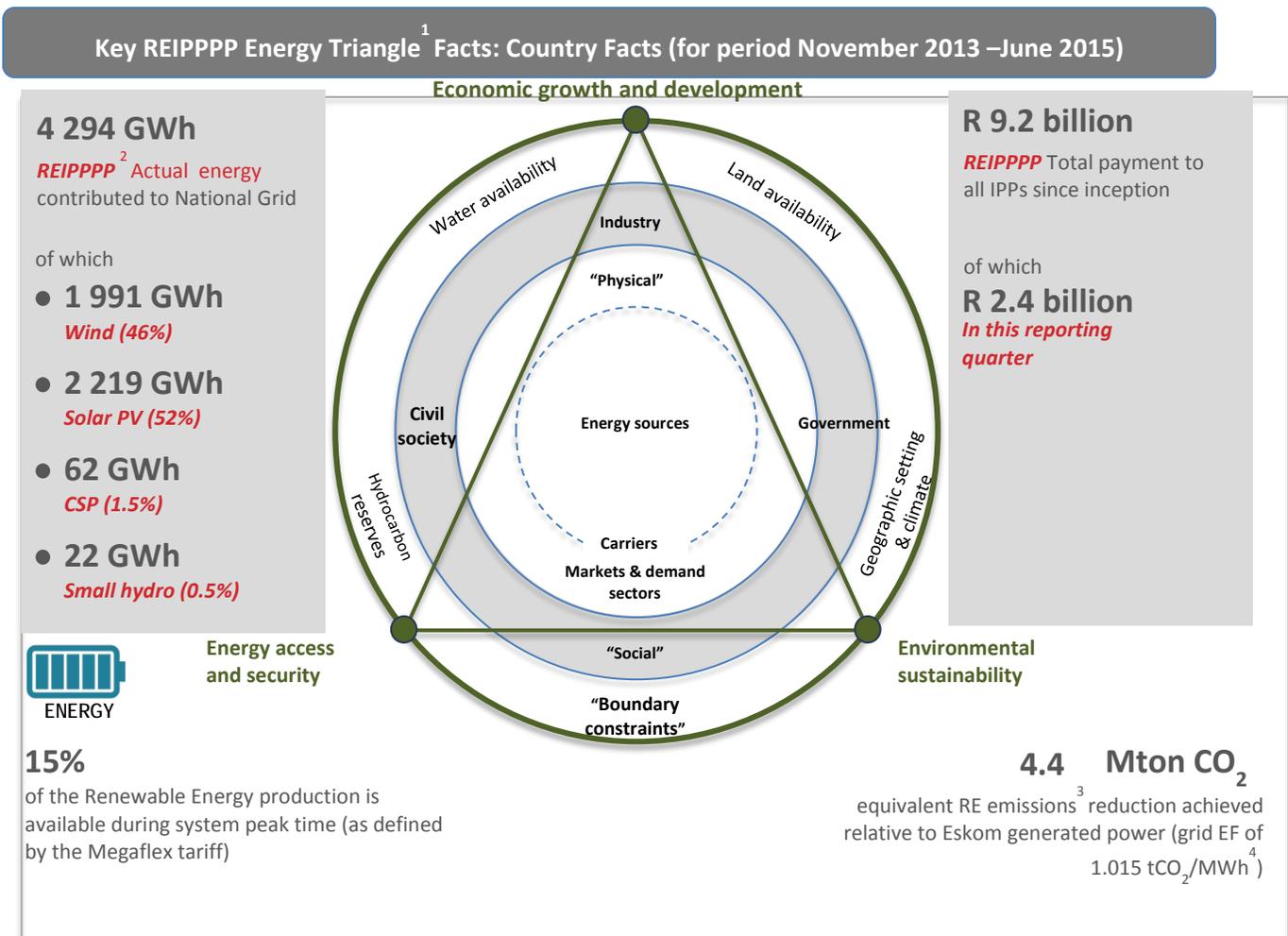
The Third Bid Window Submission Date was on the 19th of August 2013 and 17 Preferred Bidders were selected to provide 1 456 MW of contracted capacity. Signature of the agreements for 15 of these Projects took place on the 11th of December 2014, the remaining 2 Projects are expected to sign their agreements by the end of Quarter 3 2015.

A separate Bid Window was dedicated for Concentrated Solar Power Projects and the Bid Submission Date was on the 31st of March 2014. 2 Preferred Bidders were selected to provide 200 MW of contracted capacity. These projects are expected to sign their agreements by Quarter 3 2015; and

The Fourth Bid Window Submission Date was on the 18th of August 2014. The Department announced 13 Preferred Bidders on the 16th of April 2015 to provide 1 121MW of contracted capacity and an additional 13 Preferred Bidders were announced on the 7th of June 2015 to provide 1 084 MW of contracted capacity. A total of 2 205 MW of contracted capacity has been procured in the Fourth Bid Submission. These projects are expected to sign their agreements by the end of Quarter 1 2016.

When considered in terms of the Energy Triangle, the REIPPP Programme is making a significant contribution to energy security, economic growth and

development and environmental sustainability. An overview of the achieved contributions resulting from power generated into the grid until the end of the reporting period (June 2015) is illustrated below:



Future of the REIPPP Programme

The rolling bid window programme format has attracted continued market interest and allows for improvements and lessons learnt with each bid window to be incorporated in the refinement of procurement documentation in the following bid windows.

A Request for Proposals for the Expedited Bid Submission Phase has been issued in June 2015 and the target date for Bid Submission is the 1st of October

2015. The Department will procure a total of 1800MW in this Expedited Bid Submission Phase.

The Department will be issuing a revised Request for Proposals for the Fifth Bid Window by early 2016 and are in the process of soliciting the public's view in the redesign of the documents. An advertisement would be placed in the local newspapers on the 2nd of August 2015 inviting the public to comment on the REIPPP Programme. The responses solicited from this public participation process will be considered in the development of the revised approach towards procurement under the REIPPP Programme. Interested parties who wish to comment and provide inputs on the REIPPP Programme and the related procurement documentation are invited to submit their responses on www.ipp-projects.co.za from 3 August 2015 to 2 September 2015.