

**The Republic of South Africa**

**Department of Mineral Resources and Energy**

**REQUEST FOR INFORMATION  
IN RESPECT OF THE DESIGN OF A  
MEDIUM TERM POWER PROCUREMENT PROGRAMME 2019**

**QUESTIONS AND ANSWERS FROM THE INFORMATION SESSION HELD ON 8 JANUARY 2020**



**Energy  
Mineral Resources**

#	QUESTION	ANSWER
1.	Will the RFI create a portal for Equipment Providers to engage with the various IPP's?	This is not the intention of the RFI
2.	<p>a) What is the status of the Smalls Programme?</p> <p>b) Can Projects which are part of the Smalls Programme be included in the RFI?</p>	<p>a) There is a separate process for the Smalls Programme. The Department will communicate with participants on that programme in line with the communication protocols of the Smalls Programme.</p> <p>b) The intention of the RFI to understand the potential projects in the market in assisting with the energy shortage. Projects which are part of the Smalls Programme do not need to resubmit details of their project as the Department has all the necessary information to relation to those projects.</p>
3.	<p>a) In view of Eskom current financial position, will there be Government support to cover Eskom's payment obligations and support to cover any termination payments in the event of termination?</p> <p>b) Will the Department be assessing Economic Development (ED) as part of the RFI? If so what is the ED criteria. Is the focus in the RFI adjudication ED or Tariff?</p> <p>c) Will the generation licenses be issued accordingly?</p> <p>d) Can the IPP Office get NERSA to issue Generation Licenses for bilateral arrangements (between private entities) as there are private sector projects that are already ready to generate energy?</p>	<p>a) The relevant government support will be set out in the project agreements which will be included in the procurement documents.</p> <p>b) The purpose of the RFI is to receive information from the market on the status of their project and project readiness. ED will not be considered as part of the RFI process. The Department will set out its ED criteria in the procurement documents and such will be assessed as part of the procurement process. As part of the RFI the Department has requested feedback from the market on indicative tariffs for their specific project(s) to enable it to understand the indicative tariffs for each of the different technologies.</p> <p>c) NERSA will not be issuing license to RFI Respondents. NERSA be guided by the determinations issued by the Minister in terms of section 34 of the Electricity Regulation Act and the outcome of an IPP procurement process in considering applications for generation licenses for IPPs procured under the IPP Procurement Programme(s).</p> <p>d) The Department is considering various options to mitigate the impact of the current electricity shortage. The RFI which is one of the options being considered by the Department is purely focused on IPP procurement programmes.</p>
4.	<p>a) Will other technologies that have not been accommodated in this RFI be considered?</p> <p>b) In the case of those technologies which been excluded from the RFI will consideration be given to tariffs for such alternative technologies?</p>	<p>a) The RFI has not specified or excluded any technology options. All technology options/ power projects (generation and load) to manage the short, medium and long term power capacity requirements are to be considered. A Respondent can classify their power generation as follows:</p> <ul style="list-style-type: none"> <li>• 5% capacity factor – Peaking Energy;</li> <li>• 35% - Mid-Merit; or</li> <li>• 75% - Baseload.</li> </ul>

**QUESTIONS AND ANSWERS FROM THE INFORMATION SESSION HELD ON 8 JANUARY 2020 ON THE MEDIUM TERM POWER PROCUREMENT PROGRAMME**

		b) All technology options/ power projects (generation and load) to manage the short, medium and long term power capacity requirements are to be considered. Respondents are requested to complete all the information as required in Form 1 including the different tariffs which would be applicable for each of the PPA terms as set out in Part E.
5.	<p>a) Will the RFI replace the REIPPP - BW5?</p> <p>b) Is the 12 months from NTP to COD final or optional? Further please provide clarity on whether the timelines to be provided are for commercial close or from NTP.</p> <p>c) What is the anticipated timelines from NTP to FC and then from FC to COD?</p>	<p>a) The RFI process presents opportunities for developers to formally bring their projects to the attention of the Department. The RFI is therefore not a procurement process. The Department may take into account any submissions included as part of the RFI responses in formulating a procurement approach or in its procurement documents.</p> <p>b) Form 1 has been updated. The updated Form 1 which Respondents are required to complete is titled <b>"Mitigation RFI Clarification Response 1 – Annexure A: Form 1 (14 January 2020)"</b>.</p> <p>c) At this stage there are no pre-determined timelines in the RFI. The focus is to get MWs on the grid in the shortest possible time to alleviate the constraints in the short to medium term. Based on feedback provided it has become necessary to also consider options that are longer than 12 to 18 months. This is reflected in the updated Form 1. Form 1 now provides different options for Respondents to provide information on the timelines to reach Commercial Operation from Financial Close.</p>
6.	<p>a) What is the relationship between this programme, the IRP and the Ministerial Determinations?</p> <p>b) Is this separate from IRP or part of it?</p> <p>c) How does the RFI interface with the existing Ministerial Determinations?</p>	<p>a) The IRP 2019 already identified an electricity generation capacity gap which was to be mitigated through a medium term power purchase programme. The intent of the RFI is to solicit information from the market on potential projects or technology options. Responses from the market may be considered in the formulation of a procurement approach for the medium term power purchase programme as contemplated in the IRP 2019. This information from the market may also be taken into account in formulating a Ministerial Determination.</p> <p>b) The RFI process is not a procurement process (i.e. this is not an RFP). See response to (a) above. The design of a medium term power purchase programme was contemplated in the IRP.</p> <p>c) These two are separate processes.</p>
7.	The tariff composition in Form 1 to the RFI focuses on capacity rather than energy, how do renewable projects respond to this?	The RFI does not exclude renewable projects. Respondents will be able to indicate the energy charge applicable to their renewable energy plant on Form 1 Part E. They can then indicate that a capacity charge is not applicable in the capacity charge column.
8.	<p>a) What is the timelines?</p> <p>b) Will it be possible for current Sellers that have existing PPAs to amend same in order to increase the size of their power plants so as to generate additional power?</p>	<p>a) At this stage there is no pre-determined timelines in the RFI. The focus is to get MWs on the grid in the shortest possible time to alleviate the constraints in the short to medium term.</p> <p>b) Due to the procurement law implications this option will not be considered.</p>

**QUESTIONS AND ANSWERS FROM THE INFORMATION SESSION HELD ON 8 JANUARY 2020 ON THE MEDIUM TERM POWER PROCUREMENT PROGRAMME**

<b>9.</b>	<p>a) Form 1 states that it should be returned with all necessary documents. Please specify which documents should be provided?</p> <p>b) Clarity regarding Section C of Form 1 as to whether power will be sold directly to the consumer.</p>	<p>a) Form 1 is an executive summary of a Respondents Project. A response to the RFI must be as detailed as possible and accompanied with such supporting documents as may be necessary. Such response must include all information in respect of your project and its status in line with the RFI document</p> <p>b) Part C of Form 1 are Demand Side Management opportunities which could be procured as an IPP with the off-taker being a buyer to be designated.</p>
<b>10.</b>	How will the monitoring and evaluation of the RFI responses be conducted?	The intention of the RFI is only to obtain information from market participants on projects they are developing.
<b>11.</b>	Is submission of an RFI response a pre-requisite to participating in the RFP.	It is not compulsory to prepare an RFI response. A developer will not be disqualified from participating in a future RFP if they did not participate in the RFI. Participation is however encouraged.
<b>12.</b>	<p>a) Please provide the indicative affordability levels for the tariff that Government is prepared to pay for short-term contracts under the RFI process. Or will the affordability levels be made available at the RFP stage?</p> <p>b) Will a balloon payment be considered as part of the tariff structure?</p>	<p>a) At this stage Government has not determined any affordability levels. The intention is to solicit information from the market. Affordability will be determined as part of design a procurement process.</p> <p>b) Respondents may include such an option as part of their RFI response as the Department has not yet settled on a tariff methodology.</p>
<b>13.</b>	Can the IPP Office expedite the granting of regulatory approvals and licenses?	As has been the case in the past the IPP Office will engage with all key stakeholders. Part of that engagement will included interactions with the relevant regulatory authorities.
<b>14.</b>	Will there be a fast track process to have permits approved?	The IPP Office will engage with all key stakeholders on this.
<b>15.</b>	Is there provision made in the RFI for captive power projects where such projects are developed on the basis of commercial offtake by industrial users and not Eskom?	Such projects will not be considered as part of the RFI if there are existing supply contracts in place.
<b>16.</b>	<p>a) What happened to the previous 2015 RFI response which were submitted to the DBSA?</p> <p>b) More details required on the system requirements.</p>	<p>a) Such responses were previously analysed by the Department and used in formulating procurement in 2015. It has been 5 years since the Department engaged with the market and would like to get updates from the market on their projects. The RFI is the appropriate channel for the market to provide information to the Department on their potential projects.</p> <p>b) See <b>Clarification Response 2: Eskom Power Generation Requirements</b></p>

**QUESTIONS AND ANSWERS FROM THE INFORMATION SESSION HELD ON 8 JANUARY 2020 ON THE MEDIUM TERM POWER PROCUREMENT PROGRAMME**

<b>17.</b>	Will there be alignment between the IPPO and Eskom on the terms and conditions of the Power Purchase Agreement in respect of the Medium Term Risk Mitigation Power Purchase Programme?	Engagements are ongoing with Eskom to ensure alignment prior to release of an RFP.
<b>18.</b>	<p>a) Form 1 issued with the RFI document and Addendum 2 appears to be similar, which of the 2 is the correct version?</p> <p>b) What does RM/MW mean. More specifically what does the “M” stand?</p> <p>c) Are the bids that were submitted under the Expedited Bid Window still valid?</p>	<p>a) Please complete Form 1 dated 14 January 2020.</p> <p>b) This has been amended to R/MWh</p> <p>c) The Department communicated with all bidders who submitted a bid in response to the Expedited Bid Window. Such process was terminated due to expiry of the bid validity period.</p>
<b>19.</b>	Is there a contemplation of dispatchable storage as a technology? Will such programme compete with Eskom or is this over and above what Eskom is planning?	All technology options to manage the short, medium and long term power capacity requirements are to be considered. Should the Department undertake an IPP procurement process which includes dispatchable storage it will be complementary to any programme undertaken by Eskom.
<b>20.</b>	Can the IPP Office provide a feed-in tariff for each technology?	Historically the concept of a feed-in-tariff has not been used in South Africa due to various legal issues. If a feed-in-tariff is adopted it would need to comply with all relevant laws.
<b>21.</b>	Is there an intention to set minimum or maximum project capacity limit to fill the allocation of 3000MWs on a short timeline?	There has been no determination of a procurement approach. The need to ensure success and reduce the risks associated with reliance on one or a few power generation facilities will be considered in determining the plant size.
<b>22.</b>	Can one submission consist of the same technology but different sites?	You are required to make different submissions for each project type as well as different submissions for variations to any project type.
<b>23.</b>	<p>a) Does the RFI process impact on the timelines for Bid Window 5 or will the two processes be run concurrently?</p> <p>b) As a result of the gap in electricity supply does this not present an opportunity to unlock the embedded generation space to allow for projects of 10MW’s and above?</p>	<p>a) The two processes will run in parallel. Responses from the market may be considered as part of finalising the RFP.</p> <p>b) The Department is considering various initiatives to fill the current gap in electricity supply. The RFI is one of the initiatives by the Department in this regard.</p>
<b>24.</b>	<p>a) Can a project which can be implemented in various different configurations be submitted in a single submission in a matrix form or separate submissions for each different submission?</p> <p>b) Will cross-border electricity generations projects be considered if they respond to the RFI.</p>	<p>a) You are required to make different submissions for each project type as well as different submissions for variations to any project type.</p> <p>b) All projects which are capable of alleviating the short, medium and long term power capacity requirements are to be considered</p>

**QUESTIONS AND ANSWERS FROM THE INFORMATION SESSION HELD ON 8 JANUARY 2020 ON THE MEDIUM TERM POWER PROCUREMENT PROGRAMME**

25.	<p>a) What is the status or progress on the finalisation of the Smalls programme from both Eskom and the IPP Office?</p> <p>b) The system operator already makes or produces a technical requirement around the ancillary services that they need to contract for the next three years or a rolling three year period. Will a programme for the procurement of ancillary services be considered by the IPP Office?</p>	<p>a) Communication with the preferred bidders on the Smalls programmes will take place in accordance with the communication protocols of that programme.</p> <p>b) All procurement will be done in accordance with the system requirements. Furthermore please refer to <b>Clarification Response 2: Eskom Power Generation Requirements</b>.</p>
26.	<p>What is the link between the RFI process and the implementation of the IRP more specifically the Determinations process along with the NERSA concurrence?</p>	<p>The IPP Office will consider the RFI responses and prepare a report to the Department of the outcome of the RFI process and its analysis of the RFI responses. Included in that report from the IPP Office will be recommendations of the way forward including recommendations on procurement. The IRP 2019 contemplated a medium term power purchase programme to alleviate the electricity capacity constraints and such programme may be informed by the outcome of the RFI process and recommendations from the IPP Office to the Department for implementation such a programme and in approaching NERSA for its concurrence to the section 34 determinations.</p>
27.	<p>What is the status or progress on the finalisation of the Smalls programme from both Eskom and IPPO?</p>	<p>Communication with the preferred bidders on the Smalls programmes will take place in accordance with the communication protocols of that programme.</p>
28.	<p>Request for extension for the RFI submissions?</p>	<p>The closing date for submission of responses to the RFI is 31 January 2020 and will not be extended. To the extent that you wish to submit a response after 31 January 2020 you may do so though no assurance is given that such response will be considered. The IPP Office also regularly engages with the market and as such this is not the only opportunity to engage with the Department.</p>
29.	<p>The RFI contemplates dispatchable and self-dispatchable generation. Under which category does Wind and Solar fall under and which operating regime (mid merit, base load or peaking) as listed in Form 1 would these two technologies fall in?</p>	<p>Wind and Solar fall under self-dispatchable generation. Depending on the capacity factor of the wind energy power generation facility a Respondent can classify their power generation as follows:</p> <ul style="list-style-type: none"> <li>a. 5% capacity factor – Peaking Energy;</li> <li>b. 35% - Mid-Merit; or</li> <li>c. 75% - Baseload.</li> </ul>
30.	<p>Is there a difference between this proposed Programme and BW5?</p>	<p>The RFI is not a procurement process.</p>
31.	<p>a) Can the supporting documents that were submitted for the Expedited Round be submitted for this Programme or do it need to be revised and updated?</p>	<p>a) The Expedited Bid Window was a procurement process and the RFI is a process to gather information from the market. The Department cannot consider information which was submitted under the Expedited Bid Window for the RFI process. To the extent that a Respondent wishes to supply information about a project(s) which it submitted in response to the RFP for the Expedited</p>

**QUESTIONS AND ANSWERS FROM THE INFORMATION SESSION HELD ON 8 JANUARY 2020 ON THE MEDIUM TERM POWER PROCUREMENT PROGRAMME**

	b) Will the Department invite only the people that responded to this RFI to submit a bid in response to the RFP?	<p>Bid Window it is free to do so. The Department would also request that the latest information in respect of such project(s) be supplied.</p> <p>b) Participation in the RFI is not compulsory and a party will not be disqualified from responding to an RFP because it did not submit an RFI response.</p>
<b>32.</b>	Can the 2015 RFI be considered to be incorporated into this RFI as it was more detailed?	The specific information being requested by the Department for this RFI is included in the RFI document and the Clarification Responses. The hyperlinks to the documents are located on the homepage of <a href="http://www.ipp-projects.co.za">www.ipp-projects.co.za</a> .