

MEDIA STATEMENT

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mineral resources & energy

Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF MINERAL RESOURCES & ENERGY

Signing of Preferred Bidder projects under the 5th Bid Window, and announcement of Preferred Bidders under the 6th Bid Window of the REIPPPP

The Minister of Mineral Resources and Energy is pleased to announce that an additional thirteen (13) projects under the 5th Bid Window of the Renewable Energy IPP Procurement Programme (REIPPPP Bid Window 5) have signed legal agreements on 8th December 2022, paving the way for additional new generation capacity to come on-line from early 2025. The Minister also announced the Preferred Bidders appointed under the REIPPPP Bid Window 6.

REIPPPP Bid Window 5

The Minister and Eskom concluded the Power Purchase Agreements (PPAs) and Implementation Agreements (IAs) with the thirteen projects at a signing ceremony held at in Centurion. The projects will all be procured from Solar PV technologies at project unit sizes of 75MW each, and will contribute an additional 975MW renewable energy to the national grid.

The projects that have signed legal agreements on 8th December 2022 are as follows:

PROJECT NAME	MAIN DEVELOPER	LOCATION
Grootfontein PV 1	Scatec	Touwsriver Western Cape
Grootfontein PV 2	Scatec	Touwsriver Western Cape
Grootfontein PV 3	Scatec	Touwsriver Western Cape
Grootspruit Solar PV	Engie - Pele Consortium	Allenridge, Free State
Graspan Solar PV	Engie - Pele Consortium	Ritchie, Northern Cape
Sannaspos Solar PV Pr	Engie - Pele Consortium	Botshabelo, Free State
Du Plessis Dam Solar PV 1	Total Mulilo	De Aar, Northern Cape
Kentani Solar Facility	Ikamva Consortium	Dealesville, Free State
Klipfontein Solar Facility	Ikamva Consortium	Dealesville, Free State
Klipfontein 2 Solar Facility	Ikamva Consortium	Dealesville, Free State
Leliehoek Solar Facility	Ikamva Consortium	Dealesville, Free State
Braklaagte Solar Facility	Ikamva Consortium	Dealesville, Free State
Sonoblomo Solar Facility	Ikamva Consortium	Dealesville, Free State

Once all Conditions Precedent (CPs) have been met and projects have reached commercial and financial close, they will enter into the construction period which is expected to be 24 months. The new generation capacity should therefore be online from 2025.

With the signing of these 13 agreements, the Department has now concluded 19 out of the 25 announced projects under Bid Window 5, which will add an overall total of 1 759MW renewable capacity to the national grid. This comprises 784 MW from onshore wind technologies and 975 MW from Solar PV.

At the end of October 2022, which was the cut-off date communicated by the Department, the 6 remaining Preferred Bidders appointed under Bid Window 5 indicated that they were not ready to close. The Department is in discussions with these Preferred Bidder projects to conclude the procurement within the framework of the Request for Proposals (RFP) and the law.

The total investment attracted from all 19 projects that have signed to date under Bid Window 5 is R34.3 billion, which is a substantial input into our economy. The 19 signed projects will contribute a total of 7 701 job year opportunities in the construction and operation of these power plants.

As with other IPP procurement, Bid Window 5 was also designed to stimulate economic growth and support socio-economic transformation throughout the full value chain. In this respect, the bid window achieved an overall 49.2% South African ownership, of which the total BBBEE ownership amounts to 36.2%. A percentage of the total project spend will be retained for local suppliers, encouraging the growth of the local industry. The minimum local content commitments by the Bid Window 5 IPPs amount to 46% of total project value during construction, and 42% during operation.

All the signed Bid Window 5 projects will also contribute over R1.9 billion on Skills Development, Supplier Development, Enterprise Development, and Socio-Economic Development in the communities in which they operate.

REIPPPP Bid Window 6

During the event, Minister Mantashe also announced the Preferred Bidders appointed under the 6th Bid Window of the REIPPPP. The bid window was released in April 2022, and 56 bid submissions were received on 3rd October 2022. Following the evaluation, the Minister today announced that five (5) Solar PV projects have been appointed as Preferred Bidders, at a total of 860MW. An eligible 6th bidder has also been identified, and the Department is in discussion with the potential bidder on conditions for appointment, in order to fill the remaining gap up to 1000MW.

The five announced Preferred Bidders are as follows:

Project Name	Contracted Capacity (MW)	Price	Province
Kutlwano Solar Power Plant	150,00	469,50	North West
Boitumelo Solar Power Plant	150,00	469,50	North West
Virginia Solar Park	240,00	486,50	Free State
Good Hope Solar Park	200,00	498,90	Free State
Doornhoek PV	120,00	540,00	North West

These 5 projects have achieved a weighted average tariff of R490.48 which is an 8% increase from the tariffs achieved for Solar PV technologies during Bid Window 5 (R454.23). This is indicative of the global economic challenges experienced over the last two years resulting in increased input costs across the entire value chain. The total investment attracted through the 5 projects is R12.1 billion. The total BBEEE shareholding commitment is 49% whilst the local content commitment is 46.4% of total project cost. These 5 projects will attract a total of 4556 job years for South African citizens during construction and operations. The total Economic Development commitments made by these projects over the lifetime of the projects amount to over R790 million.

The Department received Onshore Wind bid responses amounting to 4 116 MW for the Bid Window 6, all of which are located in the Eastern Cape and Western Cape supply areas. Following the confirmation from Eskom during the evaluation that no grid capacity was available to connect any proposed Onshore Wind projects in these supply areas, the Department could unfortunately not award any of the wind projects up to the allocated 3 200 MW under this bid window.

Minister Mantashe emphasised that the Department is engaging with Eskom to find ways around the grid challenges, especially considering that the National Energy Regulator of South Africa is currently considering a Determination for 14 791 megawatts (MW) of new generation capacity. It is critical that the grid accommodates this additional generation capacity. The Cape supply region remains the most attractive area for development of wind and solar projects, and is also the area where we have historically achieved the cheapest prices. However, the Minister encouraged project developers to consider developing projects in other parts of the country where there is still capacity, whilst the country builds additional grid capacity in the cape supply area.

Issued by the Department of Mineral Resources and Energy
Email: mediadesk@energy.gov.za / media@dmre.gov.za