mineral resources
& energy

Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

INDEPENDENT POWER PRODUCERS PROCUREMENT PROGRAMME (IPPPP)

AN OVERVIEW

As at 31 DECEMBER 2024

in Partnership with

mineral resources & energy — Department: Mineral Resources and Energy, REPUBLIC OF SOUTH AFRICA

DBSA — Development Bank of Southern Africa — Building Africa's Prosperity

national treasury — Department: National Treasury, REPUBLIC OF SOUTH AFRICA

30 YEARS OF FREEDOM

2030 NDP

THE IPPPP
at a glance

The programme's primary mandate is to secure electrical energy from the private sector from renewable and non-renewable energy sources. In addition, the programme has been designed to contribute to the broader national development objectives of job creation, social upliftment and broadening of economic ownership.

This report provides an overview of the procurement activities of the IPPPP, including achievements as at the end of reporting Quarter 3 of the 2024/2025 Financial Year (1 October to 31 December 2024).

Key overall achievements

157 IPPs
selected as preferred bidders[1] (including 2 Peaker projects)

of which

116 IPPs
reached financial close (including 2 Peaker projects)

9 618MW
electricity capacity procured from 116 IPPs that reached financial close

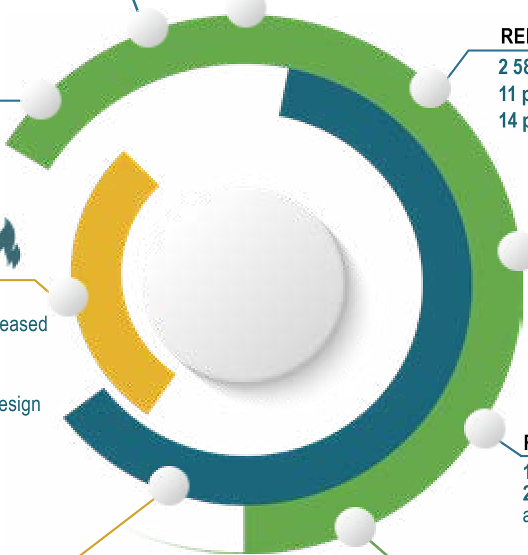
R292.2 billion
investment attracted into South Africa's economy for energy infrastructure from projects that reached financial close[2]

Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP)
1 998 MW procured from 11 IPPs
3 projects (278 MW) in construction
3 projects (150 MW) online
5 projects failed to reach Financial Close (FC)

Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) Bid Window 1 - 4
6 323 MW procured from 92 IPPs
6 180 MW online from 90 IPPs

REIPPPP BW5
2 583 MW procured from 25 IPPs
11 projects (1 159 MW) in construction
14 projects failed to reach Financial Close

Peakers
1 005 MW procured and online from 2 projects



Re-Financing
32 projects successfully approved for refinancing
Total nominal savings from projects refinanced to date amounts to **R6 billion**

Gas to Power IPPP Programme (GASIPPPP)
3 000 MW
RFP for BW1 (2 000MW) released 14 Dec 2023 - amendment underway
BW2 (1 000MW Coega) in design

REIPPPP BW6
1 000 MW procured from 6 IPPs
2 projects (360 MW) reached FC and in construction

REIPPPP BW7
5 000 MW
8 preferred bidders (1 760 MW) announced in December 2024

Battery Energy Storage IPPPP (BESIPPPP)
- **513 MW** procured from 5 preferred bidders in BW1; 4 projects (360 MW) reached FC in October and November; experiencing construction delays
- **8 Preferred Bidders** (615 MW) announced in BW2
- BW3 RFP (616 MW) released 28 March 2024; 33 bids (4 067 MW) received in November; evaluations underway

Completed Procurement
Procurement in Progress
Planned Procurement

Caveat: This report and all analysis include all data reported by IPPs for quarter 3 of 2024/25 FY, as received by 27 January 2025. Any data updates from IPPs after this date will be incorporated and reflected in subsequent reporting periods.

Note 1. 131 preferred bidders selected under REIPPPP BW1 – 7, 11 preferred bidders selected under RMIPPPP, 13 under BESIPPPP, and 2 Peaker projects.
Note 2. R239 billion from 104 projects in BW1-6 + R33.4 billion from 6 projects in RMIPPPP + R10.1 billion from 4 projects in BESIPPPP + R9.7 billion from 2 Peaker projects.

THE IPPPP at a glance

Key Achievements as at end December 2024

95 IPPs Operational[1]

7 335 MW

91 078 job years[2]

Employment opportunities for South African citizens during construction and operations

R4.1 billion

Actual contribution realised for socio-economic and enterprise development[3]

128 715 GWh Energy generated to date

which is enough to provide power to more than 38.8 million households

The energy generated from RE sources[3] offsets 124.5 Mton CO_2

The RE projects[3] realised water savings of 147.2 million kilolitres

R112.0 billion

Actual BBBEE spend[3] (74% of total procurement)

R81.2 billion

Actual local content spend[3] (50% of total project value realised)

38.1%

Shareholding by black South Africans

8.8%

Shareholding by local communities

Note 1. 90 REIPPPP projects, 3 RMIPPPP projects, and 2 Peaker projects. **Note 2.** The equivalent of a full-time employment opportunity for one person for one year. Note 3. Peakers not included.

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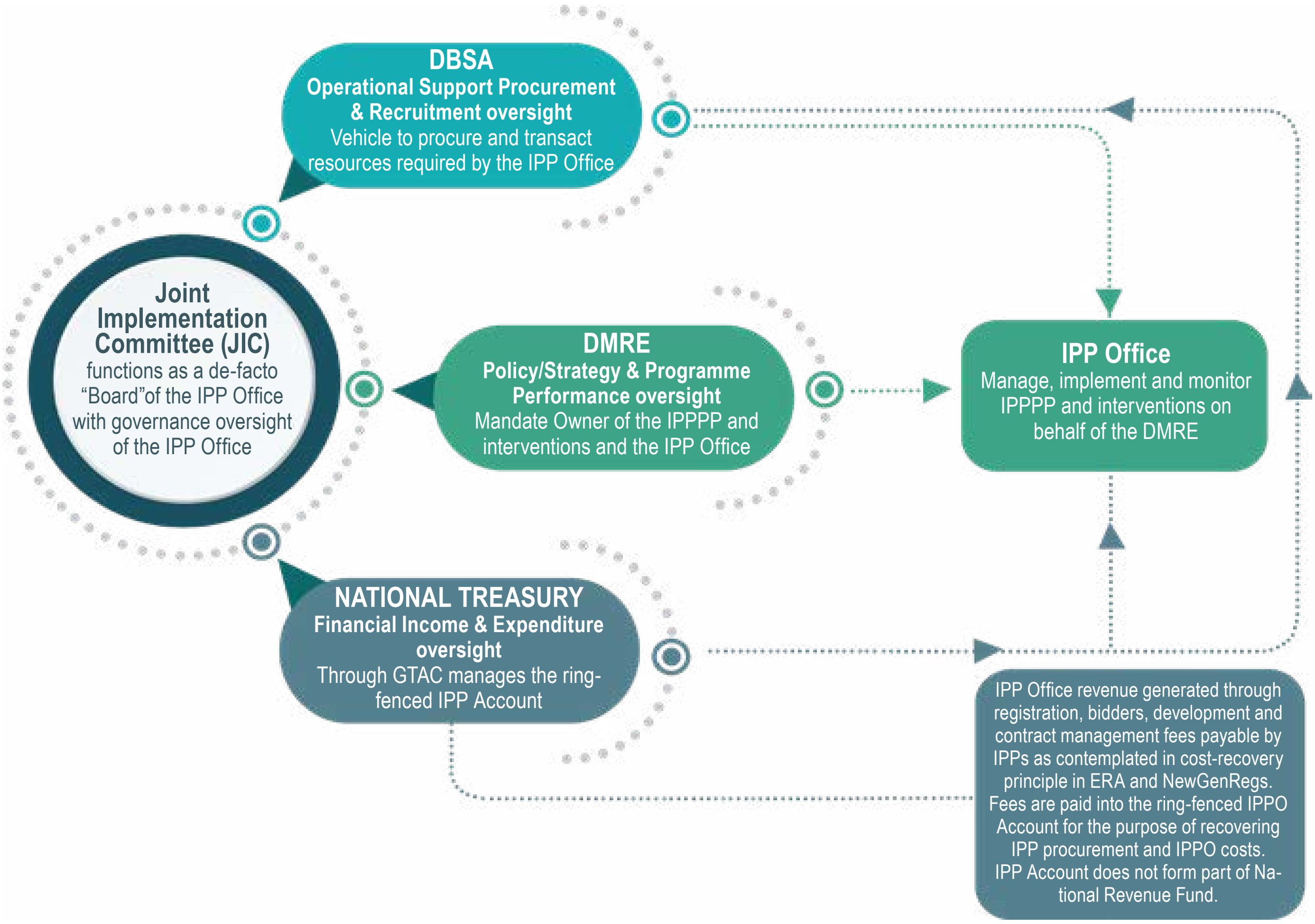
INTRODUCTION

ABOUT THE IPP OFFICE

The Department of Mineral Resources and Energy (DMRE), National Treasury (NT) and the Development Bank of Southern Africa (DBSA) established the IPP Office for the specific purpose of implementing the IPPPP.

The IPP Office is governed in terms of a tripartite Memorandum of Agreement. A Joint Implementation Committee (JIC) provides governance oversight of the IPP Office. The Office generates its own revenue through the IPP Programmes, and the funds are held and managed by National Treasury, through GTAC, in an IPP Account. The IPP Account is not part of the National Revenue Fund. The IPP Office is independently audited by the Auditor General and statements are incorporated in DMRE Annual Financial Statements.



The IPP Office Mandate

The mandate of the IPP Office is to enhance private sector participation in electrical power generation capacity in the country, whilst contributing to broader national development objectives. The IPP Office is a programme office that provides independent and transparent procurement management, contract management and professional advisory services to the DMRE.

1 To enhance private sector participation in electrical power generation capacity in the country

2 To contribute to broader national development objectives

SERVICES PROVIDED

MANDATE DERIVED FROM

The Office's mandate is derived from the capacity allocated to renewable and non-renewable generation in the IRP, which together with the associated Ministerial Determinations, set the pace and direction of the roll out of the Independent Power Producers Procurement Programme (IPPPP). The IPPPP activities continue to evolve in order to effectively respond to the planning and development needs in the current energy context.

THE IPP PROCUREMENT PROCESS

What is an IPP?

An IPP is a Company (Consortium) established by a range of shareholders for the sole purpose of bidding for constructing and operating an independent power plant.

Typically the IPP company structure could consist of Black Industrialists, other South African shareholders, community trusts representing the local communities where the projects are located, and foreign shareholders bringing foreign direct investment (FDI) that improves the country's balance of payments, and transfer skills & expertise.

Why should IPPs be used for energy generation?

Not only do IPPs attract much needed new investment, skills, technologies and competition into the industry, but they also stimulate local industry development and job creation.

The IPPPP procurement design approach ensures a balance of risks between private sector and government. The IPPs provide all the funds for the construction and operation of the power plant and bears all the construction and site risks of the project. Any delays or cost overruns are for the account of the IPP and not recoverable.

IPPs need to commit to a specified date to start generating power and is penalised if they are late, so they generally provide the needed power on time. The risk of operation of the power plant over the lifetime of the projects also lies fully with the IPP and all cost overruns (such as increased maintenance cost) are for the account of the IPP and is not recoverable.

An IPP only starts recovering its investment when the power plant starts generating power, charges pre-determined and predictable prices, and also bears all the risk of reduced revenues when the power plant is not operational or produces less power. The IPP needs to commit upfront to achieving targets in respect of job creation, economic development and socio-economic upliftment.

How are IPPs procured?

The development of new generation capacity is steered by South African planning and electricity policy frameworks (such as the Integrated Resource Plan or IRP) and given effect by Ministerial determinations. The process of Ministerial determinations provides suitable process flexibility to allow adjustments to accommodate power system requirements and technology developments and price trends. Within the scope of determined capacity, each IPPPP bid round is initiated with a DMRE procurement instruction detailing a capacity allocation (or cap) and targeted technology mix.

STEP 01 Request for Proposals

STEP 02 Bid Preparation and Submissions

STEP 03 Bid Evaluations and Preferred Bidders Approved

STEP 04 Financial Close

STEP 05 Construction

STEP 06 Commercial Operation Date

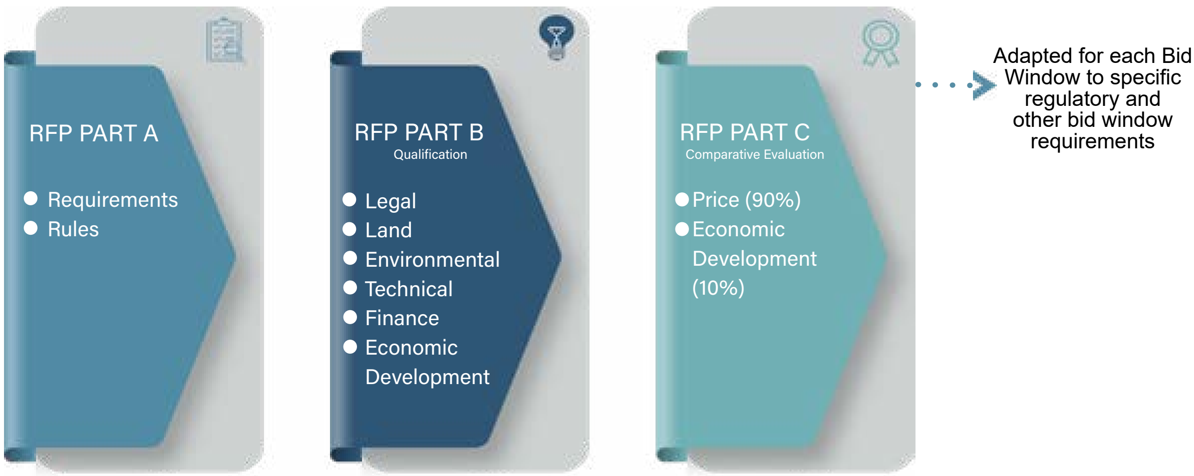
The IPP Procurement Process

Stage 1: Request for Proposals (RFP)

A bid round or bid window is opened with a request for proposals (RFP) issued to the market.

A Request for Information (RFI) is often used in the bid preparation process, especially in the procurement of new technologies / approaches.

The request for proposal is made up of three parts. The qualification criteria and comparative evaluation criteria is adapted for each bid window, according to design requirements.



Stage 2: Bid Submission

Interested bidders prepare and submit bid submissions in response to the RFP within specified timelines. As minimum qualification criteria, every project has to show a very advanced stage of development, as demonstrated by:

- Having secured land rights to the project site via ownership, leases or options;
- Having certain permits in place, most notably an authorisation under the country's environmental legislation;
- Having the whole project structure finalised, complete with technology suppliers, EPC contractors and financiers (both equity and debt);
- Fulfilling a range of technical requirements such as a yield assessment based on at least 12 months of measurements or data;
- Meeting minimum economic development requirements such as job creation and localisation;
- Offering an electricity tariff that is equal to or less than the technology tariff cap R/kWh (if applicable); and
- Providing a bid guarantee to Government.

Stage 3: Preferred Bidders Announced

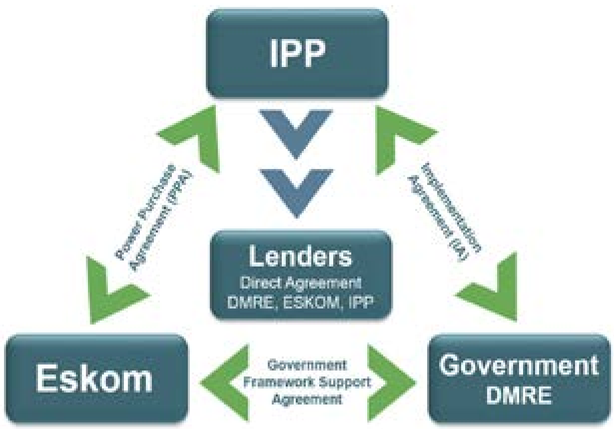
Qualifying bid submissions are adjudicated after an extensive evaluation process using independent advisors before preferred bidders are announced by the DMRE. The procurement evaluation process is conducted in a highly secured environment by an independent evaluation team. This independent and secure process is facilitated by the IPP Office.

Stage 4: Financial close

Preferred bidders are then required to finalise and sign all project agreements (implementation agreement and power purchase agreement, generally referred to as Legal Close) and financing agreements (where applicable) and meet all required conditions contained in them, to reach financial close. These non-negotiable agreements are included in the RFP to provide full transparency of the terms and conditions.

Stage 5: Construction

Following financial close the construction phase of the IPP facilities commences. Each facility procured in terms of the IPPPP is required to complete construction and achieve commercial operation by no later than the dates set out in the RFP. Within this prescribed window period, each IPP is contracted to their targeted commercial operation date (COD).



Implementation Agreement

- Provides comfort to the lenders in terms of Eskom Default under the PPA and Expropriation
- Does not provide support for IPP default but allows lenders to remedy the situation before terminating the agreements
- Corrupt Act is also dealt in accordance with RSA laws

Power Purchase Agreement

- Eskom purchases the electricity and sells it to the consumer
- It is a take or pay agreement in terms of RE but different for RMIPPPP of the Peakers

Direct Agreement

- Provides no compensation to the lenders for IPP default
- Allows lenders to step-in and remedy the default before termination

Government Support Framework Agreement

- Provide support to Eskom for its payment obligations under the PPA
- Eskom will report any potential risk that might trigger the government support

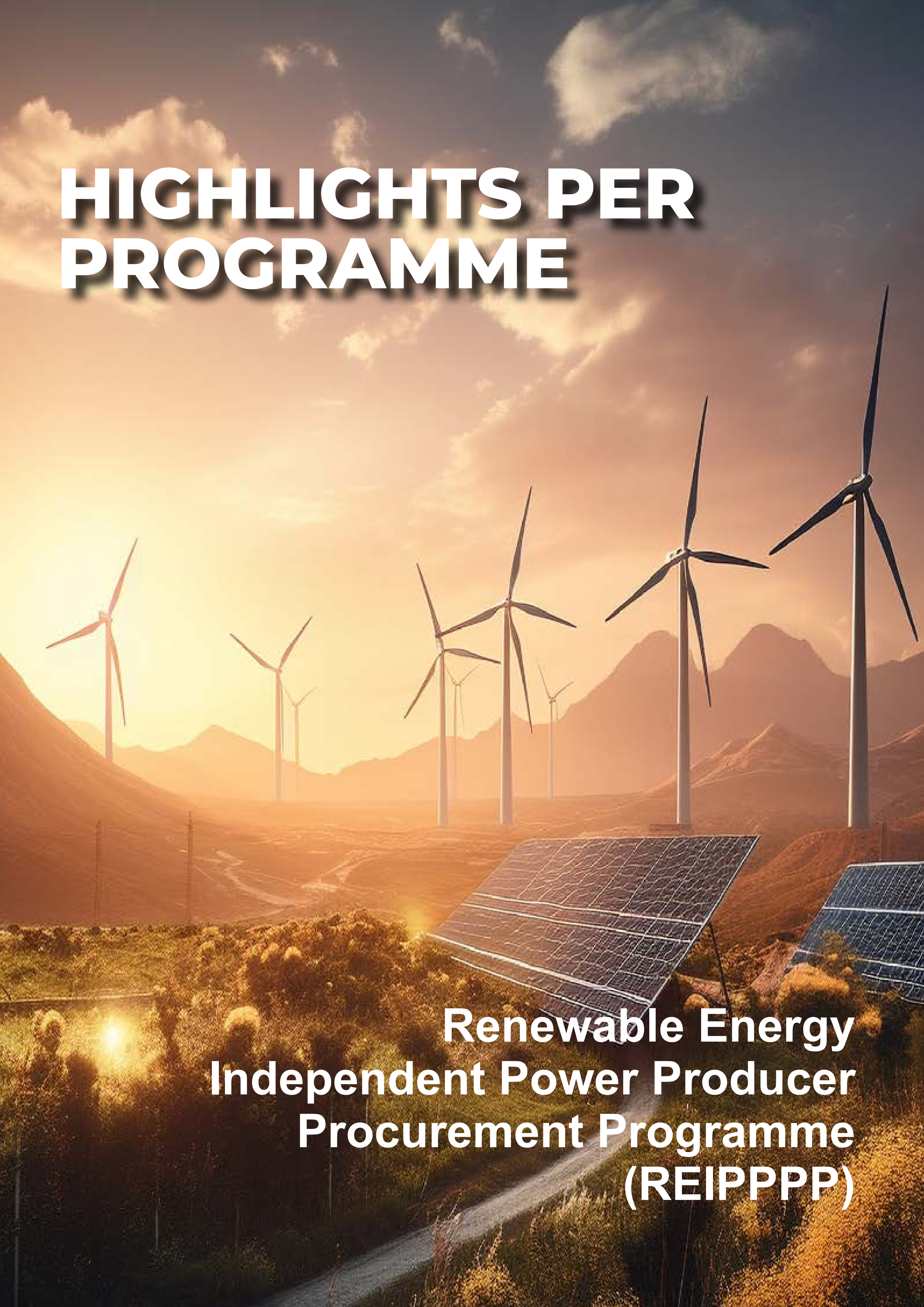
Connection Agreements with either

- The National Transmission Company (if the grid connection will be at transmission level.
- The Distributor (if the grid connection will be at distribution level); or
- The Self-Build Agreement with Eskom, or into a municipal distribution agreement with the relevant municipality

Stage 6: Commercial Operation Date (COD)

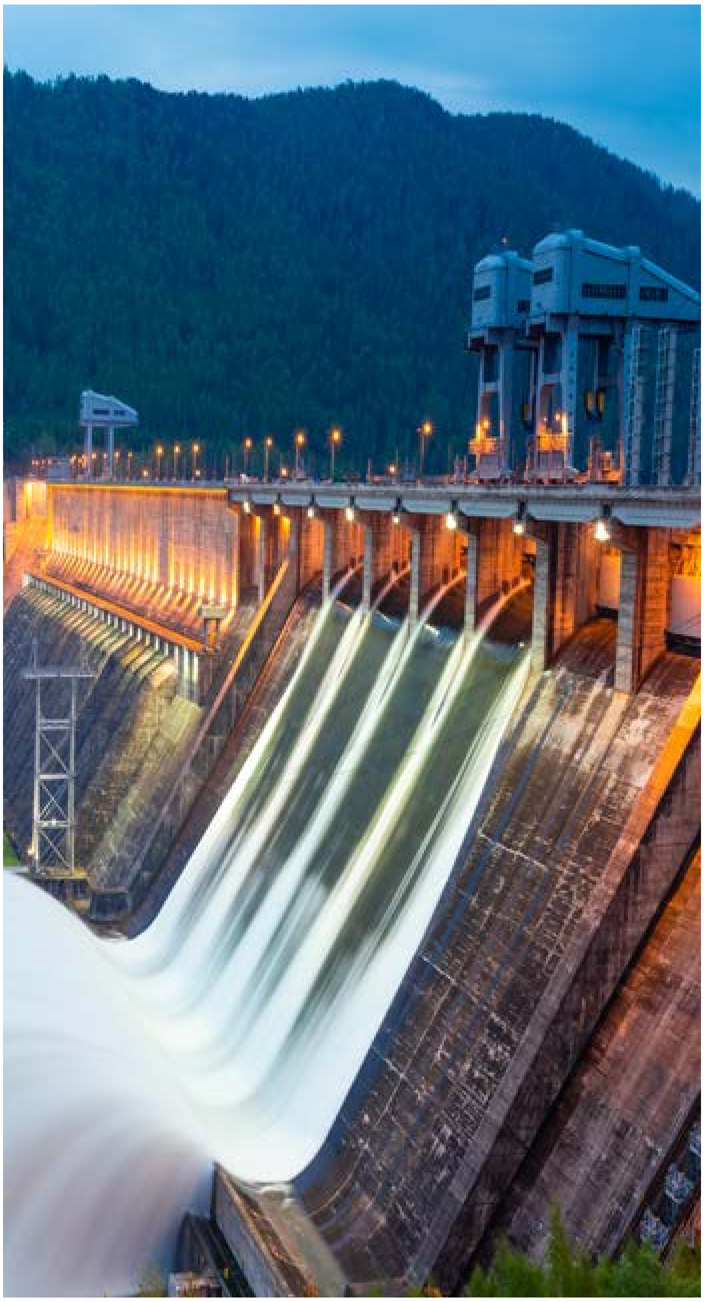
Commercial Operation Date marks the successful completion of construction and grid integration.

HIGHLIGHTS PER PROGRAMME



Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)

REIPPPP HIGHLIGHTS



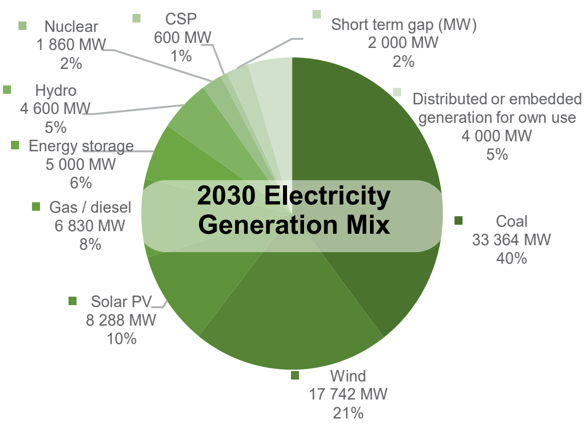
Overview

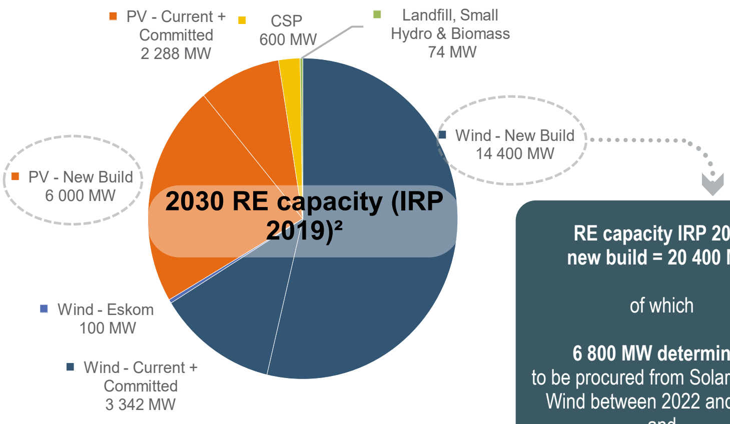
South Africa's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) is one of the world's most successful and progressive private sector renewable energy procurement programmes. Through its innovative approach and design, the programme is effectively contributing to transforming the economy towards a sustainable, low-carbon energy growth trajectory, while securing an inclusive and equitable society.

The programme is a competitive tender process and is structured into rolling bid windows that not only allows for continued market interest, but increased competitive pressure among bidders to participate and offer reduced pricing.

According to the IRP 2019, a total of 20 400 MW of new capacity from renewable energy needs to be added to the energy mix by 2030 - 14 400 MW from Wind (45.7% of total new capacity by 2030), and 6 000 MW Solar photovoltaic (PV) (19.1% of total new capacity by 2030).

To date 20 340 MW capacity has been determined[1] to be procured from Solar and Wind IPPs between 2022 and 2030.





RE capacity IRP 2019 new build = 20 400 MW

of which

6 800 MW determined to be procured from Solar PV and Wind between 2022 and 2024 and **13 540 MW determined** to be procured from Solar PV and Wind between 2024 and 2030

BW5 was the first of the renewable energy procurement bid windows rolled out in response to the new determinations of the IRP 2019. The total capacity procured from these projects totals 2 583 MW. The MW capacity under BW6 was increased to 4 200 MW which is within the limit of the current determinations, so as not to delay the procurement. The bid submissions for this bid window was received on 3 October 2022, however due to grid availability the outcome of the BW was lower than planned, with only 1 000 MW procured from solar PV projects.

The RFP for BW7 aimed to procure 5 000 MW from solar and wind technologies, however only 1 760 MW was awarded to 8 solar PV projects in December 2024.

All bid windows to date have been oversubscribed, and despite strong competition and well-prepared bids, grid availability remains a key challenge in awarding projects.

Through competitive bidding, the IPPPP has leveraged global technology advances and price trends, securing renewable energy at some of the world's lowest tariffs. The average portfolio cost under the REIPPPP has steadily declined, reaching R0.56/kWh in BW6.

Rolling bid windows enable continuous refinement to attract private investment and align with national development goals. Strong competition has driven socio-economic transformation, boosting black participation. Since BW5, bid design improvements have enhanced inclusivity, focusing on historically excluded groups, gender, and disability equality to strengthen the programme's national impact.

REIPPPP bidding process outcomes to date

457

Bid submissions received to date in BW1 to BW7, offering 47 GW for procurement

123

Preferred bidders selected (for 9 906 MW)

104

Preferred bidders that reached Financial Close (for 7 825 MW)

R0.56/kWh

Combined average portfolio cost in BW6 in April 2024 terms

Note 1. In July 2020 the first determination under the IRP 2019, for the procurement of various technology solutions to close a 2 000 MW gap between 2019 and 2022, was gazetted. A second determination, for the procurement of 11 813 MW new generation capacity (including 6 800 MW solar PV and wind capacity for 2022 to 2024, 513 MW energy storage for 2022, 3 000 MW gas for 2024 to 2027 and 1 500 MW coal for 2023 to 2027), was promulgated in September 2020. The third determination, as gazetted in April 2023, makes provision for the procurement of 14 771 MW from renewables and storage technologies (3 940 MW solar PV, 9 600 MW wind and 1 231 MW storage) for the years 2024 to 2030. **Note 2.** Excluding Hydro, but including 74 MW committed (included under distributed generation allocation) for landfill gas, small hydro, and biomass.

Key achievements as at end December 2024

Investment attracted from projects that reached financial close
R239 billion

IPPs that have reached financial close
104

Electricity capacity available from projects that reached financial close
7 825 MW

90 of these IPPs have started commercial operations

Electricity capacity delivered to the grid by operational IPPs
6 180 MW

Energy generated by renewable energy sources
121 717 GWh

Energy generated by these projects are enough to provide power to more than **36.7 million households**

Electricity generated by these projects are offsetting **123.5 Mton CO_2**

These projects realised water savings of **146.1 million kilolitres**

Employment opportunities for South African citizens during construction and operations
84 625

Actual contribution realised for socio-economic development
R3.2 billion

Actual contribution realised for enterprise development
R1.0 billion

Actual local content spend (50% of total project value realised)
R73.4 billion

37.8%
Shareholding by black South Africans

8.3%
Shareholding by Local communities

Actual BBBEE spend (81% of total procurement)
R107.4 billion

Diversifying the energy mix through the portfolio of RE capacity

The REIPPPP has successfully procured 7 825 MW from 104 IPPs (that reached financial close) in BW1 to BW6, which are at various stages of construction or have commenced with commercial operation. By end December 2024, 6 206 MW of the procured capacity started operations and delivered 6 180 MW of actual capacity (i.e. 90 IPPs delivering 26 MW short of procured capacity).

Note:
Number of projects = number of projects that reached Financial Close;
Capacity procured (MW) = capacity procured from projects that reached financial close

(Total figures shown in brackets)

North West

	PV
Number of Projects **(6)**	6
Capacity Procured (MW) **(395)**	395
Capacity Online **(MW) (275)**	275
In Construction (MW) **(120)**	120

Gauteng

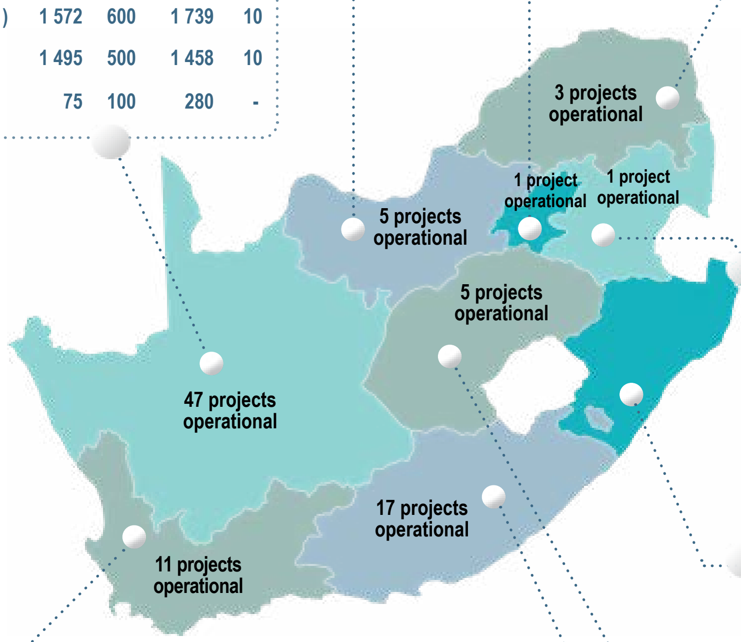
	LG
Number of Projects **(1)**	1
Capacity Procured (MW) **(13)**	13
Capacity Online MW **(8)**	8
In Construction (MW) **(-)**	-

Northern Cape

	PV	CS	OW	SH
Number of Projects **(51)**	29	7	14	1
Capacity Procured **(MW)** **(3 921)**	1 572	600	1 739	10
Capacity Online **(MW)** **(3 463)**	1 495	500	1 458	10
In Construction (MW) **(455)**	75	100	280	-

Limpopo

	PV
Number of Projects **(3)**	3
Capacity Procured (MW) **(118)**	118
Capacity Online (MW) **(118)**	118
In Construction (MW) **(-)**	-



Mpumalanga

	BM
Number of Projects **(1)**	1
Capacity Procured (MW) **(25)**	25
Capacity Online (MW) **(25)**	25
In Construction (MW) **(-)**	-

KwaZulu Natal

Number of Projects	0
Capacity Procured (MW)	0
Capacity Online (MW)	0
In Construction (MW)	0

Western Cape

	PV	OW
Number of Projects **(16)**	8	8
Capacity Procured (MW) **(1 097)**	359	738
Capacity Online (MW) **(592)**	134	458
In Construction (MW) **(505)**	225	280

Eastern Cape

	PV	OW
Number of Projects **(19)**	1	18
Capacity Procured (MW) **(1 733)**	70	1 664
Capacity Online (MW) **(1 496)**	70	1 426
In Construction (MW) **(224)**	-	224

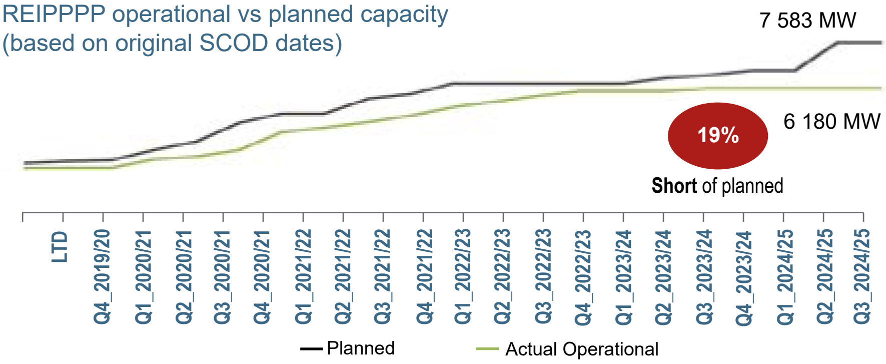
Free State

	PV	SH
Number of Projects **(7)**	5	2
Capacity Procured (MW) **(523)**	514	9
Capacity Online (MW) **(204)**	196	8
In Construction (MW) **(315)**	315	-

Building capacity to power the country

At the end of December 2024, 90 projects (87%) out of 103 originally scheduled to be operational had reached COD. 7 583 MW was originally scheduled to be operational by end of December 2024, with 6 180 MW realised (81% of the scheduled capacity). A total of 1 379 MW of the 1 403 MW shortfall is as a result of projects that have not started operations as originally scheduled. Based on the latest scheduled caommercial operations dates, there are six projects (744 MW) that has not achieved commercial operations as scheduled. Only 24 MW of the shortfall is attributed to under delivery against contracted capacity as at financial close.

REIPPPP operational vs planned capacity (based on original SCOD dates)

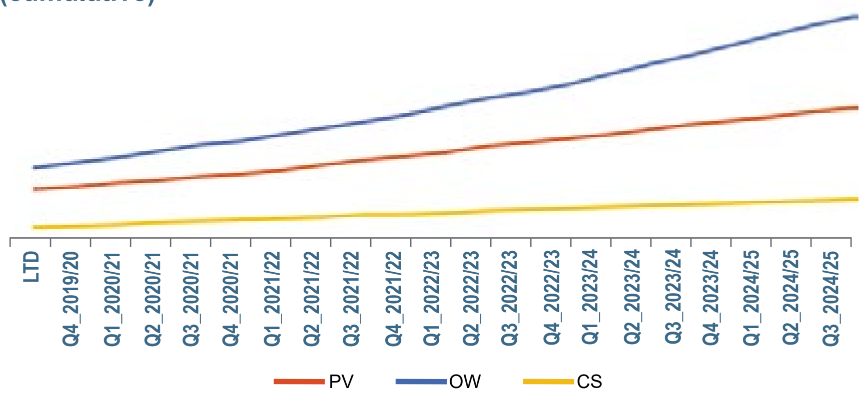


Significant renewable energy capacity can be brought online within a short timeframe. The average construction lead time for the current portfolio is 793 days i.e. 6 180 MW generation capacity was delivered within 2.2 years.

Energy Supplied

The first IPP reached COD, supplying power to the grid, in November 2013. Total renewable energy generated by the IPPs since the first project became operational totals 121 717 GWh, from the 90 projects that are operational. The overall increase in energy generation from 4 355 GWh in the previous quarter to 4 682 GWh in this quarter was driven by increased production across all technologies, with Onshore Wind (OW) and Small Hydro (SH) technologies being the exceptions. Seasonal changes, operational factors, and resource availability likely play roles in these fluctuations.

REIPPPP energy generation per RE technology inception to date (cumulative)



Since inception, renewable energy generation per RE technology has been as follows:

- Onshore Wind projects: 69 361 GWh
- Solar PV projects: 39 816 GWh
- CSP projects: 11 255 GWh
- Landfill Gas projects: 206 GWh
- Small Hydro projects: 723 GWh
- Biomass projects: 356 GWh

Bid Window Status Overview as at end December 2024

Bid Window 1

All 28 projects (1 415 MW) reached COD

Bid Window 2

All 19 projects (1 033 MW) reached COD

Bid Window 3

All 16 projects (1 428 MW) reached COD
One project (17 MW) cancelled

Bid Window 3.5

One project (100 MW) reached COD
One project (100 MW) in construction

Bid Window 4

26 projects (2 205 MW) reached COD

Bid Window 5

11 projects (1 159 MW) in construction
14 projects (1 424 MW) did not reach financial close (FC)

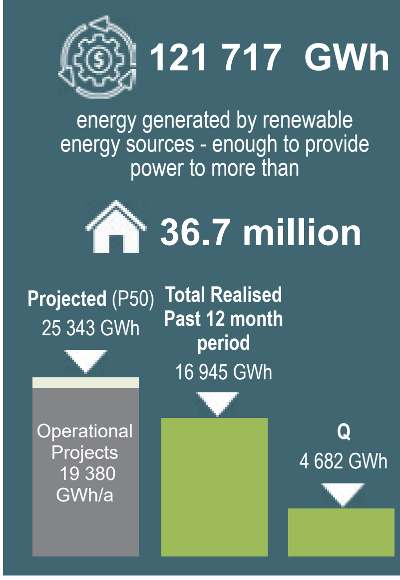
Bid Window 6

2 projects (360 MW) in construction
4 projects (640 MW) preparations for commercial close underway

Bid Window 7

8 projects (1 760 MW) preparations for commercial close underway

Energy Generation as at end December 2024



Attracting significant investment into the South African economy

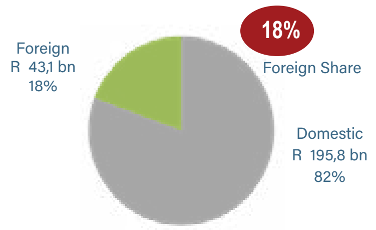
The REIPPPP has been an innovative vehicle for promoting private investment from foreign and local sources in the development of the REIPPs. The total investment (total project costs[3]), including interest during construction, of projects that reached financial close in BW1-6 is R239 billion. This includes R43.1 billion (18%) in foreign investment and financing. Prominent global renewable energy project developers and component manufacturers from at least 27 different countries have been participating in the programme. The main participating countries are Germany, France, Italy, Spain and USA.

The influx of foreign investment and funding was enabled by the growth potential of the programme, localisation requirements, the programme's transparency, and government support. Since inception the programme has facilitated:

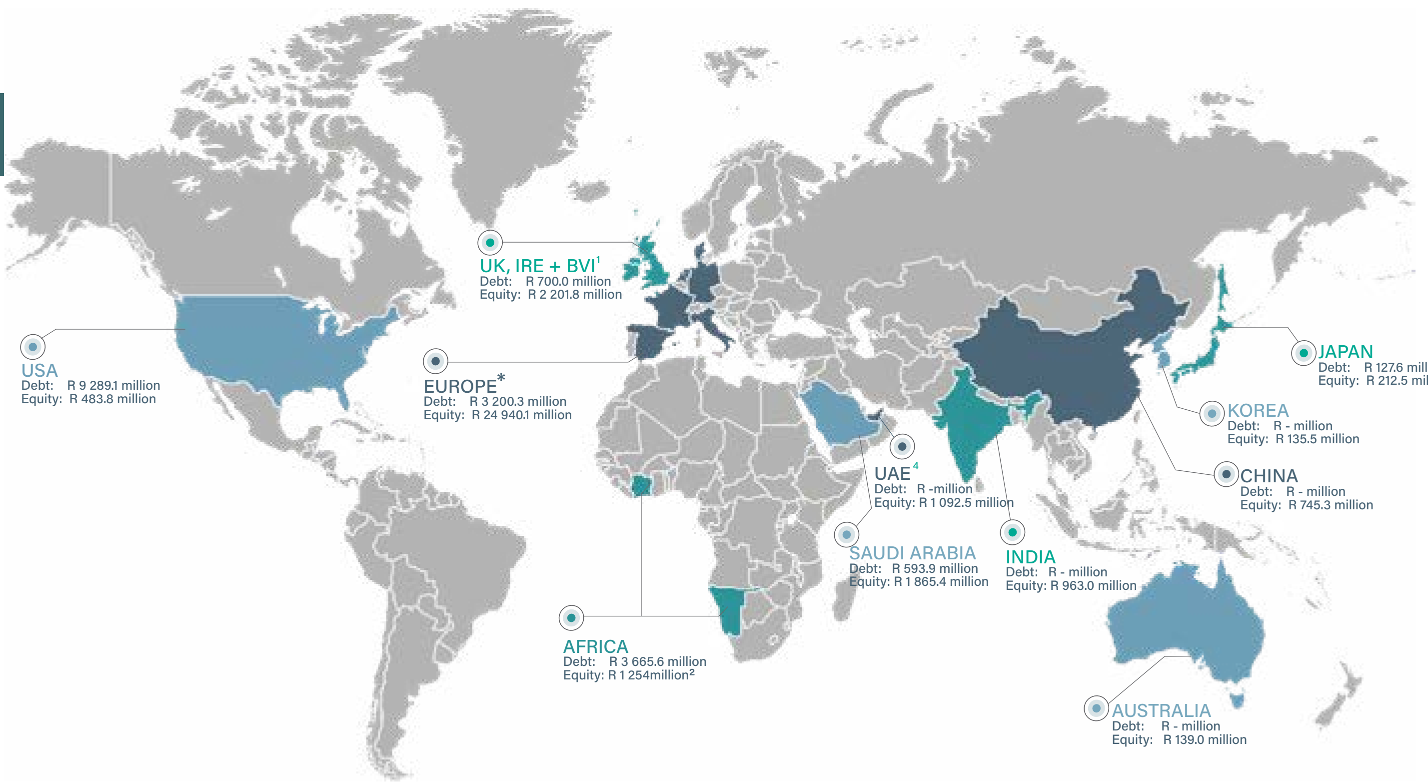
- local production, manufacturing and new service industries;
- the formation of new research and knowledge centres amongst tertiary institutions and in the private sector; and
- economic activity and opportunities, particularly in rural areas.

R239 billion

investment attracted into South Africa's economy for energy infrastructure from projects that reached financial close



The map shows the origin of foreign direct investment for all procured projects under REIPPPP BW1 to BW7, RMIPPPP as well as BESIPPPP (excluding projects that have been cancelled or failed to reach FC).



***European countries of origin**

Germany | Debt: R 1 245.2 million | Equity: R 814.6 million
France | Debt: R 264.0 million | Equity: R 4 303.3 million
Italy | Debt: R 259.1 million | Equity: R 8 476.5 million
Luxembourg | Debt: R 560.0 million | Equity R 897.9 million
Netherlands | Debt: R 872.0 million | Equity: R 6 639.4 million
Norway | Debt: n/a | Equity: R 734.5 million
Spain | Debt: n/a | Equity: R 1 482.1 million
Denmark | Debt: n/a | Equity: R 1 591.7 million

[Approximately R307 million foreign equity not attributable to a single country of origin i.e. not shown]

Note 1. UK, Ireland and British Virgin Island. **Note 2.** Including Mauritius. **Note 3.** Total Project Costs means the total capital expenditure to be incurred up to the commercial operations date in the design, construction, development, installation and/or commissioning of a project, which is equal to the total debt and equity related to a project as reported at commercial close. **Note 4.** UAE = United Arab Emirates

Ensuring South African citizen shareholding

The importance of retaining shareholding in IPPs for South Africans was recognised and incorporated into the procurement conditions, requiring that at least 40% of each project should be owned by South African entities with level 5 contributor status.

For projects that reached financial close in BW1 to BW6, the South African (local) equity shareholding equates to 54% (R36.1 billion) of total equity (R66.9 billion), which is substantially more than the 40% requirement. Foreign equity amounts to R30.8 billion (46% of total equity).

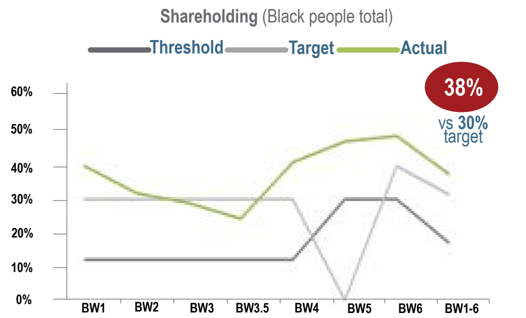
The REIPPPP contributes to Broad Based Black Economic Empowerment and the creation of black industrialists. Black South Africans own, on average, 38% of projects that have reached financial close (i.e. projects in BW1 – BW6, which is 6% higher than the 32% target average.

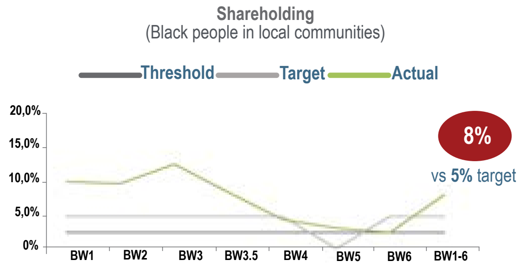
This includes black people in local communities that have ownership in the IPP projects that operate in or nearby their vicinities and represents the majority share of total South African Entity Participation. On average, black local communities own 8% of projects that have reached financial close. This is well above the 5% target average.

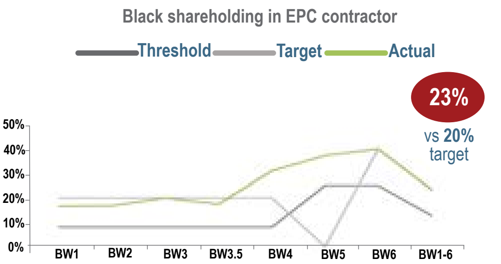
Shareholding by black South Africans has also been secured across the value chain.

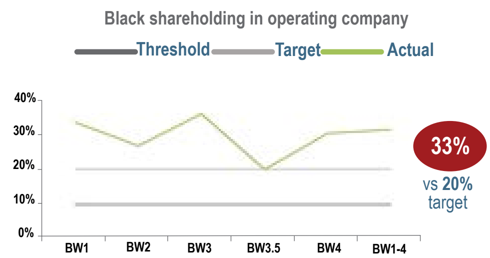
An average of 23% shareholding by black people in engineering, procurement and construction (EPC) contractors has been attained in projects that have reached financial close under the REIPPPP. This is 3% higher than the 23% target average.

Furthermore, shareholding by black people in operating companies of IPPs has averaged 33% (against the 23% target average) for the 90 projects in operation (i.e. in BW1 – 4).









Broader economic and socio-economic impacts

In addition to the financial investments into the economy and favourable equity structures that had been secured, the REIPPPP is targeting broader economic and socio-economic developmental benefits.

The Programme was designed and established at a time when the country was facing critical socio-economic challenges, which still persist today. In order to respond to these challenges, Economic Development (ED) elements was included as central pillars of the Programme, taking cognisance of the broader legislative and policy environment[1]. Bid obligations and minimum thresholds are utilised as mechanisms to capture a share of the value/prosperity from the programme for South Africans and local communities. This places obligations on the private sector to actively contribute to economic and social transformation in the country and to enhance opportunities for people previously disadvantaged under apartheid to gain access to the formal economy.

The REIPPPP ED Framework for BW1 to BW4 is aligned to the original B-BBEE Score Card of the Department of Trade and Industry and Competition (DTIC), but with one main difference: the programme's ED Framework was designed to be forward-looking, in that it is based on Economic Development commitments to be fulfilled over the 20-year term of the IPP Projects. The DTIC B-BBEE Score Card is retrospective, in the sense that it primarily assesses past behaviour of businesses to determine their B-BBEE rating, to determine whether they qualify for participation in Government procurement processes, programmes and incentive schemes.

There were little design changes between BW1 to BW4, only slight improvements regarding local content obligations, however the IPP Office updated the REIPPPP RFP for BW5 and BW6 onwards to align with the socio-economic transformation agenda of government and in line with the economic policies of the country. The new framework builds on the socio-economic transformation successes achieved in Bid Window 4 and have incorporated lessons learnt from previous Bid Windows. ED elements have been aligned as far as practically and commercially possible to the Amended B-BBEE Codes of Good Practice and have deliberately been designed to exceed the targets of the generic B-BBEE scorecard, with a view to ensure that the IPPPP optimises benefits for local communities and leaves an indelible mark on social and economic development, local industrialisation and poverty alleviation. All sub-elements in the generic B-BBEE score card have been catered for and improved on in one way or another.

In BW1 to BW4, evaluation was based on a 70% Price and 30% ED commitment assessment as per the bespoke ED scorecard. BW5 evaluation was different from previous REIPPPP procurement rounds, in that it was based on the principle of a 90% Price and 10% Contributor Status Level (CSL) assessment[2]. Bidders only needed to comply with Economic Development thresholds as part of the Qualification criteria. This approach has resulted in much lower ED commitments compared to previous REIPPPP bid windows, and evaluation reverted to an ED commitment assessment from BW6 onwards.

Improvements of bid obligations is specifically aimed at historically excluded and vulnerable groups, and on improving gender and disability equality.

IPPs are required to report on their economic development achievements on a quarterly basis against their annual economic development obligations to ensure developmental impact is adhered to and maximised.

ED Elements

Bid Window 1 to 4:

1. Job creation
2. Local content
3. Ownership
4. Management control
5. Preferential procurement
6. Enterprise development
7. Socio-economic development (SED)

Evaluation BW1-4:

Based on a 70% Price and 30% ED commitment assessment

BW 5 onwards:

1. Job creation
2. Local content
3. Ownership
4. Management control
5. Preferential procurement
6. Enterprise and supplier development
7. Socio-economic development (SED)

Evaluation BW5:

Based on a 90% Price and 10% Contributor Status Level (CSL) assessment

Evaluation BW6 onwards:

Based on a 90% Price and 10% ED commitment assessment

Note 1. The Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003 and the Amended B-BBEE Act 46 of 2013, the Amended B-BBEE Codes 2013, and as amended in 2019, and the Amended Construction Sector Codes 2017. **Note 2.** The CSL is determined according to the B-BBEE Codes and proof is required in the form of a valid verification certificate issued by an 'eligible' entity.

Leveraging employment opportunities towards a more equal society

Numerous employment opportunities are being created by the REIPPPP. To date, a total of 84 625 job years have been created for South African citizens, of which 57 056 were in construction and 27 569 in operations. Employment opportunities for equity categories are being tracked for the programme. Equity categories with contractual commitments in BW1 to BW4 include employment secured for South African citizens, black South African citizens and local communities.

Note:
1 job = 1 job year (the equivalent of a full time employment opportunity for one person for one year)

North West

	PV
SA citizens **(3 686)**	3 686
Black SA citizens **(3 367)**	3 367
Local communities **(2 724)**	2 724

Gauteng

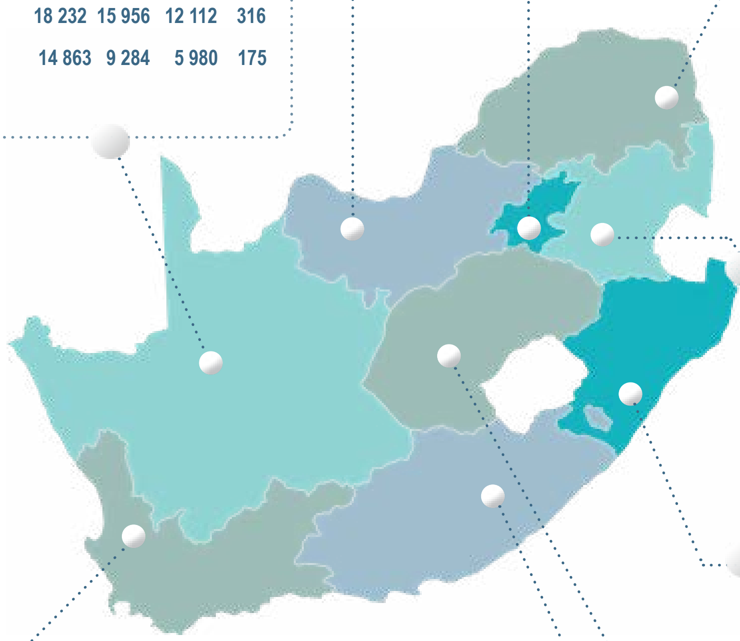
	LG
SA citizens **(143)**	143
Black SA citizens (MW) **(103)**	103
Local communities **(115)**	115

Northern Cape

	PV	CS	OW	SH
SA citizens **(51 780)**	20 581	17 255	13 566	379
Black SA citizens **(46 616)**	18 232	15 956	12 112	316
Local communities **(30 302)**	14 863	9 284	5 980	175

Limpopo

	PV
SA citizens **(2 065)**	2 065
Black SA citizens **(1 941)**	1 941
Local communities **(1 512)**	1 512



Mpumalanga

	BM
SA citizens **(1 171)**	1 171
Black SA citizens **(1 027)**	1 027
Local communities **(279)**	279

KwaZulu Natal

SA citizens	0
Black SA citizens	0
Local communities	0

Western Cape

	PV	OW
SA citizens **(8 449)**	3 124	5 324
Black SA citizens **(7 525)**	2 849	4 676
Local communities **(4 632)**	2 142	2 490

Eastern Cape

	PV	OW
SA citizens **(13 326)**	666	12 660
Black SA citizens **(11 843)**	586	11 257
Local communities **(7 042)**	526	6 516

Free State

	PV	SH
SA citizens **(4 006)**	3 509	497
Black SA citizens **(3 649)**	3 216	432
Local communities **(2 643)**	2 410	233

Total of 84 625 job years for SA citizens during construction and operations

Data on priority employment categories as identified by national objectives and the NDP (e.g. youths, women, people with disabilities and rural communities) is also collected, but is not a mandatory reporting requirement and not verified by the IPP Office (for BW1-4). To date, 14 866 employment opportunities have been created for women and 41 789 job years for youth.

Local content encouraging the development of a local green industry

The REIPPPP represents the country's most comprehensive strategy to date in achieving the transition to a greener economy. Local content minimum thresholds and targets were set higher for each subsequent bid window. For a programme of this magnitude, with construction procurement spend alone estimated at R83.4 billion (for projects that have reached financial close), the result is a substantial stimulus for establishing local manufacturing capacity.

Local content commitments by IPPs that reached financial close amount to R77.5 billion or 45% of total project value (R172.3 billion).

Actual local content spend reported for IPPs that have started construction amounts to R73.4 billion against a corresponding project value (as realised to date) of R147.2 billion. This means 50% of the project value has been locally procured, exceeding the 45% commitment from IPPs.

For the 90 projects that have reached COD, local content spend has been R63.6 billion against a committed R64.0 billion.

Local Content Spend

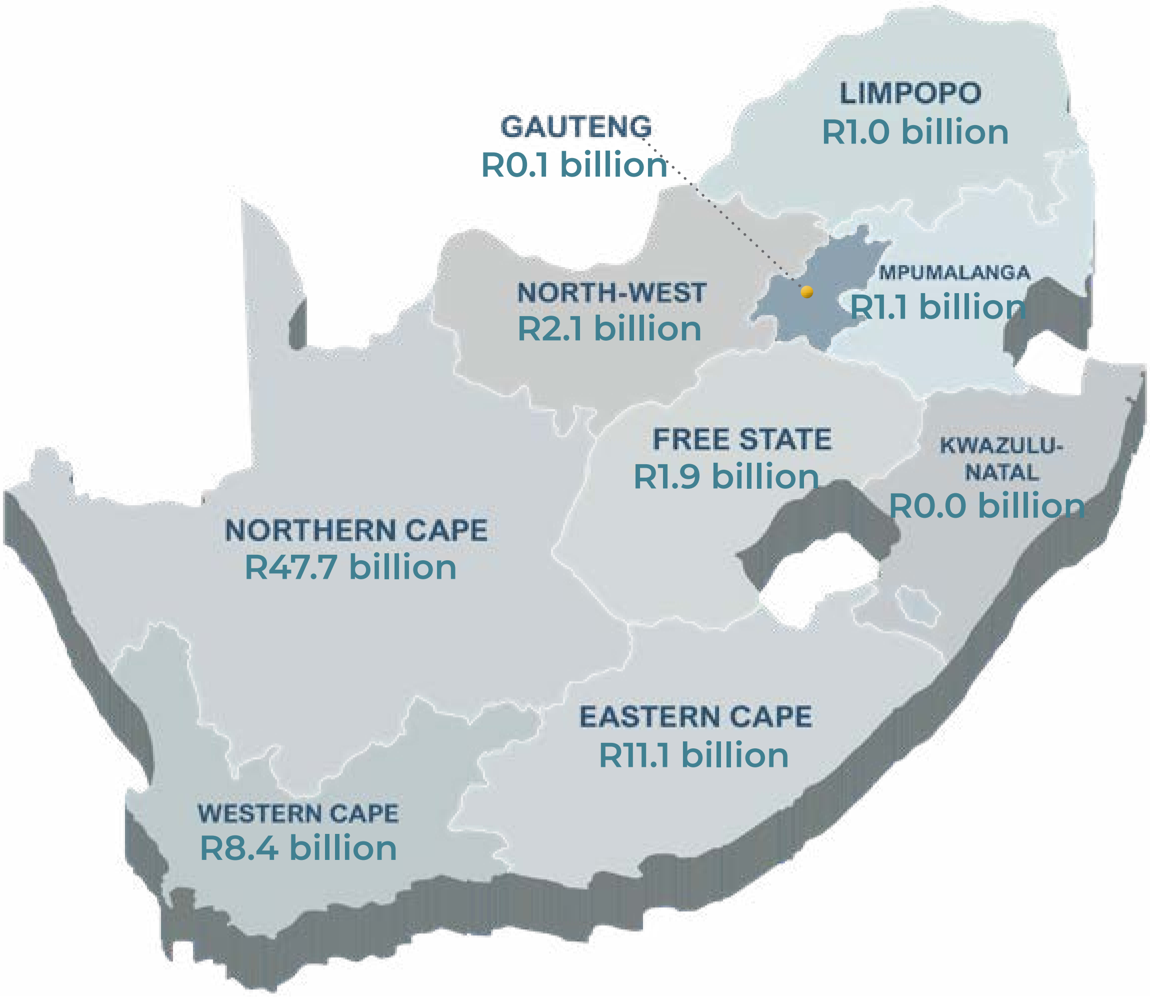
R73.4 billion

Total local content spend at the end of December 2024

50%

of total project value has been locally procured

Local Content achievements per Province
(total spend from inception to end December 2024)



Preferential procurement spend enabling South African suppliers to capture a share of the value of the programme

The share of procurement that is sourced from Broad Based Black Economic Empowered (BBBEE) suppliers, Qualifying Small Enterprises (QSE), Exempted Micro Enterprises (EME) and women owned vendors are tracked against commitments and targeted percentages. The actual spend per province (from inception to date) is provided below.

Northern Cape	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	R65.8 billion	81.10%
QSE & EME	R26.4 billion	32.51%
Women-owned	R4.8 billion	5.91%

R81.2 billion
Total procurement spend (construction and operations) in NC

Western Cape	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	R11.5 billion	81.31%
QSE & EME	R5.8 billion	41.18%
Women-owned	R1.7 billion	11.71%

R14.2 billion
Total procurement spend (construction and operations) in WC

Eastern Cape	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	R20.4 billion	92.67%
QSE & EME	R6.1 billion	27.80%
Women-owned	R1.7 billion	7.85%

R22.0 billion
Total procurement spend (construction and operations) in EC

North West	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	R2.7 billion	86.37%
QSE & EME	R0.7 billion	22.81%
Women-owned	R0.2 billion	6.06%

R3.1 billion
Total procurement spend (construction and operations) in NW

Free State	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	R3.1 billion	89.42%
QSE & EME	R1.0 billion	29.52%
Women-owned	R0.3 billion	7.91%

R3.4 billion
Total procurement spend (construction and operations) in FS

Limpopo	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	R2.3 billion	107.00%
QSE & EME	R0.5 billion	22.98%
Women-owned	R0.1 billion	4.49%

R2.1 billion
Total procurement spend (construction and operations) in LP

Mpumalanga	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	R1.5 billion	90.63%
QSE & EME	R0.7 billion	39.56%
Women-owned	R0.1 billion	8.76%

R1.6 billion
Total procurement spend (construction and operations) in MP

Gauteng	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	R0.2 billion	55.07%
QSE & EME	R4.2 billion	1.17%
Women-owned	-	-

R0.4 billion
Total procurement spend (construction and operations) in GP

KwaZulu Natal	Achieved during construction and operations (billions)	% of total procurement spend achieved
BBBEE	-	-
QSE & EME	-	-
Women-owned	-	-

R0.0 billion
Total procurement spend (construction and operations) in KZN

Total Procurement Spend (as at end December 2024)

R128 billion

R87.9 billion
in construction

5% more than planned

R40.1 billion
in operations

51% of planned spend (over 20 years)

Total Preferential Procurement Spend

84% of total procurement

Total BBBEE spend

R107.4 billion

of which R73.3 billion in construction and R34.1 billion in operations

32% of total procurement

Total QSE & EME spend

R41.2 billion

of which R27.4 billion in construction and R13.8 billion in operations

7% of total procurement

Total women-owned vendor spend

R8.9 billion

of which R5.5 billion in construction and R3.4 billion in operations

Socio-economic development and enterprise development contributions

An important focus of the REIPPPP is to ensure that the build programme secures sustainable value for the country and enables local communities to benefit directly from the investments attracted into the area.

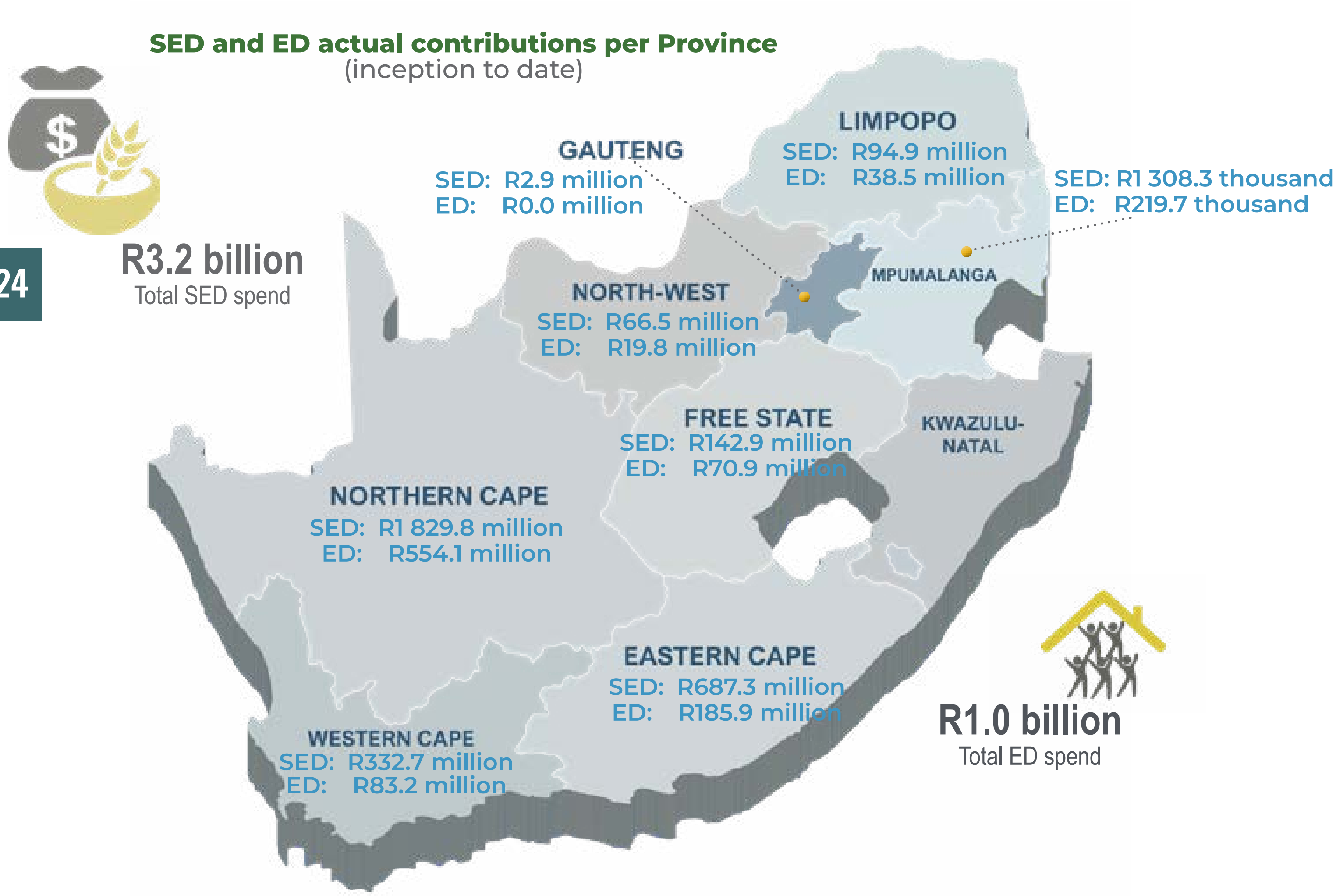
As part of the bid obligations, IPPs had to commit to contribute a share of the revenue to community needs. These contributions accrue over the 20-year project lifetime and are being used for healthcare, education and skills development, and other community and enterprise development initiatives.

IPPs are required to contribute a percentage of projected revenues accrued over the 20-year project operational life toward socio-economic development (SED) and enterprise development (ED) initiatives. The minimum compliance threshold for SED contributions is 1% of revenue with 1.5% the targeted level over the 20-year project operational life. The average commitment level for the current portfolio (BW1-4) is 2% or 101% more than the minimum compliance threshold.

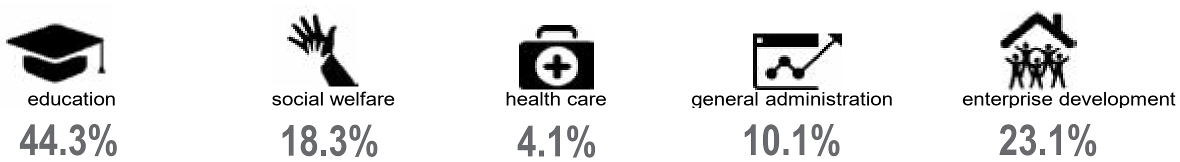
The target for IPPs to spend on enterprise development is 0.6% of revenues over the 20-year project operational life. IPPs, for the current portfolio, have committed an average of 0.63% or 0.03% more than the target.

As a percentage of revenue, SED and ED obligations become effective only when operations commence, and revenue is generated.

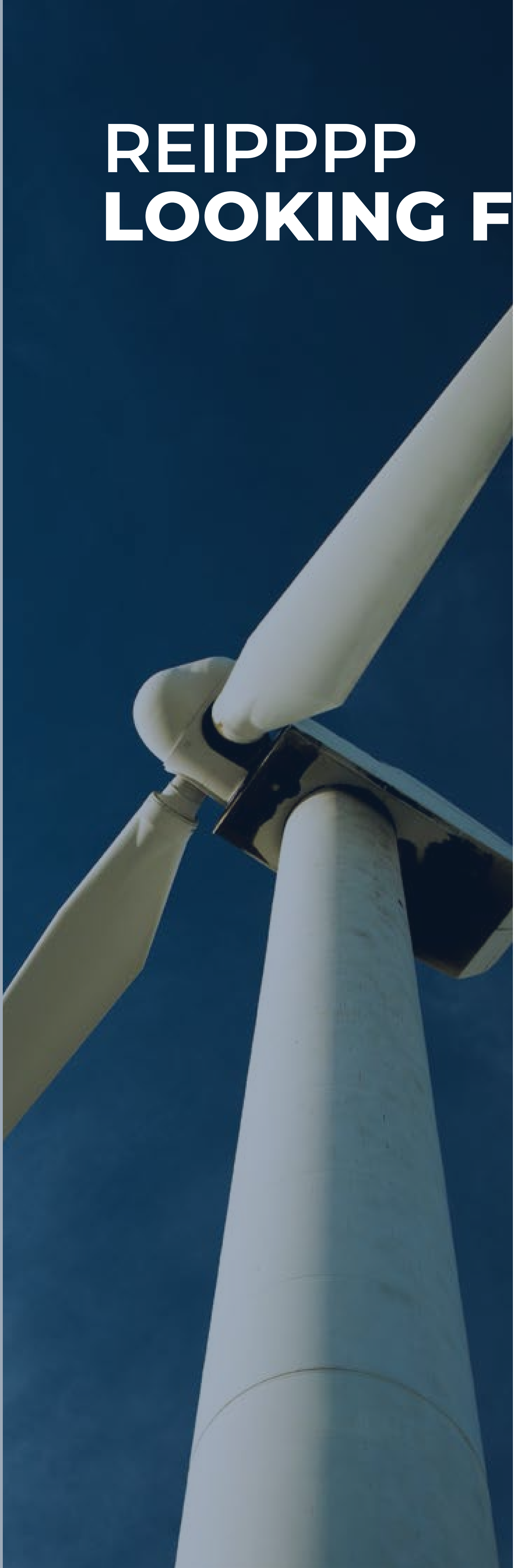
SED contributions amount to R3.2 billion to date (1.3% of total revenue generated to date). A total of R952.6 million has been contributed to ED (0.4% of total revenue generated to date).



Enterprise and socio-economic development commitments have been made in five categories; namely, education and skills development, social welfare, healthcare, general administration, and enterprise development. The distribution of the combined ED and SED spend is shown across activity categories below (projects spend reported to date as % of total):



REIPPPP LOOKING FORWARD



Bid Window 6 progress

The RFP for BW6 was released to the market on 6 April 2022 to procure 2 600 MW (1 600 MW from wind resources and 1 000 MW from solar PV. However, the capacity allocation was increased to 4 200 MW in August 2022 (3 200 MW from wind and 1 000 MW from solar PV).

Evaluation of the 56 bids, that was received on 3 October 2022, was completed by the end of November 2022. Five (5) preferred bidders (860 MW) were announced on 8 December 2022. An additional preferred bidder (identified as an eligible bidder on 8 December 2022) was announced on 23 March 2023 to increase the procured MW to the maximum 1 000 MW from solar PV.

As a result of no grid availability in the Western Cape, Eastern Cape and the Northern Cape, no wind project could be considered in the evaluations, since all the wind bid responses were in these areas.

Two (2) of the six (6) projects are in construction. The remaining four (4) projects are at various stages of preparation for signing, but are experiencing challenges, mostly in respect of delays in the issuing of Budget Quotes from Eskom.

Bid Window 7 progress

The RFP for BW7 was released to the market on 14 December 2023 to procure 5 000 MW (3 200 MW from wind resources and 1 800 MW from solar PV). Bid submission for BW7 was concluded on 15 August 2024, and the 48 projects (10.2 GW) bids were received and evaluated.

On 23 December 2024, eight (8) preferred bidders (1 760 MW) were appointed, and projects are preparing for commercial close.

Risk Mitigation Independent Power Producers Procurement Programme (RMIPPPP)

RMIPPPP
HIGHLIGHTS

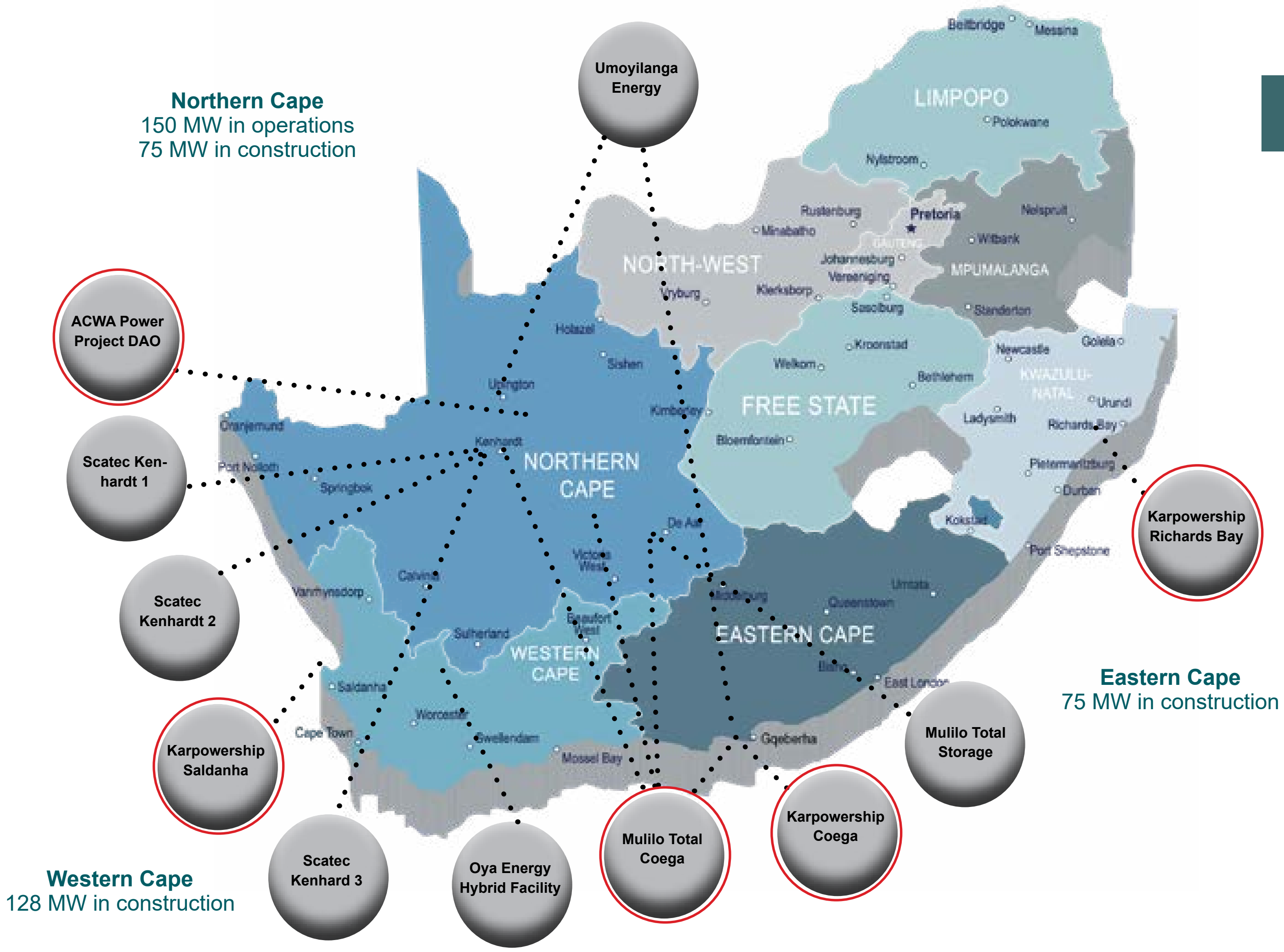
Overview

The Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP) has been designed to procure 2 000 MW of new generation capacity from different types of dispatchable electrical power generation projects. This technology agnostic programme aims to fill the supply gap, alleviate the medium-term electricity supply constraints and reduce the extensive utilisation of diesel-based peaking electrical generators.

Eleven (11) preferred bidders (1 998 MW) have been selected to enter into 20-year Power Purchase Agreements (PPAs) with Eskom to provide new generation capacity in compliance with the performance requirements of the electricity system operator, among other things. The programme attracted a variety of technologies:

- projects consisting of more than one facility combining gas technologies and solar photovoltaic;
- projects consisting of more than one facility combining gas technologies, solar photovoltaic and battery storage;
- projects combining wind, solar photovoltaic, battery storage and gas;
- projects with only solar photovoltaic and battery storage combinations; and
- floating powerships.

The map shows the locations of the 11 projects. Five (5) of the projects (highlighted in red in the map below) failed to reach Financial Close, and the projects will be winded down in line with the approved Closure Protocol.

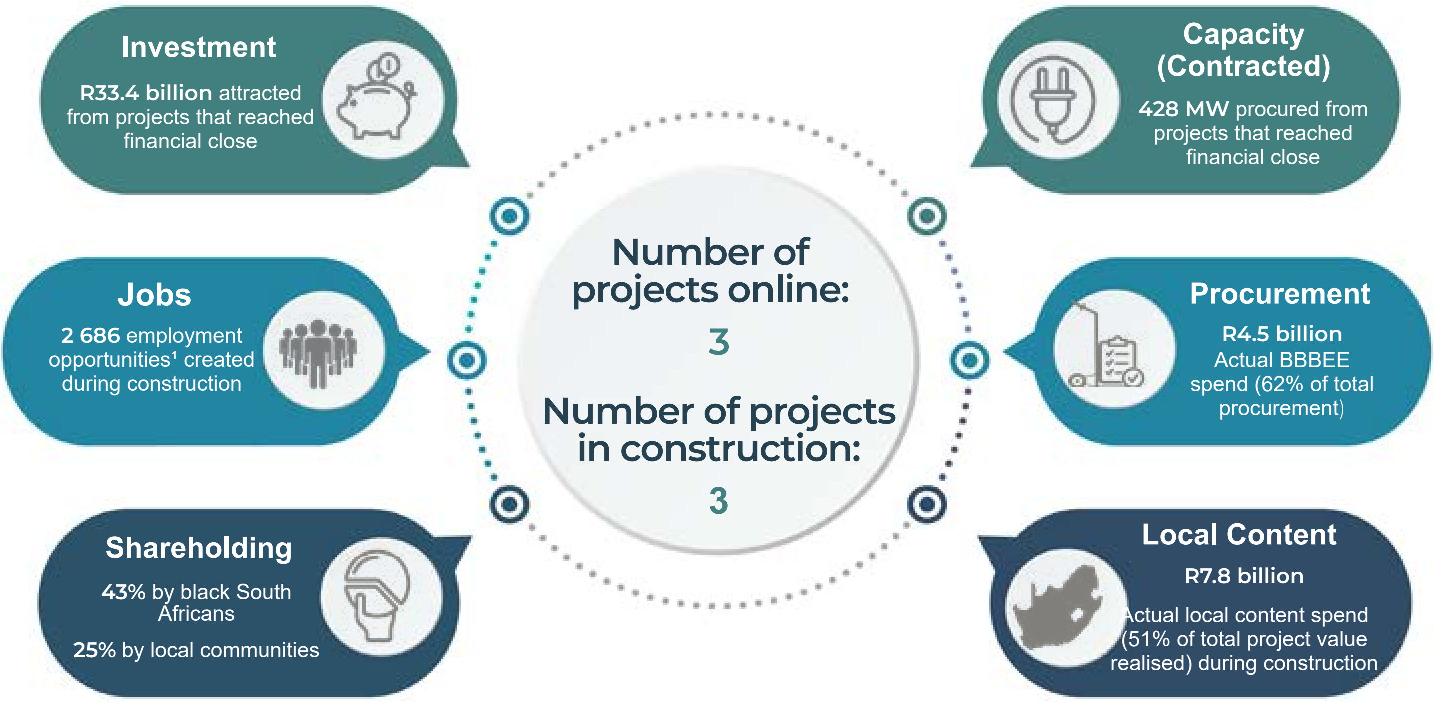


Project Progress

- There are three (3) projects (278 MW) in construction, and three (3) projects (150 MW) in operations.
- By the end of December 2024, the three projects in operation have generated 922 GWh of energy since the first project came online.
- Five (5) projects failed to reach Financial Close and will be winded down in line with the approved Closure Protocol.

Key achievements as at end December 2024

A summary of achievements for the programme is provided below.



To date, the six active projects have attracted R33.4 billion in investment. This includes R7.2 billion (21%) in foreign investment and financing. The South African (local) equity shareholding equates to 55% (R3.3 billion) of total equity (R6.1 billion).

Black South Africans own, on average, 43% of projects that have reached financial close, which includes black local communities that own 25% of projects that have reached financial close.

The projects spent a total of R7.3 billion on procurement during construction and operations. Of this, R4.5 billion (54% of total procurement) was BBBEE spend, R1.4 billion was QSE & EME spend, R364.1 million was procurement sourced from women-owned vendors and R2.8 billion was spend on black enterprises.

Actual local content spend reported for the IPPs during construction and operations amount to R7.8 billion against a corresponding project value (as realised to date) of R15.4 billion. This means 51% of the project value has been locally procured.

By the end of December 2024, the projects created employment opportunities for 2 686 South African citizens during construction and operations.

Note 1. Employment / Job creation measured in job years (equivalent of a full time employment opportunity for one person for one year – refer to Annexure A, for full definition).

Socio-economic development and enterprise development contributions

An important focus of the RMIPPPP is to ensure that the build programme secures sustainable value for the country and enables local communities to benefit directly from the investments attracted into the area.

As part of the bid obligations, IPPs had to commit to contribute a share of the revenue to community needs. These contributions accrue over the 20-year project lifetime and are being used for healthcare, education and skills development, and other community and enterprise development initiatives.

As a percentage of revenue, SED and ED obligations become effective only when operations commence, and revenue is generated. At the end of December 2024, SED and ED contributions (for the three projects in operation) amount to R5.0 million (0.3% of total revenue generated to date) and R1.8 million (0.1% of total revenue generated to date) respectively.

Enterprise and socio-economic development commitments can be made in five categories; namely, education and skills development, social welfare, healthcare, general administration, and enterprise development. The distribution of the combined ED and SED spend for RMIPPPP projects is shown across activity categories below (projects spend reported to date as % of total):

R5.0 million
Total SED spend

R1.8 million
Total ED spend

Education
32.7%

Social Welfare
4.5%

Healthcare
3.5%

General Administration
32.5%

Enterprise Development
26.9%

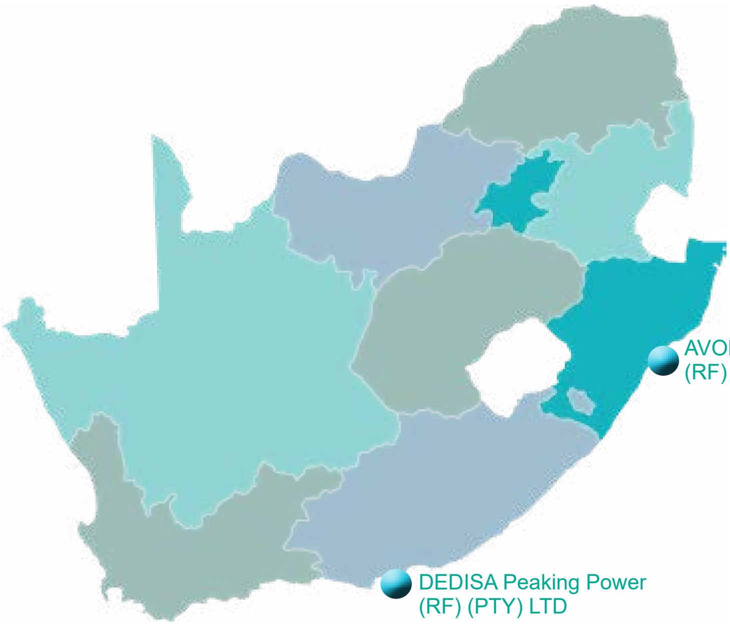
Peakers

PEAKERS HIGHLIGHTS

Overview

The IPP peaking power generation project consists of two greenfield power generation plants, each based on diesel-fired open-cycle gas turbines ("OCGT"). In respect of facilities, these plants are capable of 'closing in the cycle' and converting to combined cycle gas turbines ("CCGT") and in so doing improve the plant efficiencies and the electrical generation from the plant.

The Avon Plant is located near Shakaskraal, Kwa-Zulu Natal, with a capacity of 670 MW and reached COD on 20 July 2016. The Dedisa Plant is located in the Coega Industrial Development Zone, Eastern Cape, with 335 MW capacity and reached COD in September 2015.



Both projects are operational and is delivering 1 005 MW of capacity to the grid. The average lead time for these 2 projects to completion was 2.5 years.

At the end of December 2024, the two projects have already generated 6 076 GWh of energy (since inception), of which 106 GWh was generated in this quarter. Over the past 12 months (January 2024 – December 2024) a total of 650 GWh was generated by the two projects.

The projects are also supporting broader development objectives in terms of attracting investment, creating employment and ensuring equitable shareholding for SA citizens.

The total foreign equity and financing invested in Peakers was R917 million, of the R9.7 billion total investment attracted. South African financial institutions provided R8.2 billion of the required funding, while R539 million were local equity.

The two projects created 3 767 direct Job Years[1] (4 275 FTEs[2]) for South African citizens by December 2024. Of the jobs created for SA citizens, 3 045 (81%) were created during construction and 723 (19%) during the operational phase of the projects.

Black people with voting rights and with an economic interest in the projects hold 37% of the equity shares in the Peakers.

Key Achievements (as at end December 2024)

1 005 MW
electricity capacity being delivered to the grid by the **2 operational Peakers**

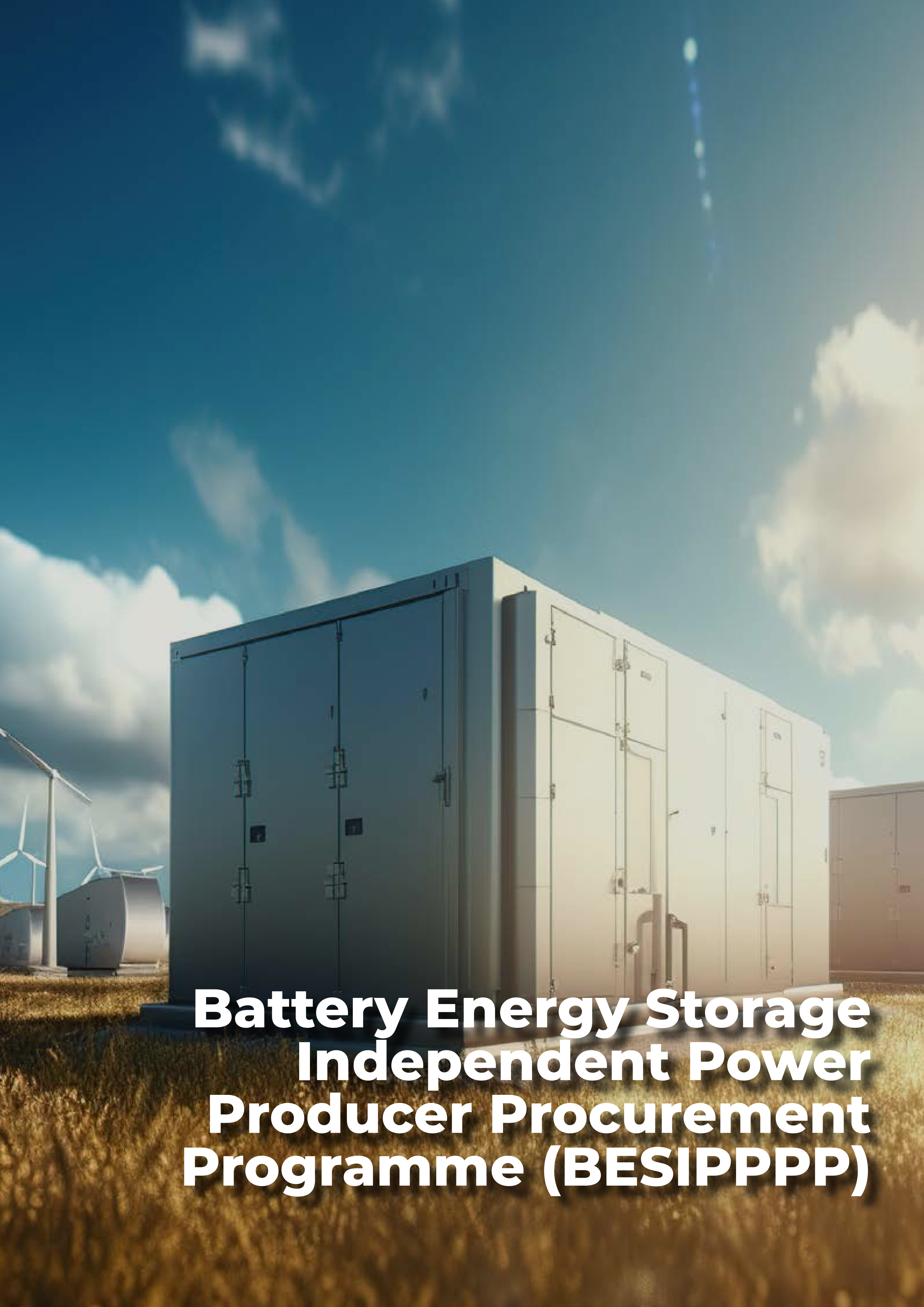
R9.7 billion
Investment attracted into South Africa's economy for energy infrastructure from the 2 Peakers

6 076 GWh
energy generated by the 2 Peakers to date

3 767 job years
Employment opportunities for South African citizens during construction and operations of the 2 Peakers

37%
equitable shareholding by black South Africans

Note 1. Employment / Job creation measured in job years (equivalent of a full time employment opportunity for one person for one year – refer to Annexure A, for full definition).
Note 2. Person months (reporting unit of IPP agreements) converted to FTEs as per EPWP definition – refer to Annexure A, for full definition.



Battery Energy Storage Independent Power Producer Procurement Programme (BESIPPPP)

BESIPPPP HIGHLIGHTS

Overview

The Battery Energy Storage IPP Procurement Programme (BESIPPPP) seeks to procure new generation capacity from battery energy storage in accordance with Ministerial Determinations gazetted under the Integrated Resource Plan 2019.

Project Progress

Bid Window 1

- The Department released the first Bid Window (BW1) calling for 513 MW and announced four (4) preferred bidders (360 MW) on 30 November 2023. An additional Bidder (153 MW) was announced on 28 March 2024.
- Four projects (360 MW) reached commercial close in the quarter. However, these projects are experiencing construction delays.
- The remaining project are working towards commercial close by May 2025, though BQ issuance from Eskom remains a challenge.

Bid Window 2

- The RFP was released on 14 December 2023 and call for procurement of 615 MW. Bid submission was concluded on 29 August 2024, with a total of 31 bids (2 383 MW) received. Following evaluations conducted between September and November, eight (8) preferred bidders (615 MW) were announced on 23 December 2024.

Bid Window 3

- The RFP for BW3 was released to the market on 28 March 2024, with a focus on procuring 616 MW from 5 battery energy storage facilities. The bid submission process concluded on 28 November 2024, with 33 bids (4 067MW) received, and evaluations are currently underway.

Gas to Power Independent Power Producers Procurement Programme (GASIPPPP)

GASIPPPP
HIGHLIGHTS

Overview

The Gas Independent Power Producers Procurement Programme (GASIPPPP) seeks to procure 3 000 megawatts (MW) from gas-fired power generation technology, in line with the determination, in terms of section 34 of the Electricity Regulation Act No. 4 of 2006, issued by the Minister of Mineral Resources and Energy.

The 3 000 MW will be procured through 2 Request for Proposals (RFPs):

- Bid Window 1 (BW1): 2 000 MW Site Agnostic; and
- Bid Window 2 (BW2): 1 000 MW Site Specific (in the Coega Special Economic Zone).

Progress

Bid Window 1

The RFP for Bid Window 1 of the Gas Independent Power Producer Procurement Programme (GASIPPPP) was released on 14 December 2023, which calls for a total of 2 000 MW to be procured from projects supplying new generation capacity, ancillary services and energy output from gas-fired power generation technology.

An amendment to the RFP is currently in progress and will be released once the governance processes of both the Buyer and the Department are completed. Additionally, consideration is being given to extending the Bid Submission Date from 25 March 2025 to a later date.

Bid Window 2

BW2 will seek to procure 1 000 MW from a single natural gas fired power generation project at Coega. The BW is still in design phase.

The process of signing Memorandums of Cooperation with all stakeholders in the Gas BW2 (Coega) is underway, supported by established monthly stakeholder meetings. The concept has been successfully presented and socialised, ensuring alignment among key parties. Additionally, the first version of the integrated timeline has been prepared, with updates scheduled for February. The next critical step will be issuing a Request for Proposals (RFP) for stakeholder comment in Q1 2025/26, marking an important milestone in advancing the project.

Refinancing Initiative (REFI)

REFINANCING HIGHLIGHTS

Overview

The Refinancing Initiative was launched by the Department of Mineral Resources and Energy (DMRE) in 2020 with the aim of reducing the tariffs associated with Bid Window 1 - 3.5 of the REIPPPP and as such contribute to lowering national electricity prices for consumers.

"Refinancing" includes any change in the nature of or the terms governing the financing arrangements of a project, as agreed at Financial Close, that may have the effect of increasing or accelerating the dividends or other distributions deriving from the project for the benefit of the shareholders, or of reducing their funding commitments in respect of the project. The upside (referred to as the "refinancing gain") of this voluntary process is to be shared between the Department and the Seller. The minimum sharing percentage is 50/50, although higher sharing percentages can be agreed between the parties. The Department's share is applied towards a tariff reduction.

The refinancing may not result in an increase in contingent liabilities associated with the project, and the refinancing should result in a reduction of tariffs over the remainder of the power purchase agreement (PPA) term.

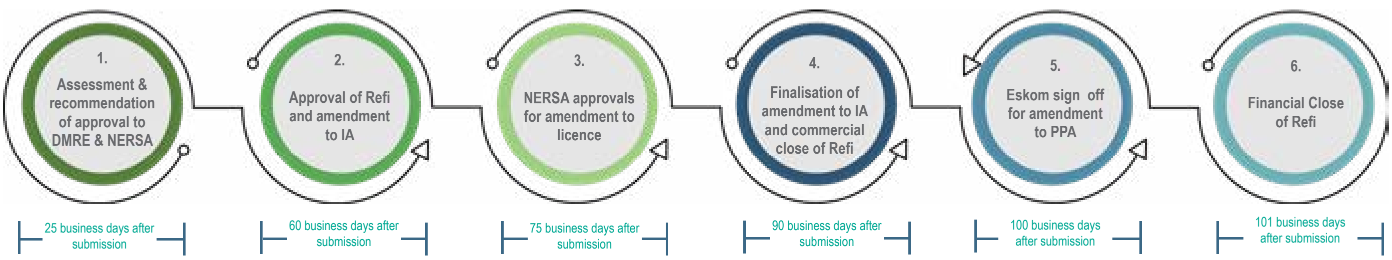
To ensure a standardised approach, the Department issued the Refinancing Protocol supported by Guidance Notes (1-5). The protocol aims to ensure that the process followed when undertaking a refinancing is transparent, consistent and is supported by all parties.

The indicative process and timelines for the consent to or approval of a refinancing notice is provided below.

Start:

Seller submits

- Refi notice to Department aligned to protocol
- Required info to NERSA to start tariff reduction approval process



Progress

By the end of December 2024, the Department has granted approval for thirty-two (32) Refinancing Applications resulting in savings of about R6 billion over the remaining terms of the PPA.

- Nineteen (19) of these Refi applications have been finalised.
- There are now six (6) projects that have reached Financial Close and are in the PPA amendment stage.
- Seven (7) projects are in the process of pursuing Financial Close.
- Three (3) applications are still under assessment.

APPENDIX A
Reference Component

DEFINITIONS & TERMINOLOGY

Contract definitions and terminology

- **"Capital Expenditure"** means any expenditure treated as capital expenditure under GAAP.
- **"Commercial Operation Date (COD)"** means the date specified in the Notice of Commencement of Facility i.e. it is the date on which the Independent Engineer ascertains that the Facility is completed, connected to the Grid and able to generate power
- **"Contracted Capacity"** means the anticipated Capacity of the Facility at the Delivery Point and expressed as AC power capacity, net of auto-consumption and the electrical losses up to the Delivery Point.
- **"Contract Quarter"** means the periods:

  a. 1 April to 30 June;
  b. 1 July to 30 September;
  c. 1 October to 31 December; and
  d. 1 January to 31 March.

  Should the Effective Date fall within any of the periods referred to above (and not commence on 1 April, 1 July, 1 October or 1 January), then the first Contract Quarter shall commence on the Effective Date and shall be the remaining portion of the Contract Quarter in which the Effective Date falls, plus the next Contract Quarter.
- **"Contract Year"** means each twelve (12) Contract Month period commencing at 00:00 hours on 1 April and ending at 24:00 hours on 31 March of the following year provided that:

  a. the first Contract Year shall commence at 00:00 hours on the first day after the Effective Date and shall end at 24:00 hours on 31 March of the following year; and
  b. the final Contract Year shall end at 24:00 hours on the Termination Date;
- **"CPI"** means the weighted average consumer price index (Dec 2012 = 100) as published by Statistics South Africa (or its equivalent successor entity), which is referred to as "Headline CPI – All urban areas" in Statistical Release P0141 from time to time (or equivalent successor index).
- **"Direct Agreement"** means the direct agreement entered into (or to be entered into) between the Buyer, the Seller, the DMRE and the Lenders (or their agent) in relation to the PPA and the Implementation Agreement.
- **"FTE"** means Full Time Equivalent Employment Created. It refers to one person-year of employment. In this report the EPWP definition is used where one person year is equivalent to 230 person days of work. The 230 days are effective days of work after subtracting provision for non-productive days in a year (e.g. leave, holidays, etc.).
- **"GAAP"** means generally accepted accounting practice in the Republic of South Africa as approved from time to time by the South African Accounting Practices Board.
- **"Implementation Agreement"** means the implementation agreement to be entered into between the Seller and the DMRE.
- **"Local Content"** means the portion of the Total Project Value that is in respect of South African Products.
- **"NERSA"** – refers to the National Energy Regulator of South Africa, established pursuant to Section 3 of the National Energy Regulator Act, 40 of 2004.
- **"Operating Expenditure"** means any expenditure treated as operating expenditure under GAAP.
- **"Operating Period"** means the period from the later of the Commercial Operation Date and the Scheduled COD to the Termination Date.
- **"PPA"** means the power purchase agreement to be entered into between a Project Company, as the Seller, and the Buyer pursuant to the IPP Procurement Programme.
- **"P50 / P90"** – refers to probabilities for annual energy production which are expressed as P values. A P50 figure is the level of generation that is forecasted to be exceeded in 50% of years over a 10 year (or sometimes 20 year) period. Similarly, a P90 figure is the level of generation that is forecasted to be exceeded in 90% of years over a 10 year period – in other words, the risk that an annual energy production of P90 is not reached is 10%.
- **"Procurement spend"** – refer to "Total Amount of Procurement Spend".

DEFINITIONS & TERMINOLOGY

- **"Total Amount of Procurement Spend"** means the monetary spend on the procurement of goods and services for purposes of undertaking the Project Activities (without double counting), excluding costs of imported goods and services, taxation, salaries and wages.

- **"Total Project Cost"** means:

  a. for the purposes of calculating the Development Fee, an amount equal to the aggregate of the total Debt and Equity which is, as at the Signature Date, forecast in the Financial Model to be contributed up to the Commercial Operation Date; and

  b. for all other purposes, the total capital expenditure to be incurred up to the commercial operations date in the design, construction, development, installation and/or commissioning of a project, which is equal to the total debt and equity related to a project as reported at commercial close.

- **"Total Project Value"** means the total project cost that involves the capital costs and costs of services procured for the construction of a project, but excludes finance charges, land costs, mobilisation fees to the operations contractor and the costs payable to the distributor, national transmission company and/or a contractor for the distribution or transmission connection works.

Other definitions and terminology used in this report

- Job years. Employment / Job creation is reported in job years (i.e. the equivalent of a full time employment opportunity for one person for one year; i.e. defined in the IA as 174 hours per month for BW1 and BW2 and 160 hours per month for BW3, BW3.5, BW4, BW5 and BW6).
- Employment numbers are expressed as a percentage of the sum of StatsSA reported employed and unemployed numbers.

THE END

2024