

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

CLARIFICATION RESPONSE 1 – RESPONSE TO QUERIES AS AT WEDNESDAY

8 JANUARY 2020

14 January 2020



Energy
Mineral Resources

**CLARIFICATION RESPONSE 1 – RESPONSE TO QUERIES AS AT WEDNESDAY 8 JANUARY 2020 FOR
THE REQUEST FOR INFORMATION IN RESPECT OF THE DESIGN OF A MEDIUM TERM POWER
PURCHASE PROGRAMME**

1. Introduction

- 1.1. This Clarification Response (Number 1) is issued in terms of paragraph 7 of the Department of Mineral Resources and Energy's ("the Department") Request for Information in respect of the Design of Medium Term Power Purchase Programme issued on 13 December 2019 (the "RFI") and is subject to all the terms and conditions contained therein.
- 1.2. Unless otherwise expressly stated, or the context otherwise requires, words and expressions defined in the RFI shall bear the same meanings in this Clarification Response as ascribed to them in the RFI.

2. Purpose of the Clarification Response

- 2.1. This Clarification Response 1 sets out the responses to all queries received to date by the Department and encloses an updated Form 1. Respondents are required to complete and return the attached Form 1 together with a detailed RFI Response and the necessary supporting documents.
- 2.2. The Clarification Responses are to be read in conjunction with the RFI. The Clarification Responses supplement or substitute the relevant provisions of the RFI to the extent necessary.
- 2.3. Respondents are required to complete a separate Form 1 for each individual project response they intend to submit.
- 2.4. This Clarification Response replaces the current Form 1 and is now called Form 1 (14 January 2020).

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3. Deadline for Submission of Queries

- 3.1. The deadline for submission of queries to the RFI and any Clarification Response is 22 January 2020.
- 3.2. The Department may in its sole discretion consider queries received after 22 January 2020 and may in its sole discretion respond to such queries.

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#	QUESTIONS	ANSWERS
1.	We would like to enquire if within the RFI in respect of the design of a risk mitigation power procurement programme, if gas-to-power would be a consideration?	Feedback provided by Respondents as part of the RFI process may be taken into account in designing any IPP procurement process in the future. This feedback could cover any technology solution which the Respondent wishes to bring to the attention of the Department.
2.	<p>Will you please respond to the following:</p> <ol style="list-style-type: none"> 1. Our project will most likely take ____ months to reach Commercial Operation Date from the Financial Close date._____. Will you please indicate how we can adapt Form 1 to indicate this timeline? 2. Our project will most likely only be viable if we can get a 15/20 year PPA. Will you please confirm how we should go about indicating this on Form 1? 	<ol style="list-style-type: none"> 1. Refer to Form 1, Part G which provides different options to provide input on the timelines to reach Commercial Operation from Financial Close. Part G of Form 1 has been updated in Annexure A – Form 1 (14 January 2020), and allows Respondent to indicate whether the timeline to reach Commercial Operation will be within 6 months, 6 to 12 months, 12 to 18 months or longer than 18 months after Financial Close. 2. Please complete all the information as required in Form 1 (14 January 2020) including the different tariffs which would be applicable for each of the PPA terms as set out in Part E. You can then indicate in Part H - Special Project Requirements, your requirement for a 15/20 year(s) PPA term.

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<p>3.</p>	<ol style="list-style-type: none"> 1. What are the provisions for us to submit a formal bid response allowing an unsolicited bid response that can proceed to procurement, directly within this RFI response 2. If we do not participate in this RFI, will we be <ol style="list-style-type: none"> a. required to pay bid fees in the formal RFP process, b. still be invited in the formal RFP via public open tender published and downloaded from the National Treasury CSD or DOE website without any additional costs to us other than bid response document preparation c. in the formal RFP process, will we be required to follow a similar EIA process as in the DOE REIPPP process where the EIA and all the legal arrangements must be in place first, for which costs are to us 3. What are the intended timelines for a formal RFP process to be published 4. What is the expected timeline for the rollout of all 3000MW connected to grid for this programme 5. What is the rollout period for 3000MW after bid award and the MW per quantum of rollout time for the total timeline of execution of 3000MW 6. What arrangements are in place to submit a confidential non-bypassing and non-disclosure RFI response 	<ol style="list-style-type: none"> 1. The purpose of the RFI is to receive information from the market on the status of their project and project readiness to enable the design of an open fair and transparent procurement process. Any procurement process which follows will be aligned with prescripts of section 217 of the Constitution for a procurement process which is fair, transparent, competitive, cost-effective and open. Furthermore such procurement will need to comply with all other applicable South African law. 2. It is not compulsory to participate in any RFI process and potential bidders will not be penalised for not participating in the RFI. <ol style="list-style-type: none"> a. The determination of a procurement approach and any fees to be paid as part of any such procurement process including for accessing the RFP are still to be determined b. Same response as with (a) above; c. A procurement approach has not yet been determined. It is however important to take note that as the target is to get MWs on line as quickly as possible. Project readiness and timelines to connect will be a key consideration in the procurement approach. 3. The timelines for a formal RFP process will be communicated in due course.
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	<p>7. What is the expected Eskom baseload night time generation and daytime generation in MW for Winter and Summer during which this programme requires the 3000MW additional capacity and what are the respective kWh energy generated in these time windows</p>	<p>4. The timelines for the roll out any procurement process will be communicated in due course. Feedback received as part of the RFI process will also be taken into account.</p> <p>5. The timelines will be included in the procurement documents.</p> <p>6. The Department undertakes not to share any confidential or commercial sensitive information provided by Respondents with any third party. This is in line with how the Department has handled all third party information provided as part of previous RFI processes or part of a formal bidding process.</p> <p>7. A separate clarification response is included which sets out Eskom’s requirements in respect of power generation. The response is titled -: "Clarification Response 2 – Eskom Power Generation Requirements"</p>
<p>4.</p>	<p>Kindly provide me with the RFI document as I am not able to access it via the websites referred to in the relevant notice.</p>	<p>The hyperlinks to the documents are located on the homepage of www.ipp-projects.co.za</p>
<p>5.</p>	<p>1. Clause 3.4 and Addendum, part G: Please clarify the definition of "notice to proceed"</p> <p>2. Please clarify the inconsistencies in the RFI document and its Addendum regarding timelines to achieve commercial operation: - section 3.4 states 3 to 6 or 6 to 12 months from <u>notice to proceed</u>, - 4.5.1.1 mentions 3 to 6 or 6 to 12 months from <u>Financial Close</u> and - the Addendum mentions 6 months or <u>12 or 18 months</u> from notice to proceed.</p>	<p>1. This has been clarified in Form 1 (14 January 2020). The requirement in Part G is to indicate the lead time from Financial Close to the Commercial Operation Date.</p> <p>2. 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. Based on feedback provided it has become necessary to also consider options that are longer than 12 to 18 months and in this respect Form 1 (14 January 2020) has be</p>

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	<p>3. Clause 2.1. Please confirm which of the categories Self-Dispatchable generation such as wind energy generation falls into: Baseload, Mid-Merit or Peaking Energy?</p> <p>4. Please provide details on the "diurnal demand patterns" that are mentioned in clause 2.19</p>	<p>amended as part of this clarification response titled -: "Annexure A – Form 1 (14 January 2020)". Form 1 (14 January 2020) now provides different options to provide input on the timelines to reach Commercial Operation from Financial Close.</p> <p>3. 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"> a. 5% capacity factor – Peaking Energy; b. 35% - Mid-Merit; or c. 75% - Baseload. <p>4. High level summary will be communicated as part of a separate clarification response is titled -: "Clarification Response 2 – Eskom Power Generation Requirements"</p>
<p>6.</p>	<p>After having read your RFI, I noticed that we have to deliver in maximum 12 months after notice to proceed. So it means that we have to produce MWe from contract award in maximum 12 months? In our case, we would need minimum __ to __ months. Would you accept to deviate from your schedule plan?</p>	<p>The RFI is meant to guide the Department and other relevant stakeholders in decision making. As such no decision has been taken on timelines to the extent that your solution requires additional timelines, please include that as part of your submission. Kindly note that the focus is to get MWs on the grid in the shortest time possible to alleviate the constraints in the short to medium term. Based on feedback received it has become necessary to also consider options that are longer than 12 to 18 months and in this respect Form 1 (14 January 2020) has be amended as part of this clarification response titled -: "Annexure A –Form 1 (14 January 2020)". Form 1 (14 January 2020) now provides different options to provide input on the timelines to reach Commercial</p>

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		<p>Operation from Financial Close. Part G of Form 1 allows Respondent to indicate whether the timeline to reach Commercial Operation will be within 6 months, 6 to 12 months, 12 to 18 months or longer than 18 months after Financial Close.</p> <p>You are reminded to please provide a detailed response and such supporting documents as may be necessary.</p>
7.	We are interested in responding to the MTPPP DMRE RFI and we wish to be included in all clarification correspondence and request a Unique Project Identification Number (UPIN).	All communication will be undertaken in a fair and transparent manner. A UPIN is provided in a procurement process. The RFI is not a procurement process. All parties who have submitted clarification questions via the query mail box will be automatically included in the contact list and kept up to date via email. Potential Respondents are encourage to monitor the IPP Office website for any updated information.
8.	What I need clarity on is: Is this a call for tender, job opening or just request for information?	This is a Request for Information 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.
9.	With regards to the response to the RFI. The units for the capacity charge is Rm/MW and the units for energy charge is Rm/MWh. Will you please confirm the meaning of the “m” after the “R”.	This has been amended to R/MWh
10.	Please may you assist me with the “ Response Form - Form 1”	Annexure A - Form 1 (14 January 2020) is now an excel spreadsheet which will be put on to the website. Respondents can download and complete the excel spreadsheet. The hyperlinks to the document are located on the homepage of www.ipp-projects.co.za .

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<p>11.</p>	<p>I was wondering if I could get some clarifications.</p> <ol style="list-style-type: none"> 1. Are solar projects appropriate for this RFI? 2. Are concept projects appropriate for this RFI? 3. We are considering whether ____ MW is feasible to deliver in the 12 month – 18 month time horizon. Should we include all of this, provide a phased suggestion, or only a preliminary ___MW phase 1 plan for the RFI? 4. Does the 12 month delivery time requested start from the award of the RFP or from the issuance of the RFP? 5. When is the expected RFP issuance and close? 	<ol style="list-style-type: none"> 1. All technology options/ power projects (generation and load) to manage the short, medium and long term power capacity requirements are to be considered. 2. All projects regardless of state of readiness can be submitted in response to the RFI. 3. You are required to make different submissions for each project type as well as different submissions for variations to any project type. 4. The 12 months is not prescriptive. The focus is more to solicit information from the market on project readiness with reference to timelines required by a Respondent for bid submission, Financial Close post appointment as preferred bidder and the lead time from Financial Close to the Commercial Operation Date. Furthermore, refer to Form 1 (14 January 2020) Part G for guidance. 5. The timelines are dependent on receipt of all regulatory approvals including issuance of the section 34 determinations and generation license as well as readiness of the market to respond.
<p>12.</p>	<p>Please advise whether dial-in/conferencing facilities will be provided such that attendees can attend the session remotely?</p>	<p>Although it was not possible to dial-in or remote access of the briefing session, all information shared and the questions and answers at that session will be uploaded on the IPP Office website. Furthermore an opportunity exists to ask additional or follow up questions through the dedicated email address. The hyperlinks to the documents are located on the homepage of www.ipp-projects.co.za</p>

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13.	<ol style="list-style-type: none"> 1. I would like to know besides the application form, and the Letter of Consent from the landowner; what other details is needed. 2. What is the cost estimate fee and how would I ensure that I get an invoice as proof of payment 3. Is it compulsory to attend the info session on the 8th of January 	<ol style="list-style-type: none"> 1. 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 Furthermore you are required to complete Form 1 (14 January 2020) which is an executive summary of your project. 2. Such information will need to be obtained from the relevant grid provider. 3. It is not compulsory to attend the information session. The presentation made during the information session and all questions and answers to those questions at that session will be uploaded on the IPP Office website. The hyperlinks to the documents are located on the homepage of www.ipp-projects.co.za. Furthermore an opportunity exists to ask additional or follow up questions
14.	<p>The tenderer would like to urgently request an extension of the RFI closing date, from of the 31st of January 2020 to the 28th of February 2020; to allow for due diligence, allow for engagement with the market and suitable specialists (where required), and to provide a compliant and valuable RFI: Offices (staff), specialists and suppliers are returning from the end of year shutdown, which makes it unlikely to gather adequate responses before the current RFI closing date.</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>

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<p>15.</p>	<ol style="list-style-type: none"> 1. What is next stage or timeline after RFI response submission? 2. What is the meaning and relationship of RFI with RFQ (or RFP) by 31th of JAN? 3. Is RFQ (or RFP) bound to this RFI conditions - From the perspective of consecutiveness, is it non-consecutive procedure or consecutive procedure between RFI and RFQ (RFP)? 4. If developer did not submit its RFI response, on the next stage, are they not allowed (or qualified) to submit RFQ (or RFP)? 5. If developer did submit its RFI response, <ol style="list-style-type: none"> a. is there any benefit for submitting RFI response regardless of your taking its RFI response? b. is there any priority of RFQ(or RFP) stage in case of taking of its RFI response? 6. Regardless of developers' IPP plant type (ex. fuel type, power plant layout, barge-Mounted Plant, ESS linked power plant etc.), do you allow to submit its RFI response? 7. Based on South African ordinary IPP project procedures, we assumed that it would take over 2 ~ 3 years for developers to finalize PPA, contract period with EPC, Funding plan, internal/external authorization, power plant construction period. Regarding preparation period, do you have special plan or emergency plan for meeting date of connecting Eskom transmission line from NTP issuing date within one year? 	<ol style="list-style-type: none"> 1. The IPP Office will consider the RFI responses and prepare a response 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. 2. The deadline for submission of an RFI response is 31 January 2020. RFI responses may be considered in conceptualising a procurement approach and may be taken into account in drafting any future RFQ/RFP documents on the IPP procurement programmes. 3. No the processes can be run in parallel. It is not a precondition for the RFI process be completed, for the Department to initiate an RFP process. 4. 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 encouraged. 5. 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. Furthermore, the RFI presents opportunities for developers to formally bring their projects to the attention of the Department. The supply chain management rules prescribe that a RFQ process precedes an RFP stage however it is not mandatory to undertake an RFQ before an RFP. The practise in the past IPP Procurement Programmes has been to have a combined RFQ and
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	<p>8. Is there any possibility of leaping from RFI to RFP without RFQ stage due to time constrain?</p>	<p>RFP process. The Department will have to apply its mind at the relevant time as to which approach it wishes to adopt.</p> <p>6. All technology options/ power projects (generation and load) to manage the short, medium and long term power capacity requirements are to be considered.</p> <p>7. The timelines and procurement procedures will be adjusted to take account of the short to medium term power supply requirements. The Department will be guided by responses to the RFI to adapt timelines to expedite procurement and adapt processes to ensure power to the grid as quickly as possible.</p> <p>8. Yes it is.</p>
<p>16.</p>	<p>Kindly clarify whether the entire information requested under Section 4.6 is also to be provided as part of the response to the RFI, given that Section 4.6.1 is as follows:</p> <p>"4.6.1 Following release of the RFP, the Respondent is required to state: " ...</p>	<p>Yes the Respondent is required to provide a response to section 4.6.1. The information is required now to indicate the timelines the Respondent anticipates it would require to bid and implements its proposed project. This information will assist the Department in ascertaining project readiness as well as an appropriate procurement approach as well as timelines.</p>
<p>17.</p>	<p>Could you please include us in the mailing list from today’s briefing session? We will not be able to attend, but would like to have insights to the questions and answers provided that will be incorporated in our subsequent submission.</p>	<p>All communication will be shared on the website. You are encouraged to check the website from time to time for any updates. The presentation made during the information session and all questions and answers to those questions at that session will be uploaded on the IPP Office website. The hyperlinks to the documents are located on the homepage of www.ipp-projects.co.za. Furthermore an opportunity exists to ask additional or follow up questions.</p>

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18.	<ol style="list-style-type: none"> 1. Please furnish us with your requirements/Application forms and any other relevant information. 2. Please note we could not attend the Briefing today and if could also furnish with the minutes of the briefing. 	<ol style="list-style-type: none"> 1. All relevant information in respect of the RFI as well as any documents you are required to submit or complete are on the IPP Office website. The hyperlinks to the documents are located on the homepage of www.ipp-projects.co.za. 2. The presentation made during the information session and all questions and answers to those questions at that session will be uploaded on the IPP Office website. The hyperlinks to the documents are located on the homepage of www.ipp-projects.co.za. Furthermore an opportunity exists to ask additional or follow up questions.
19.	Is the briefing session is compulsory	It is not compulsory to attend the information session. The presentation made during the information session and all questions and answers to those questions at that session will be uploaded on the IPP Office website. The hyperlinks to the documents are located on the homepage of www.ipp-projects.co.za . Furthermore an opportunity exists to ask additional or follow up questions.

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Annexure A - Form 1 (14 January 2020)

Form 1 (14 January 2020): Summary of the information to be provided in terms of paragraph 4
(Information to be provided by the Respondent in its RFI Response)

The Respondent should complete and return Form 1 (14 January 2020) with its RFI Response, for each of its
Projects, inserting additional pages as is necessary.

VERY IMPORTANT NOTE: Form 1 is a high level summary of the project. The Respondent should submit
Form 1 (14 January 2020) with a detailed RFI Response in response to the RFI Document. Such RFI Response
should as far as possible address all the information requested in paragraph 4 of the Document.
Furthermore the RFI Response should incorporate all necessary supporting documents.