



The South African Independent
Power Producers Association
4 Karen Street
Bryanston
Sandton, 2196

SUBJECT: DMRE's Risk Mitigation Power Procurement Programme 13 December, 2019.

Herewith some salient points from the Request for Information published entitled "Design of a Risk Mitigation Power Procurement Programme". (RMPPP). Points by section in the RFI:

1. Disclaimer:

- * DMRE assumes no liabilities and provide no warranties in the publishing this RFI.
- * They reserve the right to terminate or amend the RFI as they choose.
- * DMRE reserve the right to adopt any proposal made and to include in **any documents that are made available to others** . *[Ed highlights - this means there is no protection against confidential project information being released. No NDA is mentioned.]*
- * No claims can be made against the Department.

2. Definitions:

- * 41 terms are defined.

3. Background:

- * The IRP 2019 calls for 2000MW to be procured in the short term. The RFI quotes Eskom as needing 3000MW. President Ramaphosa announced this last week that they require 5000MW.
- * DMRE intends launching a RMPPP RFP to off-set diesel. *[Ed – this is the only, albeit oblique, pricing signal that is provided]*
- * Projects already under development are being targeted.

* Projects are split into 2 lead times of 3 – 6 months, and 6 to 12 months. from Notice to Proceed to COD. [*Ed – these tight timelines would seem to exclude all new rotating generators unless they are off-the-shelf units*]

* Projects can target base, mid-merit and peak generation regimes.

* Detailed responses are required that will be used to design a RFP programme, and assist in DX and TX planning.

4. **Information to be Submitted:**

* A response to the RFI is not compulsory for a submission to a future RFP. [*Ed – while there appears to be nothing to incentivise submissions to the RFI, communication channels will be established and these could influence the design of the RFP.*]

* Comprehensive responses are being called for with significant project technical, financial, commercial and project management details asked for.

* PPA terms could be either 3, 5, 10 and 20 years.

* Indicative tariffs covering capacity and/or energy charges

* Timing of COD after Financial Close, the critical path and time to submit a bid.

* Status with land acquisition, EIA and fuel supply details.

* No fees are payable and all costs for response to be carried by responder.

5. **Format of Response:**

* This is in standard format and can be downloaded from the IPP Project Office web site.

* The deadline for responses is **10h00 on Friday 31 January, 2020**. Hard and electronic copies are required.

6. **Queries:**

* Queries can be submitted to the project officer by email.

7. **Clarifications**

* Clarifications can be submitted up to 7 days before the submission deadline.

~~8.~~ **Commentary:**

* Please do not rely on these interpretations if a response is to be submitted. Members may have a different view on reading the RFI, that is available for downloading.

* There are no pricing signals

* There is no indication of the timing of the RFP and subsequent procurement steps. The fact that an RFP has been issued rather than a RFP would indicate a lack of urgency.

* There is no mention of assisting IPPs with the numerous regulatory and approval hurdles.

- * There is no mention of who the buyer will be. The default will be Eskom unless new structures are created. Beware Eskom's 3 year delay to the last set of RE-IPP PPA's.
- * There is no mention of how existing generation will be handled.
- * There has been no known consultation with the IPP industry.
- * Beware the potential lack of confidentiality for commercially sensitive projects.
- * This RFI has all the hallmarks of the RE-IPPP procurement programme which has been above reproach, but slow, heavily demanding of legal resources and controlled by a department and buyer who have not been IPP friendly.

A handwritten signature in black ink, appearing to read 'Dave Long', with a stylized flourish at the end.

Dave Long
SAIPPA Secretary General
15/12/2019.