



Department of Energy

Overview of the REIPPP Programmes

22 Jun 2016



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PROGRAMMES & DETERMINATIONS



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IPP PROCUREMENT PROGRAMMES AND DETERMINATION

Renewable Energy (13 225 MW)

- Large programme – implemented in different phases (12 825 MW)
- Small programme – Implemented in different phases (400 MW)

Coal Programme (2 500 MW)

- The programme will be implemented in two phases. Phase 1 with 900 MW (under evaluation)

Cogeneration (1800 MW)

- Phase one – brownfield projects
- Phase two – greenfield project

Gas to Power (3 126 MW)

- Preliminary Information Memorandum*
- Request for pre- qualification
- Request for proposals

Coal from Cross Border (3 750 MW)

- The programme will be implemented across a number of phases and countries

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* Not procurement but information



REIPPPP BACKGROUND



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INTRODUCTION

MWs to be procured from Renewable Energy

1st determination

August 2011

3 725 MW
(incl. **100 MW** from
Small Programme)

2nd determination

December 2012

3 200 MW
(incl. **100 MW** from
Small Programme)

3rd determination

August 2015

6 300 MW
(incl. **200 MW** from
Small Programme)

Total MW to be procured from REIPPPP

13 225 MW

of which **400 MW** for Small
Programme



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PROCUREMENT TO DATE



BW1

- 28 Agreements signed on 5 November 2012 with a total of 1 425 MW procured
- All Projects achieved Commercial Operations

BW2

- 19 Agreements signed on 9 May 2013 with a total of 1 040MW
- 16 Projects achieved Commercial Operation and are contributing 804 MW to the grid

BW3

- A total of 1 456MW procured
- 15 of the 17 Projects have signed their agreements on 4 December 2014 and 1 Project on the 28th of August 2015
- Mkuze Biomass project is expected to sign their Agreements in quarter 3 2016. Initially delayed due to land claim



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PROCUREMENT TO DATE (CONT'D)



BW3.5

- Dedicated CSP Bid Window and 2 projects with a total of 200MW were awarded preferred Bidder Status in December 2014.
- Kathu project signed in 9 May 2016.
- Red Stone project to be signed end of June 2016

BW4

- On the 16th of April 2015, 13 Preferred Bidders were announced to provide 1 121MW of contracted capacity
- An additional 13 Preferred Bidders were announced on the 7th of June to provide 1 084 MW of contracted capacity.
- Financial close of these projects will be staggered from quarter 1 2016 to quarter 2 2016



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TO BE PROCURED



BW4 Exp

- 1800 MW
- Currently under evaluation
- To be submitted at the next BAC for consideration

BW5

- RFP revised
- Conducted public participative process
- Engaged with existing IPPs
- To be presented at the next BAC



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OVERVIEW OF PROCUREMENT PROCESS



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BID WINDOW 5 (REVISED RFP)



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OBJECTIVES OF THE REVIEW

The review of the RFP documents have the following objectives:

- Overcome problems experienced over the preceding Bid Windows with, for example, the grid connection evaluation;
- Consider the comments received from the Public Participation process
- Where possible, simplify the RFP from the perspective of the Bidders' submission, the evaluation and the contract management;
- Promote localisation / industrialisation.



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KEY CHANGES

- A change of the definition of local content to localisation/industrialisation. This entail the setting of local content thresholds at the component level (as opposed to the technology level thresholds as per previous BWs)
- Changes to the registration process: an earlier compulsory registration to allow for more time between Registration and Bid Submission.
- Changes in the evaluation process to include allocatable deep connection grid assets as part of the evaluation process
- Changes to the Implementation Agreement in particular the penalty regime to simplify the monitoring of the IPPs performance in terms of Economic Development Obligations



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SMALL PROJECTS IPP PROCUREMENT PROGRAMME



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BACKGROUND

- The programme utilises a two-stage approach, the first (stage one) is a pre-qualification round and the second (stage 2) a full bid submission.
- To-date the Department has held two stage ones in which 104 bids were received and one stage two in which 29 bids were received and 10 bidders were awarded preferred bidder status.
- The second stage two bid submission is to be held in late June / early July and from indications from Eskom only 20 bids are to be expected with 7 returning from the first stage two.
- There has been a clear decline in interest due to a number of reasons which the Department has taken into account when redesigning the programme.



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PROCUREMENT TO DATE



1S1

- Bid submission in October 2013, in which 102 bids were received
- 78 bidders were awarded selected bidder status

2S1

- Bid submission held on 26 May 2014, with 43 bids submitted
- 26 bidders were awarded selected bidder status

1S2

- Bid submission in November 2014, in which 29 bids were received.
- On 4 October 2015, 10 Preferred Bidders were announced with a combined capacity of 49MW
- Currently moving towards financial close which is expected in September 2016.



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TO BE PROCURED



2S2

- Bid submission to be held in 14 June 2016, in which a capacity of 51MW is to be procured

BW3

- Under new revised RFP addressing identified challenges
- 100MW is expected to be procured
- Bid submission to be held in Q1 2017



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OBJECTIVES OF THE REDESIGN

- Overcome problems experienced / criticism associated with the First and Second Bid Submission Phases which have been or are in the process of being completed;
- Simplification of procurement process;and
- promote local / black participation in ownership and operations of projects.



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QUESTIONS
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