



**energy**

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Department:  
Energy  
**REPUBLIC OF SOUTH AFRICA**

## **Request for Information**

**Issued to  
Potential developers of Energy Projects: Co-Generation,  
Coal, Natural Gas and Imported Hydro**

*Responses are due by 12h00 on Monday, 26 March 2012. Please direct all questions about this RFI and all responses to this RFI to:*

Ompi Aphane:

Email: [ompi.aphane@energy.gov.za](mailto:ompi.aphane@energy.gov.za)

Karen Breytenbach:

Email: [Karen.breytenbach@treasury.gov.za](mailto:Karen.breytenbach@treasury.gov.za)

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## **I       DISCLAIMER**

The Department of Energy (DOE) has prepared this information document to, on the one hand, provide information to interested parties developing energy projects in South Africa and the region (as specified in the Integrated Resource Plan 2010) in any of the following technologies i.e. co-generation, coal, natural gas and hydro; and on the other hand, for the DOE to gather information to support the development of a procurement process documentation for such energy projects.

While the DOE has taken due care in the preparation of information contained herein, neither the DOE, its staff, or its advisors or any other organ of state providing assistance to the DOE gives any warranty or makes any representations, express or implied, as to the completeness for purpose or accuracy of the information contained in this document or any information which may be provided in connection therewith.

The information contained herein is not intended to be exhaustive. Interested parties are required to make their own enquiries and Respondents must, in accordance with Annexure 1 attached hereto, confirm in writing that they have done so and that they do not rely on the information provided in this Request for Information (RFI) document in submitting their RFI response. The information is provided on the basis that it is non-binding on the DOE, its staff, and its advisors or any other organ of state providing assistance to the DOE. The DOE reserves the right not to proceed with the initiative as well as the right not to discuss the initiative further with any Respondent.

No reimbursement of costs or expenses of any type whatsoever will be paid to Respondents or any other persons, or entities expressing interest in the initiative for purposes of submitting an RFI response and to this end, no Respondent shall have a claim against the DOE, its staff or its advisors, or any other organ of state providing assistance to the DOE, arising out of any matter relating to this RFI

document, of any nature whatsoever whether or not any circumstances arising as a result of, such claim is based on any act or omission by the DOE or any organ of state providing assistance to the DOE whatsoever and/or the content of this RFI.

## **II INTRODUCTION AND BACKGROUND**

### **1 Introduction**

#### **1.1 The IPP Procurement Programme**

The Government of South Africa, through the Department of Energy (the DOE), first issued a Request for Information (RFI) in October 2010 to test the readiness of the private sector market on the then REFIT Programme as announced by NERSA. Based on the feedback from the market at that time, the DOE then developed and has since procured the first two rounds of the Renewable Energy IPP Procurement Programme.

By releasing this RFI the Government of South Africa, through the Department of Energy (the DOE), is again seeking to obtain information from potential developers of energy projects in co-generation, coal, natural gas and hydro in South Africa and neighbouring countries (as stipulated in the Integrated Resource Plan) to indicate their interest in and to provide information regarding the progress and readiness of their individual projects.

The RFI is intended to generate information to assess the projects of potential developers as well as the readiness of the market to enter into intensive procurement and fast track negotiation processes. The DOE is committed to an independent, open, fair and transparent procurement process and a quick and successful negotiation process. The results of the RFI will be used as the basis for the development of a procurement process for additional successive rounds of IPP programmes as well as inform the Government on the required the capacity and resources for the successful implementation of this initiative.

It is to be noted that the DOE will be grateful for the extensive participation of potential developers in this RFI market testing initiative, however potential participants will not be disqualified from the future procurement processes by not submitting information under this RFI. Information submitted in response to this RFI will be considered and treated by the DOE as confidential and will not be used, in any other way, than to develop the procurement process and documentation for an IPP procurement programme. However, it should be noted that the DOE will not be obliged to use any of the information, and responses to this RFI do not bind or commit the DOE to any other obligation whatsoever.

## **1.2 Policy and Regulatory Framework**

The intention, as stipulated in the policy documents of the Government, is to allow meaningful private sector participation in the energy sector. The Electricity Generation Act allows for the Minister of the DOE, in concurrence with the National Energy Regulator of South Africa (Nersa), to determine the procurer, the buyer and whether the developer will be from the private or public sector. This determination and participation will be done taking into account the required energy needs of the country and in line with the Integrated Resource Plan for energy (IRP) as promulgated in May 2011. Of importance to Government in the implementation of its policies, are the establishment of industries within South Africa and the region in order to contribute to security of supply, sustainable development, affordability, economic growth and job creation.

The objective of the IRP 2010 is to develop a sustainable electricity investment strategy for generation capacity and supporting infrastructure for South Africa over the next 20 years. The investment strategy includes implications arising from demand-side management (DSM) and pricing, as well as capacity provided by all generators (Eskom and IPPs). This RFI is for the DOE to understand the market to so ensure the successful implementation of the IRP.

It is therefore important for potential developers to provide information of their projects that will be ready and able to put capacity (MW) and energy (MWh) into the system before **March 2019**.

As part of the initiative to allow for meaningful private sector participation in the energy sector, the DOE has, following the RFI conducted in 2010, continued to review the regulatory framework to ensure an investor friendly and enabling environment. Of particular importance in this regard is the review currently being undertaken of the Electricity Regulation Act and National Energy Regulator Act. Furthermore, the public consultation process on these two pieces of legislation as well as the on the Independent System and Market Operator Bill have been concluded.

The South African Government led by the DOE and supported by, *inter alia*, the National Treasury, the Department of Public Enterprises, Department of Environmental Affairs, Eskom and NERSA and others, is continually in the process of identifying and making the required amendments to the enabling environment.

### **III SPECIFIC PURPOSE OF THIS DOCUMENT**

#### **3. Specific Objectives**

The specific objectives of this RFI are to:

- Assess market interest;
- Solicit information from interested parties as to the state of readiness of potential projects;
- Gather information to support the development of a procurement process for energy procurement from independent power producers within the

South African procurement legislation, whether a comprehensive Request for Proposals, or otherwise; and

- The allocation of Government resources.

A decision on the detail and timing of the RFP will depend to a great extent on the information provided in response to this RFI.

In light of the amount of time required for respondents to provide such information and for the DOE to evaluate it, a decision as to the exact date to proceed with all the identified procurement options would not be expected prior to mid-May 2012. However, it may be that the DOE can identify projects from the information provided that could be engaged earlier.

The Minister of Energy will, however, before the release of the procurement documentation to the market, make a ministerial determination, in terms of Section 34 of the Electricity Regulation Act, regarding the buyer and the applicable technologies to be procured.

#### **4. Who Should Respond**

The Department of Energy would welcome responses to the RFI from developers who have energy projects ready i.e. comprehensive feasibility studies have been completed and show the projects to be feasible. These projects should be in co-generation, coal, natural gas and hydro.

Submissions from other potential participants including municipalities, financial institutions (including but not limited to providers of debt and equity financing, export credit agencies, development finance institutions); technology and equipment suppliers are also solicited. However, it would be preferred to have a combined submission to minimise confusion and duplication of information.

## **5. How to Respond**

The RFI should be submitted in the format prescribed in Annexure 2. Any part of Annexure 2 which is not applicable to the Respondent should be clearly indicated as 'Not Applicable'. The RFI should be signed by an authorised signatory.

The RFI may be accompanied with limited supporting material, only if it is salient and directly pertinent to the RFI and to the decision-making of the DOE.

The language for submission of the document shall be English.

All costs incurred by Respondents in connection with the RFI shall be borne by the respective Respondents themselves.

## **6. Submissions**

The complete RFI must be returned via email (please to **all** e-mail addresses as indicated below) and/or post to the addresses below:

### ***The Department of Energy:***

Mr. Ompi Aphane

Acting DDG: Electricity, Nuclear and Clean Energy

70 Meintjies Street, Trevenna Campus, Sunnyside 0007

Email: [ompi.aphane@energy.gov.za](mailto:ompi.aphane@energy.gov.za)

### ***National Treasury:***

Ms. Karen Breytenbach and Ms. L Mangondo

PPP Unit, 16<sup>th</sup> Floor, National Treasury, 240 Vermeulen Street, Pretoria 0001

Email: Karen Breytenbach: [karen.breytenbach@treasury.gov.za](mailto:karen.breytenbach@treasury.gov.za)

Email: Lena Mangondo: [lena.mangondo@treasury.gov.za](mailto:lena.mangondo@treasury.gov.za)

*The last date for submission of the completed RFI is **12h00 26 March 2012** at the above-mentioned addresses.*



The DOE reserves the right to cross check and confirm the information/details furnished by the Respondent in its response.

All the information supplied by the Respondents will be kept as strictly confidential by the DOE and will not be shared with any other third party

## 7. Next Steps

Based on the nature, number, and attractiveness of responses, the DOE will pursue next steps, which may include establishing a formal competitive process i.e. an RFP process or otherwise as determined by the DOE following procurement legislation.

## 8. Indicative Timeline (although acknowledged that it may be different for different technologies)

Milestone/Action Item	Date
RFI released	05 March 2012
RFI Responses due	26 March 2012
Appointment of Transaction Advisors to support DOE with procurement	June 2012
Preparation of procurement documentation if applicable	June – September 2012
Section 34: Ministerial Determination	May 2012
RFP released to the market	September 2012
Intent to Respond to RFP Cut-off	December 2012

## **9. Use of Information**

The DOE reserves the right to use the information received from respondents for further development of the IPP initiative. The mere fact of responding to the RFI however, shall not confer any rights on a respondent to preferential treatment at any subsequent bid/development stage of the initiative.

## **10. Amendment**

The DOE may, at its sole discretion, before the last date for submission of the RFI, modify this information document by issuing an addendum thereto. The Department is requesting potential Respondents therefore to visit the website on a regular basis for possible updates of this RFI.

The DOE may extend the last date for submission of RFI responses to allow Respondents reasonable time to consider any amendment to this information document and to amend its RFI submissions in the case of such an amendment.

## Annexure 1: Letter of Response

Respondent Letterhead

**Director-General**  
70 Meintjies Street  
Trevenna Campus  
Sunnyside  
0007

Dear Madam

### **REQUEST FOR INFORMATION (“RFI”) FOR PARTICIPATION IN THE .....**

We, the undersigned, offer the following information in response to the RFI and sought by the Department of Energy in relation to the intended procurement of the [coal/co-generation/gas/hydro] project (the Project”).

- a) We are duly authorised to represent and act on behalf of [respondent name] (herein after the “Respondent”).
- b) We have examined and have no reservations to the RFI Information Document (“the RFI Information Document”) contemplating the background information of the Project as provided to us by the Department of Energy [including Addendums].
- c) We are attaching with this letter and response forms (Annexure 2),copies of documents defining –
  - i. The Respondent’s legal status
  - ii. Its principal place of business
  - iii. Its place of incorporation (if Respondents are corporations); or its place of registration (if Respondents are cooperative institutions, partnerships or individually owned firms)
  - iv. Financial statements of the last 3 (three) financial years, clearly indicating the financial turn over and net worth (if applicable).
- (d) We shall assist the Department of Energy and/or its authorised representatives to obtain further clarification from us, if needed.
- (e) The Department of Energy and/or its authorised representatives may contact the following persons for further information on any aspects pertaining to this response: Full name, office telephone number, cellular no. and email address.

- (f) This response is made in the full understanding that:
- i. Information furnished in response to the RFI shall be used confidentially by the Department of Energy for purposes of development of the IPP procurement programme
  - ii. The Department of Energy reserves the right to reject or accept any or all responses, cancel the RFI and subsequent process without any obligation to inform the respondent about the grounds of same, and shall no obligation or liability to us in respect thereof
  - iii. We confirm that we have no grounds for any claim whatsoever against the Department of Energy and neither is the Department of Energy liable to us on any grounds whatsoever as result of our participation in this RFI
  - iv. We confirm that we are interested in participating in the development of the IPP procurement programme as per the details provided in the response form (Annexure 2).

We acknowledge that the information contained in the RFI information Document is not exhaustive and we confirm that we have made such further enquiries deemed necessary to submit this RFI response and we do not rely solely on the information provided in the RFI Information Document in submitting this response.

The undersigned declares that the statements made and the information provided in the duly completed application is complete, true, and correct in every detail.

NAME:.....

In the Capacity:.....

Signed:.....

Duly authorised to sign the response for and on behalf of  
.....

Date: [Day/Month/Year]

Regards

## **Annexure 2: RFI Response Form**

**Issued to potential developers of long-term energy projects in South and Southern Africa (co-generation, coal, natural gas and hydro).**

Below is listed information the Respondent is invited to provide partially or in full. Respondents are welcome to provide written detail and/or comments if and where applicable if of the opinion that it would benefit the design and implementation of the procurement process.

*Respondents must respond by providing separate forms for each project in preparation if involved in more than one (1) project. Also please indicate whether the project will be developed in phases and the size of the phase. The information is important in order to design future IPP procurement programmes.*

### **1. General Information (state whether for coal/gas/hydro or co-generation and whether local or import)**

- a. Corporation, partnership, joint venture, SPV, etc. applying for license
- b. Name and title of primary contact
- c. Mailing address
- e. Contact email
- f. Contact phone numbers
- h. BEE profile (if applicable)
- i. Site location (name, coordinates)
- j. Generation capacity (MWs)
- k. Grid capacity and network capability.

## 2. Specific Project Development Information

<b>Project Title:</b>		
Description of Project:		
Description of planned installed energy (MW) and/or capacity (MWh) <u>and</u> indicate whether the project can be developed in phases. Indicate the phases, the MW/GWh in each phase and the readiness and timing to proceed with these development phases i.e. Phase 1, Phase 2 etc.:		
Expected project cost:		
<b>Project Status</b>		
Name of Developer of Project:		
Indicate experience in similar projects successfully completed in South Africa and/or other jurisdictions		
Average entity year turnover the last 3 years	Year1:	
	Year 2:	
	Year 3	
	:	
Local partners years of technology experience		
International developer/partners years of technology experience		
<b>Readiness re Institutional Structure</b>		
Has institutional structure been finalised	Yes	No
Indicate the project structure, if developed and available, including		
<ul style="list-style-type: none"> <li>• equity participants</li> <li>• EPC contractors</li> <li>• suppliers of equipment</li> <li>• long-term operator of the project</li> <li>• proposed % of participation of Black Economic Empowerment Partners</li> </ul>		

(BEE)		
<ul style="list-style-type: none"> <li>names of proposed BEE participants and indicate whether the BEE participants need support from the DBSA</li> <li>Community involvement or local economic development</li> </ul>		
Interaction with the equipment supplier – please indicate readiness to provide equipment	Yes	No
<ul style="list-style-type: none"> <li>Do you have an equipment supplier</li> <li>Do you have a term sheet agreed</li> <li>If yes, do you have a price and timeframe for delivery</li> <li>Do you have an equipment supply agreement signed</li> </ul>	Yes Yes Yes Yes	No No No No
Special Project Vehicle (SPV) / Joint Venture (JV) shareholder agreement signed	Yes	No
MoU and/or cooperation agreement signed	Yes	No
Have equity partners been identified and secured	Yes	No
Is the equity contribution secured and committed	Yes	No
<b>Readiness of Data</b>		
Feasibility study completed	Finalised	Draft
Do you have a bankable financial model	Yes	No
EIA Record of Decision received from DEA	Received	Applied
If not received when is the ROD expected date i.e. (1) date applied and (2) expected date for receiving ROD	(1)	(2)
Environmental scoping report done and submitted to DEA	Yes	No
Have you received a response	Yes	No
If not when is the expected date for the Environmental Scoping Report i.e. (1) to be submitted and (2) expected response date	(1)	(2)
Relevant data collection		
<ul style="list-style-type: none"> <li>Resource/reservoir studies or such resource studies as required by the lenders</li> </ul>		

If agreements with third parties are applicable please indicate these requirements and where negotiations re these contracts are		
<b>Readiness of Site</b>		
Indicate site location:		
Is site secured and rights to site signed to the project	Yes	No
Is site owned or leased by the project	Owned	Leased
Are there any outstanding site availability related issues – please give detail and support needed from Government i.e. long-term leases over agriculture land etc. Detail:	Yes	No
Zoning application, if applicable	Received	Applied
Civil Aviation Authority approval where applicable	Received	Applied
Grid connection: Distance to nearest substation km		
Grid connection: Name of substation and capacity		
Which line will you be connecting into and is the line on the secured site or not		
Readiness of Eskom (and/or relevant network provider) to provide connection – please indicate timeframe and support needed		
If the project is located outside South Africa, give an indication of the transmission arrangements that are necessary for wheeling the power to South Africa.		
<b>Timeframes</b>		
Expected months, after license issued and PPA approval, until connection to the grid	Months	
Expected months to complete construction broken up into development phases Phase1 Phase2 Etc..	Months  Phase1: Phase2: etc.	



<p>Provide a programme and timetable indicating expected energy into grid after license issued and PPA approval (indicate MW and GWh):                  Example: Phase 1.....XX MW.....XX.GWh..... year 2011                  Phase 2                  Etc.</p>		
<p><b>Lender information (if applicable)</b></p>		
<p>Name and detail of Lenders:</p>		
<p>Current level of commitment from Lenders:</p> <ul style="list-style-type: none"> <li>• None</li> <li>• Mandate agreement agreed</li> <li>• Debt term sheet developed</li> <li>• Debt term sheet agreed</li> <li>• Arranging Bank appointed</li> <li>• Underwriting Bank appointed</li> </ul>	<p>Yes</p>	<p>No</p>
<p>Special relationship with donors, multi-lateral funders, development finance institutions etc.:</p>		
<p>Any views on constraints in the financial market in South Africa for the attention of the Government:</p>		
<p><b>Procurement</b></p>		
<p>Would you prefer to do both an RFQ and an RFP or just a RFP with a two envelop approach having the pre-qualification criteria in the first envelope</p> <p>What is the reason for your choice?</p>		
<p>Please indicate how many months you would prefer for bid submission Months:</p>		
<p><b>Additional questions regarding cogeneration</b></p>		
<p>Is the project based on existing electricity generation</p>	<p>Yes</p>	<p>No</p>
<p>If no: Planned capacity of electricity generation (MW)</p>		
<p>Indicate expected cost of production of electricity (R/kWh)</p>		

### **3. Background Information (optional)**

Please provide short (5-10 lines) information on the following:

Comments of a planned requirement in the RFP that a specified portion of the material comprising the project be sourced locally:

Comments of a planned requirement in the RFP that local labour represents a specified portion of the workforce charged with developing and constructing the project and the portion charged with operating and maintaining the project after commercial operation:

Comments of a stated preference in the RFP for proposals that would establish a component manufacturing, technology industry maintenance facilities and/or training centres in South Africa:

Comments of a stated preference in the RFP for proposals that strengthen local ownership or profit sharing structures in the project:

REQUEST FOR INFORMATION REGARDING THE DEVELOPMENT AND READINESS OF CO-GENERATION, COAL, NATURAL GAS AND IMPORTED HYDRO PROJECTS FOR POSSIBLE PROCUREMENT BY THE DEPARTMENT OF ENERGY

Comments of a stated preference in the RFP for proposals that strengthen commitment from developers to stay in the project as equity participants after COD. Indicate 3-years after COD or 5-years after COD preference or other proposals.