

REISSUED FOR THE THIRD BID SUBMISSION PHASE

TENDER NO: DMRE/022/2023/24

The Republic of South Africa
Department of Mineral Resources and Energy

OVERVIEW OF REQUEST FOR QUALIFICATION AND PROPOSALS FOR STORAGE
CAPACITY UNDER THE THIRD BID SUBMISSION PHASE OF THE BATTERY ENERGY
STORAGE IPP PROCUREMENT PROGRAMME



mineral resources
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Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

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1. DISCLAIMER

- 1.1 While all reasonable care has been taken in preparing this document, the information contained in it does not purport to be comprehensive or to have been verified by the Department of Mineral Resources and Energy of the Government of the Republic of South Africa ("**Department**") or any other organ of state of the Republic of South Africa ("**the Government**"), any of its officers, employees, servants, agents, advisors or any other person. Accordingly, neither the Department nor any of its advisors accept any liability or responsibility for the adequacy, accuracy, or completeness of any of the information stated in this document.
- 1.2 This high-level overview of the Request for Pre-Qualification and Proposal ("**RFP**") is provided solely for information purposes and is not intended to form any part or basis of any investment decisions by the Bidder, its Members or its Lenders including any decision to participate in the Battery Energy Storage Independent Power Producers Procurement Programme ("**Energy Storage Procurement Programme**"). Each person to whom this document is made available must conduct their own independent assessment of whether or not they wish to participate in the Energy Storage Procurement Programme. Furthermore, this document does not replace the need for a party to fully acquaint itself with the RFP for this Energy Storage Procurement Programme and compliance with the qualification and evaluation criteria set out in the RFP.

2. PURPOSE

- 2.1 The Department launched the RFP for the establishment of new generation capacity under the Energy Storage Procurement Programme on 28 March 2024. The intent of this document is to provide a high-level overview of the Energy Storage Procurement Programme and procurement process under the RFP.
- 2.2 While this document provides a high-level overview of the RFP it does not replace, supplement or amend the RFP. Potential bidders wishing to participate in the Energy Storage Procurement Programme will be required to purchase the RFP and comply with all the requirements of the RFP.

3. OVERVIEW OF THE ENERGY STORAGE PROCUREMENT PROGRAMME

3.1 Determination of New Generation Capacity Required

- 3.1.1 The Minister of Mineral Resources and Energy ("**the Minister**") published the Integrated Resource Plan ("**IRP 2019**") as GN 1360 of 18 October 2019 in Government

Gazette No. 42784. The IRP 2019 is the policy planning tool that facilitates planning of future electricity supply by modelling various demand scenarios and the decisions that need to be taken in order to meet such demand at the time when it arises.

3.1.2 To give effect to the IRP 2019, the Minister, on 23 August 2022 and in accordance with section 34 of the Electricity Regulation Act, No. 4 of 2006, issued the Third Determination requesting Nersa's concurrence. Nersa provided its concurrence with the Ministerial Determination on 21 December 2022 resulting in the Determination being gazetted on 6 April 2023 ("**the Determination**").

3.1.3 The Determination provides that the electricity produced from the various energy sources set out in such Determination shall be procured from Independent Power Producers ("**IPPs**") through one or more IPP Procurement Programmes as contemplated in the Electricity Regulations on New Generation Capacity, 2011 ("**the New Generation Regulations**").

3.1.4 In line with the Determination, the Energy Storage Procurement Programme has been designed to facilitate the procurement of up to 1231 megawatts (MW), to contribute towards socio-economic and environmentally sustainable growth, to continue the successes of the IPP Procurement Programme since its inception.

3.2 Purpose of the RFP

3.2.1 The RFP for the Energy Storage Procurement Programme constitutes the formal invitation to Bidders to submit their detailed Bid Responses to make available Capacity and Ancillary Services to the Buyer, pursuant to the Determination and public notice or advertisement of the Energy Storage Procurement Programme.

3.2.2 The RFP, amongst others, sets out the rules of participation in the Energy Storage Procurement Programme; provides further information about the Energy Storage Procurement Programme, so as to allow potential Bidders to prepare comprehensive and competitive Bid Responses in respect of the Projects; gives guidance to Bidders in the preparation of their Bid Responses.

3.2.3 The RFP further sets out the rules to enable the Department to assess the Bid Responses submitted by Bidders that are technically, financially and legally qualified to execute the Project and meet the criteria described in Part B (*Functionality Criteria Requirement*) of the RFP; have sufficient experience, commitment and resources to meet the criteria of a Compliant Bid in respect of Part B (*Functionality Criteria*

Requirement) of the RFP; fulfil the competitive Evaluation Criteria requirements as detailed in Part C (*Evaluation Criteria Requirements*) of the RFP; are able to execute their Projects and make available Capacity and Ancillary Services as envisaged in the Power Purchase Agreement (“PPA”) and the **Implementation Agreement (“IA”)** amongst others; and enables the Department to select Preferred Bidders and facilitate Commercial Close.

3.2.4 This RFP does not constitute an offer to enter into a contractual relationship with any Bidder but is merely a solicitation of Bid Responses to enable the Department to select the Preferred Bidders who will form Project Companies in order to conclude an IA, a PPA, Direct Agreement, Independent Engineer Agreement and the Connection Agreements, with the Buyer and the other relevant counterparties on Commercial Close.

3.2.5 Each Bidder, in submitting a Bid Response, is deemed to do so on the basis that it accepts and acknowledges the terms of this RFP.

3.3 Structure of the RFP

3.3.1 **Part A (*General Requirements, Rules and Provisions*)** provides general information to the Bidder and includes, *inter alia*, the glossary of defined terms used in this RFP; the Energy Storage Procurement Programme objectives, scope and structure; key features of the Energy Storage Procurement Programme; the terms and conditions of bidding, including details regarding the required format of Bid Responses; and an explanation of and background to the procurement process;

3.3.2 **Part B (*Functionality Criteria Requirements*)** details the Functionality Criteria that must be met by the Bidder in order for a Bid Response to be considered by the Department as a Compliant Bid. Once a Bidder’s Bid Response is considered to be a Compliant Bid by the Department, this may, in the sole discretion of the Department, form the basis for the Bidder to be appointed as a Preferred Bidder. Alternatively, and if necessary, the Compliant Bid will, in addition, be evaluated in accordance with Part C (*Evaluation Criteria Requirement*);

3.3.3 **Volume 1 Part 1 (*Legal Notices, Approvals and Other Documents*)** contains certain key legal notices, approvals and other documents that may be useful to Bidders for purposes of deciding whether to participate in the Energy Storage Procurement Programme and preparing a Bid Response;

- 3.3.4 **Volume 1 Part 2 (*Form of Bid and Returnable Schedules*)** contains the Form of Bid and other returnable schedules which must be submitted by Bidders as part of the Bid Response, including Appendix JB (Front Sheet Template for Financial Model and Technical Information) which requires information in respect of a number of aspects of the Bid Response to be inputted into a single returnable schedule. Bidders are required to populate all relevant aspects of the returnable schedules and/or template forms provided in Volume 1 Part 2 (*Form of Bid and Returnable Schedules*), and should not deviate from the form provided in the RFP or on the Energy Storage IPP Website (except to the extent that any such form is amended in terms of a Briefing Note, in which case Bidders will be required to use the amended version of such form); nor should any item or field be added or removed; nor amended in any other way;
- 3.3.5 **Volume 2 (*Legal Functionality Requirements*) Part 1 (*Legal Functionality Criteria*)** contains the functionality criteria pertaining to the structure of the Project; legal matters; land acquisition and land use; and environmental consents;
- 3.3.6 **Volume 2 (*Legal Functionality Requirements*) Part 2 (*Legal Agreements*)** contains copies of the legal agreements that will (subject to any subsequent amendments issued by the Department) be required to be entered into by the Project Company of a Preferred Bidder and the counter-parties, if applicable, namely, an IA, a PPA, a Direct Agreement, a Transmission Agreement or a Distribution Agreement, an Independent Engineer Agreement and a Connection Direct Agreement;
- 3.3.7 **Volume 3 (*Technical Functionality Requirements*) Part 1 (*Technical Functionality Criteria*)** contains the technical functionality criteria;
- 3.3.8 **Volume 3 (*Technical Functionality Requirements*) Part 2 (*Technical Appendices*)** contains the appendices in respect of the Technical Criteria. The returnable schedules in Volume 3 (*Technical Functionality Requirements*) are templates that the Bidders are required to use when responding to this RFP and provide a standardised approach for presenting the information required by the Department for purposes of assessing compliance with each Technical Functionality criterion. If any such template is provided in the RFP or on the Energy Storage IPP Website for the submission of information in respect of a functionality criterion, Bidders should populate all aspects of the template and should not deviate from the template provided (except to the extent that any such template is amended in terms of a Briefing Note, in which case Bidders

will be required to use the amended version of such template); nor should any fields be added or removed; nor amended in any other way;

3.3.9 **Volume 4 (*Financial Functionality Requirements*) Part 1 (*Financial Functionality Criteria*)** contains the financial functionality criteria;

3.3.10 **Volume 4 (*Financial Functionality Requirements*) Part 2 (*Appendices*)** contains the appendices in respect of the Financial Criteria. The appendices in Volume 4 (*Financial Functionality Requirements*) are templates that the Bidders are required to use when responding to this RFP and requirements that the Bidder's Financial Model should comply with. Templates provide a standardised approach for presenting the information required by the Department for the financial functionality criterion. If a template is provided in the RFP for the submission of information in respect of a functionality criterion, Bidders should not deviate from the template provided in the RFP (except to the extent that any such template is amended in terms of a Briefing Note, in which case Bidders will be required to use the amended version of such template), and no fields should be added or removed or amended in any other way unless it is specifically indicated that items can be added or amended;

3.3.11 **Volume 5 (*PPA and IA Tables and Information*)**, which provides information that the Bidders need to make available for the PPA and IA Tables and other information that the PPA and the IA require to be provided by the Bidders for purposes of the PPA and IA schedules;

3.3.12 **Part C (*Evaluation Criteria Requirements*)** details the evaluation procedure and the Evaluation Criteria to be applied by the Department, if a Part C (*Evaluation Criteria Requirements*) evaluation is necessary, in evaluating and comparing Compliant Bids in respect of each Energy Storage Substation. The purpose of the Part C (*Evaluation Criteria Requirements*) evaluation is to determine the relative rankings of Compliant Bids for purposes of selection of Preferred Bidders; and

3.3.13 **Volume 1 (*Economic Development Functionality Requirements*) of Part C (*Evaluation Criteria Requirements*)** comprises two parts. Part 1 (***Economic Development Scoring Eligibility Criteria***) contains detailed information regarding key aspects of the Economic Development requirements, and the appendices required to be completed by each Bidder for purposes of demonstrating its Economic Development Commitments. Part 2 (***Economic Development Required Supporting Information***) contains details of the documentary proof required to be included in the

Bid Response, for purposes of supporting Bidders' Economic Development Commitments.

4. PART A OF THE RFP

4.1 Technologies and Contracted Capacity

4.1.1 The Energy Storage Procurement Programme is designed to procure **616 MW** of Capacity, Energy and Ancillary Services in the Free State supply area. The substations forming part of the Energy Storage Procurement Programme are all located in the Free State supply area.

4.1.2 The Capacity to be procured in the Free State supply area under the Energy Storage Procurement Programme is in respect of the following substations, and their respective storage capacity ("**Substations Energy Storage Capacity**"), as follows:

Transmission Substation	Maximum Capacity
Harvard	123MW
Leander	123 MW
Theseus	124 MW
Everest	123 MW
Merapi	123 MW
Total	616 MW

4.1.3 Each Project must have the Contracted Capacity equivalent to the Substation Energy Storage Capacity at the relevant Energy Storage Substation, as indicated in clause 4.1.2 above.

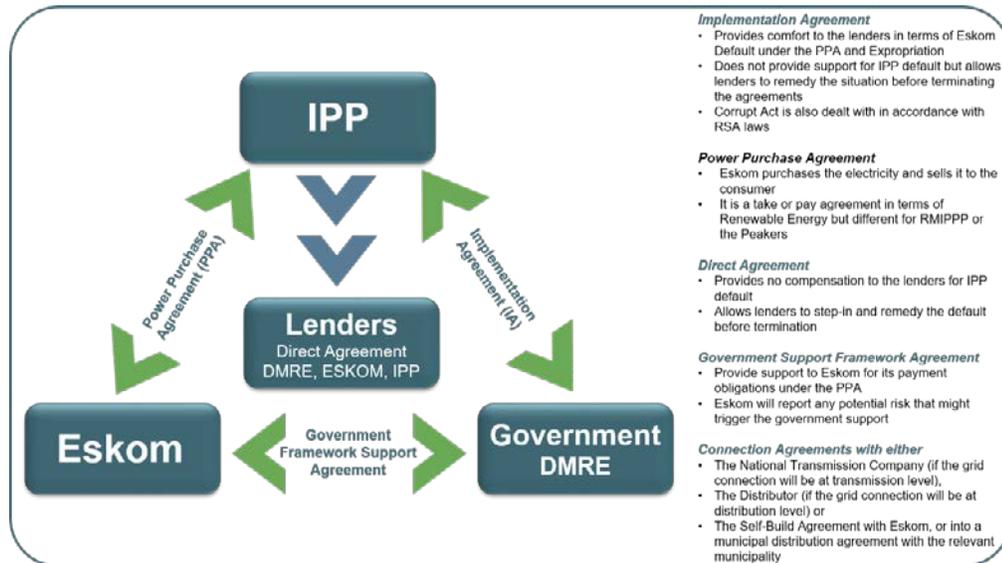
4.1.4 A Bidder may submit a Bid Response to provide Capacity, Energy and Ancillary Services in relation to one or more of the Energy Storage Substations.

4.1.5 In respect of each Energy Storage Substation, a Bidder is only allowed to submit a single Bid Response.

4.1.6 The Energy Storage Procurement Programme is open to the world wide public and is not restricted to Bidders comprised only of South African Citizens and entities.

4.2 Contractual Agreements

4.2.1 The bankability of the IPP Procurement Programme is secured through the terms and conditions of three non-negotiable agreements, the IA, PPA and DA, as depicted in the **Figure** below. The agreements provide Bidders with complete transparency in relation to the contractual terms.



4.3 Commercial Close and Commercial Operation Date

4.3.1 Projects submitted on the Energy Storage Procurement Programme Bid Submission Date must be capable of achieving the Commercial Operation Date within a period of 24 (twenty-four) months after Commercial Close. Therefore, the Scheduled Commercial Operation Date projected by a Bidder in its Bid Response must be within a period of 24 (twenty-four) months after Commercial Close and must be based on an estimated date for Commercial Close.

4.3.2 A Bidder's Scheduled Commercial Operation Date must be calculated taking into account the Project's own construction and commissioning timetable, as well as the time for grid connection as estimated by the Grid Provider (all of which must fall within the maximum 24 (twenty-four) month period between Commercial Close and the Scheduled Commercial Operation Date).

4.4 Capacity Prices and Tariffs

4.4.1 The Electricity Regulation Act vests NERSA with the authority to regulate prices and tariffs. NERSA remains empowered, at the time of considering any licence application,

to make a tariff determination taking into consideration all relevant factors, including the statutory tariff principles provided for in section 15 of the Electricity Regulation Act.

4.4.2 The Price submitted in a Bid Response and which is accepted by the Department upon appointment of Preferred Bidders, is subject to approval by NERSA when issuing generation licences in respect of Projects selected in the Energy Storage Procurement Programme.

4.4.3 Bidders in the Energy Storage Procurement Programme are required to bid the Price which will be payable by the Buyer in terms of the PPA to be entered into between the Buyer and the Project Company of a Preferred Bidder.

4.4.4 The Bidder is required to offer a single Price based upon full CPI indexation of such Price. The Price reflected in a PPA will be adjusted annually on 1 April every year following the Base Date, using the CPI Headlines for December of the previous year.

4.5 Decommissioning, Rehabilitation and Closure (including Post-Closure) Requirements

4.5.1 Once the PPA and IA have been signed, Sellers will be required to make financial provision for the costs of the decommissioning of the Facility and the rehabilitation and closure of the Project Site and the post-closure monitoring of environmental impacts in respect of the Facility upon the termination of the PPA, whether following a premature termination of the PPA due to Seller Default, Sanctions and Corrupt Practices or Government Default (i.e. premature termination) or upon the expiry of the term of the PPA (i.e. final closure), in their Financial Model.

4.5.2 In this regard, Bidders must include such Decommissioning Costs in their Financial Model. The Decommissioning Costs may be built up over time, in incremental amounts each year over the Operating Period, but these costs must be reflected in the Financial Model.

4.5.3 Preferred Bidders must by no later than Commercial Close, establish a Rehabilitation Trust Deed or a combination of a Rehabilitation Trust Deed and an on-demand guarantee in favour of the Department in the form provided, sufficient to cover the Decommissioning Costs.

4.6 Economic Development

4.6.1 For purposes of Part C (*Evaluation Criteria Requirements*) Bid Responses will be scored out of 100 (one hundred) points, of which a maximum of 10 (ten) points can be scored in respect of the Bidders' level of Economic Development Commitments. The Department's requirements regarding Economic Development as a component of evaluation criteria are set out in Part C (*Evaluation Criteria Requirements*) of the RFP and are provided for under the broad categories below:

4.1.1.1 **job creation**, places emphasis on jobs for Citizens, Black People (including Black Women and Black Youth) and Citizens from Local Communities;

4.1.1.2 **ownership**, which highlights ownership by Black People (including Black Women), and Local Communities, in the Project Company, and ownership by Black People (including Black Women) in the Project Company and in the Contractors responsible for Construction and Operations;

4.1.1.3 **management control**, which focuses on the involvement of Black People (in particular Black Women) in board directorship, Executive Management, and Senior Management;

4.1.1.4 **skills development**, which focuses on the contributions made by the Project Company to improve the skills of Employees, learners at higher education institutions, and disabled persons;

4.1.1.5 **enterprise and supplier development**, which focuses on the development of emerging enterprises, including emerging enterprises located in Local Communities and those in the Supply Chain of the Project Company and the Contractors; and on procuring from Black Enterprises and enterprises owned by Black Women; and

4.1.1.6 **socio-economic development**, which attempts to address socio-economic needs including those of Local Communities.

4.1.2 Active Participation is encouraged, to advance economic transformation of the energy industry. As such, Black Shareholders should be given a preferential right to participate in Project-related activities through Preferential Procurement arrangements with the Project Company and/or the Contractors, if they meet the qualification criteria for Project-related activities.

4.1.3 Each Preferred Bidder's Economic Development Commitments will be incorporated into the IA concluded by the Project Company with the Department.

4.2 Value for Money

4.2.1 Regulation 9 of the New Gen Regulations provides that the Buyer cannot enter into a PPA unless that PPA presents "value for money". "Value for Money" is defined to mean that "the new generation capacity project results in a net benefit to the prospective buyer or to the Government having regard to cost, price, quality, quantity, risk, transfer, or a combination thereof".

4.2.2 The value for money evaluation under the RFP involves an assessment of a number of issues and considerations. As part of its assessment the Department will benchmark the Bidder's costs and rates embedded in its Financial Model and ultimately reflected in its offered Price, against local and international benchmark costs and rates.

4.3 Legal Personality of Bidder and its Members

4.3.1 For the purposes of submitting a Bid Response, a Bidder may be either a Project Company or a consortium. If the Bidder is a consortium, then the Project Company that is to be incorporated by the consortium to be the Seller shall have as its Shareholders, in the proportions stated in the Bid Response, the Members of the consortium, or if any such Member will hold its ownership interest in the Project Company through an intermediary entity which is still to be incorporated, such intermediary entity.

4.3.2 Each Bidder under a PPA will be required to be a Project Company that has a sole purpose, object and business of undertaking the Bidder's Project, including entering into and fulfilling the purposes of the PPA, the IA, the DA, the Independent Engineer Agreement and the Connection Agreements.

4.3.3 Preferred Bidders are required to provide the Department with certified copies of the Constitutional Documents of its Project Company following the establishment and incorporation of the Project Company.

5. PART B OF THE RFP REQUIREMENTS

5.1 The purpose of Part B (*Functionality Criteria Requirements*) of the RFP is to set out the requirements relating to the submission of Bid Response under the Energy Storage Procurement Programme, as well as the rules in respect of:

- 5.1.1 the Functionality Criteria to be complied with by the Bidders; and
- 5.1.2 the adjudication and evaluation by the Department of the Bid Responses.
- 5.2 In the first instance, a bid will not be accepted at Bid Submission if the following is not complied with:
 - 5.2.1 Confirmation that the Bidder has the required financial backing and a Bid Guarantee in its bid response. Such a Bid Guarantee must be provided by a Financial Institution and must be an original; and
 - 5.2.2 A working Financial Model that meets the requirements as set out in Part B.
- 5.3 The Functionality Criteria Requirements are divided into the following umbrella categories under Part B and the Volumes of Part B of the RFP:
 - 5.3.1 Structure of the Project;
 - 5.3.2 Legal Functionality Criteria and Evaluation;
 - 5.3.3 Land Acquisition and Land Use Functionality Criteria and Evaluation;
 - 5.3.4 Environmental Consent Functionality Criteria and Evaluation;
 - 5.3.5 Technical Functionality Criteria and Evaluation;
 - 5.3.6 Financial Functionality Criteria and Evaluation and
 - 5.3.7 Value for Money
- 5.4 In summary, a Bid Response must meet or exceed the requirements under each heading in Part B (*Functional Criteria Requirements*) of the RFP.
- 5.5 Bidders are also required to complete and submit the PPA and IA Tables provided in Volume 5 (*PPA and IA Tables and Information*) of Part B (*Functional Criteria Requirements*) of the RFP in their Bid Responses. For the purposes of the RFP, the information provided by the Bidders in the completion of these tables will be used for the purposes of determining whether a Bid Response is a Compliant Bid in terms of the relevant Functionality Criteria in Part B and the Evaluation Criteria contained in Part C of the RFP.

6. PART C OF THE RFP REQUIREMENTS

- 6.1 The purpose of Part C (*Evaluation Criteria Requirements*) is to outline the requirements for which the Bidders will be comparatively evaluated. Bidders will be evaluated in terms of the following two elements:
- Price; and
 - Specific goals as contemplated in the Preferential Procurement Policy Framework Act, which in the case of this Energy Storage Procurement Programme are referred to as Economic Development Commitment.
- 6.2 The Bidder will be considered or eligible for Part C (*Evaluation Criteria Requirements*) only if that Bidder fulfils all of the requirements in Part B (*Evaluation Criteria Requirements*) of the RFP.
- 6.3 The evaluation will be undertaken in accordance with the 90:10 points system. The maximum score for Price will be 90, and 10 points allocated for specific goals that have been developed for Economic Development.

7. TIMETABLE FOR THE ENERGY STORAGE GENERATION CAPACITY OF THE ENERGY STORAGE PROCUREMENT PROGRAMME

The dates for the Energy Storage Procurement Programme (subject to variation and supplementation by means of Briefing Note) are set out below:

BATTERY ENERGY STORAGE IPP PROCUREMENT PROGRAMME - RFP SUMMARY

Milestone	Anticipated Timeline	Revised Timeline
Issue of RFP	28 March 2024	N/A
Bidders' Conference	4 (four) to 6 (six) weeks following the release of the RFP. The exact date will be communicated on the Energy Storage Website.	Actual Date 09 May 2024
Last date for Bidders to apply to Eskom for a Procurement Programme specific cost estimate letter ("CEL")	30 April 2024	30 May 2024
Last date for Bidders to submit written questions in terms of clause 27.3 (<i>Requests for clarification on the RFP and responses to requests</i>) of this Part A	30 (thirty) business days prior to the Energy Storage Procurement Programme Bid Submission Date	N/A
Last date for compulsory Bid Registration, including payment of Bid Registration Fee (as per clause 11 (<i>Compulsory Bid Registration</i>) of this Part A)	20 (twenty) business days prior to the Energy Storage Procurement Programme Bid Submission Date	N/A
Bid Submission Date	31 July 2024	31 October 2024
Announcement of Preferred Bidders	Approximately 3 (three) months post the Bid Submission Date	N/A
Last date for Bidders to apply for a Budget Quote ("BQ")	Within 1 month of Preferred Bidder announcement	N/A
Commercial Close	Approximately 6 (six) months post Preferred Bidder announcement	Approximately 8 (eight) months post Preferred Bidder announcement
Financial Close	Long stop date of 1 (one) month post Commercial Close	N/A
Scheduled Commercial Operation Date	Long stop date of 24 (twenty-four) months post Commercial Close	N/A

8. OVERVIEW OF PART B AND VOLUMES FUNCTIONALITY CRITERIA PER DISCIPLINE:

Discipline	Structure of the RFP	Part B Qualification Criteria
Legal	Legal functionality criteria:	<p>Four (4) key criteria are assessed in the legal evaluation, namely:</p> <ol style="list-style-type: none"> 1. Structure of the Project; <ul style="list-style-type: none"> • Structure Criterion 1 – South African Entity Participation • Structure Criterion 2 – Structure Diagram 2. Legal Qualification Criteria and Evaluation; <ul style="list-style-type: none"> • Legal Criterion 1: Legal Status of the Project Company; • Legal Criterion 2: Confirmation of the PPA, the IA, Direct Agreement, Independent Engineer Agreement and the Connection Agreements and submission of Returnable Schedules; • Legal Criterion 3: Contracts; • Legal Criterion 4: Key Equipment Supply; and • Legal Criterion 5: Provision for the Decommissioning Reserve; 3. Land Acquisition and Land Use Qualification Criteria and Evaluation; and 4. Environmental Consent Qualification Criteria and Evaluation.
Technical	Technical functionality criteria:	<p>Twelve (12) key criteria are assessed in the technical evaluation, namely:</p> <p>Part 1 – Technical Functionality Criteria and Evaluation</p> <ol style="list-style-type: none"> 1. Technical Functionality Criterion 1: General Requirements; 2. Technical Functionality Criterion 2: Compliance with PPA; 3. Technical Functionality Criterion 3: Eligible Capacity; 4. Technical Functionality Criterion 4: Project Feasibility Study; 5. Technical Functionality Criterion 4.1: Project Development Plan; 6. Technical Functionality Criterion 4.2: Proven Design and Technology Requirements -Technology Selection, Suitability of the Technology and Concept Design; 7. Technical qualification criterion 4.3: Design Standards and Certifications;

BATTERY ENERGY STORAGE IPP PROCUREMENT PROGRAMME - RFP SUMMARY

Discipline	Structure of the RFP	Part B Qualification Criteria
		<p>8. Technical Functionality Criterion 4.4: Projected NDC/ Active Output Power for a duration of 4 hours and Projected RTE over the life of the plant;</p> <p>9. Technical Functionality Criterion 4.5: Construction Contractor Qualifications;</p> <p>10. Technical Functionality Criterion 4.6: O&M Contractor Requirements;</p> <p>11. Technical Functionality Criterion 4.7: Project Schedule; and</p> <p>12. Technical Functionality Criterion 5: Grid Connection</p> <p>Part 2 – Technical Appendices</p>
Finance	Financial Functionality Criteria	<p>1. Evaluation Price – the bidder to provide evaluation price (ZAR/MWh) for the contracted capacity including Ancillary Services as at base date. The price must be calculated in accordance with the parameters outlined in the RFP.</p> <p>2. The parameters include an assumption of 730 charge or discharge cycles per annum at 4 hours discharge per cycle at 100% of the Contracted Capacity. These assumptions must be included in the Financial Model to be submitted to the Department at Bid Submission Day.</p> <p>3. The RFP further requires Bidders to bid a price for Capacity Charge referred to as Capital Cost Recovery Charge rate (CCR). The CCR must be in ZAR per MW per hour for the Contracted Capacity based on full indexation at the Base Date.</p> <p>4. The facility will be charged R518.89/MWh for charging from the grid referred to as the “Facility Charge Cost”. The Facility Charge Cost should be indexed to a Base Date and be escalated annually by CPI.</p> <p>5. The Bidder is required to charge Eskom the same R518.89/MWh for the energy dispatched from the facility using the same base date escalated by CPI.</p>

9. KEY CHANGES TO THE RFP FOR THE ENERGY STORAGE PROCUREMENT PROGRAMME THIRD BID SUBMISSION PHASE

Discipline	Issue	Key Changes	
Technical	Technology and Size	Transmission Substation	Maximum Capacity
		Harvard	123 MW
		Leander	123 MW
		Theseus	124 MW
		Everest	123 MW
		Merapi	123 MW
		Total	616 MW
Technical	CEL's and BQ's	A CEL/BQ may be submitted by Bid Submission Date with Bid. Bidders must check with the grid provider and ensure that its CEL/BQ can be validly used for the RFP.	
Technical	Curtailement	In the PPAs the grid unavailability thresholds captured in the concepts of 'Allowance for Grid Unavailability and Curtailement' and 'Allowed Grid Unavailability Period' will not apply; and the compensation principles under the PPA have been amended accordingly.	
ED	Economic Development	<p>Under the new PPPFA Regulations, Bidders may commit to any or all of the elements. Therefore, the RFP does not specify any mandatory Economic Development qualification criteria.</p> <p>The Department's requirements regarding Economic Development are aligned with the concept of "specific goals" in the Preferential Procurement Policy Framework Act and are set out in the RFP.</p>	
Legal	South African Entity Participation	To promote South African Entity Participation, a specific criterion has been introduced in the RFP as part of the Legal Structure Functionality Criteria, where a Bidder is required to have a South African Entity Participation of at least 49%.	

BATTERY ENERGY STORAGE IPP PROCUREMENT PROGRAMME - RFP SUMMARY

Finance	Concentration risk	Where one participant participates across different bids, mitigation measures have been put in place and financial criteria strengthened to ensure that as part of the Part B qualification criteria such a participant provides satisfactory evidence that there are sufficient funds appropriately committed for each Project.
Legal	Reserve Bidders	The Department could, at its discretion, engage with reserve bidders with a view to appointing them to preferred bidders if the need arises and appointed preferred bidders fail to meet the timelines to close their Projects.
Legal	Decommissioning Reserve	A Rehabilitation Trust or a combination of a Rehabilitation Trust and a Bank Guarantee can be used. The Rehabilitation Trust is compulsory even if the latter option is used. If a Decommissioning Costs Bank Guarantee is not used in combination with the Rehabilitation Trust, the amount to be deposited into the Rehabilitation Trust Account as at Commercial Close must equal the total amount of the Decommissioning Costs. Where a Decommissioning Cost Bank Guarantee is used, the Rehabilitation Trust must at minimum be built up over time, in incremental amounts each year on a straight-line basis over the Operating Period and, where applicable, reduce the value of the Decommissioning Cost Bank Guarantee accordingly. For the avoidance of doubt, the Decommissioning Reserves must at all times at least cover the total amount of the Decommissioning Cost from Commercial Close.
Legal	Non – Eligible Persons	<p>Bidders must comply with and take particular note of the RFP provisions and requirements regarding Non-Eligible Persons, as well as all requirements in the RFP regarding anti-competitive or collusive tendering practices and the identification of actual or perceived conflicts of interests outlined in clause 9 (Non-Eligible Persons) of Part A.</p> <p>Bidders must provide all required returnable schedules, taking note of which returnable schedules apply to which bidder entities.</p>

Legal	SBD Forms	The applicable SBD forms have been updated with the most recent published forms that must be submitted as Bid returnables.
Legal	Environmental Authorisations	<p>Bidder must have secured the following, which must be in place at the Bid Submission Date, for its Project:</p> <p>an environmental authorisation(s) as required by the National Environmental Management Act, 107 of 1998 (“NEMA”) for the Project, in the name of the Project Company or confirmation that the holder has undertaken to assign or transfer the Environmental Authorisation so that it is in the name of the Project Company prior to Commercial Close, for the whole of the Project, <u>or proof of registration with the relevant competent authority in terms of the ‘Norm for the Exclusion of Identified Activities Associated with the Development and Expansion of Battery Storage Facilities in Areas of Low or Medium Environmental Sensitivity’, adopted in terms of section 24(2)(a) and (b) of NEMA and published under GN. 4558 in Government Gazette 50388 dated 27 March 2024.</u></p>

10. COMPULSORY BID REGISTRATION

Prospective Bidders are required to pay a non-refundable Bid Registration Fee of R25 000 (twenty-five thousand Rand) per Project / Bid Response to be submitted. Further information on the payment of the non-refundable Bid Registration Fee is available on the Storage Website.

11. FURTHER DETAILS AND PARTICIPATION

Further details regarding participation and access to the RFP, including information on the document access fee can be found on www.ipp-storage.co.za; or alternatively queries can be addressed to query@ipp-storage.co.za.