

# BATTERY ENERGY STORAGE CAPACITY BID WINDOW 2 OF THE INDEPENDENT POWER PRODUCERS PROCUREMENT PROGRAMME

## BIDDERS' CONFERENCE QUERIES AND CLARIFICATIONS – 17 JANUARY 2024

No	QUERY	CATEGORY	RESPONSE
1.	Some of the Eskom Bess Pilot Programmes are now under operation. Does this inform the Specifications for this Programme?	Technical	The specification for this RFP was arrived at based on the system requirements and the role which battery energy storage could provide to the electricity power system.
2.	What is the significance of the Site Location selected for the Second Storage Bid Window?	Eskom	<p>The eight site locations were identified by Eskom as a measure to increase the available grid capacity in the Northwest Supply Areas through the utilisation of energy storage.</p> <p>The primary objective of the BESIPP Procurement Programme is to create storage capacity of Energy from the System which can be made available to the System in response to Dispatch Instructions.</p> <p>Utility-scale battery storage systems, as part of the grid infrastructure, can be used to store energy from renewable energy generation to address peak demand exceeding the network capacity, which is when load-shedding is required. These storage systems also provide instantaneous response to the grid to manage any variability caused by generation from renewable energy sources.</p>
3.	Why have the sites been restricted to the Northwest Supply area, when we know that we are experiencing the biggest Grid constraints in the Northern, Eastern and Western Cape?	Eskom	<p>The focus for Bid Window 1 was on the Northern Cape grid as a starting point, to help relieve the most immediate pressures on the grid with 513 MW of grid capacity.</p> <p>Based on Eskom studies to determine the optimal location for subsequent bid windows, Bid Window 2 will focus on the Northwest Supply Area, for 615 MW of grid capacity.</p> <p>A third storage window for another 616 MW has been launched on 28 March 2024 with the Bid Submission Date extended to 31 October 2024.</p>
4.	It is expected that the Project Site needs to reach the same level of readiness as for the BESIPPPP Bid Window 1. However, the renewable energy IA application database had indicated that limited information on renewable energy development s in the target areas where the substations are located, and land access any be a challenge. Will these challenges be addressed?	Legal	Question is not entirely clear. Bidders are required to comply with the RFP functionality criteria including having secured rights in respect of land.

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5.	Can one still apply for Cels and EIAS/Bars to be in in time for BW2	Eskom/Technical	Please note there is no deadline to the CEL application date however if Bidders wish to have CELs issued by the Bid Submission Date they must apply by the date stated by Eskom otherwise they risk not have CELs issued in time for Bid Submission Date.
6.	Are there any major changes in the PPA Structure for Bid Window 2?	Legal	No major changes in the PPA for Storage 1 and Storage 2. Bidders are advised to seek their own advice with regards to the PPA for Bid Window 2 including the risk matrix as contemplated in the PPA.
7.	In the BESIPPPP Bid Window 1, a regime was implemented under the PPPFA Regulations for the evaluation of the Economic Development Commitments by Bidders. What outcomes and lessons were learnt from the first Bid Window and has anything been adjusted as a result for Bid Wind 2	Economic Development	<p>It was encouraging that bidders in the first round continued to make Economic Development commitments, despite this not being compulsory, which is a positive sign that Bidders do see the value in these ED commitments.</p> <p>As with all IPP Procurement bid windows, the Department and IPP Office has considered the lessons arising from the first bid window evaluation and adapted requirements where necessary.</p> <p>Under the current regulatory framework in the PPPFA and the PPPFA Regulations Bidders are free to select which Economic Development Elements they are willing to submit Economic Development Commitments for in their Bid Response. Such commitments will be adjudicated in accordance with the 90/10 Part C Evaluation.</p> <p>This same framework applies for this round and commitments on the ED elements are not included as Qualification Criteria. ED Commitments are only evaluated with Price once a Bidder is a Complaint Bidder. Bidders are therefore not compelled to make ED commitments, but where such commitments are made, compliance with the RFP requirements must be demonstrated with supporting documentation.</p> <p>For this round, some of the requirements for the supporting documentation have been adjusted and made easier to comply with.</p>
8.	How will South African entity participation be evaluated in this Bid Window?	Legal	<p>South African Entity Participation (SAEP) has been incorporated as a Legal Functionality Criterion under Volume 2 (<i>Legal Functionality Requirements</i>) of the RFP, where the criterion for structure of the Project Company requires that a Project must be structured in such a way that at least 49% of the Shareholding in the Project must be held by South African Entities or Persons. Refer to clause 2 (<i>Structure of the Project</i>) Volume 2 of Part B (<i>Functionality Criteria Requirements</i>) of the RFP</p> <p>This is a Functionality Criterion and Bidders must comply with the criterion in order to be a compliant Bid under Part B (<i>Functionality Criteria Requirements</i>) of the RFP, before being Evaluated in the competitive scoring in Part C (<i>Evaluation Criteria Requirements</i>) of the RFP.</p>

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9.	Can Bidders submit Bids for projects at more than one the specified sites?	Legal	A Bidder may submit a Bid Response in respect of each Energy Storage Substation, in line with the rules of the RFP. Each Bid Response must be for the full Substation Energy Storage Capacity at the particular Energy Storage Substation elected by the Bidder.
10.	You have touched on this in your presentation Elsa, but perhaps just for clarity, can we clarify simply how the tariff structure for energy and capacity, and ancillary charges will be implemented, and what is taken into account to calculate the Evaluation Price	Finance	The payment for capacity and energy includes the cost of providing Ancillary Services. Penalties will be imposed for poor-performance for Ancillary Services as per the instruction issued by the System Operator.
11.	A few similar questions have been raised on clarity on the Ancillary Services Requirements in the RFP. Could you please clarify these requirements for bidders.	Technical	<p>The types of Ancillary Services required include Instantaneous Reserves (IR), Regulating Reserves (RR), Ten Minute Reserves (TR), and Supplemental Reserves (SR). The performance parameters of the Ancillary Services have been developed with the Eskom technical team.</p> <p>Instantaneous Reserve is a scheduled service to be available for a maximum 1855 hours per Contract Year and is only triggered to operate once an IR event occurs. When an IR event is triggered, the activation time is within 10 seconds and the IR response must be sustained for 10 minutes. The IR response is limited to 155 event triggers.</p> <p>Similarly, Regulating Reserve (RR) should also be available for a maximum number 1855 hours per Contract Year and only triggered once an RR event occurs. If RR events are triggered, the activation time is within 10 minutes and the response must be sustained for 1 hour. There is no limit to the number of RR events in a year.</p> <p>The facility can schedule Instantaneous Reserves and Regulating Reserves concurrently, as a frequency event requiring IR to be provided may occur while RR is already being provided.</p> <p>The System Operator instruction for Ancillary Services can only be issued if the Facility plans to generate the next day, using the forecast information provided by the Seller. The power output of the Facility will be curtailed to provide the scheduled Ancillary Service requested by the System Operator.</p> <p>SCADA data (high resolution as per Info exchange code) will be used to assess Ancillary Services performance against contracted capacities. The Main and check meters will be used for energy billing.</p>

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12.	Approval from the SA Civil Aviation Authority is still required in this Bid Window. In light of the specification of the BESS System, and the lack of resources at these entities to deal with application, is there any possibility that this approval requirement can be scrapped?	Legal	All Bidders must adhere to the requirements as set forth in the RFP to ensure that their Bid Responses are compliant bids. None of the specified requirements will be waived or omitted for the RFP process.
13.	Is it Carmel or Carmel substation?	Technical	Carmel substation
14.	Regarding the CEL: Point 12 on page 12 shown below references Figure 4, however Figure 4 does not appear in the CEL. "Stand-alone energy storage system – see Figure 4. " Kindly provide a copy of Figure 4.	Technical	Not sure about source document with reference to "Point 12 on page 12" and "Figure 4". Bidder to provide more clarity with regard to this query.
15.	Please let us know when the bid documents will be published on the ipp-storage.co.za dashboard? Thank you, has the full RFP been uploaded for registered bidders for ESIPPP 2?	General	The full RFP is published on the website and becomes accessible for download once a registered bidder has paid the bid document fee and payment has reflected.
16.	Have you considered long-duration storage - i.e., up to 10 hours of storage to limit wind energy curtailment? This is available through flow battery technology.	Technical	BEISPPPP BW2 RFP does not specify battery technology, type and chemistry. The proposed Project must be designed primarily for the provision of Capacity, Energy and Ancillary Services and shall be capable of operating continuously at the Contracted Capacity for a minimum duration of four (4) hours.
17.	Question: For Bid Window 7 (Renewable Energy IPPs) and this one (BESS): Do we have to have the EIAs (Environmental Impact Assessments) completed by Bids Closing date of the 30 April 2024 or can the EIAs be done and completed as part of the periods for Commercial Close and Financial Close after already being awarded the Bid? Apologies for my ignorance I am new in these IPPs things I have been stuck trying to ensure Eskom does not vanish off the face of the earth. But I am here now. Kunemali la. Geld is here. Thanks	General	<p>All Bidders must adhere to the requirements as set forth in the RFP to ensure that their Bid Responses are compliant bids. In respect of the EIAs, the RFP stipulates that Bidders must have secured an environmental authorization(s) as required by the National Environmental Management Act, 107 of 1998 ("NEMA") for the Project, prior to the Bid Submission Date.</p> <p>Furthermore, Bidders should take into consideration the latest Battery Storage Exclusion Norm, issued on 27 March 2024 (GN. No. 50387), by the Department of Forestry, Fisheries and the Environment ("DFFE"). This norm relates to the exclusion of certain activities associated with the development and expansion of battery storage facilities.</p> <p>If Bidder's proposed project is exempted from environmental authorization(s) requirements in terms Battery Storage Exclusion Norm, the Bidder must detail the basis of that conclusion in the application Legal Opinion.</p>

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18.	Considering the fact that most of the substations identified in the RFP are not surrounded by potential sites with EAs, can this requirement be relaxed for BW2 procurement to be successful?	Legal	<p>All Bidders must adhere to the requirements as set forth in the RFP to ensure that their Bid Responses are compliant bids. In respect of the EIAs, the RFP stipulates that Bidders must have secured an environmental authorization(s) as required by the National Environmental Management Act, 107 of 1998 ("NEMA") for the Project, prior to the Bid Submission Date.</p> <p>Furthermore, Bidders should take into consideration the latest Battery Storage Exclusion Norm, issued on 27 March 2024 (GN. No. 50387), by the Department of Forestry, Fisheries and the Environment ("DFFE"). This norm relates to the exclusion of certain activities associated with the development and expansion of battery storage facilities.</p> <p>If Bidder's proposed project is exempted from environmental authorization(s) requirements in terms Battery Storage Exclusion Norm, the Bidder must detail the basis of that conclusion in the application Legal Opinion.</p>
19.	What is meant by the "Energy Storage Capacity" of the substation? Certainly, there is a limitation regarding power (kW) per substation	Technical	Energy Storage Capacity of the substation is the capacity allocated for battery energy storage system at a particular substation. This may not necessarily be the maximum capacity limit of the particular substation.
20.	Good day, are hybrid applications allowed in this bid? (like Solar plus BESS)? If yes, please explain the allowable capacities.	Technical	BESIPPPP BW2 RFP has been designed to procure battery energy storage systems only. No hybrid systems will be allowed under BESIPPPP BW2.
21.	Question: Why is KZN (especially KZN Inland North) not considered at all for PV Solar Energy? Maybe also Wind Power. Is it because we have iNgonyama Trust (54%) and most land in ownership of the people (communal land) here in KZN?	General	BESIPPPP BW2 RFP is designed to only procure capacity, energy and ancillary services through distributed utility-scale battery energy storage systems to be connected at specific Transmission substations listed in the RFP. Solar PV and Wind are procured countrywide through REIPPP programmes that are distinct from the BESIPPPPs.
22.	Does the BESS have to be connected directly to the transmission substation; or can the BESS be connected to a distribution substation that is connected to the transmission substation?	Technical	The proposed Facility must be connected directly to the Transmission Substation or through the existing Distribution network in the North West supply area.
23.	What is the total budget for all substations?	Finance	The Department is procuring services from the Energy Storage facilities and the Total Costs for all Projects that will connect to the listed substations will be determined by the bidding process.

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24.	If creating an SPV or JV, does it need to be registered before bid submission or It can be registered after	Legal	It's not a requirement for the SPV to have been established and to have the constitutional documents in place at the bid submission date. Where a Project Company hasn't been established the Bidder must provide an undertaking that the Project Company, once it has been established it will have the sole purpose, object and business of undertaking the Project Company.
25.	Will the customers bidding in areas other than the stated NW Substations be considered under this programme?	Technical	A Project proposed by the Bidder must be connected directly to one of the 8 (eight) Transmission Substations listed in the RFP or through the existing Distribution network in the North West supply area. Projects connecting to Transmission Substations other those listed in the RFP will be considered non-compliant.
26.	Do you want Full EA at the bid submission and notarial lease agreement fully executed?	Legal	<p>In respect of the EAs, the RFP stipulates that Bidders must have secured an environmental authorization(s) as required by the National Environmental Management Act, 107 of 1998 ("NEMA") for the Project, prior to the Bid Submission Date. However, Bidders should take into consideration the latest Battery Storage Exclusion Norm, issued on 27 March 2024 (GN. No. 50387), by the Department of Forestry, Fisheries and the Environment ("DFFE"). This norm relates to the exclusion of certain activities associated with the development and expansion of battery storage facilities.</p> <p>If Bidder's proposed project is exempted from environmental authorization(s) requirements in terms Battery Storage Exclusion Norm, the Bidder must detail the basis of that conclusion in the application Legal Opinion.</p> <p>In respect of the lease agreement, the RFP stipulates the requirements for Land Acquisition and Land Use Criteria and Evaluation under Volume 2 Part 1 (<i>Legal Functionality Criteria</i>) of Part B of the RFP. The Bidder is required to provide, as part of the Legal Opinion, confirmation that all requisite land acquisition rights have been secured and land use rights are in place or have been applied for, for the Project, prior to the Bid Submission.</p>
27.	Please can you clarify... do you need the Environmental Authorization (EA) or can you have progressed the Environmental Impact Assessment (EIA)?	Legal	<p>The RFP stipulates that Bidders must have secured an environmental authorization(s) as required by the National Environmental Management Act, 107 of 1998 ("NEMA") for the Project, prior to the Bid Submission Date, however, Bidders should take into consideration the latest Battery Storage Exclusion Norm, issued on 27 March 2024 (GN. No. 50387), by the Department of Forestry, Fisheries and the Environment ("DFFE"). This norm relates to the exclusion of certain activities associated with the development and expansion of battery storage facilities.</p> <p>If Bidder's proposed project is exempted from environmental authorization(s) requirements in terms Battery Storage Exclusion Norm, the Bidder must detail the basis of that conclusion in the application Legal Opinion.</p>

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28.	Degradation: If the stated capacities are required at the POC, does it matter how the facility will degrade?	Technical	It is required that Bidders show how the batteries degrade with time over the term of the PPA, whilst maintaining Contracted Capacity. To mitigate for degradation, Bidders are also required to include their augmentation strategy as part of the Project Feasibility Study.
29.	I would like to confirm. Is there a budget to construct these systems? Or would these systems be constructed at own costs, and only receive capital per unit stored?	Finance	These projects are procured on a limited recourse project finance basis and not on Budget.
30.	Caswell mentions the BESS should be available for deployment at any time, but this was not the case in BW 1, as the Northern Cape had/has no capacity at midday. Is the operating philosophy therefore different between the two bidding rounds?	Technical	There is no difference in operating philosophy requirements between BESIPPPP BW1 and BESIPPPP BW2. In both cases, the RFP states that the Facility shall be capable of operating continuously at the Contracted Capacity with network frequency and voltage deviations specified in the BESF Code and as stipulated in Schedule 14 of the PPA, for a minimum duration of four (4) hours. It must be noted that the Facility shall be designed primarily for the provision of Capacity, Energy and Ancillary Services.
31.	Will the names of future BW substation be made public before bid announcement in order to allow IPPs to do some more upfront work to meet the requirements. 4 Months is very short if require EIA, CEL and feasibility study if substation in not known earlier.	Legal	The Department has issued the RFP for Bid Window 3 and hence such substations are now public knowledge
32.	Has any studies been done to calculate the MW of capacity that would be available to RE projects after installation of BESS. Is this Capacity available for BW7 projects?	General/Eskom	The capacity availability in the network is calculated and communicated via the GCCA process, GCCA 2025 gave an indication of the available capacity in the different areas pre-BW7. The BESS allocation in the NW and FS will increase capacity in these areas, there is no specific detailed study conducted yet to assess the quantity of the additional capacity that will be created.
33.	Thank you for the clarification on EA versus EIA. I think it is critical to note the protocol for BESS Exemption has not yet been gazetted. A Basic Assessment will be required and can take 3 to 6 months, 3 being the minimum. The exemption, if and when gazetted, is only applicable to low sensitive sites, so could also require longer. Considering substations were only released in the RFP, and their locations, it is highly likely few projects will meet this criteria to have EA at Bid Submission.	Legal	<p>The Bid Submission Date has been extended to 29 August 2024.</p> <p>The Bidder is also advised to consider the latest Battery Storage Exclusion Norm, issued on 27 March 2024 (GN. No. 50387), by the Department of Forestry, Fisheries and the Environment ("DFFE"). This norm relates to the exclusion of certain activities associated with the development and expansion of battery storage facilities.</p> <p>If Bidder's proposed project is exempted from environmental authorization(s) requirements in terms Battery Storage Exclusion Norm, the Bidder must detail the basis of that conclusion in the application Legal Opinion.</p>

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34.	Given that capacity is predetermined for each SS site is it correct to assume that it is likely that all bidders would get similar scopes for same connection point? Secondly, how will the risk be managed by Eskom if generating the invoice to pay id delayed by Eskom which could further delay issuance of CEL? Would a bidder be exempted in such a case?	Technical	The scope of work for grid connection, which will be included in the CEL, will depend on whether the Bidder's proposed project connects directly to a transmission substation or through the distribution network. Furthermore, the scope of work will be determined by the location of the proposed Project site with respect to the Energy Storage Substation and the Delivery Point. Eskom has committed to issue CELs in time, taking into consideration Bid Submission Date.