	<b>Mandate to Negotiate – No Prior Tendering/ Sole Source</b> <i>[Dual/Triple/PTC]</i>	Template Identifier	240-53463044	Rev	7
		Document Identifier	N/A	Rev	N/A
		Effective Date	01 January 2018		
		Review Date	February 2025		

TO:	Technology and Commercial Division  Dual adjudication	Date:	2023-08-29
NAME OF COMPILER AND BUSINESS UNIT	OBAKENG MOKALE  INVESTMENT RECOVERY	Tel:	014 763 8365
NAME OF END-USER BUSINESS UNIT	ALMUND CILLIERS  MOU		
DESCRIPTION	Disposal of a 5 MVA transformer Serial No: 11072		
PR NO.:	11003		
ENQUIRY NUMBER			

## 1. RECOMMENDATION

In accordance with the latest revision of Eskom's Procurement and Supply Chain Management Procedure 32-1034, a mandate is requested to negotiate and conclude a contract with successful **Disposal of a 5 MVA transformer Serial No: 11072** at a contract value of **R 80 000** excluding Value Added Tax (VAT), Contract Price Adjustment (CPA), contingency, travel and subsistence and Rate of Exchange (ROE) adjustments. This scrap transformer will be sold through the disposal mechanism of e-auction.


This will be a once-off transaction between Eskom and successful tenderer.


It is further recommended that Obakeng Mokale, investment recovery officer from Investment recovery be authorised, with the power to delegate further, to take all the necessary steps to give effect to the above, including the signing of any agreements, consents or other documentation necessary or related thereto.

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Name	Designation	Signature	Date of signature	Reason for signing
<b>Obakeng Mokale</b>	Investment recovery officer		2023-08-29	Compiler
<b>Maxi Wesi</b>	Investment recovery officer		2023-08-29	Recommender
<b>Taki Kharivhe</b>	Investment recovery manager		2023-08-29	Approver

## 2. BACKGROUND

The need for the **disposal of a 5MVA transformer Serial No:11072** originates from distribution division, Mpumalanga operating unit and is as a result of been damaged beyond repair and no further use to Eskom and for this reason has to be scrapped **e-form reference number 2922271**.


The revenue generated from these transformers, will be allocated to the Mpumalanga Operating Unit profit center, 5P16000.

Reason for the use of negotiations without prior tendering	Tick
Dealing with an Eskom Internal Supplier in terms of the Hierarchy of Supplier Preference.	
Only a sole contractor is able to provide the goods or services or any combination thereof.	
Assets, goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists, for example for reasons connected with intellectual property rights (e.g. patents or copyrights), or in the absence of competition. Thorough market research must be done to ensure that a true monopoly exists both in the local, national and international markets. In the longer term, Eskom should consider alternatives or try to encourage development of competition.	
A change of supplier would compel Eskom to obtain spare parts or additional assets, goods or services that are not compatible or interchangeable with existing assets, goods or services that were obtained from an original supplier. Spares can only be bought from the OEM, unless risk analysis shows that the use of parts from alternative manufacturers is feasible, and this has been confirmed in writing by the OEM.	
Only a very limited number of contractors are able to provide goods, services or works which are not freely available in the market, or which are provided solely for the organ of state in accordance with unique requirements. <b>(National Treasury Approval required)</b>	

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There is justification for standardising goods or making use of manufacturer-accredited service providers. <b>(National Treasury Approval required)</b>	
A change in product or manufacturer requires modifications to related equipment and fixtures, e.g. a replacement pump requires costly changes to mountings, pipework or electrical connections or the replacement of circuit breakers requires costly changes to mounting frames, face panels, bus-bars, wiring and the like. <b>(National Treasury Approval required)</b>	
Replacement model requires the holding of additional spares or maintenance personnel. <b>(National Treasury Approval required)</b>	
At times, additional works or services not forming part of the initial contract become necessary in order to complete goods/works/services. If separating the additional works/ services from the original contract will be difficult for technical or economic reasons and/or the separation will cause significant cost or time constraints to Eskom, a valid single source motivation exists. <b>(National Treasury Approval required)</b>	
A Sole Source Justification Form was previously approved (as verified by signed and approved minutes and a copy of the original SSJ) by a procurement / tender committee for a stipulated period of time. <b>(National Treasury Approval required)</b>	

### 3. COMMERCIAL COMMENTS AND/OR CONSIDERATIONS

All commercial considerations and commercial evaluation criteria pertaining to the recommendation are more fully set out in the P&SCM Checklist.

### 4. FINANCIAL EVALUATION AND COMMENTS ON CPA CONDITIONS

The prices offered are in Rand and are fixed and firm for the duration of the contract.

#### FINANCIAL ANALYSIS OF THE TENDERER / SUPPLIER

A financial evaluation of the supplier's business was conducted as a result of the following potential risks to Eskom:


### 5. MANDATE OBJECTIVES

A mandate is needed to accept the highest priced commercially and technically Acceptable offer per tender enquiry and to conclude contracts accordingly on condition The price will not be less than R80 000.00(Excluding VAT) which is the estimated

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Minimum rate under worst scenario based on the price of 5 MVA previously sold to Bredell Plant Hire for R83 399,00.

### THE REAL BASE

Based on the pricing structure above, the real base is R80 000.00 excluding VAT.  
The real base was derived as follows:

### THE ASPIRATION BASE ON PRICE

The aspiration base is R80 000.00 excluding VAT.

## 6. NEGOTIATION TEAM

Based on the expertise required to achieve the stated aspiration base and mandate objectives, negotiations will be conducted by the e-auction system.

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