

VIRTUAL BRIEFING SESSION: TENDER DP5746F- CITY OF CAPE TOWN
INDEPENDENT POWER PRODUCER (IPP) PROGRAM FOR EMBEDDED GENERATION
FOR A PERIOD OF 20 YEARS FROM DATE OF GENERATION

DATE: 2022-03-11

TIME: 10AM TILL 12PM

Tenderers started to join the skype link from 09:50am and were given until 10:05 am before the meeting starts.

The Officials present from the COCT was as following:

- Leila Mahomed Weideman : Director Sustainable Energy
- Shane Prins: PM
- Johanette V/D Merwe: Technical special (BEC member)
- Susan Mosdell: Legal Expert (BEC member)
- Ina Nel: (Technical Expert)

- SCM representative (Garth Williams)

SCM representative opened the meeting, indicated the house rules, and indicated that Shane will do the presentation and that SCM will add w.r.t the commercial requirements of the tender document.

Tenderers were also requested to provide the company name and contact details and type it in the IM, which will be part of the minutes of who attended.

He also indicated that questions will be entertained after the presentation and that the presentation and minutes will be circulated to all tenderers as per a notice. SCM official will be controlling and read the questions out and also allow tenderers to ask questions where they are not able to type in the IM or need to provide context and clarity.

He also requested all present to mute their mikes, as we will not be able to hear and follow the presentation.

A count of 257 participants were present the virtual meeting and little to no challenge was experienced during by tenderers and they could hear and see the presentation.

Shane then also indicated that Ina Nell would be assisting with presenting on the technical side of the presentation.

The following tenderers were able to provide their contact details and it has been recorded below:

Garth G Williams:

Tender is advertised for 90days closing 26/05/2022

The PM (Shane Prins), took the tenderers through his presentation covering all aspects of the tender including commercial matter that was relevant and critical for tenderers to be aware. The presentation is an annexure to the minutes and will be distributed to all tenderers via a notice.

After the PM, the technical expert Ina Nell took tenderers through the maps and grid information in detail to assist tenderers to have a vision of what will be required to be quoted on where the information can be accessed.

Head Transmission (Johanette Van der Merwe)

Ina Nell will address all the grid connection matters. Please hold on with these questions until after her presentation

Garth Williams address the issue around PPPFA and the current court judgement and how it will be dealt with going forward. He indicated that the tendering process is going ahead using the 90/10 PPPsystem and that the tender is advertised for 90days and if in this period the are further communication on the matter it will be communicated.

The Two stage system was explained in detail and emphasised that only responsive tenderers passing the first stage (Hurdle) will be provided the information to provide a financial offer that will be evaluated i.e. the 90/10 PPPsystem.

It was also indicated that CPI will apply and that tender must take note of the 6 Eligibility criteria points that is critical to pass the first stage. This was also explained in detail in the presentation.

The PPA forms a critical part of the contract, it was also explained, and it is part of the tender pack

Garth G Williams: Questions will be dealt with at the end of the presentation

Question and Answer session.

Q: Has the City received Treasury approval for this tender?

A: Treasury has not been specifically engaged with regards to the issuing of the tender, but will be consulted as part of the Section34 determination application process

Q: Does "Organic Waste" include Municipal Waste too....

A: Yes, however no proposal that depends on the supply of municipal waste will be considered in this tender

Q: Can rooftops be used?

A: Yes

Q: Where exactly can the map with the substations and available capacity be found, not visible on the online portal?

A: Ina has supplied all allowable information, and made this available on the open data portal

Q: POC must be able to absorb the power, without upgrades to the POC?

A: Ideally yes. However, tenderers will be allowed to submit a proposal that includes carrying the costs of upgrades if so desired

Q: Any timeline for Financial Evaluation?

A: As per presentation attached

Q: Is CoCT of the view that a section 34 ERA determination is necessary for the CoTC to undertake the procurement. Note s34 was introduced to give DMRE power to undertake IPP programme and impose must buy obligations on buyers; it was not designed to be a gatekeeper to prevent organs of state to undertake procurement programmes of their own (without DMRE credit support).

A: City will apply for a Section34 determination

Q: Any credit support through ring fencing of CoCT revenue accounts?

A: Credit support mechanism being proposed is an escrow account funded by the City

Q: Will you be able to provide us with the list of land available from the site or who can we can contact for access the list of available properties

A: Tenderers need to engage with the Property Management Department to acquire or lease land

Q: Is CoCT advised by any external advisors who will be conflicted from acting for Bidders/lenders/Contractors?

A: No

Q: In the instance where spare breakers are not available and we need to consider the panel extension, new building or other requirements to accommodate connecting to the City is that cost to be covered by bidder or the City

A: Bidders to carry all network upgrade costs

Information where land question can be accessed:

PropertyManagement_Applying to buy or lease land.pdf (capetown.gov.za)

Q: If we do not have an eligible project now, what will future stages look like in terms of project requirements?

A: The City is planning to embark on follow-up bid windows, depending on the interest received from the market now.

Q: Will the City buy as produced or agree on "take or pay"?

A: The City will buy whatever is produced by the power plant, as per PPA

Q: Tender is subject to change in policy - how is CCT evaluating risk of cancellation?

A: Not clear what is asked for here. There is no intent to cancel this tender.

Q: Is the overall cap 200MW or 300MW?

A: 200MW

Q: Will there be any guarantees for the PPA?

A: No sovereign guarantees. The City is proposing an escrow account as credit support mechanism

Q: How will the 80% risk guarantee for the cost estimate work?

A: The City guarantees that accuracy level in terms of the CEL.

Q: There is a restriction on back feeding into Eskom grid. Do you think this will change in the foreseeable future? i.e. during the term of 20 years.

A: *Possibly yes.*

Q: For the 5MW lower limit. Is this the constant requirement or can this take into account a varied profile provided by a solar system.

A: *5MW peak AC output is the minimum requirement*

Q: Do you have a targeted number of energy plants/or capacity in MVA you are looking to connect? Or number of IPP companies you want to select?

A: *200MW is limit*

Q: Question: are there any local content requirements for Main Equipment such as solar panels

A: *No local content requirements at this stage. The City is procuring electrons and does not intend to prescribe to the bidders.*

Q: The first phase asks for technical information only, however the RFP asks for a full response. Can the City stipulate the sections that need to be provided during phase 1?

A: *This will be communicated asap.*

Q: Will the City assist to make the EIA much quicker and easier?

A; *No*

Q: RFP document makes reference to MWp AC. Does this mean Nameplate Capacity (MWp) or Contracted Capacity (MWac)?

A: *The AC output of the plant*

Q: Can we use multiple roof tops to reach 5MW to install solar to instead of land?

A: *Yes, but the City needs a proposal that refers to a single POC*

Q: I am placing my question again - maybe it was missed....'Does the Boimass include Municipal waste and how would the supply of waste and building on the Waste dump Sites work??'

A: *All proposals that depend on the supply of feedstock from a City department will not be considered*

Q: Will there be any indication given by the City for grid estimate costs for a specific POC, prior to submission of round 1?

A: *No*

Q: Please also let us know about the local content requirement.

A: *See above*

Q: The process to purchase / lease city land has been provided. How long does this process take?

A: *Please liaise with Property Management Dept*

Q: How firm does the PPA price need to be if the final price will only be considered in March 2023 and the final negotiated price in December 2023

A: *Price needs to be firm in that the City will not consider an increase in bid price*

Q: How does the new amendments Bills to ERA 2006 and Electricity Pricing Policy affect the process of this RFP?

A: *It does not*

Q: Is it possible to submit a proposal consisting of multiple sites (adding up to more than 5MW) but connecting to the grid at different points?

A: **No**

Q: Will further phases of the program include wheeling to CoCT network?

A: **Yes**

Q: Can you change/replace major equipment make & supplier anytime during the PPA 20yrs ?

A: ***Winning bidders can run their plant as they see fit***

Q: Can the project be sold after signing of PPA but before FC?

A: **Not without agreement from the City.**

25. CHANGES IN CONTROL

From the Signature Date, the Seller shall procure that there is no Change in **Control** in the Seller (or in any company of which the Seller is a subsidiary), unless such Change in **Control** has been approved in writing by the Buyer, which approval shall not be withheld unreasonably.

Q: Can the project be sold after Preferred Bidder?

A: **See above**

Q: Requirements for storage/dispatchable energy is not very clear. How will this be evaluated or considered? Opportunities for arbitrage exist but won't work at a fixed rate? Especially considering the fact that RE will worsen the evening peak. I am assuming CCT pays TOU to ESKOM, so it could be viable to have storage available in some areas during evening peaks

A: ***Bidders are to submit proposals that are technically sound and financially feasible.***

Q: Is there a period post COD where re-financing or a change of ownership is not allowed?

A: **See above**

Q: Will CoCT assist at a National level with accelerating development regulatory issues e.g. SPULMA and SALA approvals for Ground Mounted PV suitable projects

A: **No**

Q: The installation size required in Section 5.9 - For solar installations MWp is DC and MW is AC capacity. Requesting MWp (AC) therefore does not make sense. For solar - Is MWp or MW requested?

A: ***The peak AC output of the power plant***

Q: Does the storage solution also need to be proven at utility scale?

A: **Yes**

Q: Are you open to bids that also include a demand response / flexibility component?

A: ***Not as part of this tender, but may be applicable to the dispatchable energy tender to be launched at future date***

- Q: Can a project be made up with a generating plant in one location plant and a storage plant in another location
A: ***One single POC is required***
- Q: Do we choose the site. Surely you must tell us where you want the installation. We would choose
A: ***Bidders select their own sites and POC***
- Q: Is it possible to submit two alternative technical proposals? E.g. 1) solar + batteries, 2) solar + wind
A: ***Yes, these will be assessed individually***
- Q: When are submissions for stage 1 and stage 2 due. In other words is stage 1 due on the 26th May 2022 only?
A: ***Yes***
- Q: One of the answers specified that the PPA price provided during phase 1 is firm and can only reduce. However, you earlier indicated that phase 1 does not need any financial submissions of which the tariff is a component. Could you please clarify? How is this required before CEL issuance?
A: ***Financial proposal is only required at Stage 2, after the CEL has been issued***
- Q: Will the city take over the plant at the end of 20 years PPA period
A: ***No***
- Q: For floating technologies, can we have contacts of TNPA/Relevant Authority from which we can have access to Marine Area for the facility.
A: ***The COCT does not have this information and the tenderer to obtain this.***
- Q: One of the requirements of the Tender is track record. Is the Tender open for New Technologies in principle as well?
A: ***New technology can be considered by the .***
- Q: In the feedback, please share what returnable are specifically due together with the technical proposal for stage 1 please.
A: ***This will be communicated asap. For stage1 only the “technical” details are required***
- Q: When does the City expect to have clarity on the outstanding authorisations from National Govt i.e. ERA S34 and MFMA S33?
A: ***We are engaging DMRE on the S34 determination. This will not delay this process***
- Q: Does the small guy like me that installs residential only stand a chance with the guys that are well established? Can i get a outside EPC to assist.
A: ***Submit the bid and participate in the tender process***
- Q: Jose, tariff for RE electricity cannot be linked to Eskom Tariffs.
A: ***We are using the Eskom tariff as a benchmark. Any bids that exceed the Eskom tariff will not be considered***
- Q: Thank you everyone. In terms of curtailment of supply to the city, how will this be handled?
A: ***Curtailment is covered under the PPA. Please reference the PPA document***

Q: Just to confirm that the minimum supply from any IPP will be 5MW. Sorry came on a little late

A: **Yes**

Q: Just to be clear, we are only required to submit only one tariff? Not 3 like the megaflex standard, peak, offpeak tariffs?

A: **Yes**

Q: Is there a council resolution approved to put out this tender? If so is their a Vote number that is approved by Loacl, Provincila and national legislature and what is the approved budget forecast over the 20 year period? What are the guarantees that the city of Cape Town offer to secure the investment?

A: **No guarantees. Budget is provided, as the City would be paying Eskom anyway**

Q: Sorry just to confirm again, curtailment is not covered under deemed energy payment?

A: **It depends on where on the network the plant connects. If at main substation level, interruption of supply can lead to deemed energy payments.**

Q: Kindly provide three most pertinent tips...on how to increase our chances to be successful in preparing the applications for the tender

A: **Submit a bid and meet the eligibility requirements and ensure to be competitive with your price.**

Q: Will the tariff apply to the High / Low, Peak, STD and off-peak or is there another wheel that determines this breakdown

A: **Single price offer requested from the market**

Q: Would a rooftop-exported power be considered?
if 5MW+

A: **Yes**

Q: **RFP Clause 2.1.5.1-** This clause also states that "The City also reserves the right to only appoint a single bidder for any single Eskom in-take point, in the event that more than one bidder, deemed responsive, intends to connect to networks supplied from the same in-take points."- Kindly help to clarify what does this exactly mean and how will this be decided as to which responsive bidder is given the preference?

A: **Differentiation on scoring. If not possible to connect both to same POC, highest scorer is selected.**

Q **RFP Clause 2.1.7 & 8** States that tenderers must be registered on CCT supplier database & on National treasury web based central supplier database upon a written request- any timeline as to by when the bidders need to be registered on these databases? Will it be only for successful bidders? Further, what happens if a successful bidder or JV form a Special Purpose Vehicle (SPV) to execute the PPA? Will the SPV also needs to be registered separately?

A: **Do business with the COCT and Government as a whole tenderers must be registered on the National Treasury Database and the COCT database. Tenderers still have time to register.**

- Q:** **RFP Clause 2.2.1-** it states that “The combined total generation capacity for all technologies to be awarded under this tender will be limited by National Government/NERSA at the time of award, but will not exceed a total of 200MWp AC”- Just for confirmation purpose, this 200MWp capacity is AC and NOT DC.
- A:** **AC**
- Q:** **RFP clause 2.2.1-** Eligibility criteria- Apart from the criteria points mentioned here, are there any other eligibility criteria or good to have points? For eg track record, net worth etc
- A:** ***See functionality under Section13 (Scope of Work)***
- Q:** **RFP Clause 2.2.1.1.8- Point 4-** “Peak output of power plant, irrespective of technology, per point of connection is equal to or greater than 5MWp AC”- kindly confirm that for solar power plants & in order to meet this criteria, what should be the minimum installed capacity?
- A:** ***The City wants to contract for a minimum of 5MW peak AC output***
- Q:** **RFP Clause 2.2.12.1** -submitting a tender offer- Can a bidder submit multiple separate bids if it has multiple project sites with different connection points?
- A:** ***Yes, but one POC per project***
- Q:** **RFP Clause 2.3.3.2** states that “Announce at the meeting held immediately after the opening of tender submissions, at the closing venue as stated in the General Tender Information, the name of each tenderer whose tender offer is opened and, where possible, **the prices and the preferences indicated**”- request to please elaborate what prices and preferences are referred here?
- A:** ***No price can be read out as this is a two stage tender process being followed.***
- Q:** **RFP Clause 2.3.4.2: Two-envelope system:** Is there any tentative time-line that CCT will follow to evaluate the technical bid. Is the financial bid also required to be submitted along with the technical bid? Or will it be decided after technical evaluation? If yes, is there any timeline for this? We seek clarification on this because **Clause 2.2.12.5** states that “Where a two-envelope system is required in terms of the tender conditions, place and seal the returnable documents listed in the tender conditions in an envelope marked “financial proposal” and place the remaining returnable documents in an envelope marked “technical proposal”; while **Clause 2.1.5.2.1** states that “The CCT shall invite all responsive tenderers to submit final tender offers in the second stage, including a financial offer, following the issuing of a grid connection cost estimate.”
- A:** ***Financial offers only required at Stage 2.Presentation has estimated timelines.***
- Q:** **RFP Clause 2.3.10.1.2** states that “for Evaluation purposes only, the effects of the relevant contract price adjustment methods will be considered in the determination of comparative prices”- Request you to please elaborate more on this method and when will the various methods as mentioned in this clause be finalized?
- A:** ***The price adjudication mechanism is detailed in the tender document***
- Q:** **RFP Clause 2.3.10.3.1** mentions that “The maximum R/kWh rate the City will pay for electricity under the PPA will be limited to the equivalent of the prevailing Eskom Transmission local authority tariff applicable to the City at the time of award, including all kWh-based levies. These representative tariffs will be determined by the City and communicated to all bidders.”; could you please confirm a timeline by which this tariff be announced for the bidders? Will this be shared before 26 May 2022?

A: Yes before end March

Q: RFP Clause 2.3.10.3.1- This clause under point 3 states that “The R/kWh impact of the operation of the power plant on the network technical losses will be determined prior to the issuance of the cost estimate letters, and should be taken into account during the determination of the offered price by the tenderer.”- Request to please confirm the timeline for receiving this information.

A: CEL issued after advancing to Stage 2

Q: Schedule 1: Certificate of authority for partnerships/ JV/ Consortium: Pt 2.2 requires giving bank account information of the lead partner where CCT will make the payments- Pls confirm if it is allowed to change/ update these details before PPA signing in case a SPV is formed for PPA execution.

A: During evaluation it must be clear who is the lead partner and their particulars.

Q: Schedule 2: Declaration for procurement above R10 million: Request to please confirm if the “transaction” referred here means the total procurement of all goods & services or to single procurement transaction of either a good or a service.

A: We are referring to a single contract to purchase energy here.

Q: Schedule 11: There is no schedule 11 in the RFP document, thus confirming if it's a typo error.

A: Schedule 11 is not applicable as it speaks to Rate of exchange which

Q: Schedule 15: Project generation information: Kindly help to confirm if the bidders need to provide the names of EPC player/ sub-contractor/ good suppliers at this stage?

A: No

Q: Volume 3- Draft contract (7) special conditions of contract- Point 3.5.1 states to provide certain documents such as Insurance etc to the purchaser prior to the “issuance of the order”- kindly help to clarify what is meant by this “issuance of order”- does this mean before PPA signing?

A: Yes

Q: Volume 3- Draft contract (7) special conditions of contract- Point 7.1- states that “Each Bidder shall provide the City with a single Bid Guarantee (in Rands) in an amount equal to R50 000 (fifty thousand Rand) per MW of the nameplate capacity of the proposed Facilities for the Project in respect of which that Bidder submits that Bid Response once invited into the second round of tendering.”- Kindly confirm if this a bid guarantee or a project performance guarantee.

A: It says “Bid Guarantee”

Q: Specifications (13), point 2.1- scope of work- states that (page 83) All low carbon generation technologies will be considered, inter alia:

Solar PV

Wind

Organic Waste to energy

Any of the above combined with storage

Any other competitive, low carbon technology

Kindly help to give some examples of “other competitive, low carbon technology”.

A: Bidders to please conduct own research

Q: **PPA clause 4.6-** construction obligations- The Seller shall Commence and Continue Construction of the Facility within one hundred and eighty (180) days of the Effective Date.; however clause 3.2 of conditions precedent states that “The Parties shall each use all reasonable efforts to cause the Conditions Precedent listed in Clause 3.2 (*Conditions Precedent*) for which it is responsible to be satisfied within twelve (12) Months after the Signature Date.”- There seems to be some mis-match here- how can the construction begin within 180 days if all the required permits or licenses are not achieved.

A: City will address this and communicate with the market

Q: **PPA Clause 5.5.5.1.2** states that “if the Achieved Capacity, as re-assessed, remains equal to or greater than the Minimum Acceptance Capacity but less than the Contracted Capacity, then clause 0 shall then apply”- kindly confirm which clause shall apply? Clause 0 seems to be an error.

A: City will address this and communicate with the market

Q: **PPA clause 9.4-** It states that “The Buyer shall, within 30 days after the Commercial Operation Date, deposit with a registered commercial bank offering escrow account services, an amount equivalent to an **agreed period** equivalent energy charges based on the Contracted Capacity, for holding in an escrow account subject to agreed terms and conditions to serve as a credit support facility.”- kindly help to confirm what will be this agreed period? Will the CCT will have any other payment guarantor such as the Govt. of South Africa under this PPA?

A: Agreed period to be determined. No other guarantees.

Q: **PPA clause 10.3.2 & 10.3.4** - There seems to be some error in reference to clause for testing & inspection, it says “error! Reference source not found”.

A: City will address this and communicate with the market

Q: **PPA clause 16.9-** it states that “If, during any twelve (12) month period commencing on 1 April, the cumulative duration of Force Majeure events or their consequences, each of which event lasts twenty four (24) hours or longer, **exceeds sixty (60) or more days**, the Seller shall be entitled to an extension of the Term and/or other relief from the Buyer”- pls help to clarify what happens in case such an event if more than 24 hours but less than 60 days?

A: Then the seller is not entitled to bring a claim

Q: **Technical standard document- clause 8.2.2- Embedded Generation for less than 5MWac-** Please confirm from which document we will collect all respective protection, Supervision, and other grid compliance for solar plant capacity more than 5MW.

A: Same document

Q: **Technical standard document-** Billing & back-up meter- request to please confirm the location of monthly billing meter & backup meter for solar plant.

A: At POC

Q: **Technical standard document-** Solar PV inverter- kindly confirm if any specific Inverter certificate requirement for project to be submitted at stage 1.

A: No

- Q: **Technical standard document- appendix A- page 43-** Please confirm that any Solar power plant capacity of more than 5MW needs to consider sheet 8 SLD shown.
- A: Not clear what the question is. EEB705 needs to be adhered to by all bidders
- Q: Other technical queries: Kindly help to confirm if we should use the latest versions of the SA Transmission, Distribution & Renewable Power Plants Grid Codes (as updated in January 2022) and the BESF Grid Code (dated 14/10/2021) or continue to use the older versions?
- A: Latest. These power plants will only be connected to the grid in a few years' time.
- Q: Just for confirmation purposes, besides the National and international Standards, does the CCT have any of their own standards and guideline documents related to design, application, and equipment to be used in the CCT supply area that we should be aware of?
- A: **Please reference EEB705 issued with the tender**
- Q: The status of the reference document for "CCT QoS Specification, Operation Procedure Manual, Grid Connection Equipment and DUoS" is currently 'Under development'- by when can we expect this document to be released?
- A: **This will be released before the closing date**