Maqhashiya Solar Home System Project

Department: Contracts Management

Presented by: Akani Masinge

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Purpose of the presentation

- Explain Eskom’s contracting and pricing approach for the Maqhashiya Solar Project tender.
- Clarify the pricing submission requirements and the high-level evaluation approach.
- Align tenderers with the NEC3 contract framework and Eskom’s commercial expectations.
- Reduce the risk of incomplete pricing, unsustainable rates and post award disputes.

Contracting Strategy

- **Form of contract**
- NEC3 Engineering and Construction Contract (ECC).
- **Pricing mechanism**
- Main Option A: Priced Bill of Quantities.
- **Project requirement**
- Electrification of 60 off-grid connections at Maqhashiya Village using Solar PV.
- **Duration**
- Estimated construction period of 3 months and 15 days, followed by 12 months post installation maintenance.
- **Contract options**
- W1 dispute resolution, together with X2, X7, X15, X18, X19 and Z additional conditions of contract.

Contract Scope Boundaries

- **The Contractor is responsible for:**
- Competent supervision, labor, equipment and the required materials, except for Eskom free issue material.
- Site management, coordination and day-to-day control of the works.
- Compliance with applicable health, safety, environmental and quality requirements.
- Tools, equipment, housekeeping and protection or rehabilitation of disturbed areas.
- Completion of the Solar PV installations and a further 12 months of post-installation maintenance.
- **Eskom free issue material includes:**
- Wooden poles, concentric cable, meters and pole top split meter boxes.

Pricing Strategy: Evaluation

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Basis of evaluation:

- The tender price will be evaluated against a fully priced Bill of Quantities.
- Rates must be realistic, sustainable and capable of supporting delivery for the full contract period.

Tendered rates should cover:

- Labour costs and statutory employment obligations.
- Supervision, overheads and profit.
- Health, safety, environmental, quality and other compliance costs.
- Supply and transport costs, excluding the identified Eskom free issue material.
- Any special pricing assumptions or additional allowances (if there is any) must be clearly disclosed in a separate pricing notes sheet; otherwise, Eskom will deem them to be included in the tendered rates.

Tender Submission: Pricing & Compliance Rules

Complete the pricing schedules in full:

- Do not leave blank items, as incomplete pricing may affect tender compliance.
- Where no charge applies, use a dash or R0,00 rather than “N/A”.

Prepare prices consistently:

- Calculate rates from net costs excluding VAT.
- State all prices in South African Rand.
- Tenderers are required to verify and price each BOQ item in accordance with the specified unit of measure.

Evaluation Methodology (High-Level)

- Tenders will be evaluated in stages in accordance with Eskom's procurement procedures, including:
  - Compliance with all conditions and requirements of the tender.
  - Acceptance of the applicable NEC3 contract terms and conditions without unauthorized amendments.
  - Technical competence and the supplier's capability to successfully execute the works.
  - Compliance with Health, Safety, Quality and Environmental requirements.
  - Evaluation of the tendered price at the final stage, subject to the tender meeting the preceding requirements.

Evaluation Methodology (High-Level) Continued…

- Tenderers are cautioned against:
  - Leaving BOQ items blank or inserting “N/A”. Where no charge applies, tenderers must insert a dash or R0,00.
  - Amending NEC3 contract conditions.
  - Submitting conditional pricing or undisclosed pricing assumptions.
  - Using unrealistic, excessively low or unbalanced rates.
  - Failing to follow the tender instructions or submit the required supporting information.

Key Message:

Price is important, but only tenders that are complete, compliant and technically capable will proceed to price evaluation. The lowest price does not guarantee contract award; Eskom seeks realistic, market related, commercially sound and sustainable rates that support successful delivery throughout the contract period.

Managing the Contract After Award

Performance focus

- Safe delivery and continued statutory compliance, including construction regulations, tax compliance,
- COID and BBBEE requirements.
- Quality of workmanship and completion of the 60 Solar PV connections.
- Effective delivery of the 3.5 months construction period.
- Commercial conduct that is consistent with the NEC3 ECC.

Formal communication

- Contractual notices, instructions and communications must follow the NEC process.
- Informal discussions should not be relied on as contractual or commercial instructions.

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Thank You