

CPA in Eskom

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What is CPA?

- CPA is a mechanism used to track the movement of a contractor's costs over the Contract period to provide reasonable reimbursement for price fluctuations.
- CPA determinations are calculated using a pre-determined formula based on the assumed cost drivers of a particular product or service and a recognised index-based system which tracks those cost movements over a period of time.
- Prices will be fixed for first year and thereafter CPA will apply from anniversary of contract onwards.
- Separate CPA invoices are submitted for each base invoice once CPA applies ie CPA is not a price increase updated on the contract but rather a price adjustment based on the movement in the applicable index vs the base index
- Price schedules cannot be amended. If there is query regarding formulae or anything, please contact Julitha and Finance team will attend to it.

- 15% Fixed Portion minimum (ie can be more eg 35% Fixed)
- Balance (e.g. 85%) makes use of relevant indices
- Sum of indices adds up to 100%
- No in-house indices allowed
- Proposed indices must be reflective of cost structure
- First year prices are fixed
- Final applicable CPA formulae may be negotiated with successful tenderers
- Only contracts longer than 12 months are eligible for CPA
- Calculated at anniversary
- CPA invoice to be separate from the main invoice
- Prices for Software and Front and Rear projections will be fixed, CPA will apply to Maintenance.

Simple example of a cpa formula

	Description	Source	Table	Weight
1	Labour	seifsa	C3	30%
2	Transport	seifsa	L2(a)	15%
3	Material	seifsa	U	40%
4	Fixed			15%
	Total			100%

