

	Invitation to Tender/ Request for Proposal	Document Identifier	240-114238630	Rev	23
		Effective Date	21 February 2025		
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ANNEXURE E

CONTRACT PRICE ADJUSTMENT (CPA) REQUIREMENTS FOR LOCAL GOODS AND SERVICES.

The application of contract price adjustment (CPA) to tender submissions

Note: This Section will not be applicable to Professional services contracts (See relevant section hereunder for guidelines on this).

1. Application of CPA

- CPA will kick in after sixteen (16) months from the base date (base date being one month prior to enquiry closing).
- If the period in duration from the base date to the contract end date will be less than or equal to 16 months, a fixed priced offer must be submitted.
- For contracts with a duration of more than sixteen (16) months from the base date to contract end date, CPA will not be applicable for the first sixteen (16) months as stated. CPA will then only be applied from month seventeen (17) onwards from the base date.
- Failure to propose a contract price adjustment, or submit a CPA formula with the tender submission, will result in the pricing being considered fixed if confirmed so by the tenderer or the Eskom proposed CPA being adopted.
- Eskom will not accept Rate of Exchange adjustment to be included in any CPA formula.
- Local indices may not be used for CPA purposes for any imported component.
- There must be separate CPA formulae for local and foreign CPA. Local and foreign escalation may not be combined into one formula.

2. Tender Submissions

Eskom Proposed CPA breakdown for Local Goods and Service

Index Reference	Proposed portions/Weightings of each index	Description of Index	Full Title of Index as published	Source Publisher of Index	Base Month	Base Price/Base Index Figure
Table C2 - Intermediate manufactured goods	85%	Intermediate manufactured goods	Statistical Release P0142.1 - Producer Price Index	Statistics South Africa	To be aligned to enquiry document	As per applicable statistical release
	15%	Fixed portion not subject to CPA				
Total	100%					

Note: Tenderers to take note that, if the Eskom proposed CPA breakdown is not populated, they are required to refer to the Pricing Schedule in the NEC or other Contract or standalone Pricing Schedule for Eskom's proposed CPA breakdown.

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Eskom CPA Conditions/Requirements

- Tenderers are required to submit CPA that is aligned to Eskom's proposed CPA breakdown in this Tender; or Tenderers may submit an alternative CPA proposal from Eskom's CPA proposal, and this will be considered if deemed acceptable to Eskom;
- Failure to propose contract price adjustment, or submit a CPA formula with the tender submission, will result in the pricing being considered fixed if confirmed so by the tenderer or the Eskom proposed CPA being adopted.
- A minimum of 15% of the total agreement value is to be fixed when a CPA formula is applied,
- Each CPA formula must add up to a final total of 100.
- Only official published CPA indices that are in the public domain must be used.
- No in-house indices may be used for CPA.
- There may be more than 1 CPA formula (Formula A, B, C etc) or a combination of all the cost components into 1 Formula (depending on how the pricing is to be submitted).
- If there are specific line items for Labour and Transport, individual Formulae might be used.

Note: Eskom reserves the right to negotiate CPA terms and conditions during negotiations held with tenderers.

3. BASE DATE AND BASE PRICE

- In instances of indices or other references published monthly, the Base Date is to be the month before the month in which the tender closes.
- In instances where the reference figures, e.g. market prices, are published daily or at intervals more than once a month; then the average for the month before the month in which the tender closes should be used as the Base Price.

4. CPA FOR PROFESSIONAL SERVICES

- The preferred index to be used for adjusting these agreements is the country specific CPI Headline index.
- The price adjustment factor will be effective from each contractual anniversary of the contract date. This must be the average of the country specific CPI Headline index figures published for the last twelve-month period (cycle) ending before the contract anniversary date.

OR

Closing date of tender:	
Name of tenderer:	
Full names of authorised signatory:	
Signature:	
Date of signature:	

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