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PROPOSAL SUBMISSION TIME: 11:00

**THE REPUBLIC OF SOUTH AFRICA DEPARTMENT OF PUBLIC WORKS AND
INFRASTRUCTURE SUPPORTED BY: GOVERNMENT TECHNICAL ADVISORY
CENTRE**

**REQUEST FOR PROPOSALS FOR THE INTEGRATED RENEWABLE
ENERGY AND RESOURCE EFFICIENCY PROGRAMME**

PROGRAMME INFORMATION MEMORANDUM (PIM)

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DISCLAIMER

The information contained in this Project Information Memorandum (“PIM”) document is for reference purposes only. The information and terms and conditions contained in the Request for Proposals (“RFP”), the PPP Agreement and its Schedules issued to the Bidders shall be binding upon the Bidders. In case of any conflict between the PIM and the RFP and the PPP Agreement and its Schedules, the information in the RFP and the PPP Agreement and its Schedules, shall prevail.

This PIM does not purport to be all-inclusive or to contain all of the information that a Bidder may consider material or desirable in making its decision to participate in the bidding process. No representation or warranty, express or implied, is made, or responsibility of any kind is or will be accepted by the Department of Public Works and Infrastructure (“DPWI” or the “Department”), or National Treasury’s Government Technical Advisory Centre (“GTAC”), the Government of the Republic of South Africa (“Government”) or any its departments, agencies or state-owned entities, with respect of the accuracy and completeness of the information contained in this PIM.

The DPWI or GTAC may amend or replace any of the information contained in this PIM at any time, without giving any prior notice or providing any reason. In furnishing this PIM, the DPWI or the GTAC or the Government or any its departments, agencies or state-owned entities undertakes no obligation to provide recipients with access to any additional information, or to update, or to correct any inaccuracies which may become apparent in this PIM or any other information made available in connection with the Integrated Renewable Energy and Resource Efficiency Programme. Additional information shall be provided at appropriate times during the procurement process by way of briefing notes.

No person has been authorised to give any information or make any representation not contained in this PIM and, if given or made, any such information or representation may not be relied upon as having been authorised by the DPWI or the GTAC or the Government or any its departments, agencies or state-owned entities. This PIM does not constitute a solicitation for responses and is for information purposes only. Solicitation of responses and the procurement process shall be prescribed in the RFP provided separately as part of the procurement documents.

PURPOSE OF THE PIM

The purpose of this PIM is to provide general information to interested parties on the assessment of the Integrated Renewable Energy and Resource Efficiency Programme and related aspects of the procurement process to be initiated by the issuance of the RFP. Information contained in this PIM shall provide an overview of the project development and its related aspects for reference purposes and information contained herein may be put to use, subject however to the prospective bidders’ own discretion and conduct of due diligence.

1. INTRODUCTION

1.1 Context

The Department of Public Works and Infrastructure (“DPWI”) is the largest property owner in South Africa, with over 92 000 facilities that cover 37 million square meters.

The Department’s large property portfolio is a substantial consumer of utilities and represents the largest combined consumption of utilities at national government level in South Africa. A study done in 2019 estimated that the DPWI consumes approximately 4 021 Gigawatt hours (“GWh”) of electricity, 39 million kilolitres of water, and produces 822 thousand tons of waste, equating to electricity, water and waste management expenditure in excess of R6,0 billion per annum.

Since 2007, the country has been plagued with various challenges related to electricity and water security, and the country faces a looming landfill crisis.

Leveraging its market position and catalytic role in the property sector, the DPWI developed a Green Building Framework in 2011 followed by a Green Building Policy in 2015. The Green Building Policy sets out the DPWI’s objectives in relation to green buildings and greening the economy through buildings that are owned, operated and leased by the DPWI. Having already started on the journey to reduce the environmental impact of the Department’s property portfolio, including through initiatives to reduce energy and water consumption within state properties, the Green Building Policy is a further milestone in the South African government’s trajectory towards green buildings and a green built environment, while supporting South Africa’s on-going local and international commitments, including the Green Economy Accord, the National Development Plan, the National Energy Efficiency Strategy, etc.

The Green Building Policy sets out the principles by which DPWI seeks to develop, maintain and operate its property portfolio while reducing its impact on global warming and climate change, including the impact of lighting, heating, and cooling systems on carbon emissions. While doing so, the Green Building Policy also seeks to lay the foundation for the development and operate sustainable green buildings that will:

- mitigate climate change and adapt to the impact of climate change;
- minimise harm to the natural environment and maximise the ecological function of the landscape;
- generate economic upliftment for public buildings; and
- create opportunities for green jobs, up-skilling, training of participants and the development of improved working and living conditions.

Between 2010 to 2019, the property sector has experienced a substantial increase in municipal charges, with this cost category growing faster than any other operating cost category, and more than doubling from R18.16 per square metre to R36.97 per square meter. These large escalation in municipal charges have largely been driven by increases in electricity, water and waste tariffs. By 2019, electricity alone had increased so much that it made up 30% of total operating costs of a general office building portfolio.

With the rapid increases in electricity, water and waste tariffs consistently outpacing inflation and their impact on the operating costs of the DPWI's property over the past couple of years, the challenges with electricity; water and landfill security of supply, and in line with the Green Building Policy, the DPWI is consistently considering various options to optimise resource efficiency, including considering options like embedded renewable energy and utility demand side management that has seen consistent cost decreases in recent years.

In between 2016 and 2018, the DPWI conducted various utility audits across more than 1 128 DPWI facilities. The results of these audits highlighted that there was inefficient consumption of electricity and water across various DPWI facilities when compared to industry standards. The identified inefficiencies in utility consumption coupled with the increasing cost of utilities while alarming for the DPWI, has also been identified as an opportunity to improve resource efficiency at DPWI facilities while improving utility governance, enhancing security of supply, improving budget sustainability, promoting economic development, and achieving environmental sustainability. It further gives impetus to the implementation of the Green Building Policy in an accelerated fashion that will see the Department leading the transition of South Africa's property sector into a sector that embraces green building concepts and is a leader in driving South Africa's net zero ambitions.

In 2019, in line with the results of the utility audits, the Green Building Policy and the DPWI's role as the largest South African player in the property and construction sectors, with a core mandate to provide suitable accommodation to User Departments in support of their service delivery objectives, the DPWI supported by the Government Technical Advisory Centre ("GTAC"), completed a Feasibility Study and developed the Integrated Renewable Energy and Resource Efficiency Programme ("iREREP" or the "Programme") that is focussed on implementing renewable energy; energy efficiency; water efficiency and waste management projects at government facilities in order to achieve the objectives of the Green Building Policy.

The iREREP is a strategic programme for the Department and was officially gazetted in terms of Section 8(1)(a) read with Section 7(1) of the Infrastructure Development Act, as amended, 2014 (Act no. 23 of 2014) (the Act), the Presidential Infrastructure Coordinating Commission as Strategic Integrated Project ("SIP") 28: PV and Water Savings on Government Buildings Programme.

1.2 Enhancement of the utilities management business model

Historically the DPWI has primarily sourced its utilities from a single supplier as indicated in Figure 1, and there has been some limited roll out of energy and water efficiency initiatives at DPWI facilities.

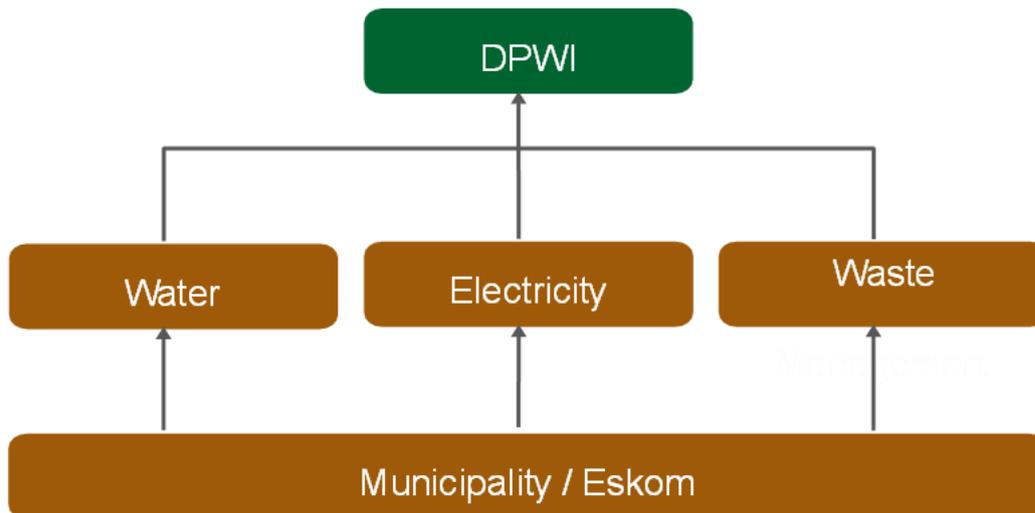


Figure 1: Previous business model used by DPWI

The historical limited roll out energy and water efficiency initiatives utilising the shared savings business model has achieved mixed results and has not yet led to the broader transformation of the DPWI building portfolio into a green building portfolio due to various challenges. Challenges encountered so far have included trust and scepticism at user level, low levels of awareness and information about the proposed resource efficiency models, issues with measurement and verification, lack of financing for resource services, non-standardised contracts, historically low energy prices, etc.

As part of the Feasibility Study undertaken by the DPWI with the assistance of GTAC, the current model utilised to source and manage utilities was reviewed and various options to fully support the rollout of the Green Building Policy, while catalysing the green building and resource services sector in South Africa were explored.

The Feasibility Study concluded that:

- the current costs paid by the DPWI for utilities under the current single source model exceeds the cost of various other supply sources and demand side management options;
- the costs of various embedded renewable energy and resource efficiency options were specifically identified as attractive options to consider including into a potential new utility multi-source model that would also have a more pronounced emphasis on demand side management and resource efficiency initiatives for the DPWI; and
- the current size of the DPWI building portfolio and levels of consumption of electricity and water across this portfolio makes it viable to anchor a large-scale programme that in addition to supporting the transformation of the Department's property portfolio, can also catalyse the green building market and green building concepts for South Africa as a whole.

Based on the above key findings, the Feasibility Study recommended the setup of an Integrated Renewable Energy and Resource Efficiency (water efficiency, energy efficiency and waste management) Programme ("iREREP") to be rolled out with the support of a dedicated institutional mechanism, to be setup within the Department, that leverages the concept of a Super ESCO and other international institutional mechanisms that have been

utilised to support the roll out of energy efficiency, water efficiency and renewable energy in government facilities.

The inclusion of these alternative supply and demand side solutions as part of the iREREP are expected to result in the following impacts over a 30-year period:

- a reduction in energy use intensity at DPWI buildings by between 22% and 45% and achieving savings of 22 355GWh through Existing Building Commissioning (“EBx”), Standard Retrofits and Deep Retrofits;
- a water use intensity reduction of between 30% and 55% and saving more than 904 million kilolitres;
- a 50% reduction in waste to landfill and 15 million tons of waste recycled;
- contribute more than R253 billion to green economy investments;
- upskill more than 475 000 people;
- contribute to more than 503 000 jobs years; and
- reduce greenhouse gas emissions (GHG) by over 54.5 megatons.

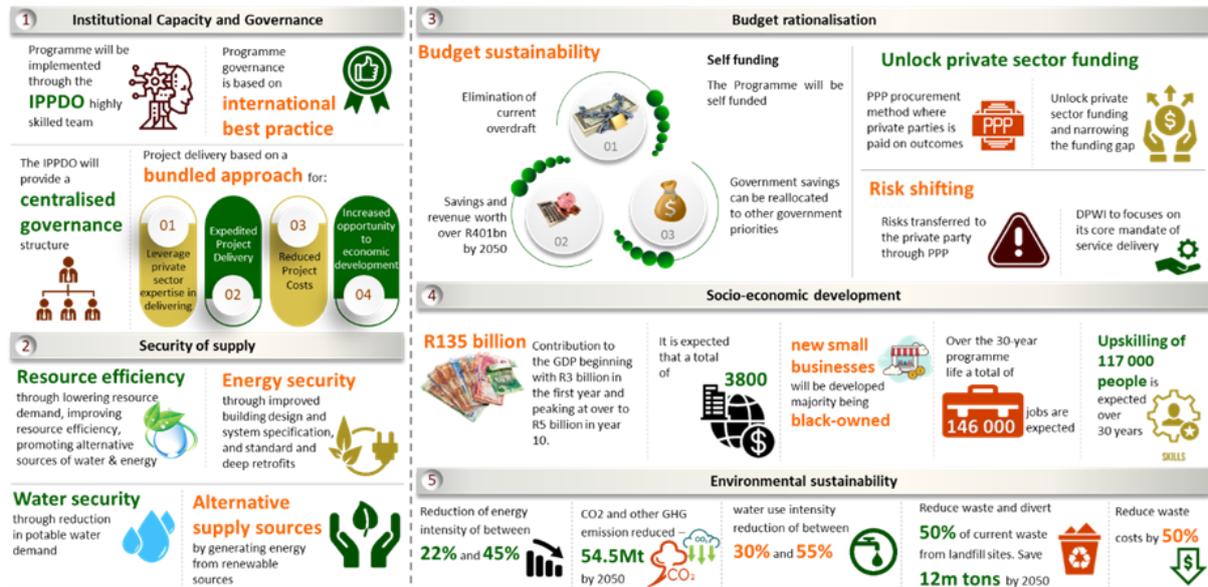
The iREREP is considered a key strategic programme, evidenced by the Programme being officially gazetted as SIP 28: PV and Water Savings on Government Buildings Programme.

The Programme can be utilised to propel South Africa along an environmentally sustainable path in a manner that:

- fuels economic growth;
- develops skills and creates new employment opportunities (focused on women and youth);
- enhances human health and welfare;
- contributes to South Africa fiscal reforms and ensures budget sustainability; and
- contributes to solving the country’s current energy challenges and increasing security of supply.

1.3 Key programmatic themes

The below snapshot provides a high-level overview of the benefits to be achieved through the 5 key themes of the Programme:



1.3.1 Governance

Programme will be implemented through a dedicated institutional mechanism setup with the Department with the support of GTAC. The dedicated institutional mechanism will ensure:

- the facilitation of easy access to public sector facilities;
- the reduction of transaction costs for small projects through bundling them;
- the Standardization of Project Document templates;
- the improvement of the contractual frameworks and reliability of the project implementation process; and
- the creation of an enabling environment for tailored and affordable project financing.

The institutional model is based on international best practice. The dedicated institutional mechanism that will drive innovation, project preparation and delivery, will bundle specific projects and leverage private sector expertise in delivering renewable energy and resource efficiency.

The main institutional functions will be to ensure:

- adequate project preparation;
- green procurement and negotiations on a limited basis;
- project management;
- quality control;
- measurement and verification;
- contract management; and
- monitoring and reporting and standardisation.

1.3.2 Security of supply

- **Resource efficiency:** the iREREP intends on implementing solutions that aim at lowering resource demand and improving resource efficiency.
- **Energy Security:** the iREREP seeks to improve on existing building designs and system specifications by implementing EBx, standard and deep retrofits. Additionally, the iREREP aims to promote alternative sources of water and energy;
- **Water Security:** the Programme aims to reduce potable water demand through water leak detection and prevention and improved water usage monitoring. The Programme also seeks to encourage water efficiency and conservation through the provision of efficient sanitary fitting, rainwater collection, water recycling systems, etc.; and
- **Alternative Supply Source:** the iREREP aims to implement solutions that generate energy from renewable sources. Demand-side management will serve as the first source of supply. The programme also promotes rainwater harvesting and the reuse of materials.

1.3.3 Budget rationalisation

A key outcome for iREREP is the reduction in government spending towards utilities. This will positively contribute to macroeconomic stability and fiscal sustainability in South Africa empowering government to achieve allocative efficiency. The iREREP aims:

- achieve budget sustainability through the elimination of current utilities overdraft, and through the realisation of savings on utilities for government, in excess of R500 billion by 2050. Government utility cost savings can thus be allocated to other government priorities;
- through the utilisation of the PPP procurement framework, public sector budget in the immediate term will be alleviated as PPPs financed by the private sectors allow the spreading of the project cost over a longer period of time thus unlocking private sector funding and narrowing the funding gap;
- optimised risk allocation which should result in better control of the overall project cost. The improved risk allocation framework results in allocating risks to the party best able to manage and mitigate them thus allowing DPWI and User Departments to focus on their core mandate of service delivery; and
- result in budget optimisation as no additional budget commitments will be required from the User Departments. Current utility budgets will be used to procure resource efficiency services that are affordable and offer value money, essentially utilising a self-funding mechanism for the required solutions.

1.3.4 Economic development

The iREREP programme seeks to ensure sustainable access to the economy by the African community. The main socio-economic development areas that the iREREP programme will allow for are:

- over R1.3 trillion contribution to South Africa's GDP;
- over 13 100 new small businesses developed, with the majority being black-owned;
- An estimated 503 000 green jobs created over the programme life;
- Upskilling of 475 000 people up to 2050.

1.3.5 Environmental sustainability

In accordance with DPWI's mandate, it is imperative to identify relevant techniques that promote the integration of environmental sustainability into immovable asset management in public buildings through ensuring the achievement of excellent energy, water, and waste management and recognising the importance of taking actions that supports the conservation of natural resources and protection of natural ecosystems. The iREREP aims to achieve the below by 2050:

- a reduction of energy use intensity of between 22% and 45%;
- mitigation of carbon dioxide emissions and other greenhouse gas emission reduced by 54.5Mt;
- water consumption intensity reduction of between 30% and 55%; and
- reduce waste generation and diversion of 50% of current waste from landfill sites.

Through the iREREP, the DPWI will actively utilise its immovable asset-backed mandate to contribute towards South Africa's environmental and climate change obligations ensuring that the public green building trajectory is a catalyst not only for sustainable development but also for equity, job creation, technology transfer, and the broader economic empowerment objectives.

2. OVERVIEW OF THE IREREP

2.1 Programme description

The projects under the iREREP are to be implemented at government facilities (“Project Facilities”) located at various sites (“Project Sites”). These sites, including the government facilities located thereon are to be bundled together to form a Project. A Project will therefore include more than 1 (one) Project Facility or Project Site.

Each Project procured under the iREREP will be required to be composed of the 4 elements reflected below, namely,

- **Renewable energy:** the solutions provided by the Private Parties should include the supply of energy (electrical, heat, etc.) based on the requirements at each of the Project Sites or Project Facilities via renewable energy technologies or renewable sources of energy, such as Solar PV (roof-top, ground-mounted and building), solar thermal energy, biomass, wind energy, hydropower, geothermal energy, ocean energy, fuel cell, energy storage and electric charging infrastructure;
- **Energy efficiency:** the solutions provided by the Private Parties should include the provision of a reduction in energy use at Project Sites and Project Facilities through technologies that seek improve thermal performance of building envelope; improve HVAC and refrigeration system performance; reduce energy consumption to produce hot water; improve lighting system efficiency; improve pumps and motors efficiency; reduce electricity consumption via monitoring and control systems; improve efficiency of electric system; improve performance of steam production and steam network; improve general process equipment; improve special process equipment; improve energy efficiency through integrated design; and utilization of waste heat;
- **Water efficiency:** the solutions provided by the Private Parties should include the reduction in water use intensity at Project Sites and Project Facilities that provide water savings and water conservation through various technologies such as water efficiency systems; low-flow and water efficient dispenser; leak detection; heating and cooling; food preparation; water treatment; water harvesting; automatic control and sensor systems; steam system retrofits; landscaping; irrigation; and water efficient appliances; and
- **Waste management:** solutions provided by the Private Parties should include cost effective waste management solutions at Project Sites and Project Facilities that improve waste treatment processes from its inception to disposal which may include sorting of waste; waste-to-energy; anaerobic digestion; composting/organic waste Recycling; and advanced technologies (pyrolysis, gasification).

Transforming the DPWI portfolio into a Green Building Portfolio has various benefits for the DPWI and its User Departments.

The benefits for the DPWI include:

- lower building operating costs;

- higher return on assets and increased property values due to attracting better rental rates;
- reduced liability and risk from a reduction in environmental issues; and
- ability to attract and retain User Departments.

The benefits for User Departments include:

- lower operating costs;
- increased productivity due to improved Indoor Environmental Quality (“IEQ”); and
- providing a competitive edge in attracting and retaining talent; and reducing churn.

3. PROGRAMME OBJECTIVES

The over-arching objectives of the Programme include:

- driving resource efficiency in a manner that achieves the highest level of service delivery;
- reducing energy use intensity by between 22% to 45%, water use intensity by 30% to 55%, and driving the reduction of waste to landfill by 50% through driving reduce, reuse and recycling measures;
- ensuring security of water and electricity supply, by optimising electricity and water consumption at Government facilities;
- potentially saving the Government over R500 billion a 30-year period, through optimising operations at Government facilities;
- freeing up Government budgets that are currently spent on utilities, for use in other priority Government programmes;
- reducing the debt owed by the Department and User Departments to Eskom SOC Ltd and municipalities;
- promoting localisation, industrialisation, skills development, job creation and contributing to the economic development of South Africa;
- Potentially upskilling 475 000 people, creating over 503 000 jobs, and creating over 13 100 new small businesses;
- promoting governance in the management of utilities in relation to Government facilities;
- contributing towards South Africa’s environmental obligations by reducing greenhouse gas (“GHG”) emissions by mitigating and reducing carbon dioxide (“CO₂”) and other GHG emissions from Government facilities; and
- recognising operational practices that foster the green building initiative, facilitate effective ongoing monitoring and metering of water and energy consumption at Government facilities, encourage the reduction, re-use, and recycling of waste, generate revenue through recyclable waste, reduction in emissions and conversion to renewable energy.

4. ECONOMIC DEVELOPMENT COMMITMENTS

The Department recognises the Programme as an inherently excellent opportunity for achieving economic development. In setting out the economic development objectives for the Programme, the Department considered applicable legislation and policies as well as the socio-economic conditions of the country.

The Department has therefore established the following economic development objectives for the Programme:

- increased participation in equity ownership by citizens and Black People;
- effective participation of Black People in the management structures of enterprises participating in the Programme;
- fostering rural development, local community involvement and socio-economic development;
- development of the different suppliers involved in the Programme and other beneficiary entities;
- advancement of Small Enterprises and enterprises owned and controlled by Black People, Youth, Women and People with Disabilities; and
- participation by historically disadvantaged citizens and marginalised regions in the mainstream of the industrial economy, through the ownership of enterprises, the management of enterprises and subcontracting.
- the development of skills, to enable economic participation and sustainable livelihoods for targeted groups;
- job creation, with particular emphasis on the creation of green jobs. This will also aim to contribute towards alleviating the unprecedented unemployment numbers being experienced in South Africa;

The following economic development elements will be used to achieve the economic development objectives stated above:

- **Ownership**, which requires the meaningful participation of historically disadvantaged individuals (“HDI”) in the shareholding of Project Companies;
- **Management Control**, which seeks to ensure the participation of Black People in the management of the Project Companies;
- **Skills Development**, which seeks to ensure skills development for Black People, youth, women and people with disabilities and skills transfer and upskilling of existing Department staff and the staff of User Departments; and
- **Enterprise and Supplier Development**, which seeks to ensure that in the development, completion and implementation of Projects under the Programme, there is development of and the provision of opportunities for Small Enterprises and enterprises owned by women and black designated groups. This element includes the sub-elements:

- Preferential Procurement;
- Enterprise Development; and
- Supplier Development.
- **Socio-Economic Development**, which aims to ensure that the Programme invests in the empowerment of people living in the communities surrounding the various Project sites and that the Programme has a positive socio-economic impact in communities in South Africa.

5. PROCUREMENT PLAN

The Procurement of the projects under the iREREP is to be implemented at government facilities (“Project Facilities”) located at various sites (“Project Sites”). These sites, including the government facilities located thereon are to be bundled together to form a Project. A Project will therefore include more than 1 (one) Project Facility or Project Site.

The bundling of the Project Facilities and Project Sites is based on bundling criteria determined by the Department to create commercially feasible Projects that reduce technical risks and facilitate financing. The project bundling criteria includes:

- technical viability (infrastructure soundness, baseline approach and results, site characteristics, refurbishment requirements, operations and maintenance (“O&M”) and measurement and verification (“M&V”) approach); and
- financial viability (utility budget and expenditure, investment required).

Project Facilities and Project Sites with buildings with similar characteristics will be bundled together into a Project in order to maximise on the ability to scale up the programme and facilitate procurement cost reductions as a result of bulk purchasing. The benefits of the bundling approach include:

- expedited project delivery;
- reduced project costs;
- contracting efficiency; and
- increased opportunities for socio-economic development.

Annexure A contains a list of Projects that form part of the first Procurement Round (“PR”) of the iREREP.

PR 1 of the RFP contains 4 separate and distinct Projects. Bidders are allowed to submit a separate bid for each Project listed in Annexure A.

The procurement process contemplates the DPWI concluding a PPP Agreement for each Project. Private sector service providers will, in respect of a Project, be required by a PPP Agreement to perform works, including procurement of equipment or assets, and services, including the operation and maintenance of that equipment or assets, aimed at, amongst others, managing utilities and implementing resource efficiencies. Therefore, two or more Project Facilities or Project Sites, including building(s) or asset(s) thereon, may constitute a single Project.

A robust procurement process is in place and underway, as depicted in 7. TIMELINES.

The bidder selection criteria is based on compliance with the legal functionality criteria, technical functionality criteria, financial functionality criteria, economic development functionality criteria and insurance functionality criteria. The details of all these criteria shall be set out in the RFP to be issued.

5.1 RFP Registration Fee

Prospective bidders will be required to pay a non-refundable fee for Bid Registration (“Bid Registration Fee”). This fee is payable for accessing the initial RFP document which will contain more information about each Project reflected in Annexure A.

Bidder Registration Fees will be payable via Direct EFT to the bank details provided in the RFP. The Bidder Registration Fee is R10 000 per Project, is a measure to cover the long-term project development and running costs of the Programme.

Bidders will be required to indicate to the Department which Projects they wish to bid for to be given further access to RFP relevant information for each specific Project. Where Bidders elect to submit a Proposal for more than one Project, the Bidder will be required to indicate to the Department which Projects it wishes to bid for and pay a separate fee of R10 000 per Project that it wishes to bid for.

The Bid Registration Fee will be paid into the GTAC Bank Account provided and will be used by the Department to cover costs incurred in administering the iREREP Procurement, as well as costs incurred in developing further iREREP projects for procurement.

Written acknowledgement of receipt of payment of Bid Registration Fee will be issued to the Bidder by the Department and GTAC. No Bid Response will be considered by the Department and GTAC if the bidder fails to provide proof of payment of the Bidder Registration Fee in accompaniment of their Bid Submission.

5.2 RFP submission process

- Prospective bidders will access general tender information via the iREREP Project page on the GTAC website, and the Online Data Room. The iREREP Project page will have this submission process outlined and the important RFP dates listed for bidders ease of reference.
- Bidders are also required to register before being able to submit an RFP application. Upon completing and submitting the registration form the bidder will receive an email containing the Electronic Funds Transfer account details and a reference number. The bidder will be provisionally registered until receipt of proof of payment of the tender application fee.
- Prospective bidders will pay a fee of Ten Thousand Rand (R10,000.00) **per project**. The payment will be made via electronic funds transfer with proof of payment to be sent to psp@gtac.gov.za and tenders@irerep.co.za.
- On making the payment, the bidder’s profile is activated, and they will receive an automated email with notification of the activated profile, login details and a link to the Online Data Room login page.
- Upon logging in prospective bidders will be able to view/download bid RFP information.
- Bidders will also be able to upload their tender bid documents via a tender submission form by selecting the tender they would like to bid for and uploading the required documents to the Online Data Room. Upon successfully uploading their bid information

they will receive an email acknowledging receipt of the uploaded information.

- Bidders can then monitor the GTAC website to be alerted of the outcome of the RFP process and the successful bidder/s.
- The advert date of the RFP is **30 June 2023**
- **NB:** The closing date for registrations and Document Fee payments is **24 July 2023**.
- The bank details for payment of Document Fees are as follows:

Account Name: Government Technical Advisory Centre

Bank: Nedbank

Branch Name: Corporate Client Services JHB

Account Number: 1068 872 586

Reference: Company Name_bid reference Number (e.g. Solar_GTAC 001-2023-24)

- The prospective bidder's company name and GTAC 001-2023-24 must be used as the payment reference as shown in the example.
- GTAC will only communicate with bidders that have completed the registration forms and have paid the required tender application fees.
- The closing date for registration and payment of the initial Document fee is: 24 July 2023.
- The closing date for identification of additional Projects and payment of additional Document Fees by bidders is: 01 September 2023.
- The closing date for the bid submission is: 11 September 2023 at **11:00 am**.
- A compulsory Bidders' Briefing Session will be held with registered bidders on 27 July 2023 prior to the bid submission date. Bidders are required to register for the session by completing the briefing session registration form and submitting same to the DPWI and GTAC. The date and details of the briefing session will be communicated to registered bidders.
- All relevant information pertaining to registration and payment are contained in the enclosed Programme Information Memorandum.
- General enquiries should be emailed to psp@gtac.gov.za with the following subject line "Q&A RFP Tender No" GTAC 001-2023-24 by no later than 01 September 2023.

- The process flow for submission of bids is detailed in Figure 3 below:

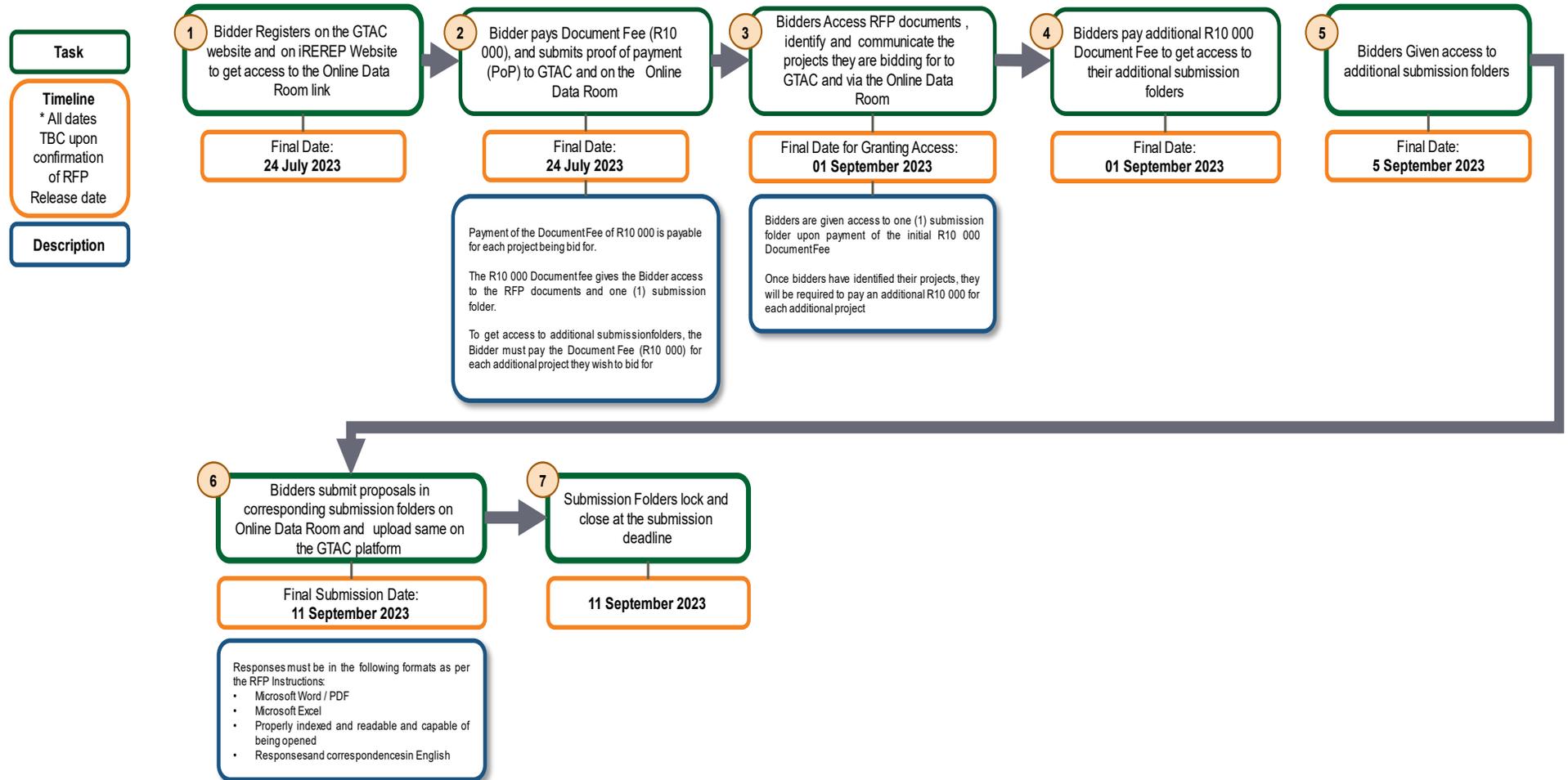


Figure 2: RFP Submission Process

6. PROGRAMME OPERATING MODEL

In the envisaged operating structure for the implementation of iREREP is depicted below.

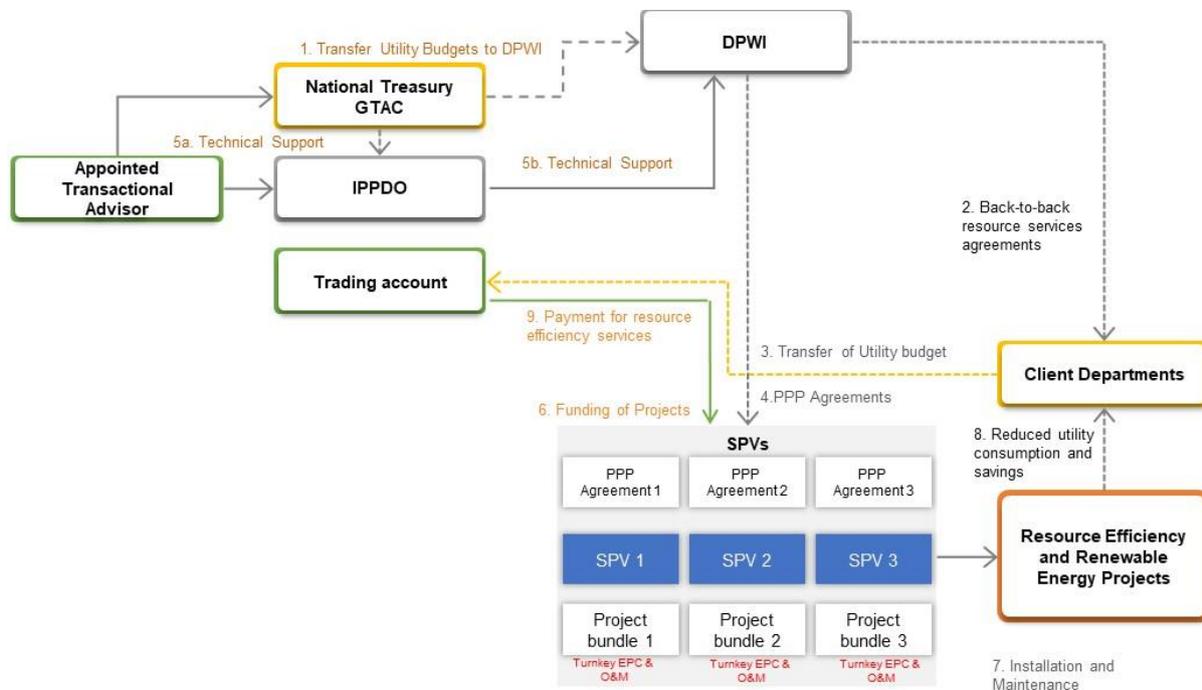


Figure 3: Proposed approach

Source: DPWI Renewable Energy and Resource Efficiency Feasibility Study

6.1 Key role players in the iREREP will include:

6.1.1 The Department:

- The Department, as a custodian of Government's property management portfolio is mandated to provide accommodation to Government departments, to manage and maintain these assets in compliance with the Government Immovable Asset Management Act ("GIAMA") principles and implement the Green Building Policy. The Department also acquires, operates and manages Government properties including office buildings, courts, police stations, prisons, parliamentary buildings and border posts. The Department is the custodian of the Green Building Policy, which is built on principles to be applied in relation to, amongst others, buildings managed by the Department, which includes, inter alia, energy, water and waste management initiatives. The roles and responsibilities of the Department include, but are not limited to:
 - develop the Programme and Projects as part of implementing the Programme;
 - set out the core principles of institutionalising the Programme, including its design, procurement and implementation, which is to be compliant with applicable laws;

- to coordinate the required inter-ministerial interaction and the exercise of the Minister's powers in terms of GIAMA, and those of the Minister of Finance and/or National Treasury to implement the Programme; and
- receive payment of and manage all ring-fenced funds relating to the functions of each of the participating User Departments pertaining to the Projects will be paid into, to facilitate the affordability of the Project.

6.1.2 The User Departments:

- User Departments, who are the national or provincial departments, constitutional institutions or public entities that occupy or make use of the Project Facilities. The Programme will be rolled out by the Department, with the co-operation of the User Departments, who will participate in fostering the enabling environment required to implement the Programme, by, amongst others, committing to the funding mechanism that will be used to pay the Unitary Payments to the Private Party. The Programme is aimed at all User Departments within the national and provincial spheres of government, but has identified the following User Departments as occupying the majority of the government owned property portfolio and affect the nature of facilities owned by government the most:
 - the Department;
 - the Department of Correctional Services;
 - the South African National Defence Force;
 - the South African Police Services;
 - the Department of Justice and Constitutional Development;
 - the Department of Health; and
 - the Department of Basic Education;
- All of the User Departments are expected to conclude individual Resource Services Agreements with the DPWI that will regulate the governance of the Programme and their participation in the Programme. These agreements will be aligned to the PPP Agreements.

6.1.3 GTAC:

- GTAC, an agency of National Treasury, provides professional and technical advisory services, programme and project management and transaction support to the public sector.
- GTAC and the Department have concluded a Memorandum of General Agreement (“MoGA”) and a Memorandum of Particular Agreement (“MoPA”) in relation to the Programme.
- In line with the MoGA and MoPA, GTAC is among other things:
 - assisting with creating a pipeline of Projects which are sustainable, affordable and bankable;

- developing, procuring and implementing the Projects pursuant to the Programme as PPPs or otherwise as may be determined by the Department;
- assisting in developing and designing institutional arrangements, systems and processes for the implementation of the Programme (including identification of relevant stakeholders, drafting and commenting on commercial agreements);
- assisting with obtaining requisite regulatory approvals from relevant authorities for the Programme; and
- assisting with the procurement of Projects.
- overseeing the planning and implementation of the Programme; and
- providing project management services to the Department, including the preparation of the procurement documents, Project Agreements and conducting the negotiation process.

6.1.4 National Treasury:

- National Treasury exercises authority as may be required in terms of the Public Finance Management Act (“PFMA”) and Treasury Regulations and as such is responsible for the issuance of the National Treasury approvals required in terms of Treasury Regulation 16.

6.1.5 Department of Trade, Industry and Competition (“dtic”):

- The Minister of Trade, Industry and Competition is mandated to publish codes of good practice and publish transformation charters; and
- The Minister of Trade, Industry and Competition is empowered to consider request for, and grant or approve, exemptions or deviations in terms of the Broad-Based Black Economic Empowerment (“B-BBEE”) Act, if any in order to enable the structuring of economic development elements in the Programme.

6.1.6 Department of Environmental Affairs:

- The Department of Environmental Affairs exercises authority as contemplated in the National Environmental Management Act No 107 of 1998; and
- The Department of Environmental Affairs, in respect of various consents and regulatory approvals required in terms of environmental legislation.

6.2 Contractual Structure

In order to implement the Projects under the iREREP, the following agreements are contemplated:

6.2.1 PPP Agreement

- The DPWI will conclude a PPP Agreement with a Private Party as required by Treasury Regulation 16 for each of the Projects under the Programme. For the avoidance of doubt each Project will be undertaken by a separate Private Party.

The Private Party will be required to be a ringfenced private company with a sole purpose of undertaking the Project. The Private Party is to be incorporated by the bidder that was awarded a preferred bidder status for a project they submitted a proposal.

- The PPP Agreement will:
 - require the Private Party to undertake the design, finance, manufacture construction, supply, installation, testing, commissioning and completion of assets required to operate and/or maintain the Project
 - operate and maintain all assets required in the Project;
 - provide standards with which the activities of the Private Party must comply with; and
 - provide the unitary payment to be paid to the Private Party and the penalty deductions for performance below the performance standards.

6.2.2 Engineering Procurement & Installation Contracts ("EPICs")

- It is anticipated that the Private Party will conclude one or more EPICs with EPIC Contractors. The EPIC Contractors will be required to design the structure(s), procure the necessary materials, undertake construction and transportation and set it up at the Project Facility. The EPIC Contractors will undertake their obligations under the EPIC Contracts through their own labour or by subcontracting a part of the work.
- It must be noted that in its procurement of labour, materials and equipment the EPIC Contractor will still be required to comply with the requirements of the Programme pertaining to economic Development commitments made.

6.2.3 Operations and Maintenance Subcontracts ("O&M Subcontracts")

- It is anticipated that the Private Party will enter into one or more agreements with Operators to undertake certain services including those that the Private Party is required to undertake in terms of the PPP Agreement. These services will include the operation and maintenance of the assets and equipment installed by the EPICs. The services will be required to perform with the agreed standards in the PPP Agreement, which standards will also be applicable in the O&M Agreements. The Operators will be required to maintain and replace the assets that are part of the project assets.

6.2.4 Finance Agreements

- It is anticipated that a project company to be established by the preferred bidder to finance the project. This will mean that the Private Party will be required to raise funding for the project and will consequently either provide equity or enter into finance agreements with lenders to provide debt to the project company. The finance agreement will define and regulate the financing instruments and interrelations amongst various parties participating in the financing.
- The finance agreements may be supplemented with intercreditor agreements which defines the rights the project creditors in the event of default including step-in rights.

6.2.5 Direct Agreement

- The Private Party, the DPWI and the Lenders (usually represented by an agent) will conclude a Direct Agreement. The Direct Agreement will create a mechanism for the continuation of the Project by the lenders in the event that there is a risk of the projects non-continuance or termination. The advantage of a Direct Agreement for the DPWI, is the continuity of the project deliverables and, for the Lenders, the continuity of the cash flows of the Project that are required to service the debt.
- The Direct Agreement will deal with, amongst others, when the Lenders should be permitted to step-in, the extent to which the Lenders should be obliged to assume liabilities of the Private Party and the extent to which the Lenders will be given the opportunity to rectify default by the Private Party.

6.3 Payment Mechanism

The Private Parties will be paid via a Unitary Payment as a benefit for providing the Services envisaged in the iREREP and contracted for via the PPP Agreement.

The Services subject to procurement will be clearly defined in the Programme Output Specification to be shared with the market in line with 7. TIMELINES.

The Unitary Payment will be used to put into effect the risk allocation framework of the Programme by allocating risks between the Department and the Private Parties based on:

- appropriate risk transfer that allocates risk to the party best suited to manage the risk;
- adequately rewards the Private Parties for efficiency gains and taking on risk;
- provides adequate incentives for Private Parties to deliver Services to required standards of performance in a defined period;
- provides adequate incentives for Private Parties to continue to deliver high quality Services over life of the PPP Agreement;
- provides value for money; and
- is affordable.

The proposed Unitary Payment will be primarily based on a usage-based payment mechanism structure, where Private Parties are primarily compensated based on the number of available units made available in the provision of Services with deductions in relation to poor Service Performance.

The following principles are embedded in the payment mechanism structure and the resultant Unitary Payment:

- Services are measurable in terms of quantity and quality and clearly defined in the Output Specification;
- payments will commence when the Services are Available to the required standard;
- the payment mechanism is based on measures like usage, availability and performance and not inputs;

- usage payments have been based on measures that can be adequately forecast and availability payments have been based on objective measures;
- the payment mechanism has included deductions for unsatisfactory performance;
- the risks transferred to the Private Parties are those that the Private Parties are capable of managing; and
- the Unitary Payment will include indexation based on Consumer Price Index (CPIX) where appropriate.

In order to facilitate the efficient and timeous flow of cash in the form of the Unitary Payment from the Department to the Private Parties, the User Departments will transfer their utility budgets for each Project into a Trading Account (escrow account).

The Trading Account is ring-fenced for utilisation in the Programme and will be administered by the Department along with GTAC.

7. TIMELINES

The timelines for the RFP process are detailed in Figure 6 below, and include key steps as follows:

- **Launching the Tender Process:** a Ministerial Statement announcing the intention to release RFP to the market, highlighting programme objective and key process elements will be sent out and supported by publishing information and advertising the RFP in various press and trade publications.
- **Bid Stage:** the RFP will be issued to the market. During this phase, the prospective bidders will be able to assess the project and the proposed contract, and prepare their bids (including conducting site visits and assessment and bid grade audits). Clarifications of the Contract and RFP will also occur during this stage, and if applicable, changes to the Contract and RFP will also be considered during this stage.
- **Evaluation of Proposals:** the Department and GTAC will evaluate proposals in accordance with the criteria set out in the RFP. Evaluation will be based on functionality and price.
- **Preferred Bidder Appointment and Negotiations:** After the evaluation of the Proposals, a Preferred Bidder will be appointed and allowed to complete an investment grade audit before formal award and signing of the PPP Agreement. Negotiations will potentially occur during this period in line with the limits set within the RFP.
- **Award:** After the proposals are evaluated according to the relevant criteria provided in the RFP and any negotiations are satisfactorily completed, the award decision is made by the relevant authority, usually based on the recommendation made by the evaluation team.
- **Commercial Close:** Once the contract has been awarded, the necessary steps will be taken to proceed to the signing of the contract by the Private Party and the Department. Upon award, the successful Preferred Bidder will be required to sign the contract within the period prescribed in the RFP. .

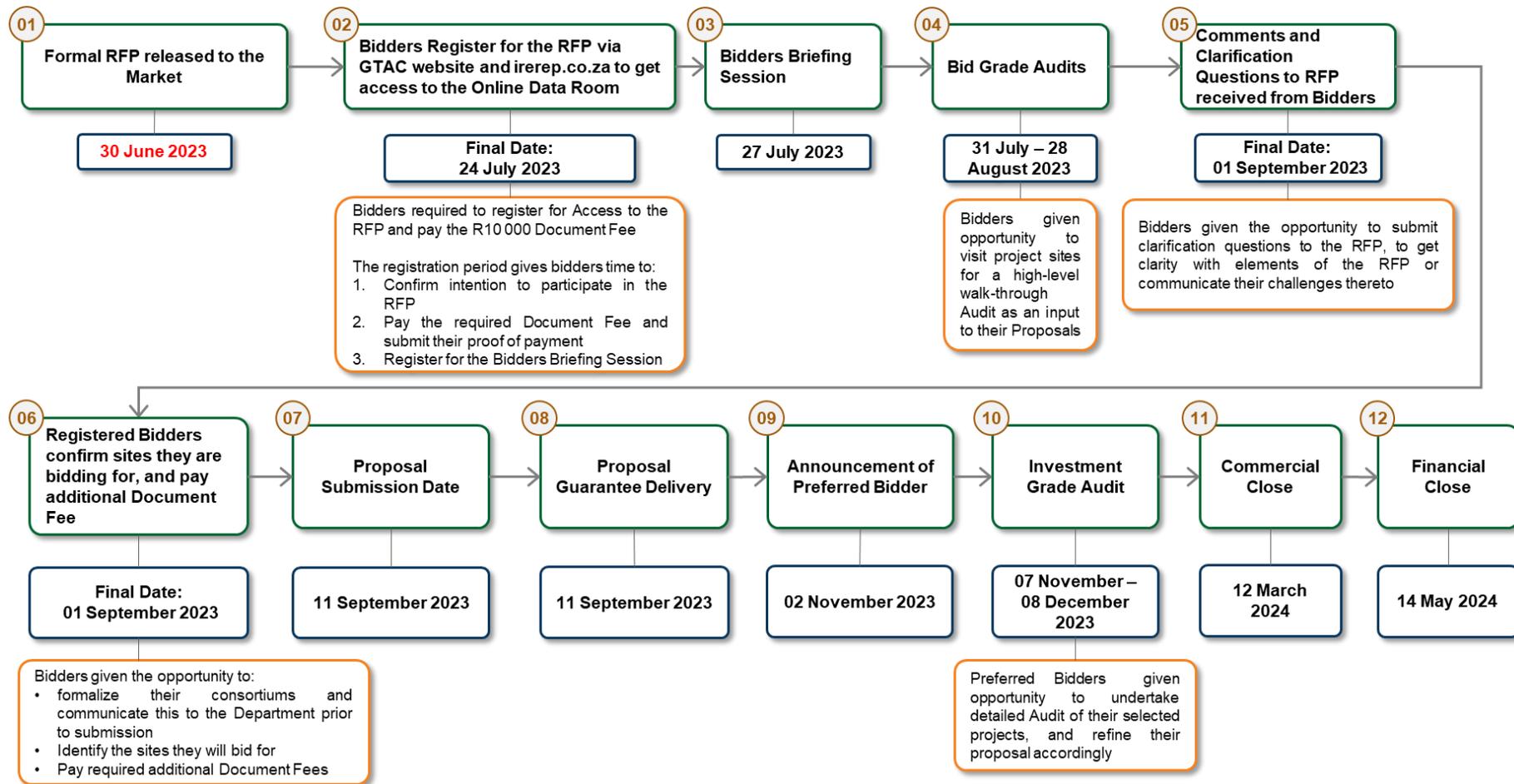


Figure 6: Timelines for the RFP Process

8. ANNEXURES

ANNEXURE A – INFORMATION FOR PROVISIONAL PROJECT FACILITIES PROVISIONALLY INCLUDED IN BID WINDOW 1 OF THE PROGRAMME

BID WINDOW	BUNDLE #	REGION / PROVINCE	SITE	DEPARTMENT	COMBINED FACILITY SIZES (excluding grounds) (square meters)
BID WINDOW 1	1	GAUTENG NORTH	Kgosi Mampuru II	Correctional Services	81 552
			DPWI Pretoria Office	DPWI	
	2	WESTERN CAPE	DPWI Cape Town	DPWI	262 463
			Pollsmoor	Correctional Services	
			Goodwood		
			Worcester		
	3	FREE STATE	Kroonstad	Correctional Services	625 924
			DPWI Bloemfontein	DPWI	
			Harrismith	Correctional Services	
		NORTHERN CAPE	DPWI Kimberley	DPWI	
			Kimberley Old	Correctional Services	
	4	EASTERN CAPE	Kirkwood	Correctional Services	235 412
			St Albans		
			DPWI Gqeberha	DPWI	

* Each of the above projects is expected to require an average initial capital investment of more than R150 million based on the initial level 1 audit carried out at the project facilities

** More details on the facilities, equipment and current utilities spend is contained in the RFP documents