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| TITLE | <b>STANDARD FOR SHORT TERM<br/>POWER PURCHASE<br/>PROGRAMME</b> | REFERENCE<br><b>CP_TSSTAN_166</b><br>DATE: | REV<br><b>0</b><br><b>OCTOBER 2022</b> |
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**FOREWORD**

Recommendations for corrections, additions or deletions should be addressed to the:

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2016

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**1. INTRODUCTION**

City Power's value proposition is about providing all stakeholders with excellent service in the delivery of our product and service offering. The emergence of alternative energy technologies in the electricity distribution landscape presents opportunities to leverage on their availability in order to realise City Power's mandate.

**2. SCOPE**

The purpose of this document is to guide Embedded Generators (EG's) and prosumers regarding participation in the Short Term Power Purchase Programme.

- 2.1. Whilst the information contained in this standard has been prepared in good faith, it does not purport to be comprehensive or to have been independently verified. City Power does not make any representation or give any warranty whatsoever, whether express or implied, with respect to the veracity, adequacy, accuracy, reasonableness or completeness of the information contained in this standard or in any Briefing Notes issued pursuant to this standard or with respect to the information upon which this standard is based or with respect to any written or oral information or representation given or made by City Power to any Bidder or its advisers, whether given or made prior to or after the issue of this standard (collectively, the "Information").
- 2.2. City Power expressly disclaims any and all liability arising out of or in relation to the Information (including in relation to any omissions from the Information) and in respect of the use of and/or reliance on such Information by Bidders.
- 2.3. All Information contained in this standard, including financial, commercial, legal and technical information, is included in this standard for illustrative and information purposes only.
- 2.4. Each Bidder shall be solely and fully responsible for satisfying itself as to the information required to submit a Bid and to undertake the Programme in accordance with the terms of a standard. This standard does not constitute advice and should not be relied on for this purpose. In addition, it does not constitute an offer to enter into any contract with City Power whether to sell or purchase any product or to provide any service or investment, and no Information shall be deemed to form part of any contract between City Power and any party.
- 2.5. All Bidders should seek their own financial, commercial, legal and technical advice and at their own cost.
- 2.6. All references to "City Power" shall include their respective officers, directors, members, shareholders, subsidiaries, employees, contractors and agents.
- 2.7. Where there is a conflict between the terms of this document and the Power Purchase Agreement ("PPA"), then the terms of the PPA shall prevail.
- 2.8. If, subject to the terms of this document, any contract is subsequently entered into with any Bidder the terms of this standard will lapse and the only agreement between the parties will be as per the terms of the PPA entered into.

- 2.9. City Power reserves the right to amend, modify, terminate or withdraw this document (and accompanying PPA), or any part of it, or to terminate or amend any of the procedures, procurement processes or requirements detailed in this standard during the conduct of the Programme, at any time, without prior notice and without liability to compensate or reimburse any person pursuant to such amendment, modification, withdrawal or termination. City Power in its sole discretion may reject a whole or any part of any Bid or to waive any failure to comply with the requirements set out in this standard at any time.

### **3. DEFINITIONS AND INTERPRETATION**

The following words and expressions, when used with initial capital letters in this standard or its annexure, shall have the meanings given below. Capitalised terms used in this standard and not defined below shall have the meanings given to them in the PPA.

| <b>Term</b>             | <b>Definition</b>   |
|-------------------------|---|
| Bid                     | means a proposal in response to and in accordance with this standard. If a Bidder proposes more than one Facility for participation in the Programme, the Bidder must submit a separate Bid for each such Facility and Bid Submission shall have a corresponding meaning. |
| Bidder                  | means any Person who submits a Bid in accordance with the terms of this standard.   |
| Buyer                   | means City Power in its capacity as such under the PPA.   |
| Capacity                | shall have the meaning given to it in the PPA   |
| Code                    | shall have the meaning given to it in the PPA   |
| Commencement Date or CD | shall have the meaning given to it in the PPA.  |
| Commercial Energy       | shall have the meaning given to it in the PPA.  |

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| Commercial Energy Rate        | shall have the meaning given to it in the PPA.  |
| Consents                      | shall have the meaning given to it in the PPA.  |
| Contracted Capacity           | shall have the meaning given to it in the PPA.  |
| Contracted Generation Profile | means in relation to each Facility, its forecasted generation relatable to the contracted portion of the Net Energy Output per Month in each Contract Year over the Operating Period. |
| Delivery Point                | shall have the meaning given to it in the PPA.  |
| Distributor                   | shall have the meaning given to it in the South African Distribution Code in force from time to time.   |
| Energy                        | shall have the meaning given to it in the PPA.  |
| ERA                           | means the Electricity Regulation Act, 2006.   |
| City Power                    | means City Power Johannesburg (SOC) Ltd   |
| Facility                      | shall have the meaning given to it in the PPA.  |
| Maintain                      | shall have the meaning given to it in the PPA.  |

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| Maximum Contract Value          | shall have the meaning given to it in the PPA.   |
| Metering Installation           | shall have the meaning given to it in the PPA.   |
| NERSA                           | means the National Energy Regulator as established by section 3 of the National Energy Regulator Act, 2004.  |
| Net Energy Output               | shall have the meaning given to it in the PPA.   |
| Person                          | means a single person or legal entity or a consortium of persons or a joint venture and includes any individual, company, corporation, enterprise, partnership, firm, trust, body corporate, government, governmental body, authority, agency or instrumentality, an unincorporated body of persons or an association.   |
| Power Purchase Agreement or PPA | means the power purchase agreement to be entered into between City Power and each Preferred Bidder, as Seller, on the terms and conditions of the draft PPA attached as Appendix X hereof (as amended in accordance with this STANDARD) in relation to each Facility which the Preferred Bidder has successfully bid in. |
| Price                           | means the rate as proposed by the Bidder in the Bid Information Schedule.  |
| Preferred Bidder                | means any Bidder selected as such by City Power in accordance with the terms of this STANDARD to enter into a PPA (as applicable) with City Power, but only in relation to those of its Bid's that have been deemed successful by City Power pursuant to the evaluation process in this STANDARD.                        |
| Programme                       | means the Short Term Power Purchase Programme as described in this in this document  |
| Project                         | shall have the meaning given to it in the PPA.   |

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| RSA or South Africa                | means the Republic of South Africa.   |
| Scheduled Commencement Date or SCD | shall have the meaning given to it in the PPA.  |
| Seller                             | shall have the meaning given to it in the PPA being (a) where the Preferred Bidder is a single person or legal entity, the Preferred Bidder itself or (b) where the Preferred Bidder is a consortium or a joint venture, a limited liability company to be specially incorporated by the Preferred Bidder in accordance with the company Laws of the Republic of South Africa, for the purpose of entering into and implementing the PPA. |
| System                             | shall have the meaning given to it in the PPA.  |
| System Agreements                  | shall have the meaning given to it in the PPA.  |
| Term                               | shall have the meaning given to it in the PPA.  |

## **4. REQUIREMENTS**

### **4.1. Programme size and schedule**

- 4.1.1. The objective of the Programme is to obtain additional short term energy. The Programme targets the procurement of un-utilized power. City Power is offering a Time of Use tariff to encourage power generation during critical hours of the day when the system requires it. City Power has limited funds and has placed an overall contract value for this programme. City Power reserves the right at any time to place an overall limit on the number of MW procured under this Programme.
- 4.1.2. City Power is offering a 36 months Power Purchase Agreement (PPA) starting from the PPA signature date. Upon the expiry of the PPA, City Power should be given the first choice of refusal to continue purchasing the available energy.

The SCD submitted by Bidders must be no later than 24 months from the date of PPA signature. The CD should not be later than 30 months from the date of PPA signature. In this regard Bidders must as part of their due diligence before submitting a Bid investigate whether NERSA is required to issue any additional or supplementary approvals for the conclusion of a PPA under this Programme notwithstanding that the Facility may have an existing generation license and ensure that all other consents or approvals required to commercially generate energy under the PPA in

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compliance with the Codes and Laws are procured timeously; this includes without limitation arrangements involving connection to the system and End User Amendment Agreements.

## **4.2. Contracted Capacity, baselines and generation profiles**

4.2.1. Each Facility must be located within the borders of South Africa and the capacity to be made available as the Contracted Capacity under the PPA cannot be less than 1MW.

For planning purposes, the bidder should provide the following

4.2.1.1. Any available capacity equal to or above 1MW available for the 36 month period starting on the bid in SCD will be considered.

4.2.2. Under the PPA if all the conditions are met, the Seller shall sell, and the Buyer shall purchase, all available energy in excess of baseline profile with effect from the Commencement Date, save to the extent that their respective performances are relieved under the terms of the PPA.

4.2.3. Performance against Contracted Generation Profile

4.2.3.1. Performance against Contracted Generation Profile will be measured using City Power metering infrastructure.

4.2.3.2. There are no performance adjustments against the price if the plant does not perform optimally relative to the bid in Contracted Generation Profiles as forecasted.

## **4.3. Price**

4.3.1. Price (R/kWh) will be determined by competitive bidding based on energy generation technology. In price determination, consideration may also be given to time differentiation (Time of Use), seasonal differentiation and energy delivery point.

4.3.2. In bidding in and calculating the price:

4.3.2.1. The Bidder must take into account all costs including any duties, taxes and levies applicable to the tendered price (except VAT), payable by successful bidder,

4.3.2.2. Show Value-Added Tax (VAT) separately as an addition to the tendered total price.

4.3.2.3. Bidders are to propose a price to be paid in R/kWh. Bidders to complete the Bid Information Schedule.

4.3.3. Prices are fixed in South African Rand (ZAR) for the duration of the term of the PPA and not subject to adjustment except as provided for in this standard and the PPA.

## **4.4. Contractual arrangements**

4.4.1. The Preferred Bidder will be required to enter into a PPA for each of its Bids for which it has been appointed as Preferred Bidder using a bespoke pro-forma PPA attached hereto.

4.4.2. The terms and conditions of the PPA will be broadly the same for each Facility.

4.4.3. City Power undertakes to negotiate in good faith any adjustments to the PPA that are site specific.

4.4.4. The Bidder is reminded that under no circumstances will City Power accept more risk than that currently allocated to it under the PPA.



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4.4.5. The PPA contains numerous blank spaces in its Schedules where commercial and technical data are to be determined through this standard Process. As Bidders will be prescribing their own solutions as part of the Programme, the Bidders must submit this data in the requisite Bid Forms but use the Schedules as a guide only.

4.4.6. The operational structure of the PPA is primarily as follows:

4.4.6.1. Any applicable Condition Precedents to the PPA must be fulfilled before the terms of the PPA can be effective and enforceable.

4.4.6.2. After the PPA becomes effective, the Bidder must notify the Buyer of the actual CD for the purposes of generating Commercial Energy in accordance with the terms of the PPA in the prescribed form of the Notice of Commencement which is attached as a Schedule to the PPA.

4.4.6.3. Once CD commences in terms of the PPA, the terms of the PPA will regulate the duration of the PPA until the earlier of termination in accordance with the PPA or the Expiry Date.

4.4.6.4. The Expiry Date is determined as a date which is stipulated in the PPA. The Expiry Date is not extended for any extensions to the SCD or any delays in achieving CD

4.4.6.5. If the CD is not achieved by the date stipulated in the PPA then the Commercial Operation Date shall not have occurred and City Power is entitled to terminate the PPA.

4.4.7. In the case of conflict between descriptions in this Section and elsewhere in this standard and such draft PPA, the latter shall prevail.

## **4.5. Facilities**

4.5.1. Bidders may propose any number of Facilities as described in this standard. A separate PPA will be concluded for the supply of energy from each Facility for which a Preferred Bidder has successfully tendered in terms of this standard.

4.5.2. However Bidders may not aggregate separate facilities in their response to this standard.

4.5.3. Where the Bidder is obtaining energy from a third party to submit a bid under this Programme then it shall procure that the owner of the Facility complies with the terms of the PPA.

## **4.6. Codes and System Agreements**

4.6.1. The Bidder is responsible for ensuring that the facility is adequately connected to the interconnected system including the nearest point of connection to the System (Transmission or Distribution connection, or embedded in a connected customer system) to enable the delivery of output to the interconnected system.

4.6.2. The Bidder shall comply with all applicable Laws in relation to such application and connection including the applicable Codes including all applicable municipal by-laws.

4.6.3. Bidders are required to comply with the connection and use-of-system requirements as specified by City Power, as applicable, to enable the Seller to fully perform its obligations under the PPA and the applicable Codes.

4.6.4. The Bidder must provide written confirmation demonstrating and stating that its Project is able to comply with the applicable Codes prior to Scheduled CD. Any deviation from the Code requirements should be clearly stated in the Bid Response. If it has been agreed that the Bidder will be exempt from some or all of the compliance requirements normally necessary for this type and size of connection, then the Bidder must provide signed confirmation of the exemption by the relevant authority e.g. NERSA.

#### **4.7. Electricity Supplier Arrangements**

- 4.7.1. It is the Bidders responsibility to ensure that a valid Electricity Supply Agreement (ESA) where applicable with their electricity supplier (City Power, Eskom or Municipality or other third party distributor), for electricity consumed by the Bidder is in place.
- 4.7.2. If the Facility is not physically connected to the System but is embedded in a non- City Power network it is still the Bidders responsibility to ensure that the relevant System Agreements including as relevant the End User Amendment Agreements are concluded. The supplier of electricity must further give written consent with regard to timeously concluding any required End User Amendment Agreements to make provision for the reconciliation of accounts relating to the energy to be procured under the PPA.

#### **4.8. Operations and Maintenance**

- 4.8.1. Bidders will be responsible for securing all Operation and Maintenance requirements of the Facilities they propose.
- 4.8.2. Under the PPA, the Bidder shall be responsible for Operating and Maintaining the Facility in conformity with all applicable Laws and Consents and so as to comply with its obligations under the PPA and all Operating and Maintenance risk in respect of the Facility will be for the Seller.
- 4.8.3. Although the Bidder may subcontract its Operating and Maintenance requirements for each Facility to reputable operating contractor(s), it shall notwithstanding such subcontracting as the Seller retain all such risk under the PPA.

#### **4.9. Metering**

- 4.9.1. The seller shall be responsible to install the Metering Installation which shall comply with the City Power Metering standards.
- 4.9.2. The Metering Installation shall be used for billing purposes under the PPA and the Seller or its nominated representative shall be responsible for data retrieval from the Metering Installation for invoicing purposes.
- 4.9.3. The Seller or its nominated representative shall be responsible for procuring, installing, testing, commissioning, operating and maintaining the Metering Installation. The Metering Installation will be sealed at all times
- 4.9.4. The seller shall provide the buyer or its nominated representative meter data when requested. Data retrieved by the seller may/will be used to validate the invoice or metering data provided. In this regard
- 4.9.4.1. The seller shall provide meter configuration details including the remote access information for site and installation verification purposes.
- 4.9.4.2. The seller shall be required to provide commissioning and latest maintenance reports for the Metering Installation, as well as calibration certificates when required.
- 4.9.5. If the Metering Installation is sealed, the Buyer shall have the right to inspect and either accept the sealed meter or request the Seller to re-seal the meters in the presence of the Buyer's nominated agent.
- 4.9.6. The Seller shall provide the Buyer or its nominated representative remote access to the meters. Data retrieved by the Buyer may/will be used to validate the invoice or metering data provided. In this regard,

#### **4.10. Delivery Point**

- 4.10.1. Bidders are required to propose the Delivery Point at which metered deliveries of the Net Energy Output of each Facility will be made.
- 4.10.2. The Delivery Point shall be located at the point approved by the Buyer and shall have both the point of connection and supervisory control.
- 4.10.3. The Delivery Point must be clearly demarcated on the Single Line Diagram to be a Schedule to the PPA and where there is more than one Delivery Point for the same Facility this must be also indicated.

#### **4.11. Seller Approvals**

- 4.11.1. The Bidder will be responsible for applying for, obtaining, maintaining, renewing and adhering to all approvals and Consents required for each Facility in order to submit a Bid and if successful to fulfil its obligations under the PPA for the term thereof. Failure to do so will be at the entire risk of the Bidder and no relief will be given for errors or omissions by the Bidder.
- 4.11.2. The bidder shall provide proof of compliance in relation to current generation regulations.
- 4.11.3. The PPA provides for the Buyer to terminate the PPA if the Seller has not obtained its Consents or fails to maintain its Consents.

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**ANNEXURE: Revision Information**

**DATE**

**REV. NO.**

**NOTES**

October 2022

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First issue.