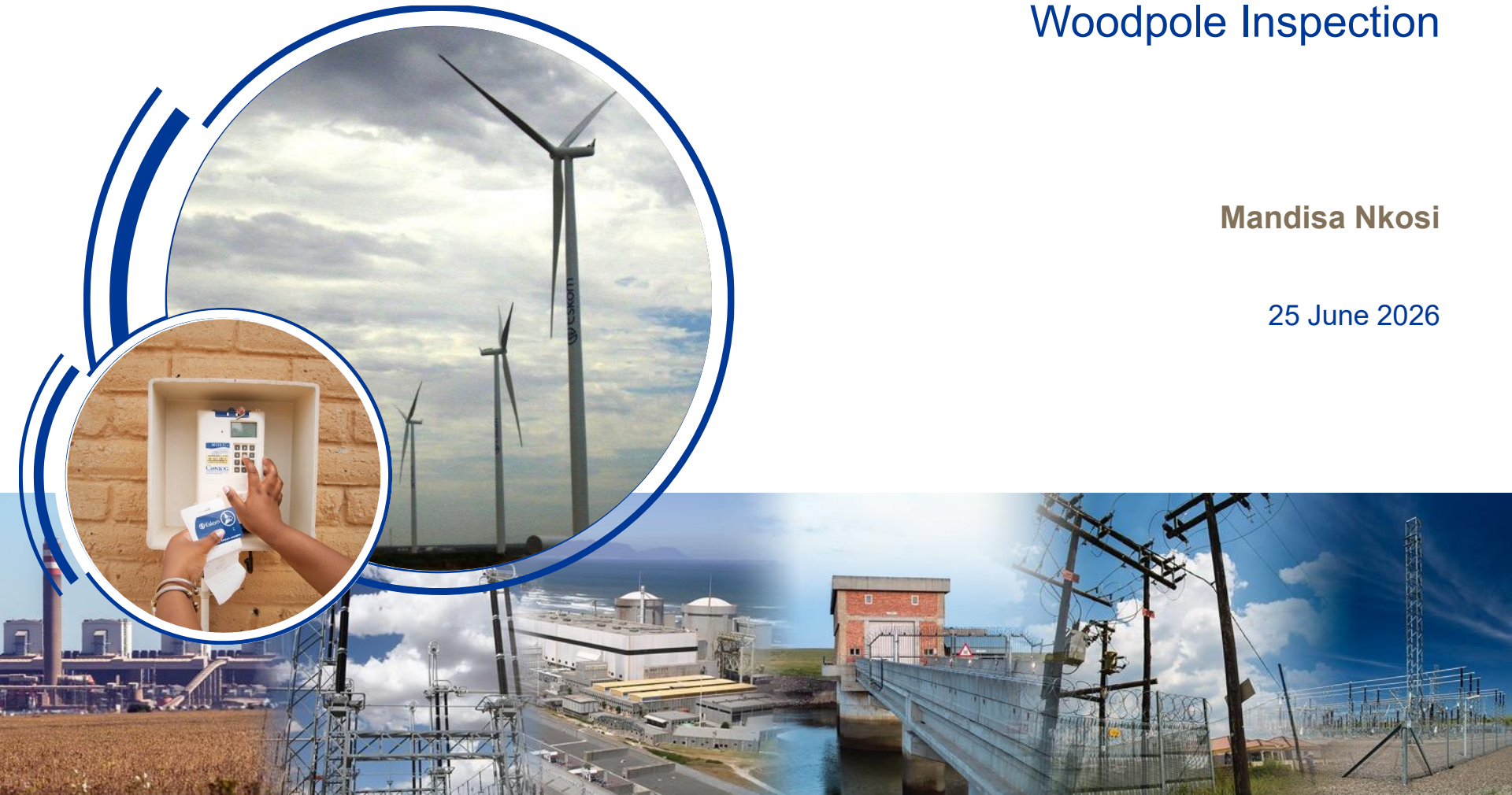


Contracts Management: Pricing Woodpole Inspection

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- To explain Eskom's contracting and pricing approach for this tender
- To clarify tender submission requirements and evaluation methodology
- To align tenderers with Eskom's NEC contract framework and commercial expectations
- To reduce tender risk, mispricing and post-award disputes

Contract type:

- NEC: This is a labour-based **NEC panel contract** for the **inspection and treatment of wooden poles**.
- “As-and-when required” basis: This panel contract operates on an **as-and-when required** basis, meaning work will be instructed over time as needs arise, rather than as a single defined project at tender stage.

Panel structure:

- Eskom appoints **multiple contractors** to the panel for flexibility and continuity.
- The contract duration is **three years**, subject to the NEC termination provisions.
- Importantly, panel appointment does not guarantee any volume of work.

Work allocation:

- Work is issued **per task order**, in line with the NEC contract.
- Allocation may consider **capacity, performance and operational requirements**, so it is important that contractors are consistently compliant and they deliver on the performance.

Contractor Responsibility:

- Provision of skilled and competent labour
- Supervision and site management related to labour
- Compliance with health, safety, environmental and quality requirements
- Tools and equipment
- Supply of treatment material where required
- Logistics

Pricing approach:

- Previously for this contract, Eskom issued the tender with standard rates for your acceptance. The pricing strategy has changed for this enquiry. **Tendered pricing** will be **evaluated** on a **rates-only basis**.
- Tenderers are required to provide realistic and sustainable labour rates, as these rates will be used for **price evaluation at the final stage** of the procurement process."

Rates must include:

- All labour costs, including statutory and employment obligations
- Supervision
- Overheads and profit
- Compliance costs such as health, safety and quality
- Transport costs: Note that transport is classified into two components. Firstly, there is a standalone line item for transport where you may be required to do work outside your contractually designated region (KZN or FS). Secondly, there's a pole-to-pole transport factor for your staff, tools & equipment that must be included in your activity rate per pole.

No additional allowances will be assumed unless explicitly stated on a clearly labelled separate sheet for pricing notes.

NB: Tenderers are cautioned that the lowest rates are not necessarily the most sustainable rates, and lowest price does not automatically guarantee contract award. Similarly, unrealistic rates will push you out of the market.

Eskom is seeking rates that are market-related, commercially sound and deliverable over the contract duration.

Tender pricing rules:

- No blanks may be left in pricing schedules, as incomplete pricing may result in disqualification.
- Rates must be calculated from net costs excluding VAT
- Prices must be stated in South African Rand

General requirements:

- Eskom will not reimburse costs associated with tender preparation or submission.
- Rates are fixed for the duration of the contract , and may be subject to annual escalation if the contract makes provision for it.

Tenders will be evaluated in stages in accordance with Eskom's procurement procedures:

Evaluation considerations include:

- Compliance with conditions of tender
- Acceptance of NEC contract terms and conditions
- Technical and supplier capability
- Health, Safety, Quality and Environmental compliance
- **Pricing** (final stage evaluation for this section)

Key message: Price is important, but only compliant and capable tenders proceed to price evaluation.

Tenderers are cautioned against:

- Leaving blanks or inserting "N/A" in BOQs (tenderer to put a dash or R0,00 if they are not charging Eskom for a particular line-item)
- Amendment of NEC contract conditions
- Conditional pricing
- Unrealistic or unbalanced rates
- Failure to follow tender instructions

Key message: Ensure the tender submission is complete, compliant and internally aligned.

Once appointed to the panel, it is important to emphasise that **panel appointment does not guarantee work**

- Performance over time will influence how and when work is allocated

Contract performance will be monitored with a strong focus on:

- Safety and statutory compliance (construction regulations, Tax compliance, COID, BBBEE)
- Quality of workmanship
- NEC-aligned commercial behaviour

Communication:

- All contractual communication must be issued formally in accordance with the NEC
- Informal instructions or discussions will not be recognised for contractual or commercial purposes



Conclusion