

TENDER NUMBER: E3438RTDMWP Q&A

THE PROCUREMENT OF A 10 000-TONNE CONSIGNMENT OF TORREFIED BIOMASS PELLETS FOR FULL-SCALE CO-FIRING TRIALS AT A COAL-FIRED POWER STATION FOR A PERIOD OF TWELVE (12) MONTHS.

#	ITT NO	SERVICE PROVIDER QUESTION	ESKOM RESPONSE
1	E3438RTDMWP	Quality and Specification of 10,000tons of torrefied biomass pellets: a) Tenderer would like to confirm whether Tenderer needs to submit 3rd Party Certificate of Analysis (CoA) or not. And if YES, Tenderer would like to know the contents of CoA. b) Tenderer would like to know whether ESKOM will do 3rd Party CoA or not. c) Tenderer would like to know if there is difference between Tenderer's CoA and ESKOM's CoA, mechanism for judgement. d) Tenderer would like to know if worse than required specification, what the penalty is and it's calculation basis. e) Tenderer would like to know if better than required specification, what the compensation is and it's calculation basis. f) Tenderer would like to know if GCV is higher, but BD (Bulk Density) is lower, how to judge for Penalty and Compensation. If GCV is higher, BD will be lower. If GCV is higher, it'll be benefit for ESKOM.	a) The Tender does not need to submit 3rd CoA, but must ensure that each quality parameter of the torrefied biomass pellets delivered to Eskom complies with the stated specification, namely: (torrefied) pellets from mixed wood; feedstock sustainably sourced wood; pellet diameter 6–10 mm and pellet length 3.15–35 mm; bulk density expected average 530 kg/m³; water content <10 % (expected range 5–10 %); gross CV on a dry basis ≥21.5 MJ/kg (expected average 22.0 MJ/kg); and fines <5 %. b) Prior to dispatch of the product to Eskom, the Tenderer will submit the lab results that confirms that it meets the specification. Eskom will also test in their laboratory to confirm the product quality when it is delivered on site. c) Mechanism for judgment will be based on sending the sample disputed results to an agreed independent lab at contract award. The result of the independent lab resolves the dispute. d) The delay damages is kept at a maximum of 5% of the total contract value. This will form part of the contractual negotiations. e) & f) There GCV Premium/Compensation: Payment terms are governed primarily by total energy mass. Delivering 10,000 tons with a GCV higher than 22 MJ/kg means the Tenderer is delivering more total Gigajoules (GJ) of energy than expected. In accordance with standard Eskom coal procurement guidelines, the Tenderer will be eligible for compensation/premium pricing for the excess energy delivered, provided the GCV remains within the boiler's upper technical design limit. Bulk Density Handling: A lower Bulk Density does not trigger a financial penalty on its own, provided it meets the minimum physical handling threshold. Because the contract is measured in metric tons (mass) and not cubic meters (volume), the lower BD only affects physical volume, not the paid weight. Therefore, no penalty will be applied for lower BD as long as the 10,000 tons can be safely transported and stacked.

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2	E3438RTDMWP	Contract Term: a) Tenderer would like to know, if the Contract Term can be ExW, FOB, CIF, DAP, DDP, etc. b) Tenderer would like to know if Tenderer prefers FOB (Thailand), whether it is acceptable for ESKOM or not. c) Tenderer would like to know if Tenderer prefers CIF (South Africa), whether it is acceptable For ESKOM or not. d) Tenderer would like to know if Tenderer needs to provide Security of Performance such as Performance Bod or Demand Guarantee. e) Tenderer would like to know if the allowable quantity tolerance for both the total contractual quantity and each individual delivery by Batch Order is applicable or not. If applicable, Tenderer would like to know the applicable acceptable tolerance ($\pm\%$). f) Tenderer would like to confirm that Tenderer can issue invoice upon completion of each delivery of each Batch Order or need to issue one invoice upon completion of delivery of 10,000MT. Response (f): Tenderer can issue invoice upon completion of each delivery of each Batch Order Eskom will only pay what was delivered.	a) The enquiry documents do not specify an Incoterm; however, the Tenderer is required to manufacture, supply, and fully fund the delivery of the 10,000-ton biomass pellet consignment to the power station. Because Eskom provides no transport or handling support, the tendered rates must be fully inclusive of all delivery costs, and tenderers must explicitly state their assumed delivery basis and shipping route. b) Eskom will not provide any transport, loading, unloading, port clearance, or domestic freight services. All logistics from your manufacturing facility in Thailand to the destination power station yard are the sole responsibility of the supplier. c) For the same reason. a CIF (South African port) price would leave port storage, clearing and inland transport to the power station outside the tendered rate, contrary to the Pricing Assumptions. As alternative tenders are not allowed, a CIF price may not be submitted as an alternative to a compliant offer. The tender shall be for the whole of the contract. d) No, Tenderer does not need to provide a Performance Bond or Demand Guarantee. Payment will be made on delivery of the goods as per the contractual terms. e) & f) Total Contractual Quantity (No Tolerance): The total required volume is 10,000 tons. Because this procurement is specifically for a finite, full-scale co-firing test trial, exactly 10,000 tons must be accounted for to complete the technical assessment. No negative tolerance (short supply) or positive tolerance (excess supply) will be commercially accommodated on the cumulative contract total. Batch Order / Individual Delivery Tolerance ($\pm 5\%$): An operational tolerance of $\pm 5\%$ is applicable strictly to individual scheduled batch orders or daily/weekly logistics delivery windows to accommodate normal bulk transport deviations. However, any minor deficit or surplus from a single batch must be dynamically adjusted in the subsequent batch order to ensure the final delivered total reaches exactly 10,000 tons. One invoice upon completion of delivery of 10,000 tons

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3	E3438RTDMWP	<u>Schedule:</u> a) Tenderer would like to know the expected Purchase Order date. b) Tenderer would like to know the timing and volume of each Batch Order of torrefied biomass pellets. Or Tenderer would like to know, if such timing and volume of each Batch Order can be decided and proposed by Tenderer to ESKOM or not. c) Tenderer would like to know the penalty if delay and it's calculation basis.	a) The contract start and end date will be stipulated at contract award. The purchase order will be issued as soon as the contract is concluded by the parties and loaded in SAP. b) The tenderer can propose the timing and volume of each Batch Order in their tender submission. c) The delay damages is kept at a maximum of 5% of the total contract value. This will form part of the contractual negotiations.
4	E3438RTDMWP	<u>Delivery method:</u> a) Tenderer would like to know if delivery is to be by Container or by Bulk Ship. b) Tenderer would like to know if there is a designated loading/unloading bay. c) In case if Container, Tenderer would like to know the Demurrage and Detention time condition. d) In case if Container, Tenderer would like to know if ESKOM should do cleaning at ESKOM's cost in case if dirty. e) In case if Container, Tenderer would like to confirm that Jumbo Bags and Pallets are to be destroyed by ESKOM at ESKOM's cost or not.	a) The delivery will be by Container. b) There is a designated unloading bay at Eskom site. The loading is at Tenderer premises. c) In alignment with the requirement for the supplier to fully deliver the goods to the receiving power station, all risks, management, and financial liabilities associated with shipping container Demurrage (inside the port terminal) and Detention (outside the port/during inland trucking) rest solely with the Tenderer. Tenderers are explicitly cautioned that South African port operators (Transnet Port Terminals) enforce a strict 3-day free-time limit for terminal storage from the date of cargo availability. It is highly recommended that the Tenderer factors potential local port congestion and the inland trucking transit window to the power station into their logistics strategy. Tenderers should proactively negotiate extended commercial free-time periods (e.g., 14–21 days) with their shipping line at the origin port in Thailand to eliminate the risk of penalty exposure d) No. Container cleaning is not for Eskom's account. e) Yes, The removal and disposal of jumbo bags, pallets, liners and other packaging is for Eskom's account.

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5	E3438RTDMWP	<u>Contract Condition</u> a) Bank Charge: Tenderer would like to confirm that each parties (Tenderer and ESKOM) to absorb its respective banking charges and transfer fees or not. b) Performance Bond and/or Cash Deposit : Tenderer would like to know if ESCOM to provide a Performance Bond and/or Cash Deposit to successful Tenderer at the time of contract signing or not. c) VAT Deduction on Foreign Payments: Tenderer would like to confirm if ESCOM is legally obligated by the Tax Authority to withhold VAT at source when remitting payments abroad or not. If YES, Tenderer would like to know the applicable VAT rate that ESCOM is required to withhold. d) Other tax (Exclude VAT): Tenderer would like to know if ESCOM is legally obligated by the Tax Authority to withhold any other tax at source when remitting payments abroad or not. If YES, Tenderer would like to know the applicable other tax rate that ESCOM is required to withhold. (e) Pricing the Tender – Currency: Tenderer refers to Section 2.20 of ESKOM Standard Condition of Tender “State the rates and Prices in South African Rand unless instructed otherwise in the Invitation to Tender. The selected conditions of contract may provide for part payment in other currencies. Therefore, submit Rates/Prices in Rands in accordance with the exchange rate and base date as stipulated in the Invitation to tender.” Tenderer would like to reconfirm if Tenderer can propose USD currency or shall propose South Africa Rand for this Tender.	a) Yes, it is confirmed that each party will absorb its own respective banking charges and transfer fees. b) No, Eskom will not provide a Performance Bond or Cash Deposit to the successful tenderer. As a state-owned enterprise in South Africa, Eskom operates under strict public procurement frameworks. It does not provide upward financial guarantees, advance deposits, or performance securities to suppliers at contract signing. c) & d) No VAT Withholding at Source: It is confirmed that Eskom is not legally obligated to withhold or deduct VAT at source when remitting international payments abroad for the procurement of physical commodities (biomass pellets). Your foreign invoices will be paid in full without localized VAT remittance deductions. Import VAT (15%): Value-Added Tax on imported goods into South Africa is levied at the standard national rate of 15%. This tax is collected directly at the port of entry by the South African Revenue Service (SARS) customs authority. Logistical Alignment: In accordance with the instruction that the supplier must provide a fully delivered price to the power station, the Tenderer must ensure that their logistics provider accounts for the payment and subsequent clearing of standard South African Import VAT and customs duties at the border. e) The Tenderer if it is an overseas company can propose USD currency and the rate of exchange used at that time. This will be used to calculate the rand value equivalent in order to compare with local suppliers who could have tendered.

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6	E3438RTDMWP	a) What delivery profile is required over the 12-month period, including the first-delivery date, monthly call-off quantities, minimum batch sizes and notice periods? b) Which power station and operating delivery point will receive the pellets? c) What offloading system is required—tipping, pneumatic discharge, containers or another arrangement? d) What site restrictions apply to vehicle payloads, dimensions, operating hours and turnaround times? e) What storage, moisture-control, packaging, fire and explosion requirements apply? f) Which testing standards and accredited methods are required for GCV, moisture, fines, bulk density and durability? g) Must a batch-specific CoA and OEM letter be submitted at tender closing, and what must the OEM letter certify where the bidder is also the manufacturer?	a) Please note a vital correction to the operational delivery profile. The 10,000-ton consignment is not a continuous monthly burn. Instead, the full 10,000 tons must be completely delivered and stockpiled on-site prior to the commencement of a intensive, continuous 4-day full-scale boiler trial. The 12-month contract period represents the total window allowed to manufacture, ship, clear customs, and fully accumulate the 10,000 tons in the power station's designated storage yard. b) Kriel Power Station. c) The required offloading system at the Eskom power station must accommodate the Tenderer's preferred method: pallets inside containers, which will be removed by a forklift. Because this is a specific, experimental 10,000-ton trial consignment of torrefied biomass pellets, the station does not process this material through its standard, automated high-volume coal tipplers or pneumatic systems. Instead, it relies on a static, manual destocking area to protect the material from moisture and contamination before the 4-day trial. d) Operating Hours (24/7): The power station's delivery gates, weighbridge, and designated offloading bays operate 24 hours a day, 7 days a week. The Tenderer is encouraged to schedule deliveries continuously to streamline the upfront stockpile buildup. e) International standards such as ISO 20024 (safe handling and storage of solid biofuel pellets), ISO 17225-8 (graded thermally treated and densified biomass fuels), and NFPA 664 / NFPA 61 apply. f) For GCV (ISO 18125), moisture (ISO 18134-1 & -2), fines (ISO 18846 or ISO 17225-8 specs), bulk density (ISO 17828) and for durability (ISO 17831-1). g) To pass the initial technical evaluation stage, bidders must submit a Typical Certificate of Analysis (Typical CoA) or recent Laboratory Test Reports. The actual batch-specific CoA is a post-award contractual delivery requirement. The OEM letter confirms Direct Manufacturer Declaration.

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6	E3438RTDMWP	h) What is Eskom's anticipated evaluation, preferred-bidder, award, contract-signature and first-delivery timetable? i) Will Eskom accept a commissioning or production-ramp-up period following contract award? j) How will Eskom evaluate a disclosed JV or subcontracting structure where one party holds the commercial credentials and another holds the manufacturing assets and experience?	h) Evaluations will start as soon as the submissions are received from the tender office. The bidder award is subject to internal processes which includes complying to SHEQ, SDL&I requirements and Delegated Authority Approvals. The first delivery time table will be what is proposed on the NEC and will form part of the negotiations. i) The tenderer will propose the production ramp-up period in their tender submission. J) Eskom will evaluate the tender strictly against the eligibility, mandatory returnable, functionality, commercial, financial, SDL&I and other criteria stated in the enquiry documents. Where the tender is submitted by a joint venture, the arrangement must be disclosed and the required JV agreement, or written intent to form a JV where permitted, must be submitted. The agreement must identify each party's responsibilities and provide for joint and several liability for performance of the contract. The combined capability of the JV may be considered only to the extent allowed by the published technical evaluation criteria and supported by evidence attributable to the relevant JV member, including the commercial credentials, manufacturing facilities, capacity and relevant experience. There is no proposal under SDL&I for subcontracting
7	E3438RTDMWP	a) Will Eskom accept a separately identified alternative proposal for industrial white wood pellets supported by independent laboratory and combustion evidence? b) If permitted, would this be evaluated under E3438RTDMWP or through a separate pilot or procurement process? c) What operational requirement drove the restriction to torrefied pellets rather than white pellets calorific value, grindability, hydrophobicity, storage, milling, conveying, flame stability or another requirement? d) May a bidder submit both a conforming torrefied offer and a separately labelled white-pellet alternative without this being treated as multiple tenders?	a) A. No. Tender Data clause 2.22 states that alternative tenders are not allowed. b) Not under E3438RTDMWP. This enquiry is limited to the procurement of a 10 000-tonne consignment of torrefied biomass pellets. Consideration of white pellets would fall outside this enquiry and would require a separate tender process with its own scope, specification and approvals. c) Eskom Fossil Fuel Fired Regulations. d) Tenderers should submit a single compliant tender for the torrefied pellets specified in the Goods Information