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25 July 2022

Charmaine Masehela
Tel No. 011 871 2122

Ref No: IPP458543368
Ref No: 2022/06/89/ICE

Dear Mr Duvenage

COST ESTIMATE LETTER FOR THE CONSTRUCTION OF WORKS TO CONNECT A GENERATOR TO THE DISTRIBUTION SYSTEM FOR MAJUBA POWER STATION 65MW PV POWER PLANT SITUATED AT VOLKSRUST AREA IN MPUMALANGA PROVINCE.

Thank you for your application relating to the construction of works to Connect the Facility to the Distribution System, and/or the possible impact on the Distribution System of Connecting the Facility that is embedded within a plant, attached hereto as Annexure B (*Connection Application*). Eskom has assessed your requirements and herewith provides an estimate of the cost of providing the works and the Connection. It is based on engineering assumptions and provided in order to assist in making a decision whether or not you should proceed to request a Budget Quote.

This Cost Estimate Letter is not an offer for a contract. It is purely illustrative and in anticipation of a request for a Budget Quote. No information contained in this Cost Estimate Letter shall be deemed to form part of any contract between Eskom and the Customer.

Furthermore, if based on this Cost Estimate Letter a Request for Budget Quote is submitted to Eskom, any information recorded in this Cost Estimate Letter will lapse immediately (even if a Budget Quote is eventually not provided or accepted) and Eskom will not be bound to perform in terms of this Cost Estimate Letter in any way.

This Cost Estimate Letter is provided on the assumption that there will be funding to cover the costs of Eskom Works when the Budget Quote is provided and if no funding is available, the Budget Quote shall be provided subject to Eskom governance approval of funding to cover the cost of Eskom Works which cannot be recouped by Eskom through the Connection Charge.

Eskom will require certain documents and approvals, set out herein, and payment of a Distribution Quotation Fee and if applicable a Transmission Quotation Fee, in order to provide a Budget Quote.

1. DEFINITIONS AND INTERPRETATION

- 1.1 Notwithstanding that this Clause 1 deals with interpretation, where any sub-clauses hereof contain operative provisions, effect shall be given thereto as set out herein.
- 1.2 The following capitalised words and expressions shall have the meanings as assigned to them and cognate expressions shall have corresponding meanings:

Distribution

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- 1.2.1 **'Act'** means the Electricity Regulation Act of 2006, including any regulations issued pursuant thereto, as amended or re-enacted from time to time.
- 1.2.2 **'Approved Credit Rating for South African Financial Institutions'** means (i) at least one investment grade long-term unsecured local currency debt rating by a rating agency which is at or better than 'BBB-' (as determined by Standard and Poor's Rating Group or Fitch Ratings), 'Baa3' (as determined by Moody's Investor Services, Inc.); or (ii) long-term unsecured local currency debt rating not worse than the highest South Africa's sovereign local currency debt rating; or (iii) South African Long-term National Scale Rating no worse than 'zaA-' (as determined by Standard & Poor's) or 'A-(zaf)' (as determined by Fitch Ratings) or 'A3.za' (as determined by Moody's Investor Services, Inc.) or (iv) equivalent rating to any of the above ratings (as determined by a rating agency approved by Eskom);
- 1.2.3 **'Approved Credit Rating for Non-South African Financial Institutions'** means (i) at least one investment grade long-term unsecured foreign currency debt rating by a rating agency which is at or better than 'BBB-' (as determined by Standard and Poor's Rating Group or Fitch Ratings), 'Baa3' (as determined by Moody's Investor Services, Inc.); or (ii) long-term unsecured foreign currency debt rating not worse than the highest South Africa's sovereign foreign currency debt rating; or (iii) equivalent rating to any of the above ratings (as determined by a rating agency approved by Eskom);
- 1.2.4 **'Approved Credit Rating for South African Holding Companies'** means (i) at least one investment grade long-term unsecured local currency debt rating by a rating agency which is at or better than 'BBB-' (as determined by Standard & Poor's or Fitch Ratings) or 'Baa3' (as determined by Moody's Investor Services, Inc.); or (ii) long-term unsecured local currency debt rating not worse than the highest South Africa's sovereign local currency debt rating; or (iii) South African long-term national scale rating no worse than 'zaA-' (as determined by Standard & Poor's) or 'A-(zaf)' (as determined by Fitch Ratings) or 'A3.za' (as determined by Moody's Investor Services, Inc) or (iv) equivalent rating to any of the above ratings (as determined by a rating agency approved by Eskom);
- 1.2.5 **'Approved Credit Rating for Non-South African Holding Companies'** means (i) at least one investment grade long-term unsecured foreign currency debt rating by a rating agency which is at or better than 'BBB-' (as determined by Standard & Poor's or Fitch Ratings) or 'Baa3' (as determined by Moody's Investor Services, Inc); or (ii) long-term unsecured foreign currency debt rating not worse than the highest South Africa's sovereign foreign currency debt rating; or (iii) equivalent rating to any of the above ratings (as determined by a rating agency approved by Eskom);
- 1.2.6 **'Budget Quote'** means the budget quote, with its appendices, to be issued by Eskom to the Customer;
- 1.2.7 **'Business Day'** means any day other than Saturday, Sunday or an official public holiday in South Africa;
- 1.2.8 **'Capital Costs'** means the total actual capital costs of the Eskom Works but excluding the Monopoly Works Cost;
- 1.2.9 **'Code(s)'** means the Distribution Code, the South African Grid Code, the Grid Connection code for Renewable Power Plants or any other code, published by NERSA, as applicable to Eskom and/or the Customer;
- 1.2.10 **'Connection'** means the physical connection of the Facility to the Distribution System;
- 1.2.11 **'Connection Charge'** means, subject to adjustment, the total Standard Connection Charge and the Premium Connection Charge recouped or to be recouped by ESKOM from the CUSTOMER for the cost of the Eskom Works comprising the Dedicated Capital Costs, and if applicable, the Monopoly Works Cost, calculated in compliance with the Code(s);
- 1.2.12 **'Connection Charge Estimate'** means the total estimated Connection Charge as set out in Table 1 of Annexure G (Financial Specifications).

- 1.2.13 **'Connection Charge Guarantee'** means a Guarantee issued for an amount equal to the Connection Charge Guarantee Amount which amount will be set out in the Budget Quote.
- 1.2.14 **'Connection Charge Guarantee Amount'** means (a) initially, an amount equal to the balance of the Connection Charge Estimate as set out in Table 1 of Annexure G (Financial Specifications), and (b) thereafter, the amount in paragraph (a) adjusted by reference to (i) deductions for any instalments received by Eskom in the preceding year pursuant to the Budget Quote and (ii) deductions or additions resulting from any adjustments made by Eskom pursuant to the Budget Quote in the preceding year.
- 1.2.15 **'Connection Charge Payment Schedule'** means the schedule of Connection Charge instalments and corresponding instalment payment dates to be set out in the Budget Quote, as amended by Eskom from time to time on written notice to the Customer pursuant to the Budget Quote.
- 1.2.16 **'Connection Site'** means the site made or to be made available by the Customer to Eskom for the Eskom Connection Works.
- 1.2.17 **'Connection Works'** means the planning, financing, insuring, land rights acquisition, design, engineering, procurement, supply, fabrication, construction, erecting, installation, inspection, pre-commissioning, testing, completion, commissioning, operating and maintenance of the electricity network infrastructure comprised in the Connection and all activities and requirements ancillary to these, and includes the Facility Connection Works and the Eskom Connection Works;
- 1.2.18 **'Contestable Works'** means the portion of the Connection Works to be undertaken by the Customer in accordance with the conditions of the Transmission Self-Build Agreement to be concluded between the Customer and Eskom;
- 1.2.19 **'Contestable Works Security'** means a Guarantee issued in favour of Eskom for an amount equal to 10% (ten percent) of the estimated value of the Contestable Works;
- 1.2.20 **'Contract Works'** means the portion of the Connection to be undertaken by the Customer in accordance with the conditions of the Distribution Self-Build Agreement to be concluded between the Customer and Eskom;
- 1.2.21 **'Contract Works Equipment'** means the plant, facilities, equipment and assets, which together comprises the portion of the Connection to be supplied by the Customer in accordance with the conditions of the Self-Build Agreement to be concluded between the Customer and Eskom. The Contract Works Equipment shall include any and all machinery, apparatus and materials that would ordinarily form part of a Network, such as telecommunication equipment, even if such machinery, apparatus or material may be removed without materially affecting the operation or reliability of the Network.
- 1.2.22 **'Contract Works Security'** means a Guarantee issued in favour of Eskom for an amount equal to 10% (ten percent) of the estimated value of the Contract Works;
- 1.2.23 **'Cost Estimate Fee'** means the portion of the Connection Charge paid by the Customer and received by Eskom for the issue of the Cost Estimate Letter, the value of which is set out in Part A of Annexure G (Financial Specifications);
- 1.2.24 **'Cost Estimate Letter'** means this letter, with its annexures, issued by Eskom to the Customer with a non-binding estimation of the costs of the works to Connect the Facility to the Distribution System;
- 1.2.25 **'Customer'** means the legal person or entity as set out in Annexures B (Connection Application) and C (Customer/Technical Details and Description of Facility);
- 1.2.26 **'Dedicated Capital Costs'** means the actual capital costs of the Eskom Works but excluding the cost of the Monopoly Works and Upstream Works;
- 1.2.27 **'Dedicated Connection Equipment'** means those assets forming part of the Eskom Equipment recovered through the Connection Charge associated with the Dedicated Capital

Costs;

- 1.2.28 **'Distribution'** means the regulated business unit through which Eskom constructs, owns, operates and maintains Eskom's Distribution System in accordance with its Licence and the Code(s).
- 1.2.29 **'Distribution Code'** means the set of documents titled South African Distribution Code published by NERSA, as amended, modified, extended, replaced or re-enacted from time to time.
- 1.2.30 **'Distribution Connection and Use-of-System Agreement' or 'DCUOSA'** means the agreement(s) required by the Code, to be entered into, in writing, between Eskom and the Customer in respect of the Connection of the Facility to the Distribution System and to allow the Customer access to and the use of the Distribution System.
- 1.2.31 **'Distribution Connection Charge'** means that portion of the Connection Charge associated with the Distribution System, which may comprise of a Distribution Standard Connection Charge and a Distribution Premium Connection Charge;
- 1.2.32 **'Distribution Monopoly Works'** means those Monopoly Works associated with the Distribution System;
- 1.2.33 **'Distribution Premium Connection Charge'** means that portion of the Connection Charge associated with a Premium Connection and the Distribution System;
- 1.2.34 **'Distribution Quotation Fee'** means the portion of the Distribution Connection Charge to be paid by the Customer to Eskom for the issue of the Budget Quote, the value of which is set out in Annexure G (Financial Specifications) and will be valid for a period of 12 months from the date of this Cost Estimate Letter, where after the value will be revised by Eskom;
- 1.2.35 **'Distribution Self-Build Agreement'** means the agreement between Eskom and the Customer pertaining to the Contract Works to be undertaken by the Customer, and the Distribution Monopoly Works falling under the responsibility of Eskom;
- 1.2.36 **'Distribution Standard Connection Charge'** means that portion of the Connection Charge associated with a Standard Connection and the Distribution System;
- 1.2.37 **'Distribution System'** means Eskom's network infrastructure consisting of assets operating at a nominal voltage of 132 kV or less, not classified as transmission transformation equipment;
- 1.2.38 **'Distribution Use-of-System (DuoS) Charge'** has the meaning as ascribed to it in the Schedule of Standard Prices;
- 1.2.39 **'DUoS Charge (generators)'** has the meaning as ascribed to it in the Use of System Schedule of Standard Prices for Distribution Connected Generators (Urban/Rural);
- 1.2.40 **'EA'** means environmental authorisation(s);
- 1.2.41 **'Early Termination Guarantee'** means a Guarantee issued for an amount equal to the Early Termination Guarantee Amount in terms of clause 4.4;
- 1.2.42 **'Early Termination Guarantee Amount'** means a) initially an amount as set out in Annexure G (Financial Specifications), b) thereafter an amount as adjusted by Eskom on written notice to the Customer in accordance with the terms and conditions of Budget Quote; and c) thereafter such adjusted amount reduced annually by one tenth (1/10th) with effect from the fourth (4th) year following Eskom's operational notification in terms of the DCUOSA;
- 1.2.43 **'Eskom'** means Eskom Holdings SOC Ltd (Registration Number 2002/015527/30);
- 1.2.44 **'Eskom Connection Equipment'** means the plant, facilities, equipment and assets set forth in Annexure E (Eskom Connection Works) to Connect the Facility to the Distribution System, which shall be constructed in accordance with the Budget Quote and owned, operated and maintained by Eskom. The Eskom Connection Equipment shall include the Point of Utility Connection in cases, where this equipment is owned, operated and maintained by Eskom.

- 1.2.45 **‘Eskom Connection Works’** means the works as described in Annexure E (Eskom Connection Works) required to be constructed, changed or enabled on the Distribution System side of the Point of Connection, save as may be otherwise provided herein, and all related activities by which the Eskom Connection Equipment shall establish the Connection between the Facility and the Distribution System, including if applicable the Upstream Works, the Contract Works and the Monopoly Works;
- 1.2.46 **‘Eskom Equipment’** means the plant, facilities, equipment and assets set forth in this Cost Estimate Letter and in Annexure E (Eskom Connection Works) which shall be constructed by Eskom in accordance with the Budget Quote and owned, operated and maintained by Eskom;
- 1.2.47 **‘Eskom Works’** means the works as described in Annexure E (Eskom Connection Works) comprising of the Eskom Connection Works but excluding the Contract Works;
- 1.2.48 **‘Estimated Capital Costs’** means the estimated Capital Costs as set out in Annexure F (Estimated Capital Costs);
- 1.2.49 **‘Estimated Dedicated Capital Costs’** means the estimated Dedicated Capital Costs as set out in Annexure F (Estimated Capital Costs);
- 1.2.50 **‘Estimated Distribution Monopoly Works Charge’** means the estimated charge for Monopoly Works on the Distribution System as set out in Part C of Annexure G (Financial Specifications);
- 1.2.51 **‘Estimated Transmission Monopoly Works Charge’** means the estimated charge for Monopoly Works on the Transmission System as set out in Part C of Annexure G (Financial Specifications);
- 1.2.52 **‘Estimated Upstream Capital Costs’** means the estimated Upstream Capital Costs as set out in Annexure F (Estimated Capital Costs);
- 1.2.53 **‘Facility’** means the Customer’s plant, situated on the property described in Annexure C (Customer/Technical Details and Location of Facility), together with the Facility Connection Equipment for the safe, efficient and optimal operation of the plant, up to the Point(s) of Connection, which shall be designed, constructed, installed, operated and maintained by or on behalf of the Customer, but excluding the Eskom Connection Equipment whether or not located at the Connection Site;
- 1.2.54 **‘Facility Connection Equipment’** means the Facility equipment, including the Point of Generator Connection, to connect the Facility to the Distribution System, which shall be constructed, owned, operated and maintained by the Customer. The Facility Connection Equipment shall also include the Point of Utility Connection in cases where this equipment is owned, operated and maintained by the Customer;
- 1.2.55 **‘Facility Connection Works’** means the works to be carried out on the Facility side of the Point of Connection and all related activities by which the Facility Connection Equipment shall establish a Connection between the Facility and the Distribution System;
- 1.2.56 **‘Grid Connection Code for Renewable Power Plants’** means the set of documents entitled “Grid Connection Code for Renewable Power Plants (RPPs) connected to the Electricity Transmission System (TS) or the Distribution System (DS) in South Africa” published by NERSA as amended, modified, extended, replaced or re-enacted from time to time;
- 1.2.57 **‘Guarantee’** means a guarantee substantially in a form acceptable to Eskom and initially for the amount stated therein, which (i) is issued by a financial institution which (a) holds an Approved Credit Rating and (b) is registered under applicable Law to carry on business in South Africa and (ii) constitutes an on demand, unconditional and irrevocable commitment to pay by the financial institution by which it is issued;
- 1.2.58 **‘HV’** means high voltage as defined in the Schedule of Standard Prices (Annexure H);
- 1.2.59 **‘Maximum Export Capacity’** means the maximum capacity measured in 30 (thirty) minute integrating periods at the Point(s) of Supply/Connection notified by the Customer, as set out

in Annexure C (Customer/Technical Details and Location of Facility), and accepted by Eskom for the delivery of electrical energy from the Facility to the Distribution System;

- 1.2.60 **'Monopoly Works'** means those works forming part of the Eskom Connection Works which remain Eskom's responsibility under the Self-Build Agreements to ensure a standard of work that meets Eskom's quality of supply, reliability and safety standards;
- 1.2.61 **'Monopoly Works Charge'** means the charge recouped or to be recouped by Eskom from the Customer for the Monopoly Works Cost;
- 1.2.62 **'Monopoly Works Cost'** means the cost of the Monopoly Works;
- 1.2.63 **'NERSA'** means the National Energy Regulator of South Africa established in terms of the National Energy Regulator Act (Act no 4 of 2004) or its successor-in-title;
- 1.2.64 **'NRS 048'** means the quality of supply specification issued by the South African Bureau of Standards, as revised from time to time or as replaced by a national standard;
- 1.2.65 **'Parties'** means Eskom and the Customer;
- 1.2.66 **'Point of Generator Connection (PGC)'** means the circuit-breaker and associated ancillary equipment (instrument transformers, protection, isolators) that connects a generator to any electrical network. The location of the Point of Generator Connection is described in Annexure C (Customer/Technical Details and Location of Facility);
- 1.2.67 **'Point(s) of Connection (POC)' or 'Point(s) of Supply (POS)'** means the electrical nodes on the Distribution System where the Customer's electrical equipment is physically connected to Eskom's electrical equipment. The location of the Point(s) of Connection is described in Annexure C (Customer/Technical Details and Location of Facility);
- 1.2.68 **'Point of Utility Connection (PUC)'** means one or more circuit-breakers and associated ancillary equipment (instrument transformers, protection, isolators), entirely independent of any PGC, that connects the Facility to the Distribution System. The Point of Utility Connection is described in Annexure C (Customer/Technical Details and Location of Facility);
- 1.2.69 **'Premium Connection'** means a connection made or to be made between the Facility and Eskom's network based on the customer's requirements, that are in excess of the specifications of a Standard Connection to provide for a more reliable and secure connection and includes the acquisition and installation of the Premium Equipment;
- 1.2.70 **'Premium Connection Charge'** means that portion of the Connection Charge payable for costs associated with the Premium Connection included in the scope of the Eskom Connection Works to meet customer specific requirements in excess of what is considered as the least life-cycle cost investment;
- 1.2.71 **'Premium Equipment'** means the equipment to be constructed, or to be installed if the Customer elects a Premium Connection and is in addition to and/or in place of the equipment installed in the case of a Standard Connection. Where applicable, the Premium Equipment shall comprise the equipment listed in Annexure E (Eskom Connection Works);
- 1.2.72 **'Pre-project Investigation Charge'** means the charge recouped by Eskom from the Customer for the Pre-project Investigation Cost;
- 1.2.73 **'Pre-project Investigation Cost'** means the cost charged to cover the investigation work prior to and including the issuing of the cost estimate letter or the budget quotation in case of applications that follow the major short process where the Cost Estimate Letter is not issued to the Customer. This is a standard charge based on the Cost Estimate Fee amount for the applicable supply size category;
- 1.2.74 **'Request for Budget Quote'** means the request for the Budget Quote letter in the form attached hereto as Annexure A to be completed by the Customer and submitted to Eskom;
- 1.2.75 **'Schedule of Standard Prices'** means Eskom's published tariffs, charges and the NMD Rules, applicable to customers as approved by NERSA and as amended from time to time;
- 1.2.76 **'Self-Build'** means the planning, financing, insuring, land rights acquisition, design,

engineering, procurement, supply, fabrication, construction, erection, installation, inspection, pre-commissioning, testing, completion and commissioning of the Contract Works by the Customer, and on completion of the Contract Works the handover of the plant, facilities, equipment, assets and related designs, material guarantees/ warranties, deeds and other documentation by the Customer to Eskom;

- 1.2.77 **'Self-Build Agreement(s)'** means the agreement(s) between Eskom and the Customer pertaining to the Contract Works and the Contestable Works to be undertaken by the Customer, and the Monopoly Works falling under the responsibility of Eskom;
- 1.2.78 **'South African Grid Code'** means the set of documents entitled "South African Grid Code" published by NERSA as amended, modified, extended, replaced or re-enacted from time to time;
- 1.2.79 **'Standard Connection'** means a connection made to or to be made between the Facility and Eskom's network based on the lowest life-cycle costs design that meets the specifications in terms of NRS 048 and the Distribution Code for a technically acceptable solution;
- 1.2.80 **'Standard Connection Charge'** means that portion of the Connection Charge that is payable for costs associated with the Standard Connection;
- 1.2.81 **'Standard Equipment'** means the equipment to be constructed or to be installed if the Customer elects a Standard Connection. The Standard Equipment shall comprise the equipment listed in Annexure E (Eskom Connection Works);
- 1.2.82 **'Transformation Capacity Charge'** means the charge included in the Transmission Connection Charge for the use of transmission transformation assets that are dedicated to a CUSTOMER or to a group of CUSTOMERS. The transmission transformation assets may be new or existing and would have been paid for fully or partially by CUSTOMERS either through Transmission Connection Charges or through Transmission Use of System charges;
- 1.2.83 **'Transmission Connection Charges'** means that portion of the Connection Charge associated with the Transmission System, which may comprise of the Transmission Standard Connection Charge and the Transmission Premium Connection Charge;
- 1.2.84 **'Transmission Monopoly Works'** means those Monopoly Works associated with the Transmission System;
- 1.2.85 **'Transmission Premium Connection Charge'** means that portion of the Connection Charge associated with a Premium Connection and the Transmission System;
- 1.2.86 **'Transmission Quotation Fee'** means the portion of the Transmission Connection Charge to be paid by the Customer to Eskom for the issue of a/the Budget Quote, the value of which is set out in Annexure G (Financial Specifications) and will be valid for a period of 12 months from the date of this Cost Estimate letter, where after the value will be revised by Eskom;
- 1.2.87 **'Transmission Self-Build Agreement'** means the agreement between Eskom and the Customer pertaining to the Contestable Works to be undertaken by the Customer and the Transmission Monopoly Works falling under the responsibility of Eskom;
- 1.2.88 **'Transmission Standard Connection Charge'** means that portion of the Connection Charge associated with a Standard Connection and the Transmission System;
- 1.2.89 **'Transmission System'** means all Eskom's lines and substation equipment where the nominal voltage is above 132 kV. All other equipment operating at lower voltages are either part of the Distribution System or classified as transmission transformation equipment;
- 1.2.90 **'Upstream Capital Costs'** means the actual capital costs incurred by Eskom in carrying out the Upstream Works;
- 1.2.91 **'Upstream Connection Equipment'** means the Eskom Equipment associated with the Upstream Works;
- 1.2.92 **'Upstream Works'** means those works forming part of the Eskom Connection Works, which

are considered to be for the benefit of many customers and cannot be directly allocated to any one or more customers at the time of the Connection.

- 1.2.93 **'Use-of-System Charges Security'** means a Bank Guarantee issued for an amount equal to the Use-of-System Charges Security Amount; and
- 1.2.94 **'Use-of-System Charges Security Amount'** means an amount equivalent to the estimated amount of three (3) consecutive months of the DUOS Charge (generators).

1.3 In this Cost Estimate Letter, unless a contrary intention clearly appears:-

- 1.3.1 the headings to the clauses and sub-clauses in this Cost Estimate Letter are for the purpose of convenience and reference only, and shall not be used in the interpretation, modification, amplification of any clause thereof;
- 1.3.2 words and expressions defined in this Cost Estimate Letter shall bear the same meanings in the Annexures to this Cost Estimate Letter unless specifically defined in those Annexures;
- 1.3.3 any words or expressions for which no meanings have been ascribed in this Cost Estimate Letter shall have the meanings ascribed to them in the Act or, in the absence of such meanings, the meanings ascribed to them in the Code(s);
- 1.3.4 words and expressions importing:
- a. any one gender includes the other gender;
 - b. the singular includes the plural and vice versa;
 - c. natural persons include juristic persons and vice versa;
- 1.3.5 any reference to any law shall include any amendments, modifications, extensions, replacements or re-enactments thereof then in force;
- 1.3.6 any reference to 'this Cost Estimate Letter' shall mean this Cost Estimate Letter together with its Annexures as amended, modified or supplemented;
- 1.3.7 any reference to 'writing' or 'written' shall include all methods of reproducing words in a legible and non-transitory form;
- 1.3.8 any reference to 'persons' shall include individuals, firms and corporations, joint ventures, trusts, unincorporated associations and organisations, partnerships and any other entities, in each case whether or not having a separate legal personality; and
- 1.3.9 any reference to either 'Party' or 'any person' shall include its legal successors and permitted assignees.
- 1.3.10 in the computation of periods of time from a specified day to a later specified day, 'from' means from and including and 'until' or 'to' means to and including.
- 1.3.11 any reference in this Cost Estimate Letter to a 'Clause' or 'sub-clause' is a reference to a clause or sub-clause contained in this Cost Estimate Letter;
- 1.3.12 any reference to 'Clause', 'Annexure' and 'Part' are references to the relevant clause, annexure and part, respectively, of this Cost Estimate Letter, references to 'Annex' are to the relevant annex to an Annexure of this Cost Estimate Letter, references to 'Paragraph' are to the relevant paragraph in an Annexure or Annex to this Cost Estimate Letter;
- 1.3.13 where figures are referred to in numerals and in words, if there is any conflict between the 2 (two), the words shall prevail;
- 1.3.14 any reference to number of days shall be a reference to calendar days unless Business Days are specified; and
- 1.3.15 the rule of construction that this Cost Estimate Letter shall be interpreted against the Party responsible for the drafting or preparation hereof, shall not apply.

2. TECHNICAL

- 2.1 The Maximum Export Capacity (MEC) and the voltage level of the Connection are set out in Annexure C (*Customer/Technical Details and Location of Facility*).
- 2.2 The location of the Point(s) of Connection for the Facility is described in Annexure C (*Customer/Technical Details and Location of Facility*).
- 2.3 The Customer shall provide the relevant protection, synchronising and control equipment at the Point(s) of Connection which is compatible with the protection standard required by Eskom as set out in Annexure D (*the Standard for the Interconnection of Embedded Generation*).
- 2.4 Prior to the Connection of the Facility to the Distribution System, the Customer shall comply with all applicable laws including but not limited to those governing the electricity supply industry including regulations, the Codes, directives and guidelines, failing which Eskom may refuse to allow the Connection, or disconnect the Connection until such time as there is compliance with such laws.

2.5 Network performance and quality of supply

- 2.5.1 Eskom is required to provide a standard of quality of supply, which complies with NRS 048. The Customer shall comply with the quality of supply limits determined in accordance with NRS 048.
- 2.5.2 Eskom will use its reasonable endeavours to furnish the Customer with a reliable network for the delivery of electricity from the Facility at the Point(s) of Connection. However, it is not practicable for Eskom to guarantee that the continuity and voltage quality at the Point(s) of Connection will always be maintained under all contingencies. It will be incumbent on the Customer to take adequate measures to protect its business and the Facility against any damage and / or losses arising from frequency deviations, loss of Connection or connection/supply interruptions, voltage variations (including voltage dips), voltage harmonics, interharmonics, voltage flicker, voltage unbalance, voltage swells and transients, undervoltages and overvoltages at the Point of Connection.
- 2.5.3 Eskom generally contracts with Customers for a Standard Connection in terms of which no specific voltage dip or interruption limits will be specified in the contract. Indicative levels of voltage dip and interruption performance may be obtained on request from Eskom. In order to ensure greater levels of assurance on interruption (and in some cases dip) performance, generators may elect to:
 - 2.5.3.1 pay for the necessary infrastructure required to provide a Connection with higher levels of reliability; or
 - 2.5.3.2 pay for additional monitoring equipment to effect monitoring of performance at the Point of Connection.

2.6 Technical assumptions

- 2.6.1 This Cost Estimate Letter is based on the information provided by the Customer in Part 1 of the application for this Cost Estimate Letter attached hereto as Annexure B (Connection Application) and assumes that the Connection Works to be constructed is for the Connection of the Facility and not for any other customer. If other customers are to be connected the cost to connect and the technical assumptions may change.
- 2.6.2 This Cost Estimate Letter is based on the technical assumptions as set out in Part C of Annexure E (Eskom Connection Works).

3. CONNECTION WORKS

3.1 Facility Connection Works

The Customer shall be responsible for the portion of the Connection Works comprising the Facility Connection Works.

3.2 Contract Works and Contestable Works

- 3.2.1 If a Self-Build option is elected by the Customer, the Customer shall be responsible for the portion of the Connection Works comprising the Contract Works and/or Contestable Works as set out in Part B.2 and B.5 of Annexure E (Eskom Connection Works) and associated timelines in accordance with the terms and conditions of the Self-Build Agreement. Subject to the applicable terms in the Self-Build Agreement, the Parties may agree that an additional portion of the Eskom Works be included in the Contracted Works.
- 3.2.2 The Customer must indicate in the Request for the Budget Quote whether it elects to Self-build and must also indicate the estimated timeline to complete the Contract Works and/or the Contestable Works, including any additional portion of the Eskom Works as agreed to by the Parties in terms of Clause 3.2.1.
- 3.2.3 The approval of a Self-Build option by Eskom and the take-over of any Contract Works and/or the Contestable Works by Eskom will be subject to the conditions contained in Eskom's Standard for HV Self-build Customer Projects in Distribution and Procedure for Self-Build Customer Projects in Transmission (copies of which will be made available on request) and the Self-build Agreement(s) to be concluded, which inter alia shall include the following:
 - 3.2.3.1 the Contract Works and/or the Contestable Works must be built according to the Eskom standards and specifications and Eskom will not under any circumstances take over and energise any asset that is not built according to the Eskom standards; and
 - 3.2.3.2 the Customer shall pay all costs incurred by Eskom in relation to all Monopoly Works (see Annexure F).

3.3 Eskom Connection Works

- 3.3.1 Eskom shall be responsible for the portion of the Eskom Connection Works comprising the Eskom Works as set out in Annexure E (Eskom Connection Works).
- 3.3.2 If a Self-Build option is not elected by the Customer, the Eskom Works shall be as set out in Part A of Annexure E (Eskom Connection Works).
- 3.3.3 If a Self-Build option is elected by the Customer, the Eskom Works shall be as set out in Part B.1 of Annexure E (Eskom Connection Works).

3.4 Estimated Connection Timelines

- 3.4.1 Subject to the content of this Cost Estimate Letter and the conditions of any Budget Quote accepted later, the estimated period for the completion of the Eskom Connection Works, calculated from the commencement of construction by Eskom, where the Customer does not elect an option of Self-Build, is set out in Part A.3 of Annexure E (Eskom Connection Works). The estimated period provided in this Cost Estimate Letter is not binding on Eskom in any way.
- 3.4.2 Where the Customer elects an option of Self-Build, the connection timeline shall be determined by the Parties taking into consideration resource availability for commissioning and related activities.

4. FINANCIAL

4.1 Total Estimated Capital Costs

- 4.1.1 The total Estimated Capital Costs:
 - 4.1.1.1 if the Customer does not elect to Self-Build, are set out in Part A of Annexure F (Estimated Capital Costs); or
 - 4.1.1.2 if the Customer elects to Self-Build, are set out in Part B of Annexure F (Estimated Capital Costs).

4.2 Connection Charge Estimate

4.2.1 The Connection Charge Estimate:

- 4.2.1.1 if the Customer does not elect to Self-Build, is set out in Part B of Annexure G (Financial Specification); or
 - 4.2.1.2 if the Customer elects to Self-Build, is set out in Part C of Annexure G (Financial Specification).
- 4.2.2 The Customer shall pay the Connection Charge Estimate in accordance with the Budget Quote.

4.3 Connection Charge Guarantee

- 4.3.1 If the Customer elects in its acceptance of the Budget Quote to pay the Connection Charge Estimate in instalments, the Customer shall deliver a Connection Charge Guarantee in accordance with the Budget Quote.

4.4 Early Termination Guarantee

- 4.4.1 Eskom will, in connecting the Facility to the Distribution System incur certain expenditures and costs, which are not directly recovered through the Connection Charge. In the event of an early termination of the project or the DCUOSA, such costs shall be recovered by Eskom from the Early Termination Guarantee.
- 4.4.2 The Customer shall deliver an Early Termination Guarantee in accordance with the Budget Quote. The Early Termination Guarantee Amount is set out in Annexure G (Financial Specifications).

4.5 Contract Works Security and Contestable Works Security

- 4.5.1 Where the Customer elects an option of Self-Build, the Customer shall deliver the Contract and/or Contestable Works Security in accordance with the Budget Quote.

4.6 DUoS Charge (generators)

- 4.6.1 The Customer shall pay to Eskom the DUoS Charge (generators) for the Facility's use of the Distribution System, subject to the terms and conditions set out in the Distribution Connection and Use-of-System Agreement.
- 4.6.2 ESKOM's prevailing Schedule of Standard Prices, at any time shall serve as prima facie evidence of the DUoS Charge (generators) in force at that time.
- 4.6.3 Particulars of the DUoS Charge (generators) currently in force are set out in Annexure H (Use of System Schedule of Standard Prices for Distribution Connected Generators).
- 4.6.4 The Customer shall deliver to Eskom Use-of-System Charges Security in accordance with the Budget Quote. Eskom may determine on written notice to the Customer at Budget Quote stage (if the Customer is appointed as preferred bidder as part of a regulated bid programme for new generation capacity), that the Customer is not required to provide the Use-of-System Charges Security. The Use-of-System Charges Security Amount is set out in Annexure G (Financial Specifications).

5. BUDGET QUOTE

- 5.1 Eskom shall provide a Budget Quote to the Customer, provided that within 12 (twelve) months of the date of this Cost Estimate Letter the Customer complies with the Budget Quote application conditions set out in Clause 5.2 below.

5.2 Budget Quote application conditions

- 5.2.1 Where the Customer intends to submit bids regulated by the Electricity Regulations on New Generation Capacity, the entity responsible for procurement (currently the Department of Energy) must pre-qualify applications to receive a Budget Quote based on the published pre-qualification criteria.

- 5.2.2 Where the Customer does not intend to submit a bid as part of a regulated bid programme, the Customer shall submit:
- 5.2.2.1 a letter from NERSA confirming receipt of an application for a licence, if applicable to generate and export energy;
 - 5.2.2.2 proof of land ownership or permission to use the land intended;
 - 5.2.2.3 EA progress – at least a letter of confirmation from the Department of Environmental Affairs, approving the scoping report and appointment of an environmental consultant to conduct the studies necessary to obtain environmental approvals or permits; and
 - 5.2.2.4 proof of reasonable viability of the proposed technology regarding the primary energy source.
- 5.2.3 The Customer shall complete and submit Annexure A (Request for Budget Quote) to Eskom.
- 5.2.4 The Customer shall complete and submit Part 2 of the application form to Eskom.
- 5.2.5 The Customer shall pay the Distribution Quotation Fee and where applicable the Transmission Quotation Fee once the Customer has been pre-qualified in terms of Clause 5.2 and/or satisfied the required conditions in Clause 5.2.

5.3 Cost Estimate Fee and quotation fees

- 5.3.1 Eskom incurs costs in providing a Cost Estimate Letter. These costs are payable upfront as a Cost Estimate Fee before Eskom will proceed with the preparation of the Cost Estimate Letter.
- 5.3.2 Should a Budget Quote not be requested by the Customer, the Cost Estimate Fee will be forfeited.
- 5.3.3 Similarly, Eskom will incur costs, such as survey, environmental impact assessments, and detailed design, in providing a Budget Quote. These costs are payable upfront as a Distribution Quotation Fee and where applicable a Transmission Quotation Fee, before Eskom will proceed with the Budget Quote.
- 5.3.4 Should the Budget Quote not be accepted for any reason, the Cost Estimate Fee will be forfeited and any actual costs incurred by Eskom shall be set-off against any amounts paid in advance by the Customer and the balance refunded to the Customer.
- 5.3.5 Should the Customer require a revision of scope of the Connection after paying the Cost Estimate Fee and after receiving the Cost Estimate Letter, the Customer will be required to pay to Eskom another upfront cost estimate fee before another cost estimate letter will be provided.

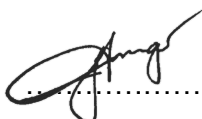
6. LEGAL

- 6.1 Eskom may not connect the Facility to the Distribution System unless the Customer has obtained approval or a license from NERSA and complies with the prevailing law in general. Any costs incurred by Eskom, at or after providing the Budget Quote, is payable by the Customer irrespective of whether these approvals are obtained or not.
- 6.2 If the Customer wants Eskom to proceed to provide a Budget Quote the Customer must complete the Request for a Budget Quote, in the form attached to this Cost Estimate Letter as Annexure A and forward the request together with the Distribution Quotation Fee and/or the Transmission Quotation Fee where applicable and other required information and documentation, in accordance with Clause 5.2.
- 6.3 Any changes to the assumptions and scope must be clearly indicated to Eskom in writing, which will result in a revised cost estimate letter or Budget Quote and may result in a new quotation fee being payable.
- 6.4 The Customer shall enter into a written Distribution Connection and Use-of-System Agreement with Eskom in accordance with the Budget Quote.

- 6.5 Where the Customer elects to exercise the Self-Build option, the Customer shall enter into a written Self-Build Agreement(s) with Eskom. If the Customer fails to construct the Contract Works in accordance with the required Eskom standards and specifications, Eskom will not be obligated to take ownership of these assets. In this instance, the Customer will be in breach of the Self-Build Agreement. Should the Customer fail to remedy its breach and meet the requirements, Eskom may, in its sole discretion, provide to the Customer a new quotation to complete the project and take over the assets.
- 6.1 If the Customer intends also to consume electricity at the Facility, which is to be supplied by Eskom, and the Customer does not have an electricity supply agreement or the terms and conditions of the Customer's existing electricity supply agreement will change due to the establishment of the Facility, the Customer shall be required to sign an electricity supply agreement that will regulate the supply of electricity to the Facility. Please contact Charmaine Masehela) at telephone number (+27 11 871 2122) if this is the case.
- 6.2 The Customer shall be liable to pay any taxes and/or levies relating to the subject matter hereof, which may be imposed in terms of any existing and/or future legislation or as approved by NERSA.
- 6.3 The terms and conditions of this Cost Estimate Letter are subject to the provisions of the Code(s), the Act(s) and the rules and regulations issued thereunder, and of Eskom's licences and Schedule of Standard Prices, as amended or re-enacted from time to time and any other applicable laws.
- 6.4 The information contained in this Cost Estimate Letter should not be used for anything other than its intended purpose. Eskom accepts no liability, contractual or otherwise, as a result of any reliance on this information and the Customer accordingly indemnifies Eskom against any liability emanating from the use of this information.
- 6.5 Eskom's bank account details for direct deposits or bank transfers shall be specified in the invoice issued by Eskom in respect of the Distribution Quotation Fee and the Transmission Quotation Fee, if applicable.
- 6.6 The Customer shall use the account number on the invoice as the reference number for the deposit or transfer. Please submit proof of payment following your Request for Budget Quote.

For any information, enquiries or confirmation, please contact (Charmaine Masehela) at telephone number (+27 11 871 2122). I thank you for the opportunity of allowing Eskom to provide this service and trust that your favourable written reply will reach this office shortly.

Yours sincerely



Mfundiso Songo

Senior Manager, Grid Access Unit

Date: 25 July 2022

Cc Customer file

REQUEST FOR BUDGET QUOTE

Mr Lou Duvenage
Project Manager
Eskom Holdings SOC Ltd
Majuba Power Station
Private Bag x 9001
VOLKSRUST
2470

Date: 25/07/2022

Eskom Holdings SOC Ltd (Reg No: 2002/015527/30)

Ms Charmaine Masehela

Senior IPP Executive

Fax number: +27 86 667 5903

PO Box 107

GERMISTON

1400

Dear Ms Masehela

REQUEST FOR BUDGET QUOTE FOR CONSTRUCTION OF WORKS TO CONNECT A GENERATOR TO THE DISTRIBUTION SYSTEM FOR MAJUBA POWER STATION 65MW PV POWER PLANT SITUATED AT VOLKSRUST AREA IN MPUMALANGA PROVINCE.

I have read and understood the terms of the Cost Estimate Letter dated 25 July 2022, reference number IPP458543368. I hereby request Eskom to prepare a Budget Quote for my consideration.

I acknowledge that I intend to exercise the **Self-Build option** and herewith submit an application to do so.

If I have elected the Self-Build option above, the estimated timeline to complete the Contract Works is calendar months.

Please provide an invoice for the following:

Description	Cost	Select
Distribution Quotation Fee	R 2 388 788,00 (+ VAT = R 2 747 106,20)	X
Transmission Quotation Fee	R 1 740 000,00 (+ VAT = R 2 001 000,00)	X
Total Quotation Fee	R 4 128 788,00 (+ VAT = R 4 748 106,20)	X

Please find herewith also the documentation/information required by Eskom as set out in the Cost Estimate Letter to proceed with the Budget Quote.

I acknowledge that Eskom will release the project for the Budget Quote phase when all of the following conditions are met:

- Request for Budget Quote letter received
- Quotation Fee(s) paid

- Grid Application Form received – Part 1 & Part 2
- Letter from NERSA regarding license requirement
- VAT Number

All future correspondence must be addressed as follows:

duvenald@eskom.co.za

_____ code _____



Signed for and on behalf of Eskom Renewables on 25/07/2022 20.. by
L. Duvénage..... in my capacity as Project Manager (who confirms that I am duly
 authorised).

CONNECTION APPLICATION

**CUSTOMER/TECHNICAL DETAILS AND
LOCATION OF FACILITY**

Table 1

1.1	Customer	Majuba PS PV Power Plant
1.2	Location of the Facility	Located at Volksrust Area
1.3	Cost Estimate Letter reference number	IPP458543368
1.4	Date of Cost Estimate Letter	25 July 2022
1.5	Maximum Export Capacity	65MW
1.6	Voltage level of the Connection	88kV
1.7	Location of Point of Connection (POC)	88kV Switching Station
1.8	Point of Generator Connection	88kV Switching Station
1.9	Point of Utility Connection	Customer Point of Supply

STANDARD FOR INTERCONNECTION OF EMBEDDED GENERATION

ESKOM CONNECTION WORKS**PART A: SELF-BUILD OPTION NOT ELECTED BY CUSTOMER – ESKOM BUILD****A.1 Dedicated Connection Equipment**

- A.1.1 Standard Equipment on the Transmission System – Not Applicable
- A.1.2 Premium Equipment on the Transmission System – Not Applicable
- A.1.3 Standard Equipment on the Distribution System – Not Applicable
- A.1.4 Premium Equipment on the Distribution System – Not Applicable

A.2 Upstream Connection Equipment

- A.2.1 Equipment on the Distribution System – Not Applicable
- A.2.2 Equipment on the Transmission System – Not Applicable

A.3 Estimated Period

- A.3.1 The estimated period for the completion of the Eskom Connection Works, calculated from the commencement date of the Eskom Connection Works, shall be [N/A] months.

PART B: SELF-BUILD OPTION ELECTED BY CUSTOMER**B.1 Eskom Works****B.1.1 Dedicated Connection Equipment**

- B.1.1.1 Standard Equipment on the Transmission System – Not Applicable
- B.1.1.2 Premium Equipment on the Transmission System – Not Applicable
- B.1.1.3 Standard Equipment on the Distribution System – Not Applicable
- B.1.1.4 Premium Equipment on the Distribution System – Not Applicable

B.1.2 Upstream Connection Equipment

- B.1.2.1 Equipment on the Distribution System – Not Applicable
- B.1.2.2 Equipment on the Transmission System – Not Applicable

B.1.3 Distribution Monopoly Works

- B.1.3.1 ESKOM will appoint a clerk of works to monitor the quality of the construction as well as the quality of material.
- B.1.3.2 ESKOM will appoint a project manager to do site inspections and also monitoring of workmanship and materials/equipment.
- B.1.3.3 ESKOM will monitor the CUSTOMER's environmental management in respect of the Contract Works.
- B.1.3.4 ESKOM will verify the design and equipment of the Contract Works.
- B.1.3.5 ESKOM will commission the metering, protection and the supervisory control and data acquisition system (SCADA), which will be installed by the CUSTOMER in terms of the Self-Build Agreement.
- B.1.3.6 ESKOM will monitor the installation of the Contract Works.
- B.1.3.7 ESKOM will be responsible for any commissioning in respect of the Contract Works required after the Connection of the Facility to the Distribution System.
- B.1.3.8 ESKOM will manage any outages required on the Distribution System and or Transmission System.
- B.1.3.9 ESKOM will check and accept the route selection and will monitor the process of registration of the Servitudes in the name of ESKOM.
- B.1.3.10 ESKOM will effect the closing span to liven up the Connection Works as well as the optical fibre ground wire connection.

B.2 Contract Works

B.2.1 Dedicated Connection Equipment

- B.2.1.1 Standard Equipment on the Transmission System – Not Applicable
- B.2.1.2 Premium Equipment on the Transmission System – Not Applicable
- B.2.1.3 Standard Equipment on the Distribution System – Not Applicable
- B.2.1.4 Premium Equipment on the Distribution System – Not Applicable

OPTION 2: SELF-BUILD OPTION FOR DISTRIBUTION AND TRANSMISSION

B.3 Eskom Works

B.3.1 Dedicated Connection Equipment

- B.3.1.1 Standard Equipment on the Transmission System – Not Applicable
- B.3.1.2 Premium Equipment on the Transmission System – Not Applicable
- B.3.1.3 Standard Equipment on the Distribution System – Not Applicable
- B.3.1.4 Premium Equipment on the Distribution System – Not Applicable

B.3.2 Upstream Connection Equipment

- B.3.2.1 Equipment on the Distribution System – Not Applicable
- B.3.2.2 Equipment on the Transmission System – Not Applicable

B.3.3 Monopoly Works

- B.3.3.1 ESKOM will appoint a clerk of works to monitor the quality of the construction as well as the quality of material.
- B.3.3.2 ESKOM will appoint a project manager to do site inspections and also monitoring of workmanship and materials/equipment.
- B.3.3.3 ESKOM will monitor the CUSTOMER's environmental management in respect of the Contract Works.
- B.3.3.4 ESKOM will be responsible for the design of the Contestable Works.
- B.3.3.5 ESKOM will verify the design and equipment of the Contract Works.
- B.3.3.6 ESKOM will commission the metering, protection and the supervisory control and data acquisition system (SCADA), which will be installed by the CUSTOMER in terms of the Self-Build Agreement(s).
- B.3.3.7 ESKOM will monitor the installation of the Contract Works and the Contestable Works.
- B.3.3.8 ESKOM will be responsible for any commissioning in respect of the Contract Works and Contestable Works required after the Connection of the Facility to the Distribution System.
- B.3.3.9 ESKOM will manage any outages required on the Distribution System and or Transmission System.
- B.3.3.10 ESKOM will check and accept the route selection and will monitor the process of registration of the Servitudes in the name of ESKOM.
- B.3.3.11 ESKOM will effect the closing span to liven up the Connection Works as well as the optical fibre ground wire connection.

B.4 Contract Works and Contestable Works

B.4.1 Dedicated Connection Equipment

- B.4.1.1 Standard Equipment on the Transmission System
 - 1 x 88 kV spare feeder bay at Majuba Substation.
- B.4.1.2 Premium Equipment on the Transmission System – Not Applicable
- B.4.1.3 Standard Equipment on the Distribution System
 - 88kV feeder bay with a line VT for Majuba Solar at Majuba MTS.

PART C: TECHNICAL ASSUMPTIONS

Eskom Holding SOC Ltd, Risk and Sustainability (Renewables Business Unit) has applied for the generator connection of their Majuba 65MW solar photovoltaic (PV) plant to the Eskom Distribution network. The application is part of Eskom's Just Energy Transition (JET) program which was established to facilitate the transition towards a cleaner energy future.

The facility will be located within the Majuba Power Station and will be managed independently from the Majuba Power Station plant.

The closest substation is Majuba MTS which is also located within the mentioned power station.

Majuba Solar Facility will be grid tied to the distribution network at 88kV voltage level. As a grid-tied system, anti-islanding protection features will be incorporated to prevent islanding, as a measure to

ensure the safety of the grid for operating personnel and equipment. Majuba Solar Facility will be integrated via an 88kV Switching Station with 3 feeder bays and an 88kV line to Majuba MTS.

Majuba MTS has 400/88kV transformation with the 88kV busbar supplying several distribution lines to Bergvleit, Volkstrust, Koppieskraal and Nieuwgevondem substations. Space is available for additional 88kV feeder bays at Majuba MTS. A new 88kV feeder bay will be established and an 88kV line build towards Majuba Solar Facility. This scope will have very limited impact on the distribution network, as all energy generated by the solar facility will be evacuated via the radial 88kV line directly into Majuba MTS.

C.1 SCOPE OF WORK

C.1.1. SCOPE OF TRANSMISSION CONNECTION WORKS/MONOPOLY WORKS

The recommended solution to facilitate the customer connection based on a (N-0) reliability level is at 88 kV. The solution entails equipping a spare 88 kV feeder bay at Majuba Substation, to integrate the 65 MW solar facility at Majuba Substation.

C.1.1.1. Recommended scope of work.

- a) **Upstream scope of work:**
 - None
- b) **Shared scope of work:**
 - None
- c) **Dedicated scope of work:**
 - Equip 1 x 88 kV spare feeder bay at Majuba Substation.

C.1.1.2. Additional technical information.

Table 1 lists the calculated three-phase and single-phase fault currents at the point of connection.

Table 1: Technical Limits

Year		2024
Point of connection		Majuba Substation – spare 88 kV feeder bay
Maximum (kA)	Three-phase fault level	22.28 kA
	Single-phase fault level	24.15 kA
Minimum (kA)	Three-phase fault level	11.79 kA
	Single-phase fault level	13.32 kA

Note:

It is recommended that all the equipment rating should be designed to meet the maximum fault current of 40 kA for 132 kV & 88 kV and 50 kA for 220 kV, 275 kV & 400 kV, throughout the lifespan of the connection directly to the transmission network. The maximum fault levels have been

calculated assuming that all network changes in the area will be implemented as tabled in the ten year Transmission Development Plan.

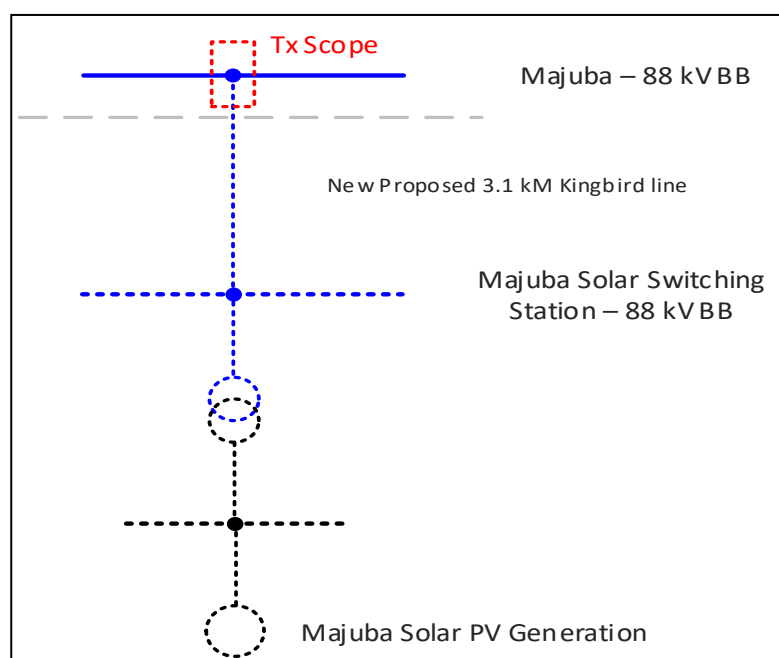
Majuba Substation has pre-existing high fault levels on the 400 kV and 88 kV busbars. There is a project underway to upgrade the under-rated equipment at Majuba Substation, and the project shall be completed in 2026.

During the budget quote phase, transient stability assessments will be conducted, which could significantly affect the scope and associated project costs.

B.1.1.3. Single line diagram of the proposed solution.

The single line diagram of the proposed connection solution, illustrating the upstream, shared, and dedicated scope of work is shown below:

Figure 1: Single Line Diagram - Integration of 65 MW Majuba Solar Facility.

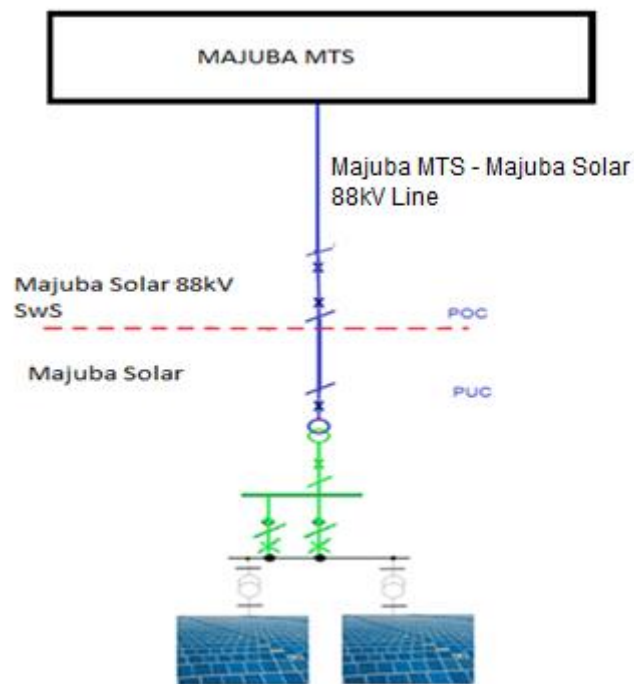


B.1.2. Eskom Distribution Project Scope of Work.

B.1.2.1. Customer Project Scope of Work:

- Construct a new 88kV switching station with 2 feeder bays (1 for incomer and 1 of POC), and a line VT at the POC.
- Construct a 3.1km 88kV Kingbird line with OPGW, from Majuba MTS to the new Switching station.

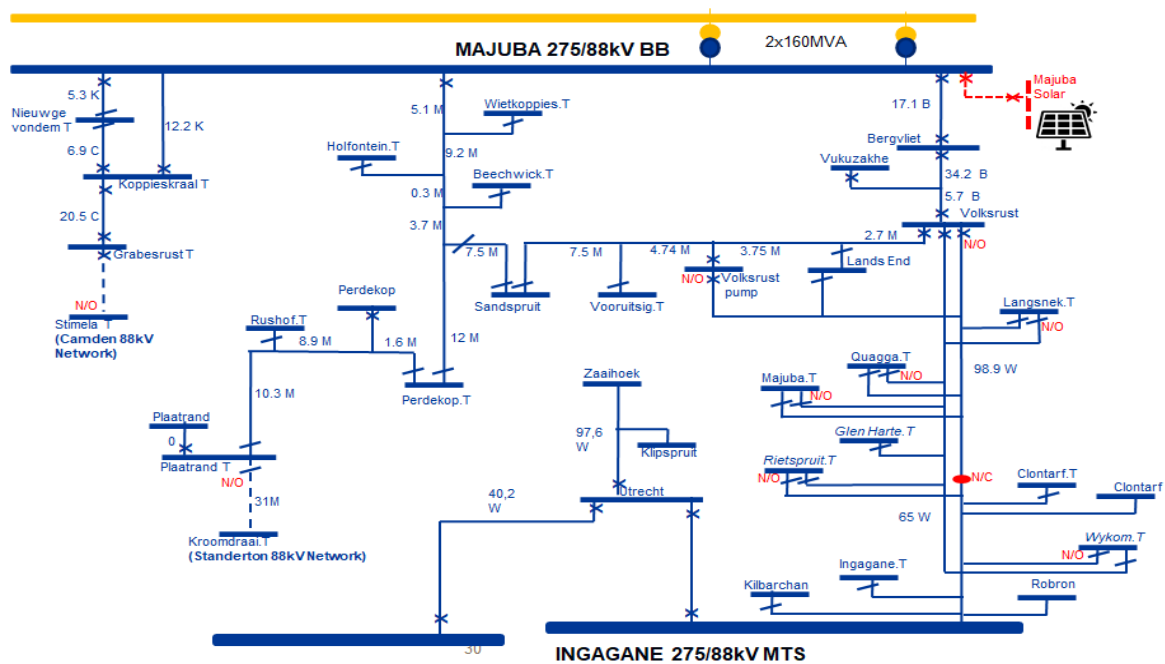
Figure 2: SED of Majuba Solar 88kV Switching station and the solar facility integration scope.



B.1.2.2. Eskom Distribution Project Scope of Work:

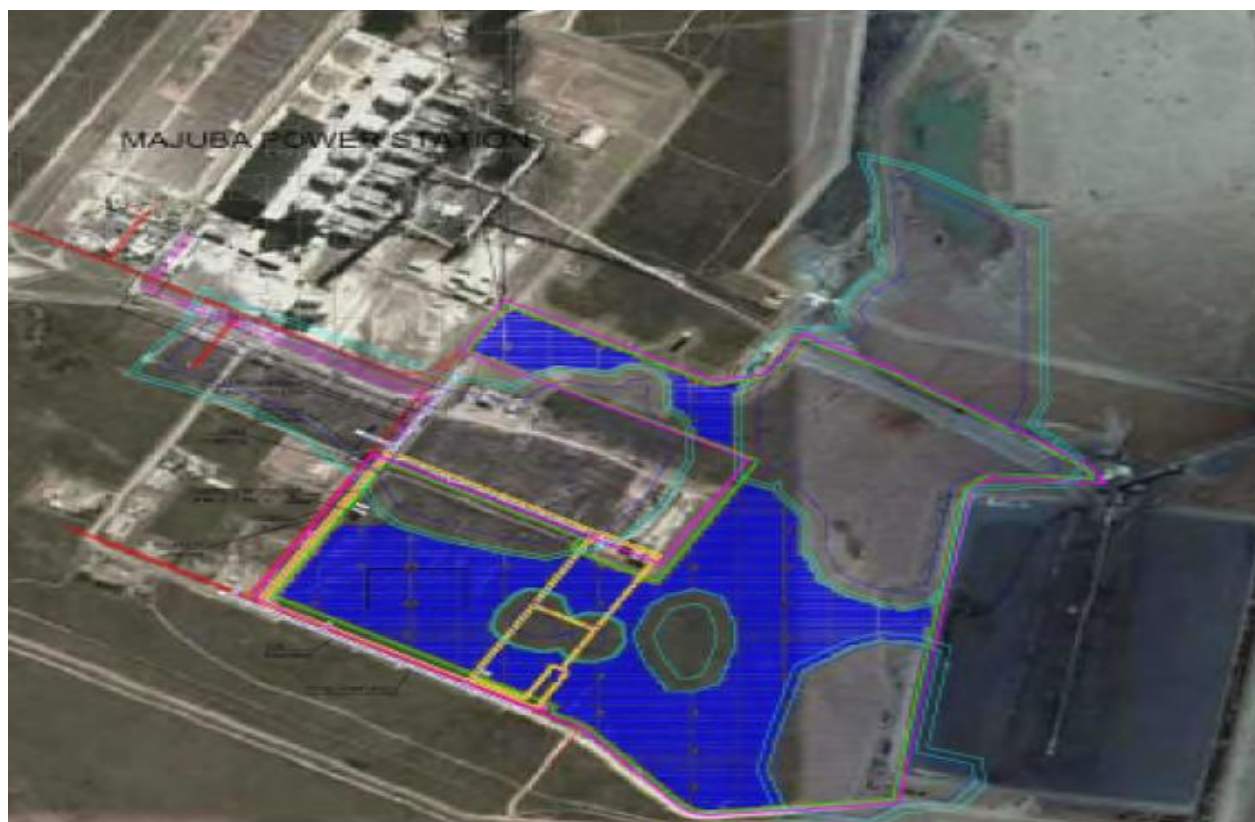
- Establish a new 88kV feeder bay with a line VT for Majuba Solar at Majuba MTS.

Figure 3: SLD with proposed scope of work.



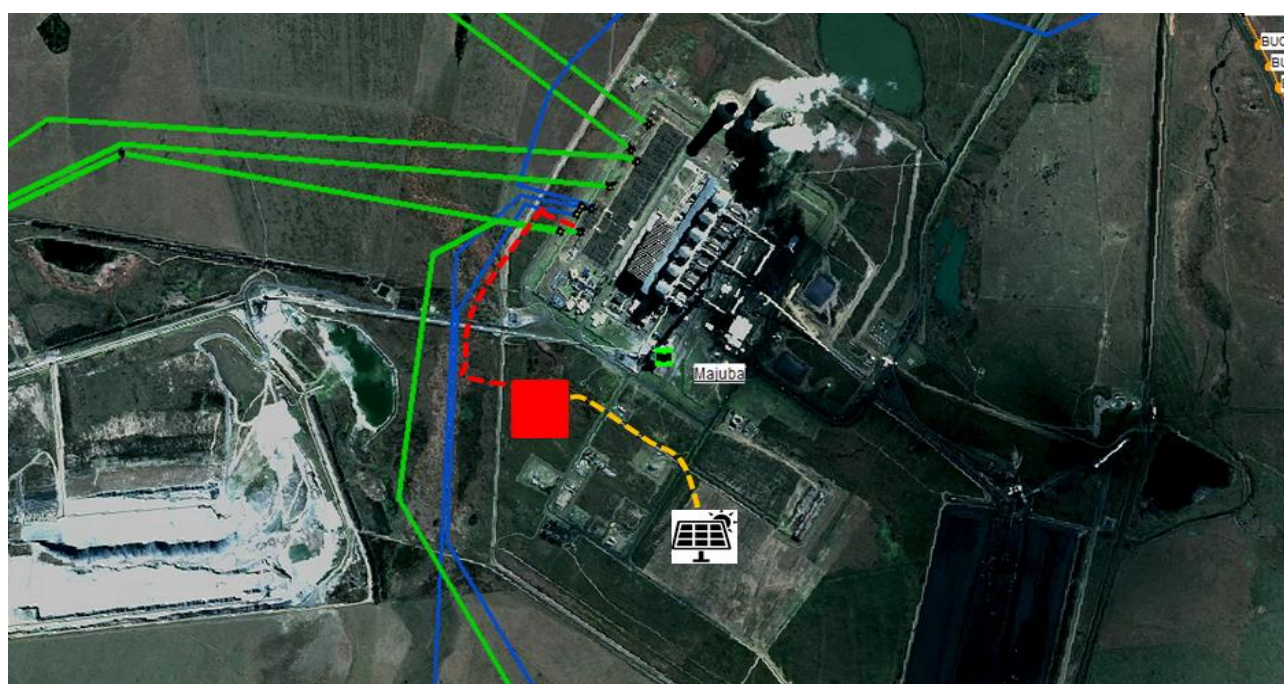
B.1.3. Network Diagram of affected network.

Figure 4: Geographic layout of the 88kV and 132kV networks.



B.1.4. Network Geographical Layout.

Figure 5: Geographic Layout of Majuba Power Station with the proposed scope of work.



B.1.5. Study Results and/or Technical Values

B.1.5.1. Fault Levels

Table 2: Fault Levels Results

Measure:	Value:
Losses (With Generation)	436.3kW
Losses (No Generation)	361.6kW
High Loading (HGHL)	0.07%
Low Loading (HGLL)	0.08%
Fault Level (With Generation)	3ph = 21.546kA 1ph = 19.610kA
Fault Level (No Generation)	3ph = 18.065kA 1ph = 18.528kA

B.2. Project Engineering Fees.

- In order to provide a budget quotation, Eskom will initially incur costs including, but not limited to surveys, Environmental Impact Assessments (EIAs), preliminary designing and detailed designing. These estimated costs are payable as a commitment fee together with the request for a budget quotation. Upon acceptance of the budget quotation, this fee will form part of the project cost.
- Should the customer decide not to accept the budget quotation, Eskom reserves the rights to recover 40% of the Engineering fees and any other costs incurred in preparing the preliminary studies.

B.3. Land Development Fees.

- In order to provide a budget quotation, Survey input will be required to determine the feasibility of obtaining the necessary way leaves and servitudes.
- It is recognized that the Environmental Impact Assessment and the time it takes to obtain a ROD could potentially delay a project. The EIA process will commence after payment is received.
- All Land Development activities in obtaining the EIA, ROD and property rights will commence immediately on receiving payment.

B.4. Project Scheduling.

- The proposed Eskom Connection Works can be completed within 24 months from the date of accepting the budget quote. This lead time will depend on the availability of material and generation capacity and will further be influenced by obtaining the necessary line routes and environmental approvals.

B.5. Condition of the Indicative Cost Estimate.

- Prices quoted are for feasibility purposes only.
- In the interim period, should another more viable technical and economical option, for both Eskom and the Customer, present itself, Eskom reserves the right to exercise that option and to provide the Customer with a new feasibility quote.
- Budget quoting will only commence once a written request for a budget quote and the appropriate guarantee are received from the Customer.
- This quotation is subject to obtaining the necessary wayleaves, servitudes and environmental approvals.
- The nature of this quotation inputs indemnifies Eskom from liability resulting from use of information in this document.

B.6. The Responsibilities of the Developer:

- Conduct power line route selection, topographic survey, servitude acquisition and registration for proposed line routes and Switching Station.
- The Developer shall use an Eskom approved surveyor, environmental consultant, negotiator and land valuer.
- Servitudes must be registered in the name of Eskom.
- Developer to conduct all environmental related approvals including Environmental Authorisations and any other legal requirements pertaining to the line route.
- Developer to present basic designs at relevant committees (TEF and DRT).
- Developer to acquire all project material in compliance with Eskom Buyers Guide. Eskom standard material shall be used.
- Appoint Eskom approved contractor.

B.7. Eskom Responsibilities:

- Land Development to review and accept the route survey work and servitude acquisition.
- NED to review and verify whether the basic and final designs comply with Eskom's requirements.
- Verify that material used during construction conform to Eskom's specifications.
- Confirm whether Eskom-approved contractors are used during construction.
- Eskom Clerk of Works to conduct quality control assurance during construction of lines and switching station.
- Witness testing and commissioning of constructed assets.
- Operating and maintaining of constructed assets.

ESTIMATED COSTS AND MONOPOLY WORKS

PART A: SELF-BUILD OPTION NOT ELECTED BY CUSTOMER (ESKOM BUILD)

The estimated costs associated with the Eskom Works, including escalation and overheads are as follows:

Table 1 (a) Summary of allocated Estimated Dedicated Capital Costs

Cost Item	Excl. VAT	Incl. VAT
Pre-Project Investigation Cost	R 0,00	R 0,00
Estimated Capital Cost for a Standard Connection (Transmission plus Distribution)	R 0,00	R 0,00
Estimated Capital Cost for a Premium Connection (Transmission plus Distribution)	R 0,00	R 0,00
Total Estimated Dedicated Capital Costs	R 0,00	R 0,00

Table 1 (b) Summary of Estimated Upstream Capital Costs plus Metering

Cost Item	Excl. VAT	Incl. VAT
Estimated Upstream Capital Cost on the Transmission System	R 0,00	R 0,00
Estimated Upstream Capital Cost on the Distribution System	R 0,00	R 0,00
Total Estimated Upstream Capital Costs	R 0,00	R 0,00
Metering installation cost	R 0,00	R 0,00
Total Estimated Upstream Capital Costs and Metering	R 0,00	R 0,00

Table 1 (c) Estimated Capital Cost of Standard Equipment on the Distribution System (Dedicated Connection Equipment)

Cost item e.g.	Cost Excl. VAT	Cost Incl. VAT
Total	R 0,00	R 0,00

Table 1 (d) Estimated Capital Cost of Standard Equipment on the Distribution System (Upstream Works)

Cost item e.g.	Cost Excl. VAT	Cost Incl. VAT
Total	R 0,00	R 0,00

Table 1 (e) Estimated Capital Cost of Premium Equipment on the Distribution System

Cost item e.g.	Cost Excl. VAT	Cost Incl. VAT
Total		

Table 1 (f) Estimated Capital Cost of Standard Equipment on the Transmission System (Dedicated Connection Equipment)

Cost item e.g.	Cost Excl. VAT	Cost Incl. VAT
Total		

Table 1 (g) Estimated Capital Cost of Standard Equipment on the Transmission System (Upstream Works)

Cost item e.g.	Cost Excl. VAT	Cost Incl. VAT
Total		

Table 1 (h) Estimated Capital Cost of Premium Equipment on the Transmission System

Cost item e.g.	Cost Excl. VAT	Cost Incl. VAT
Total		

Table 2 Amount of estimated Capital Costs linked to each foreign currency

The Base Rates as at July 2022 are as follows:

Currencies:		Amount of Estimated Dedicated Capital Costs linked to each foreign currency
US Dollars / ZAR	N/A	R 0,00
Euro / ZAR	N/A	R 0,00
Canadian Dollar / ZAR	N/A	R 0,00
Swiss Frank / ZAR	N/A	R 0,00
Swedish Krone / ZAR	N/A	R 0,00
Japanese Yen	N/A	R 0,00
Commodities:		Estimated total amount of commodity
Construction Steel	N/A	R 0,00
Aluminum	N/A	R 0,00
Copper	N/A	R 0,00
Transformer Oil	N/A	R 0,00
Core steel	N/A	R 0,00

PART B: SELF-BUILD OPTION FOR DISTRIBUTION AND TRANSMISSION ELECTED BY CUSTOMER.

The estimated costs associated with the Eskom Works, including escalation and overheads are as follows:

Table 1 (a) Summary of allocated estimated dedicated costs

Cost Item	Excl. VAT	Incl. VAT
Pre-Project Investigation Cost	R 100 521,74	R 115 600,00
Estimated Capital Cost for a Standard Connection	R 20 393 666,59	R 23 452 716,58
Estimated Capital Cost for a Premium Connection	R 0,00	R 0,00
Total Estimated Dedicated Capital Costs	R 20 494 188,33	R 23 568 316,58
Estimated Monopoly Works Cost	R 7 215 829,90	R 8 298 204,39
Total estimated dedicated costs	R 27 710 018,23	R 31 866 520,96

Table 1 (b) Summary of Estimated Upstream Capital Costs plus Metering

Cost Item	Excl. VAT	Incl. VAT
Estimated Upstream Capital Cost on the Transmission System	R 0,00	R 0,00
Estimated Upstream Capital Cost on the Distribution System	R 0,00	R 0,00
Total Estimated Upstream Capital Costs	R 0,00	R 0,00
Metering installation cost	R 267 432,00	R 307 546,80
Total Estimated Upstream Capital Costs and Metering	R 267 432,00	R 307 546,80

Table 1 (c) Estimated Capital Cost of Standard Equipment on the Distribution System (Dedicated Connection Equipment)

Cost item	Cost Excl. VAT	Cost Incl. VAT
Total	R 0,00	R 0,00

Table 1 (d) Estimated Capital Cost of Standard Equipment on the Distribution System (Upstream Works)

Cost item	Cost Excl. VAT	Cost Incl. VAT
Total	R 0,00	R 0,00

Table 1 (e) Estimated Capital Cost of Premium Equipment on the Distribution System

Cost item	Cost Excl. VAT	Cost Incl. VAT
Total	R 0,00	R 0,00

Table 1 (f) Estimated Capital Cost of Standard Equipment on the Transmission System (Dedicated Connection Equipment)

Cost item	Cost Excl. VAT	Cost Incl. VAT
Quotation Fee	R 1 740 000,00	R 2 001 000,00
Transmission Transformation Charge	R 18 653 666,59	R 21 451 716,58
Total	R 20 393 666,59	R 23 452 716,58

Table 1 (g) Estimated Capital Cost of Standard Equipment on the Transmission System (Upstream Works)

Cost item	Cost Excl. VAT	Cost Incl. VAT
Total	R 0,00	R 0,00

Table 1 (h) Estimated Capital Cost of Premium Equipment on the Transmission System

Cost item	Cost Excl. VAT	Cost Incl. VAT
Total	R 0,00	R 0,00

Estimated Monopoly Works Cost

Table 2 Summary of Estimated Monopoly Works Cost

Cost Item	Cost (excl. VAT)	Cost (incl. VAT)
Estimated cost of Monopoly Works on Distribution System	R 2 965 829,90	R 3 410 704,39
Estimated cost of Monopoly Works on Transmission System	R 4 250 000,00	R 4 887 500,00
Total	R 7 215 829,90	R 8 298 204,39

Table 3 Amount of estimated Capital Costs linked to each foreign currency

The Base Rates as at July 2022 are as follows:

Currencies:		Amount of Estimated Dedicated Capital Costs linked to each foreign currency
US Dollars / ZAR	N/A	R 0,00
Euro / ZAR	N/A	R 0,00
Canadian Dollar / ZAR	N/A	R 0,00
Swiss Frank / ZAR	N/A	R 0,00
Swedish Krone / ZAR	N/A	R 0,00
Japanese Yen	N/A	R 0,00
Commodities:		Estimated total amount of commodity
Construction Steel	N/A	R 0,00
Aluminum	N/A	R 0,00
Copper	N/A	R 0,00
Transformer Oil	N/A	R 0,00
Core steel	N/A	R 0,00

FINANCIAL SPECIFICATIONS

PART A: COST ESTIMATE FEE ALREADY PAID BY CUSTOMER

DATE COST ESTIMATE FEE AMOUNT PAID	Excl. VAT	Incl. VAT
17 September 2021	R 100 521,74	R 115 600,00

PART B: SELF-BUILD OPTION NOT ELECTED BY CUSTOMER – ESKOM BUILD

Table 1 SUMMARY OF THE CONNECTION CHARGE ESTIMATES, FEES PAYABLE UPON ACCEPTANCE OF THE COST ESTIMATE LETTER AND GUARANTEES

Connection Charge Estimate	Excl. VAT	Incl. VAT
CEF/Pre-Project Investigation Charge	R 0,00	R 0,00
Estimated Distribution Standard Connection Charge	R 0,00	R 0,00
Estimated Distribution Premium Connection Charge	R 0,00	R 0,00
Estimated Transmission Standard Connection Charge	R 0,00	R 0,00
Estimated Transmission Premium Connection Charge	R 0,00	R 0,00
SUBTOTAL: CONNECTION CHARGE ESTIMATE	R 0,00	R 0,00
Less Cost Estimate Fee (already paid)	R 0,00	R 0,00
BALANCE: CONNECTION CHARGE ESTIMATE*	R 0,00	R 0,00
FEES PAYABLE UPON ACCEPTANCE OF THE COST ESTIMATE LETTER		
Distribution Quotation Fee	R 0,00	R 0,00
Transmission Quotation Fee	R 0,00	R 0,00
Total Quotation Fee	R 0,00	R 0,00
GUARANTEES		
Use-of-System Charges Security Amount		
Early Termination Guarantee Amount		

PART C: SELF-BUILD OPTION FOR DISTRIBUTION AND FOR TRANSMISSION ELECTED BY CUSTOMER.

Table 1 SUMMARY OF THE CONNECTION CHARGE ESTIMATES, FEES PAYABLE UPON ACCEPTANCE OF THE COST ESTIMATE LETTER AND GUARANTEES

Connection Charge Estimate	Excl. VAT	Incl. VAT
CEF/Pre-Project Investigation Charge	R 100 521,74	R 115 600,00
Estimated Distribution Standard Connection Charge	R 0,00	R 0,00
Estimated Distribution Premium Connection Charge	R 0,00	R 0,00
Estimated Transmission Standard Connection Charge	R 20 393 666,59	R 23 452 716,58
Estimated Transmission Premium Connection Charge	R 0,00	R 0,00
Estimated Distribution Monopoly Works Charge	R 2 965 829,90	R 3 410 704,39
Estimated Transmission Monopoly Works Charge	R 4 250 000,00	R 4 887 500,00
SUBTOTAL: CONNECTION CHARGE ESTIMATE	R 27 710 018,23	R 31 866 520,96
Less Cost Estimate Fee (already paid)	R 100 521,74	R 115 600,00
BALANCE: CONNECTION CHARGE ESTIMATE*	R 27 609 496,49	R 31 750 920,96
FEES PAYABLE UPON ACCEPTANCE OF THE COST ESTIMATE LETTER		
Distribution Quotation Fee	R 2 388 788,00	R 2 747 106,20
Transmission Quotation Fee	R 1 740 000,00	R 2 001 000,00
Total Quotation Fee	R 4 128 788,00	R 4 748 106,20
GUARANTEES		
Use-of-System Charges Security Amount		R 211 619,64
Early Termination Guarantee Amount		R 307 546,80

PART D: QUOTE FACTORS

The factors to be used in the final calculation of the Connection Charges, the Early Termination Guarantee Amount and the Connection Charge Guarantee Amount are:

1. Overheads 10%
2. Escalation 6% (Production Price Index)
3. Escalation Duration 12 Months.

Escalation in the cost of obtaining servitudes (costs to be based on the most recent value of the land)

**USE OF SYSTEM SCHEDULE OF STANDARD PRICES FOR DISTRIBUTION CONNECTED
GENERATORS [RURAL]**