

Ngqura-Coega LNG Terminal Project

Scope of Work for the
Importation of LNG into the Port of Ngqura, South Africa

for

FSRU Terminal and Fixed Gas Infrastructure

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2. DEFINITIONS AND INTERPRETATION

- 2.1. **Capacity Factor** – the expected output of a power plant over a specific time period as a ratio of the output if the plant operated at full-rated capacity for the same time period;
- 2.2. **Central Energy Fund (CEF)** – a State-Owned Company (SOC) under the Department of Mineral Resources and Energy, incorporated in terms of the Central Energy Fund Act No 38 of 1977 in the Republic of South Africa and mandated to contribute towards national and regional energy security of supply, by operating in the energy value chain, and which together with its subsidiaries, constitutes the CEF Group of Companies;
- 2.3. **Department of Mineral Resources and Energy (DMRE)** – The Ministry responsible for regulating, transforming, and promoting the minerals and energy sectors, providing sustainable and affordable energy for growth and development, and ensuring that all South Africans derive sustainable benefit from the country's mineral wealth;
- 2.4. **Environmental Impact Assessment (EIA)** – A process of evaluating the likely environmental impacts of a proposed project or development, considering inter-related socio-economic, cultural and human-health impacts, both beneficial and adverse, as prescribed by the National Environmental Management Act.
- 2.5. **EPC** – Engineering, Procurement and Construction

- 2.6. **Final Investment Decision (FID)** – The point in the capital project planning process when the decision to make major financial commitments is taken;
- 2.7. **Financial Close** – The point at which the project receives all its funding for the construction and operation phase, typically consisting of debt and equity finance.
- 2.8. **FSRU** – Floating Storage and Regasification Unit;
- 2.9. **Gas Aggregator/s** – an entity/ies or consortium which has the ability to consolidate the LNG/gas demand for a number of customers and cost effectively supply LNG to match that demand. Gas Aggregator/s will enter into Terminal Use Agreement/s with the infrastructure owner to store the LNG, breakbulk (to ship, road tanker or isotainer), or regasify and transport the gas (via pipeline) to local customers;
- 2.10. **Independent Power Producers (IPPs)** – An independent power producer, being any Project Company that enters into a power purchase agreement (PPA) to sell electricity generated by it or on its behalf, to the power buyer in terms of a PPA;
- 2.11. **Integrated Resource Plan (IRP)** – The Integrated Resource Plan issued by the Minister under Notice No. 42784 dated 18 October 2019 in Government Gazette 1360, pursuant to the Electricity Regulation Act and updated, revised or replaced from time to time;
- 2.12. **Liquefied Natural Gas (LNG)** – Natural Gas that has been cooled to a liquid state, at approximately -162°C (minus one hundred and sixty-two degrees Celsius), enabling storage and transportation thereof by ship, road or rail due to the volume of natural gas in the liquid state being significantly lower than its volume in the gaseous state;
- 2.13. **National Energy Regulator of South Africa (NERSA)** – The National Energy Regulator of South Africa, established pursuant to Section 3 of the National Energy Regulator Act No. 40 of 2004;
- 2.14. **Procurement** – The process of sourcing and purchasing goods and services from an external source, like a third-party vendor or supplier.
- 2.15. **Project** – the project to procure the provision of an FSRU and Terminal Operator and fixed gas infrastructure enabling the delivery of:
 - Gas at the IPP gate / battery limits;
 - LNG at a truck loading facility; and

- Gas to other users in the Coega SEZ.

2.16. **Terminal Use Agreement (TUA)** – An agreement between the terminal owner and a customer/Gas Aggregator/s pursuant to which owner agrees to accept, store and regasify LNG delivered by a customer/Gas Aggregator/s to the facility and deliver natural gas to the customer;

3. INTRODUCTION AND BACKGROUND

The Department of Mineral Resources and Energy (DMRE) is responsible for ensuring national energy security and giving direction for the energy sector through policy. The National Energy Act, 2008 (Act No. 34 of 2008) is the enabling legislation that empowers the Minister of Energy to ensure that diverse energy resources are available in sustainable quantities and at affordable prices in the South African economy to support economic growth and poverty alleviation, while also taking into account environmental considerations.

The DMRE has provided certainty regarding gas utilisation through policy that emphasizes a diverse energy mix as articulated in the Integrated Resource Plan (IRP). Since the early 2000s various studies have been carried out in evaluating gas development options, and Liquefied Natural Gas (LNG) is one amongst a suite of options that can be implemented to ensure energy security.

In the Energy budget vote speech of 11th July 2019, the Honourable Minister of Mineral Resources and Energy, pronounced that the Department will implement the importation of LNG with Coega as the initial hub. In addition, the DMRE, is embarking on a Gas to Power Programme with a view to appointing Independent Power Producers (IPPs) to contribute to the production of 3000 MW of gas-generated electricity in line with the IRP 2019. It is anticipated that at least 1000 MW will be allocated to the Port of Ngqura.

Working, under the guidance of the DMRE, CEF is supporting the DMRE in the implementation of the programme. Figure 1 illustrates the area where the LNG import facility, pipelines and potential gas power plants will be located.

This Project will enable the aggregation and importation of LNG through the Port of Ngqura and the Coega SEZ for the medium to long term and the distribution thereof to consumers in the natural gas market in Port of Ngqura, SEZ. The project will also enable the use of a virtual pipeline to service the Nelson Mandela Bay Metropolitan area; the region; and the rest of South Africa.



Figure 1: Illustrative location of gas infrastructure in the Port of Ngqura and the Coega SEZ

The Ngqura-Coega LNG Terminal Project is located in Gqeberha in the Eastern Cape Province. CEF intends to contract a suitably **qualified and experienced** FSRU Terminal Developer and Operator with a strong balance sheet (Terminal Developer) to:

- i. Plan and develop;
- ii. Identify and address regulatory concerns;
- iii. Establish a commercial structure for the Project;
- iv. Support a Final Investment Decision (FID) to Construct and operate midstream Liquefied Natural Gas import facilities, pipelines and virtual pipeline infrastructure on a Build, Own, Operate and Transfer (BOOT basis); and
- v. If FID is taken, execute the procurement and construction of the infrastructure on a Lump Sum Turn Key (LSTK) basis.

To realise this long-term vision for natural gas market enablement, CEF proposes to establish an independently managed midstream gas network of integrated port and pipeline infrastructure, linking the port with the market (SEZ and the region). Subject to the requisite regulatory approvals, the Terminal Developer will lead the development under the direction of CEF in order to ensure optimal balancing of risk and cost at the highest international operating and safety standards. This will be done under the CEF's mandate for energy and energy infrastructure development.

The first phase development of the Project, which is the critical anchor for managing market supply risk and enabling further network developments, will therefore target the known demand nodes which are accessible to the LNG Terminal. As such, the port and SEZ will be the initial focus for the development of midstream, multi-party, regulated port and pipeline infrastructure required to unlock natural gas market development in multiple downstream sectors, where demand is multi-sectorial, i.e., power, industrial, transport, etc. CEF's envisaged position in the midstream enabling infrastructure of the natural gas value chain is illustrated in Figure 2. The Transnet National Port Authority (TNPA), as the landlord port authority in terms of the National Ports Act, 2005 (Act No. 12 of 2005) enables the establishment of LNG import terminals through Port Concession Agreements and licencing. In this regard, the Strategic Fuel Fund (SFF) as a subsidiary of CEF is currently negotiating the NPA Section 79 Port Concession and associated Terminal Operator Agreement for the FSRU LNG Terminal.

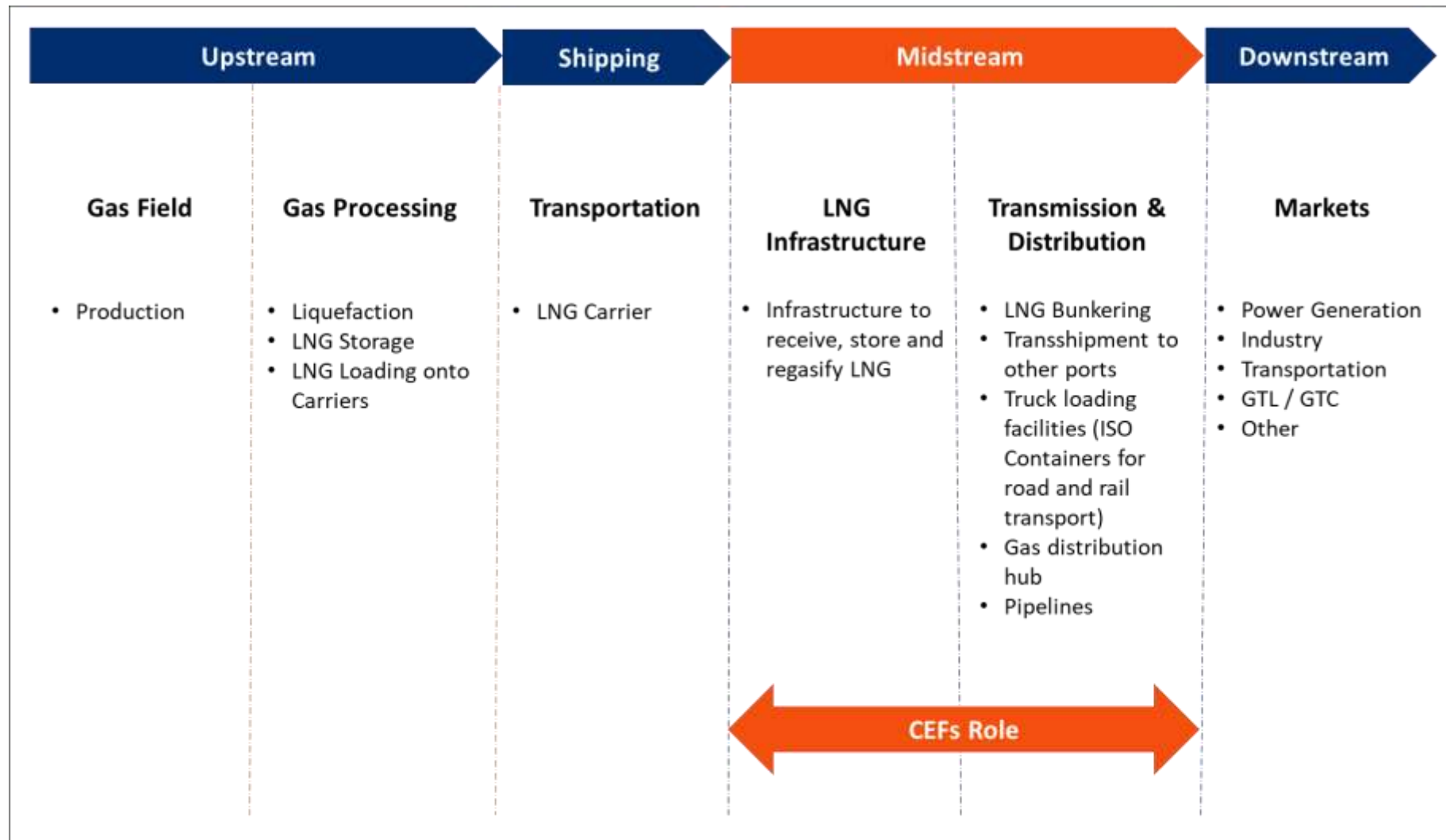


Figure 2: Indication of CEF's role in the value chain

The Terminal Developer will seek regulatory approvals to lead the establishment of partnerships for the integrated LNG terminal and gas distribution and transmission pipelines to service multi-sectorial downstream demand for natural gas. The envisaged commercial approach entails the establishment of a Special Purpose Vehicle (SPV) to house the business, tailored to deliver the LNG terminal at the Port of Ngqura integrated with gas distribution and transmission pipelines between the Port and SEZ as well as loading infrastructure to enable virtual pipeline through either road, rail or short sea shipping or any combination thereof.

The SPV, once established, will then be the driving entity to ensure that all financial, technical, legal and regulatory requirements are met to enable the efficient and cost-effective importation and storage of LNG; the transmission and distribution of natural gas along the pipelines to identified off-takers; and the distribution of LNG via road and/or rail and smaller ships to other ports.

Consideration must also be given to the Paddavissie discoveries in Block 11B/12B off the south coast of the country that has the potential to supply gas to the markets described herein, by landing the gas either at Mossel Bay or at Coega.

3.1 Project Overview

The Terminal Developer will be required to develop, finance, construct, operate and maintain LNG and gas midstream infrastructure to enable the importation of LNG into the Port of Ngqura; storage of the LNG; regasification thereof; and pipeline transportation to the customers. The infrastructure assets will consist, amongst others, the following:

- Port terminal concession, applied for by SFF (\$79 Application);
- A Floating Storage and Regasification Unit (FSRU);
- Associated marine infrastructure (Jetty/ Berth and offloading infrastructure);
- Cryogenic pipeline from Terminal to LNG Loading infrastructure enabling virtual pipeline through either road, rail or short sea shipping to enable transportation to markets;
- Natural gas pipeline connecting the LNG import terminal with the DMRE IPP's; and
- The pipelines to the SEZ that will enable transmission and distribution of gas within the SEZ (to IPPs and other projects);

Projections on industrial demand for natural gas in the region warrants the LNG terminal and natural gas pipelines. CEF's strategy is to enable the establishment of long-term, integrated, common-user mid-stream gas infrastructure by granting concession rights over the port and pipeline assets to the SPV for a period of 15-20 years, depending on the associated financing terms.

To realise this long-term vision for natural gas market enablement, CEF is proposing to estimate the current and future gas needs in the region, to support the sizing and establishment of an independently managed midstream LNG import terminal, comprised of integrated port, road loading and pipeline infrastructure, linking the Port with the market (SEZ and the region).

The Coega precinct has the following potential inception gas demand:

- a. Existing 340 MW IPP currently operating on diesel at a 12% Capacity Factor, but which could be reviewed if gas is available;
- b. 650 MW RMIPPPP preferred bidders that are currently going through a financial closure process;
- c. 1,000 MW plant, which is confirmed in the Integrated Resources Plan (IRP2019) with a base case Capacity Factor of 12% but which could be as high as 30%;
- d. 5 PJ p/a current gas users and future industrial users;
- e. Heavy Fuel Oil Off-shore Bunkering within the Coega precinct, which peaked at 1 million tons per annum pre-Covid, and is seeking cleaner fuels;

These existing and planned developments confirm Ngqura as the initial LNG hub, and it is with this background that CEF is proceeding with the Project. CEF seeks to enable gas aggregation for the various projects being developed in the region, in order to supply natural gas to the various users as highlighted above.

To enable the supply of gas in the region, gas import infrastructure is required. This includes, but is not limited to, an FSRU that will provide gas for common users; marine infrastructure; gas pipelines to the power plants and other gas users; and any required common user infrastructure such as gas distribution hub. The gas distribution hub may include LNG road loading, marine bunkering and piped gas distribution.

3.2 Project Principles

Given this Project Introduction and Overview, the following Project Principles will apply:

1. Terminal Developer to be appointed on a competitive basis for a BOOT contract over a 15 – 20 year period, to be finally agreed between CEF and the Terminal Developer.
2. Terminal Developer to set up the Special Purpose Vehicle (SPV) with the Terminal Developer as the Majority Shareholder and CEF as a Minority Shareholder.
3. Terminal Developer to develop the project at Terminal Developer's cost until Financial Close (FC). At FC, CEF will invest in the Project.
4. During the BOOT period, CEF will have a minority shareholding (currently anticipated to be between 5% and 10%).
5. At the end of the BOOT period, Terminal Developer to transfer shares to CEF so that CEF becomes the sole shareholder of the SPV.
6. Open Access terminal for third part access with Terminal multi user arrangement to be set up from the start of the project.
7. Consideration of the possible supply of gas from the Paddavissie discoveries in Block 11B/12B off the south coast of the country and either:
 - a. Blending it with the LNG; or
 - b. The phase out of LNG and eventual supply from Paddavissie.

4. SCOPE OF WORK

The Terminal Developer's Scope of Work is presented in Figure 3. The Terminal Developer will be responsible for the supply of the physical infrastructure indicated as Scope of Work. The Terminal Developer will additionally enter into the Terminal Operator Agreement (TOA) with the Port.

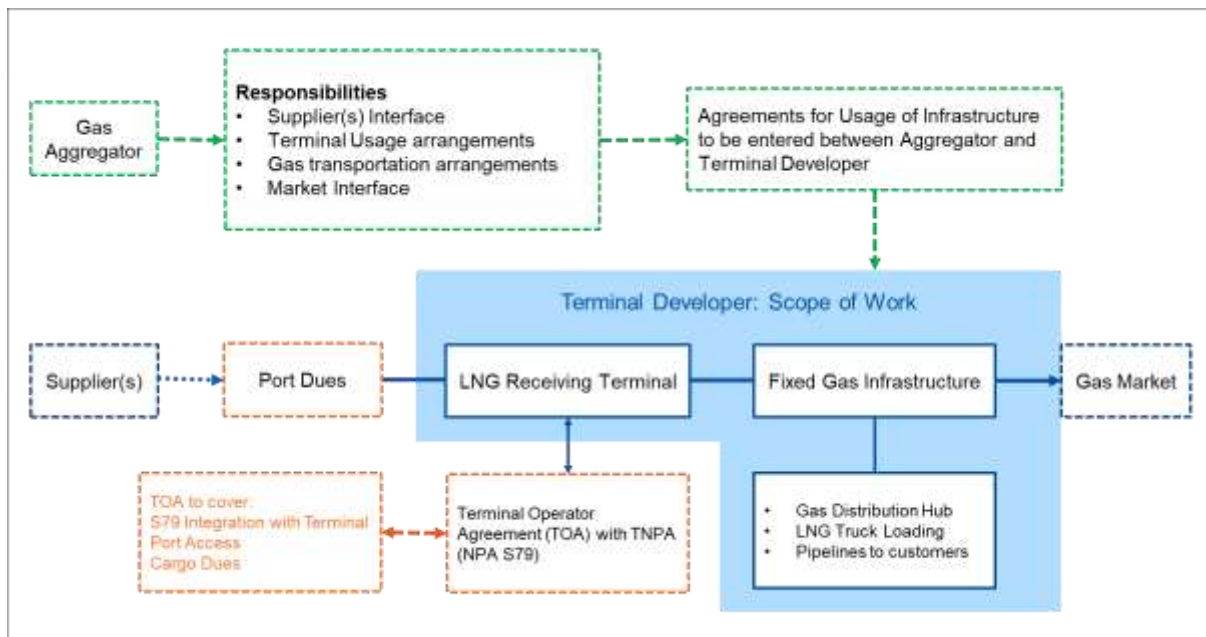


Figure 3: Terminal Developer Scope of Work

In this regard, the Terminal Developer will undertake the following activities:

- Develop a viable Business Case for the Ngqura-Coega LNG Terminal.
- Prepare, finalise and submit all required regulatory applications and approvals. **These applications must be identified in the bid submission** with CEF having the right to add to these as required for the Project.
- Conduct all specialist surveys as required (e.g. but not limited to Onshore and Marine Geotechnical Surveys, metocean surveys and bathymetric surveys). **These studies must be identified in the bid submission** with CEF having the right to add to these as required for the Project.
- Socio Economic Development.

- Note that the EIA is currently being undertaken by the Coega Development Corporation (CDC). However, the Terminal Developer must interact with the EIA service provider for the provision of technical information as required.
- Structuring and incorporation of the SPV project company;
- The drafting of contractual and service agreements;
- Develop, and construct on a Lump Sum Turn Key basis, an FSRU LNG Terminal for the Ngqura-Coega LNG Terminal Project.

These activities are further expanded in the Schedule of Deliverables as per Tables 1 and 2.

Activity	Primary Deliverables
1. Project Management	• Project Management Plan • Detailed Schedule with critical paths • Cost, Schedule and Quality Management Plan • Document Management Plan (+ Register) • Risk Management Plan (+ Risk Register) • Stakeholder Management Plan (+Register) • Communication Plan • Integration Management Plan (with IPP for gas delivery)
2. Updated Business Case Clearly define the project and establish the final Business Case	• Level 3 Schedule for execution of all activities up to and including Financial Close (FC) • Identification of all regulatory requirements and schedule for Applications • Identification of all legal agreements required • Market Analysis (Inception and long term growth potential) • Identification of all surveys required and schedule for execution • Financial Model and Proposed Commercial Structure • Basis of design, battery limits and functional requirements • Cost Estimation and associated Final Tariff for the Infrastructure • Risk Management • Implementation Schedule
3. Commercial Strategy To develop a commercial strategy that secures the use of the terminal by aggregation of sufficient, validated gas demand, at minimal risk to CEF and the SPV, for purpose of formulating the Project's	• Commercial Strategy • LNG Imports Options Study

Activity	Primary Deliverables
bankable business case and supporting the final investment decision.	
4. Regulatory Applications Prepare, submit and finalise all required regulatory applications and approvals	• List of all regulatory requirement as identified in the Bid. CEF will have the right to add to these as deemed necessary • Submission of Applications • Manage engagement with relevant authorities • Approval of applications
5. Specialist Surveys Prepare, conduct and finalise all specialist surveys (e.g. but not limited to Onshore and Marine Geotechnical Surveys, metocean surveys and bathymetric surveys).	• List of specialist surveys as identified in the Bid. CEF will have the right to add to these as deemed necessary • Conduct or sub-contract specialist surveys as required. • Management and review of the deliverables for each survey.
6. Socio Economic Development	• For the technology selection and for the work, the Terminal Developer must make a commitment to the immediate vicinity for the port of Ngqura up to Gqeberha, the Eastern Cape Province and for the country as a whole for Socio-economic development • The design must also indicate the local content, i.e., material, labour and key components that can be part of the construction and project implementation • Local, provincial and national supplier development must form part of the project construction and implementation • Identification of opportunities for SMME developments • Determination of the number of jobs to be created during construction and operational phases of the project
7. EIA Interface Note that the EIA is currently being undertaken by the CDC. However, the Terminal Developer must interact with the EIA service provider for the provision of technical information as required.	• Project Description for the EIA • Engagement with EIA practitioner as required for the provision of technical information / data
8. SPV Structuring Prepare the optimal Capital, Commercial, Financial, Legal and Tax Structuring and incorporation of the Special Purpose Vehicle project company (SPV) To support CEF in determining the optimum commercial structure of the Project that would minimize the project risks.	A detailed report with a presentation accompaniment, including but not limited to: • The preferred SPV structure and the roles therein, having considered the costs, risks and bankability of each of the commercial structures identified for the Project as a whole, as well as for each of the participants in the LNG value chain • A comprehensive analysis of the risk allocation under the various scenarios being proposed for the Project and identification of the risk mitigations for the Project investors • Incorporation of the SPV

Activity	Primary Deliverables
9. (BOOT) Build Own Operate and Transfer the Ngqura-LNG Terminal to CEF	• Preparation and execution of the EPC Contract on a Lump Sum Turn Key (LSTK) Basis for all required offshore and onshore facilities including but not limited to: ○ FSRU Terminal; ○ LNG Truck Loading Facilities; ○ Gas Distribution Hub; ○ Pipelines to the Power Station battery limits as agreed with the IPP Office and project developers • Operate the Terminal, including the training of local personnel to operate the Terminal • Transfer the Terminal to CEF at the end of the agreed BOOT period (15 – 20 years)

Table 1: Schedule of Deliverables

4.1 Nature of Services Required

The Terminal Developer must ensure that the Project solutions are in line with best practice, yield optimal returns for the SPV, deliver optimal results for the economy, and manage risk exposure to the SPV.

This must ensure effective consideration and application of all economic regulation requirements, including the evaluation and computation of all applicable regulatory methodologies and the resulting pricing/tariffs applicable throughout the gas value chain and their impact thereon.

The Terminal Developer must therefore incorporate the following disciplines:

- i. Financial
- ii. Legal
- iii. Regulatory and
- iv. Technical

for the following objectives to be achieved by the overall project:

- Secure the necessary regulatory approvals;
- Design a robust commercial contracting structure;
- Incorporate and establish the SPV.
- (BOOT) Build Own Operate and Transfer the Ngqura-LNG Terminal to CEF

4.2 Transaction Structuring and Contracting

Scope	Objective(s)	Outputs
Term sheets and detailed agreements	To develop all required Term Sheets, detailed agreements and other contracts in support of the Project.	Term sheets and detailed agreements: once the commercial structure has been agreed upon, the Terminal Developer will develop Term Sheets and detailed agreements, subject to CEF's inputs for key Project agreements identified in the Business Case and required to take the Project to FID, such as but not limited to: - Shareholders Agreement key terms - Port and Pipelines Concession Agreement (PPCA) between TNPA and the SPV dealing with use and responsibilities in relation to port facilities - Time Charter Agreement (TCA) with the provider of the Floating Storage and Regasification Unit (FSRU) and the SPV for the Procurement, delivery and commissioning of the FSRU in the event where the FSRU is leased (if applicable). Alternatively, the procurement agreement for the purchase of the FSRU if that is the preferred option. - Terminal Use Agreement (TUA) governing the rights and obligations of the terminal users (i.e. capacity holders) in the envisaged multi-party access regime - Gas Transportation Agreement (GTA) for the transportation of gas to the customers - Terminal Multi-User Agreement (TMUA) that will govern the rights and obligations of the terminal users against each other in a multi-party access
Regulatory approvals	To secure all necessary regulatory approvals, timeously, in order for the envisaged Project milestones to be achieved.	Securing of all regulatory approvals required for the development and operation of the midstream gas infrastructure and to take the project to FID

Table 2: Additional Deliverables

5. OVERALL CONTRACTING STRATEGY

The work will be procured for and by CEF (SOC) Ltd.

The contract will be awarded as per the Evaluation Process described in Section 8.

Work will be executed as per the finally agreed contract between CEF and the Terminal developer with hold points for CEF approval at various stages of the project development as agreed.

6. OVERALL PROJECT EXECUTION STRATEGY

Principles of project execution include:

- a. Contracts and procurement policies will be strictly adhered to at all times.
- b. Scope changes [also applicable to “work at risk”] will be via a management of change process and with appropriate approval processes. No additional work is to be executed without CEF's prior approval.
- c. The Terminal Developer is expected to continuously review the schedule and identify where time optimisations can be made to minimise the total duration of the overall project execution.
- d. The Terminal Developer is expected to professionally manage the work, timeously identify threats to deliverables and to maintain frequent and open communication with CEF on project execution progress.
- e. The Terminal Developer is expected to engage, utilise and train the multi-disciplinary resources made available by CEF to meet the project requirements.
- f. The Terminal Developer is to integrate the relevant CEF staff into their quality control and approval processes.
- g. The use of Local Content and Local Service Providers at all stages of the project will be an added advantage.
- h. The Terminal Developer shall endeavour to release deliverables in a piece-meal fashion as needed to support project requirements and to improve on overall schedule performance.
- i. The Terminal Developer shall agree a meeting schedule with CEF, generally expected to be a weekly teleconference / electronic meeting. The Advisor will take and issue minutes for these meetings.
- j. The Terminal Developer must issue weekly Flash Reports with bullet point Project Progress and Monthly progress reports, inclusive of the Management Accounts and summarised in a monthly Dashboard with Project Updates.
- k. Access to the Terminal Developer's Budget at Project and Annual level.

6.1 Meeting Schedule

It is anticipated that various meetings between CEF and the Terminal Developer will be required for the smooth execution of the study. The following meetings are suggested as the minimum requirements. The bidder may add to this as deemed necessary. Durations and venues for the meetings will be confirmed between CEF and the Terminal Developer. The Terminal Developer is to produce a full meeting schedule detailing proposed meetings, locations, attendee requirements, agenda and objectives of such meetings. The Terminal Developer must also take and issue minutes for all meetings.

Suggested minimum meeting schedule:

a. Kick-off Meeting

The venue to be confirmed (TBC) as either the CEF Offices in Sandton, The Terminal Developer's Offices or electronically via MS Teams with an estimated duration of 1 day. The agenda shall include as a minimum, the following points for discussion: Scope Clarification and Schedule Alignment. The bidder must add to this list as deemed necessary/

b. Site visit(s)

As required, these are to assess relevant construction and operational aspects of the proposed Project solution.

c. Meeting to confirm and document location

Venue TBC or via MS Teams with an estimated duration of 1 day

d. Project Progress Meetings

MS Teams on a weekly basis. This meeting will be aimed at high level management feedback, discussion of interim deliverables and setting expectations for project delivery.

e. Milestone Delivery Meetings

Deliverables from Tables 1 & 2 will be built into a schedule that will form milestones. These Deliverables will then be reported at Milestone Delivery Meetings as agreed between the parties.

f. SPV Meetings

Once the SPV is formed, Meetings will be held as per the SPV Structure and agreed Meeting schedule.

The Terminal Developer and CEF may decide to combine some of the above meetings to improve the overall efficiency of the project team and reduce travel expenditure.

6.2 Project Management and Execution

6.2.1 Project Office Location

- a. The Terminal Developer must specify the location(s) (City and Office address) of their proposed Project Office(s) for the execution of the overall Project.

6.2.2 Documentation and Drawings

- a. All documentation and correspondence between the Terminal Developer, sub-contractors and CEF is to be in electronic format compatible with CEF's software systems (Microsoft Office, Latest Version).
- b. The Terminal Developer must develop a document register listing the documents to be produced and dates of delivery.
- c. All documentation must be provided electronically in both native software format and .pdf (portable document format)
- d. Hard copies of all final Documentation to be archived in a Project Archive for a minimum period of 5 years post Beneficial Operations and extended as agreed.

6.2.3 Reporting and Communication

- a. No communications to external parties or media by the Terminal Developer will be permitted without prior consent of CEF.
- b. A Terminal Developer - CEF communication plan detailing information flows between Terminal Developer staff and specific CEF staff members must be presented by the Terminal Developer at the kick-off meeting. The Terminal Developer and CEF organograms supporting the flow of information must also be presented and agreed between the Terminal Developer and CEF.
- c. All correspondence must be in English.
- d. All units of measure shall be reported in SI units. There may be a few exceptions, e.g. gas flow in mmscfd but these exceptions must be reported in both the SI and traditional units.
- e. The Terminal Developer shall produce both progress reports and cost reports once per month on a schedule that is consistent with the Terminal Developer current practices and with the requirements of 6.j above.
- f. The progress report shall detail the work accomplished, the work plan ahead, any items that need resolution and a comparison of actual cumulative work completed versus the project plan. These reports may be in MS PowerPoint format or in a MS Office format consistent with the Advisors current reporting formats.
- g. The progress report shall include a 1 month forecast of costs, such that appropriate interventions can be made for costs control.

7. BID SUBMISSION

The bid submission must include the following compulsory information **numbered as per the requirements below**. An incomplete bid **may** disqualify the bid.

The bid must be submitted in 2 Separate Envelopes as follows:

- a. 1 Envelope with the Technical Bid comprising the entirety of the bid except Items relating to price/commercial as per item 9.2 (mandatory requirements).
- b. 1 Envelope with the Priced / Commercial bid comprising details mentioned in section 9.2 from 9.2.1 up to and including 9.2.4. (mandatory requirements).

7.1. Confirmation that the bid has been made on behalf of the company on a principal basis and not on behalf of a third party as agent. If the bid is submitted on behalf of a third party, then that third party must be identified in the bid. The bid must include the identity of the organisation and full details of its immediate and ultimate ownership.

7.2. Confirm whether the bid is submitted by a multi-party consortium, if applicable.

7.3. To the extent that the bid is made on behalf of a multi-party consortium, please provide:

7.3.1. The full identities and contact details of each of the consortium members;

7.3.2. A complete description of the contractual or other arrangements between the parties, including fully termed agreements or draft agreements to be signed and entered into as soon as the consortium is informed of its successful bid; and

7.3.3. The intended equity split or other shared ownership structure agreed between the members.

7.3.4. The requirements of section 9.1 (Bidder's Audited Financials) for each entity in the consortium, sufficient to demonstrate the financial capability

of the consortium as a whole.

- 7.4. Bidder to provide B-BBEE credentials or plans to address the B-BBEE considerations. Companies registered or operating in South Africa need to comply with the Department of Trade, Industry and Communication (DTIC) Generic Codes of Good Practice on B-BBEE promulgated in terms of the B-BBEE Act, 2003 (Act No. 53 of 2003). This Act also provides for the development of Sector Specific Charters or Codes of Good Practice that relates to a particular sector of the economy. To date no such Sector Specific Charter has been published for the gas sector, however, it is envisaged by government that in future such a Charter(s) will be developed and when promulgated, all participants in the gas sector in South Africa will have to comply with such Sector Charter.
- 7.5. Strategic Considerations and Intentions outlining the rationale of the bid and intentions and strategy for the LNG Terminal (including but not limited to the operations, management, employees and skills transfer).
- 7.6. Details regarding the proposed sources of debt and/or equity financing, including expectations for the amount, composition and providers of financing for the proposed LNG Terminal and fixed onshore gas infrastructure. Provide names of the anticipated finance providers, whether providers of equity, debt or other sources of financing. Also include any letters of support from financing providers. For the sake of clarity, there will be no CEF facilitation of financing for the proposed LNG Terminal. However, CEF will procure its own financing for participation in the project.
- 7.7. The level of approval and authorisation for the bid received within the organisation to date. Additionally, provide details of the process and anticipated time to obtain or satisfy any further approvals required prior to signing a binding agreement.
- 7.8. The bidder's commitment to a BOOT contract compliant to the FIDIC – Silver Book Standard (latest revised Book) for a Turnkey Project (for Build, Finance & Operate – PPP/PFI/DBO). Each bidder must confirm acceptance, modification or rejection to the terms (tabulated) as per the silver book contract model. Contract negotiations with the bidder will be considered based on the proposed terms of the silver book.

- 7.9. High level conceptual design and description for the option or options considered by the Terminal Developer and the recommended option to implement the Terminal and deliver the gas to end users.
- 7.10. The following draft Project / Legal contracts required for the complete execution of the project:
- 7.10.1. FSRU Lease or Purchase Agreement including Operations and Maintenance
 - 7.10.2. Terminal Use Agreement (TUA)
 - 7.10.3. Terminal Operator Agreement (TOA)
 - 7.10.4. Gas Transportation Agreement(s) (GTAs)
 - 7.10.5. Land Use Agreements
 - 7.10.6. Servitude Agreements
 - 7.10.7. Any required Concession Agreements
 - 7.10.8. EPC Contract
 - 7.10.9. Suite of Funding agreements with Lenders (if available)
 - 7.10.10. Any other Agreements deemed necessary by the bidder
- 7.11. Level 3 Schedule for the Development and delivery of the LNG Terminal with specific milestones for **Financial Close** and **Beneficial Operations**, bearing in mind that the intention is to have the terminal operational by 2027, but to be confirmed / aligned with the Gas to Power IPP.
- 7.12. In projects executed in the LNG, Oil and Gas and Marine environment, the Terminal Developer must provide evidence of how they have implemented a localization program that addresses the following 5 Socio Economic Development areas:
- 7.12.1. For the technology selection and for the work executed, provide evidence of a commitment to the immediate vicinity for the port; the

extended provincial or state area; and for the country as a whole for Socio-economic development.

- 7.12.2. The local content used in the project(s), i.e., material, labour and key components that were part of the construction and project implementation.
- 7.12.3. Local, provincial / state and national supplier development that was part of the project construction and implementation.
- 7.12.4. SMME's developed.
- 7.12.5. The number of jobs that were created during the construction and operational phases of the project.
- 7.13. The Terminal Developer is required to provide an organogram of positions that could be shadowed by CEF Resources for the duration of the project, during this period it is expected that skills and capability transfer will be carried out through a contractual arrangement.
- 7.14. The Terminal Developer must confirm compliance to the full Scope of Work with no exclusions.
- 7.15. Additional / Alternative Proposals by the Bidder, including but not limited to the supply of LNG to the project if the bidder / Terminal Developer has access to an LNG supply portfolio.

8. BID EVALUATION PROCESS

The bids will be evaluated according to the following process.

- 8.1. **PHASE 1 – Administrative Evaluation Criteria and Initial Screening Process:** At this phase, the bidders' responses are reviewed to check if bidders have responded according to CEF (SOC) Ltd RFP document.

- 8.2. **PHASE 2 – Mandatory Requirements:** Evaluation of the technical bids according to criteria in Section 9 of this Scope of Work. Note that bidders who fail to meet any of the mandatory requirements will be disqualified.
- 8.3. **PHASE 3 -Technical Evaluation Criteria:** Evaluation of the technical bids according to the criteria in Section 10 of this Scope of Work. Note that bidders who fail to meet the minimum functionality/technical threshold of 70% will be disqualified.
- 8.4. **PHASE 4 – Business Case and Legal Contract Negotiations:** These negotiations will be entered into with all bidders that met the minimum functionality/ technical threshold of 70% and CEF will select the bidder/developer that overall offers the most suitable commercial and contractual terms.

9. MANDATORY REQUIREMENTS

9.1 <u>Submission of Bidder's audited financials</u>	Comply	Not Comply
Submission of Bidder's audited financials from the last three (3) years to adequately demonstrate financial ability and stability with a strong balance sheet to support the required Capex for the FSRU Terminal and onshore Fixed Gas Infrastructure development and construction with no negative balance.		
Substantiate / Comments		

9.2 <u>Priced bid, submitted in a separate envelope that includes a Business Case with:</u>	Comply	Not Comply
9.2.1 <u>Infrastructure Tariff</u>		
The proposed Infrastructure Tariff for the entire works to be installed by the Terminal Developer consistent with the bidder's choice of NERSA tariff methodology for gas infrastructure. A detailed breakdown of the Infrastructure Tariff shall be given, as well as the assumptions and premises used to generate the estimate. The Tariff must be submitted for a 15 year and a 20 year BOOT period and be categorised as a minimum into: - LNG Truck Loading - FSRU Terminal - Gas Distribution Hub - Pipelines		
Substantiate / Comments		

9.2.2 <u>Operating Cost (Opex)</u>	Comply	Not Comply
The accuracy of the operating cost shall be in alignment with the required accuracy of the Infrastructure Tariff. A detailed breakdown of the operating cost estimate shall be given, including the Lease Rate of the FSRU, if that is the proposed solution by the bidder, as well as the assumptions and premises used to generate the estimate. The operating cost estimate shall show the cyclic nature of operations and shall be given on a year by year basis up to and including the first major shutdown.		
Substantiate / Comments		

9.2.3 <u>Commissioning and Start-up Costs</u>	Comply	Not Comply
Submission of commissioning and Start-up Costs		
Substantiate / Comments		

9.2.4 <u>Owners Costs</u>	Comply	Not Comply
Submission of Owners Costs to be incurred during the development of the LNG Terminal up to and including Financial Close.		
Substantiate / Comments		

10. TECHNICAL EVALUATION CRITERIA

The minimum functionality/threshold is 70% and bidders who fail to meet the minimum threshold will be disqualified from next phase.

1. Company Required Experience: Weighting = 20%			
Component	Description	Indicator	Points
Experience in FSRU Terminal Development, execution and Implementation for LNG, natural gas pipeline infrastructure and marine terminals projects that have been taken to Financial Close.	Bidders shall submit the following details of the component being evaluated: start date and completion date, project description and bidders role on project with Capex > R1 billion per project. Fill out Table 1, cross-referencing it to the projects in your portfolio of experience.	Bidder has development, execution and Implementation experience on 2 or more FSRU LNG Terminals, natural gas projects, pipeline infrastructure and marine terminal projects that have been taken to Financial Close.	5
		As above on 1 FSRU LNG Terminals, natural gas pipeline infrastructure and marine terminal project that has been taken to Financial Close.	3
		As above, but bidder has developed and is still implementing the first FSRU LNG Terminal, natural gas pipeline infrastructure and marine terminal project that has been taken to Financial Close.	1
		Bidder does not have development, execution and implementation experience on FSRU LNG Terminals, natural gas pipeline infrastructure and marine terminals projects that have been taken to Financial Close.	0

2. Team Leader: Weighting = 15%

Component	Description	Indicator	Points
Expert / Leader with experience in FSRU Terminal Development, execution and Implementation for LNG, natural gas projects pipeline infrastructure and marine terminals projects that have been taken to Financial Close.	Bidders shall submit the following details in an abridged CV of the Expert / Team Leader: start date and completion date, project description, project value (preferably > R1 billion) and the Team Leader's project execution role. Fill out Table 2, cross-referencing it to the CV of the proposed Team Leader.	Expert / Leader has performed a lead role in the development, execution and implementation of 2 or more FSRU LNG Terminals, natural gas projects pipeline infrastructure and marine terminals projects that have been taken to Financial Close.	5
		As above on 1 FSRU LNG Terminals, natural gas pipeline infrastructure and marine terminals projects that have been taken to Financial Close.	3
		Expert / Leader has not performed a lead role in in the development, execution and implementation of FSRU LNG Terminal, natural gas projects pipeline infrastructure and marine terminals projects that have been taken to Financial Close.	0

3. Experience in SPV Structuring 5%

Component	Description	Indicator	Points
Deals concluded with SPV structuring	Bidders shall submit the following details in an abridged CV of the Project Team Members: start date and completion date, project description and the Project Team Member's project execution role. Fill out Table 3, cross-referencing it to the CV of the relevant team members.	Project team has advised on the SPV Structuring of 2 or more separate FSRU LNG projects that reached financial close.	5
		As above on 1 FSRU LNG project.	3
		Project team has not advised on SPV Structuring of FSRU LNG projects that have reached financial close.	0

4. Suite of Agreements (7.10) : Weighting 10%

Component	Description	Indicator	Points
Experience in negotiating and concluding the suite of agreements as listed in 7.10.	Bidders shall submit the evidence confirming experience in the negotiation and conclusion of the suite of agreements Fill out Table 4, cross-referencing it to the CV of the relevant team members.	Project team has advised on the negotiation and conclusion of 9, 10 or more agreements.	5
		As above for 7 or 8 agreements	4
		As above for 5 or 6 agreements	3
		As above for 3 or 4 agreements	2
		Below 3 agreements	0

5. Transaction Team Experience – Legal and Regulatory: Weighting 5%

Component	Description	Indicator	Points
Legal and Regulatory: Scope Of Work	Vendors shall submit the following details in an abridged CV of the Project Team Members: start date and completion date, client details and the Project Team Member's project execution role. Fill out Table 5, cross-referencing it to the CV of the relevant team member.	Project team has advised on legal and regulatory strategies on 2 or more LNG & gas projects.	5
		As above on 1 LNG and oil & gas project.	3
		As above on 0 LNG and oil & gas projects.	0

6. Transaction Team Experience – Marine Lead: Weighting 5%

Component	Description	Indicator	Points
Technical Experience in the design and implementation of marine infrastructure	Vendors shall submit the following details in an abridged CV of the Project Team Members: start date and completion date, client details and the Project Team Member's project execution role. Fill out Table 6, cross-referencing it to the CV of the relevant team member.	Project team has advised on marine infrastructure for 2 or more LNG & gas projects.	5
		As above on 1 LNG & gas projects.	3
		As above on 0 LNG & gas projects.	0

7. Team Experience – LNG Specialist: Weighting 10%

Component	Description	Indicator	Points
Technical Experience in the design of and implementation of LNG FSRU and gas infrastructure	Vendors shall submit the following details in an abridged CV of the Project Team Members: start date and completion date, client details and the Project Team Member's project execution role. Fill out Table 7, cross-referencing it to the CV of the relevant team member.	Project team has participated in the design of 2 or more LNG projects.	5
		As above on 1 LNG projects.	3
		As above on 0 LNG projects.	0

8. Transaction Team Experience – Pipeline Specialist: Weighting 5%

Component	Description	Indicator	Points
Technical Experience in the design and implementation of gas pipeline infrastructure	Vendors shall submit the following details in an abridged CV of the Project Team Members: start date and completion date, client details and the Project Team Member's project execution role. Fill out Table 8, cross-referencing it to the CV of the relevant team member.	Project team has participated in the design of 2 or more gas pipeline projects.	5
		As above on 1 gas pipeline projects.	3
		As above on 0 gas pipeline projects.	0

9. BOOT Contracting (5%)

Component	Description	Indicator	Points
Execution of BOOT contract for LNG infrastructure project	Bidders shall submit the following details of the component being evaluated: start date and completion date, project description and role on project with Capex > R1 billion per project. Fill out Table 9, cross-referencing it to the projects in your portfolio of experience.	Bidder / EPC contractor must have completed 2 or more marine LNG infrastructure projects on a BOOT basis.	5
		As above for 1 LNG project.	3
		As above for 0 LNG projects.	0

10. Schedule – 7.11 (10%)

Component	Description	Indicator	Points
Schedule to reach: - Financial Close - Beneficial Operations	Level 3 Schedule for Project Development (Financial Close) and delivery of the LNG Terminal (Beneficial Operations)	Financial Close within 9 months of Contract Signature and Beneficial Operations by H1, 2027.	5
		Financial Close between 9 and 12 months after Contract Signature and Beneficial Operations by H1, 2027.	4
		Financial Close 12 months after Contract Signature and Beneficial Operations by H2, 2027.	3
		Financial Close between 12 and 15 months after Contract Signature and Beneficial Operations by H2, 2027.	2
		Financial Close 15 months after Contract Signature and Beneficial Operations by H1, 2028.	1
		Financial Close 18 months or longer after Contract Signature and Beneficial Operations by H2, 2028 or later.	0

11. Economic Development (7.12) = 10%			
Component	Description	Indicator	Points
For projects executed in the LNG, Oil and Gas and Marine environment, the Terminal Developer has implemented localisation programs that addresses the following 5 Socio Economic Development areas: 1. For the technology selection and for the work executed, provide evidence of a commitment to the immediate vicinity for the port; the extended provincial or state area; and for the country as a whole for Socio-economic development. 2. The the local content used in the project(s), i.e., material, labour and key components that were part of the construction and project implementation. 3. Local, provincial / state and national supplier development that was part of the project construction and implementation. 4. SMME's developed. 5. The number of jobs that were created during the construction and operational phases of the project	Bidders shall submit the following details of the component being evaluated: start date and completion date, project description, role on project and Socio Economic Development Area Implemented Fill out Table 10, cross-referencing it to the projects in your portfolio of experience.	For projects executed in the LNG, Oil and Gas and Marine environment, the Terminal Developer has implemented localisation programs that addresses all 5 Socio Economic Development areas	5
		For projects executed in the LNG, Oil and Gas and Marine environment, the Terminal Developer has implemented localisation programs that addresses only 4 Socio Economic Development areas	4
		For projects executed in the LNG, Oil and Gas and Marine environment, the Terminal Developer has implemented localisation programs that addresses only 3 Socio Economic Development areas	3
		For projects executed in the LNG, Oil and Gas and Marine environment, the Terminal Developer has implemented localisation programs that addresses only 2 Socio Economic Development areas	2
		For projects executed in the LNG, Oil and Gas and Marine environment, the Terminal Developer has implemented localisation programs that addresses only 1 Socio Economic Development areas	1
		Terminal Developer has not implemented any localisation programs to address Socio Economic Development area	0

Table 1: Company Required Experience

Start and Completion Dates	Project Description	Company Role in the Project	Project Value	Cross Reference to Company Portfolio	Contactable Reference

Table 2: Team Experience – Team Leader
Team Leader's Name:

Start and Completion Dates	Project Description	Team Leader's Role in the Project	Project Value	Cross Reference to Team Leader's CV

Table 3: Team Experience – SPV Structuring

Team Member	Project Execution / Completion Date	Project Description	Team Members' Role(s) in the Project	Cross Reference to Team Members' CV

Table 4: Team Experience – Suite of Agreements (7.10)

Team Member	Start and Completion Dates	Project Description	Agreement(s) completed by Team Member(s)	Cross Reference to Team Members' CV

Table 5: Team Experience – Legal and Regulatory

Team Member	Start and Completion Dates	Project Description	Legal / Regulatory services completed by Team Member(s)	Cross Reference to Team Members' CV

Table 6: Team Experience – Marine Lead

Marine Leader's Name:

Start and Completion Dates	Project Description	Marine Leader's Role in the Project	Project Value	Cross Reference to Marine Leader's CV

Table 7: Team Experience – LNG Specialist

LNG Specialist's Name:				
Start and Completion Dates	Project Description	LNG Specialist's Role in the Project	Project Value	Cross Reference to LNG Specialist's CV

Table 8: Team Experience – Pipeline Specialist

Pipeline Specialist's Name:				
Start and Completion Dates	Project Description	Pipeline Specialist's Role in the Project	Project Value	Cross Reference to Pipeline Specialist's CV

Table 9: BOOT Execution

Start and Completion Dates	Project Description	Company Role in the Project	Project Value	Cross Reference to Company Portfolio

Table 10: Socio Economic Development				
Start and Completion Dates	Project Description	Company Role in the Project	Area of Socio Economic Development Implemented	Cross Reference to Company Portfolio