

# South Africa's Renewable Energy Procurement Programme

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**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# Overview of discussion



- ❑ Overview of renewable independent power producers process
- ❑ Overall recommendations of preferred bidders
  - Preferred Bidder technology allocation
- ❑ Findings of Independent Review Team and way forward

# Introduction

- Government has determined that New Generation Capacity is required in accordance with the IRP2010.
- The determination provides for procurement of 3725 MW across different technologies.
- Public-Private Partnerships supplement limited public sector resources to meet the growing demand for infrastructure development.
- Procurement documents were prepared and approved by the Department of Energy to procure power from the private sector.
- South Africa's Renewable Energy Independent Power Producer Procurement has been carried through three consecutive bid windows so far.
- To date, a total of 64 projects have been awarded to the private sector for a total of US\$ 14 billion

# Structure of Procurement process

## Request for Proposals

- Part A: General Requirements and Rules
- Part B: Qualification Criteria
- Part C: Economic Development

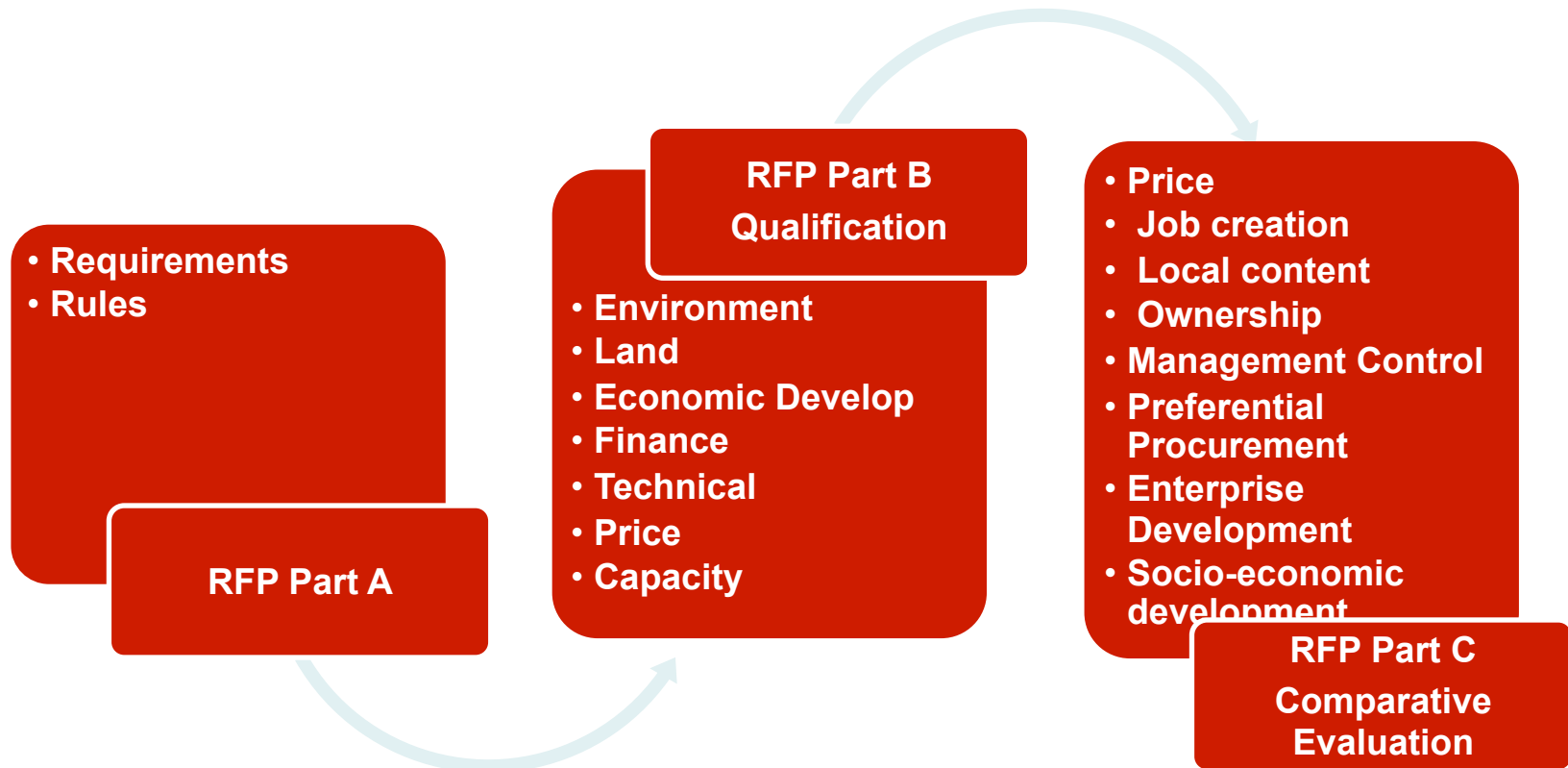
## Power Purchase Agreement

- Wind PPA
- Solar PPA
- Concentrated Solar Power PPA

## Implementation Agreement

- Contract between the IPP and the Department
- Obligation for IPP to deliver as per their commitment
- In buyer default – Department to pay the IPP

# Bid Evaluation Observations



# Recommended preferred bidders (Technology allocations)

	Wind	PV	CSP	Hydro	Biomass	Biogas	Landfill	Total
<b>WINDOW 1</b>								
Capacity offered (MW)	1850	1450	200	75	12.5	12.5	25	3625
Capacity awarded (MW)	634	631.5	150	0	0	0	0	1415.5
Projects awarded	8	18	2	0	0	0	0	28
Average tariff (SAc/kWh)	114	276	269	N/A	N/A	N/A	N/A	N/A
Average tariff (USc/kWh) ZAR8/\$	14.3	34.5	33.6					
Total investment (ZAR mill)	13312	23115	11365	0	0	0	0	47792
Total investment (USD mill) ZAR8/\$	1664	2889	1421					5974
<b>WINDOW 2</b>								
Capacity offered (MW)	650	450	50	75	12.5	12.5	25	1275
Capacity awarded (MW)	562.5	417.1	50	14.3	0	0	0	1043.9
Projects awarded	7	9	1	2	0	0	0	19
Average tariff (SAc/kWh)	90	165	251	103	N/A	N/A	N/A	N/A
Average tariff (USc/kWh) ZAR7.94/\$	11.3	20.8	31.6	13				
Total investment (ZAR mill)	10897	12048	4483	631	0	0	0	28059
Total investment (USD mill) ZAR7.94/\$	1372	1517	565	79	0	0	0	3534
<b>WINDOW 3</b>								
Capacity offered (MW)	654	401	200	121	60	12	25	1473
Capacity awarded (MW)	787	435	200	0	16	0	18	1456
Projects awarded	7	6	2	0	1	0	1	17
Average tariff (SAc/kWh)	74	99	164	N/A	140	N/A	94	N/A
Average tariff (USc/kWh) ZAR9.86/R	7.5	10	16.6		14.2		9.5	N/A
Total investment (ZAR mill)	16969	8145	17949	0	1061	0	288	44413
Total investment (USD mill) ZAR9.86/R	1721	826	1820		108		29	4504
<b>TOTALS</b>								
Capacity awarded (MW)	1984	1484	400	14	16	0	18	3915
Projects awarded	32	23	5	2	1	0	1	64
Total investment (ZAR mill)	40590	42130	33797	631	1061	0	288	120263
Total investment (USD mill)	4683	5085	3806	79	108	0	29	14011

# Findings of Independent Review Teams

- **Independent legal review**

“appropriate process was undertaken to ensure a consistent approach”

- **Independent technical review**

“technical evaluation has been undertaken in accordance with the agreed methodology”

- **Financial cross-moderation**

The final results from the financial team reflects the cross-moderation between financial firms.

- **Governance review**

“we did not observe evidence of breaches in governance with impact on the validity of the overall process recommendations”

# Lessons and Way Forward

## Lessons

- Adopt a business-friendly approach
- Take advantage of external sources of funding
- Find a program champion
- Make a case for renewable energy Identify a program
- design that suits country circumstances
- Ensure quality procurement and contracting documentation and processes are in place.

## Way Forward

### Gas

- 3126 MW

### Other windows



# Thank you

