



MEDIA STATEMENT

ANNOUNCEMENT OF PREFERRED BIDDERS UNDER THE 1st BID WINDOW OF THE BATTERY ENERGY STORAGE INDEPENDENT POWER PROCUREMENT PROGRAMME (BESIPPPP) AND SIGNING OF PROJECT AGREEMENTS WITH AN ADDITIONAL PREFERRED BIDDER UNDER THE RISK MITIGATION INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME (RMIPPPP)

30 NOVEMBER 2023

The Minister of Mineral Resources and Energy, Mr Gwede Mantashe, announced at a media briefing on 30 November 2023 that a total of 1384 MW of new generation capacity has been secured and is now in construction phase through various IPP Procurement Programmes.

Battery Energy Storage IPP Procurement Programme Bid Window 1 (BESIPPPP BW1)

In a significant development for the country, Minister Mantashe announced the appointment of four (4) Preferred Bidders under the 1st Bid Window of the Battery Energy Storage Independent Power Procurement Programme (BESIPPPP). This first grid-scale private sector energy storage programme in South Africa was launched on 7 March 2023, and is a critical measure to assist in increasing the available grid capacity in the Northern Cape Supply Area through the utilisation of energy storage.

The site-specific BESIPPPP Programme Bid Window 1 is designed to facilitate the procurement of up to 513 megawatts (MW) from facilities that will provide Capacity, Energy and Ancillary Services to Eskom at 5 specified sites, therefore only one Preferred Bidder is appointed per site.

The Department received 17 bid responses Bid Submission on 2 August 2023. Following the independent evaluation conducted during August to October 2023, the following four Preferred Bidders have been appointed under this Bid Window:

Substation	Project Name	Developers	BBBEE Partners	Project Company	MWs	Technology
Aggeneis (Northern Cape)	Oasis Aggeneis	EDF Development S.A. (Pty) Ltd Mulilo	Pele Energy Group & GIBB-Crede	Oasis Aggeneis RF (Pty) Ltd	77MW	Lithium Ion
Ferrum (Northern Cape)	Mogobe BESS	Scatec Africa (Pty) Ltd	Perpetua Holdings (Pty) Ltd	AEP Mogobe Solar (Pty) Ltd	103MW	Lithium Iron Phosphate
Mookodi (North West)	Oasis Mookodi	EDF Development S.A. (Pty) Ltd Mulilo	Pele Energy Group & GIBB-Crede	Oasis Mookodi RF (Pty) Ltd	77MW	Lithium Ion
Nieuwehoop (Northern Cape)	Oasis Nieuwehoop	EDF Development S.A. (Pty) Ltd Mulilo	Pele Energy Group & GIBB-Crede	Oasis Nieuwehoop RF (Pty) Ltd	103MW	Lithium Ion

An additional eligible Bidder may be appointed for the fifth site (Garona Substation) once the value for money negotiation has concluded, based on the benchmarking exercise conducted during the evaluation process. This process is provided for in the Request for Proposals (RFP).

The four (4) Preferred Bidder projects have attracted over R10 billion investment into our economy. The appointed Preferred Bidders have also all made Economic Development commitments, notwithstanding the fact that such commitments were not mandatory for this BESIPPPP BW1 round. The Preferred Bidders have committed to creating a total of 992 job opportunities for RSA citizens (measured in job years), during construction and operations phases of the contract. These projects will further spend over R3.2 billion on local content and over R4.4 billion on preferential procurement from BBBEE, black enterprises, QSEs and ESEs and on enterprise development initiatives over the life-time of the projects (15 years). The Preferred Bidders have also committed to between 40% - 49% black shareholding in the IPP Project Companies, up to 25% shareholding by construction contractors and up to 40% in operations contractors. Encouragingly, the Preferred Bidders have also committed between 10% and 32% shareholding by black women.

The Minister congratulated the appointed Preferred Bidders and wished them well in their preparations towards commercial close, which is anticipated to be concluded by May 2024.

Further announcements will be made shortly on the release of the second BESIPPPP bid window.

Risk Mitigation IPP Procurement Programme (RMIPPPP)

Minister Mantashe and Eskom also signed project agreements with another Preferred Bidder appointed under the Risk Mitigation IPP Procurement Programme (RMIPPPP) on 30 November 2023. The Mulilo Total Hydra Storage Project, totalling 75MW, offers a hybrid Solar PV and Battery Storage technology solution.

Developed by the TotalEnergies Hydra Storage Consortium consisting of TotalEnergies Renewables Southern Africa (Pty) Ltd; Hydra Holdco (Pty) Ltd; Reatile Renewables TEHS PTY Ltd), the project will be located in De Aar, Northern Cape. The project anticipates reaching Commercial Close by mid-December 2023, and will start the 24-month construction phase immediately.

The Mulilo Total Hydra Storage project will create around 700 job opportunities for local South Africans during construction, and around 1198 job opportunities during operations (measured in job years) and has committed to spend just over R240 million on enterprise, skills and socio-economic development initiatives within the communities where the project will be located.

The Minister congratulated the TotalEnergies Hydra Storage Consortium on achieving this significant milestone.

This brings the total number of projects that have signed agreements under the RMIPPPP to six (6) out of the eleven (11) appointed Preferred Bidders, which will add a total of 428MW of dispatchable capacity to the national grid. The total investment attracted from all the projects that have signed agreements to date under the Risk Mitigation IPP Programme is R33 billion, which is a substantial input into our economy.

Meanwhile, the first two of the three RMIPPPP projects, Scatec Kenhardt 1, 2 and 3 (with a combined total of 150MW) that started construction in July 2022, have met testing requirements and reached commercial operation in November 2023, while the third project is expected to reach commercial operation in early December 2023.

Furthermore, Umoyilanga Project, one of the Preferred Bidders that signed project agreements in August 2023, reached financial close on 28 November 2023, and have also now entered construction phase. The project will be developed by EDF Renewables and Perpetua Holdings and will operate as a virtual power plant, combining generation from two project sites, Avondale in the Northern Cape, with 115 MW of solar PV and 30 MW of battery storage, and Dassiesridge in the Eastern Cape, with 63 MW of wind and 45 MW of battery storage. The project has already commenced early works and is expected to reach commercial operation by May 2025.

The remaining five (5) Preferred Bidders under RMIPPPP have until December 2023 to reach commercial close, and announcements will be made in this regard in due course.

Renewable Energy IPP Procurement Programme Bid Windows 5 and 6 (REIPPPP BW5 and BW6)

Meanwhile, another two (2) Preferred Bidders have reached commercial close on 30 November 2023 under the REIPPPP Bid Window 5. The Grootspruit and Graspan Projects with a combined contracted capacity of 150MW, will be developed by the Engie-Pele Consortium. Grootspruit will be located in the Free State, while Graspan will be located in the Northern Cape. The projects have committed to creating 1664 job opportunities (in job years) during construction and operation.

A total of twelve (12) projects under REIPPPP BW 5 have now reached commercial close and are in construction and will add a further 1159 MW to the national grid from 2025 onwards.

The six (6) REIPPPP Bid Window 6 Preferred Bidders appointed in December 2022 are finalising all conditions precedent to reach legal and commercial close. Project closures have been delayed largely due to delays in the issuance of Budget Quotes from Eskom as a result of a number of factors, including scope changes initiated by either the Preferred Bidders or Eskom. This results in detailed design changes, additional permits, and approvals to be obtained (including EIAs water use licenses etc.), impacting the finalisation of the grid connection plans for the proposed projects.

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