



**SPEECH BY DIRECTOR GENERAL – NELISIWE MAGUBANE - AT THE 2<sup>nd</sup> IPP  
BIDDERS CONFERENCE FOR THE RENEWABLE ENERGY PROGRAMME**

**Date: 16 August 2012**

**Venue: Helderfontein Estate, Kyalami**

Minister Dipuo Peters

Ambassadors present

CEO of NERSA

CEO of Eskom

IPP Bidders

Distinguished guests

Members of the media

Good morning and welcome to the 2nd Renewable Energy Independent Power Producers programme bidder's conference. The 1<sup>st</sup> bidder's conference was held nearly a year ago in September 2011. As the first of its kind, the 2011 conference was compulsory for all bidders as this was the only way we could introduce the entire IPP bid process to the sector. This 2012 conference, however, is not compulsory there will be no consequences for bidders who do not attend. Irrespective of attendance of this conference, all interested parties will be able to submit bids for the upcoming bid submission dates.

Despite the conference being voluntary, it is our pleasure to host you all and share valuable information regarding future windows. We appreciate your interest in South Africa's renewable IPP Programme which has attracted continued positive interest from diverse sector audiences internationally. For us the first year was marked by a number of lessons which we would like to share with you. I'm sure you would agree with me when I say, given the size and significance of this programme there are still many more lessons to learn from as we go forward with the implementation of this programme.

I am here today together with the team that worked so hard in evaluating the bids submitted in the first and the second windows. The purpose of the conference today is for the team to assist and bring clarity on RFP issues of concern to new entrants as well as the more experienced developers. Over the last year we have noticed a number of common misinterpretations of the RFP bidders, and the team will attempt to assist you in clarifying these areas. It is safe to say that even though the documentation was developed by us and we believed that we had provided all the clarity that bidders would need, through our interaction with the bid process and the bidders, we have noted some common mistakes in the submissions received. And to overcome this we take this opportunity to share some tips which should assist you in avoiding those common mistakes.

The lessons or tips that the team will share with you are intended to assist you as you prepare for future bid submissions which must meet the requirements of the RFP.

Having read the updated RFP documents, I am sure that you have noticed the changes that have occurred in areas such as local content. These changes and the rationale for their inclusion will be shared with you in detail by the team. Suffice for me to say, it is our view that local content is key to the programme because of its importance in driving manufacturing and employment. Given the current unemployment rates, the country has high expectations from the programme in terms of job creation. It is important that each bid submitted demonstrates value for money as per the provision of the new generation capacity regulations.

Programme Director, I know that there is high competition for grid connection and this competition will be even tighter in the upcoming windows. Capacity availability will continue to be a consideration during the evaluation process. We have invited Eskom to share with you their experience of Window 1 and 2 in terms of grid connection.

Lastly, the approval for window one financial close took longer than anticipated. It is a learning process for the department as well but I believe the approval processes for the subsequent windows will be smoother and on time. I would like to assure you that the department is working hard together with the affected departments to finalize the required approvals for window one financial close. The financial close date will be announced soon and window one preferred bidders should be ready to sign the necessary agreements.

I would like to thank everyone that has contributed for the success of this programme and welcome everyone to this conference on behalf of the department. I hope you will find the conference useful and of assistance as you prepare for the upcoming windows.

I thank you and look forward to a day of fruitful discussion!