



**MINERAL RESOURCES AND ENERGY
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE (MP)**

**ANNOUNCEMENT OF PREFERRED BIDDERS FOR THE BATTERY ENERGY
STORAGE IPP PROCUREMENT PROGRAMME BID WINDOW 1
SIGNING OF AGREEMENTS UNDER THE RISK MITIGATION POWER PRODUCER
PROCUREMENT PROGRAMME (RMIPPPP)**

The Director General of DMRE, Mr Jacob Mbele
Head of IPP Office, Mr Bernard Magoro and your executives
Eskom representatives
Representatives of the Four Energy Storage Preferred Bidders,
Representatives of the Mulilo Total Hydra Storage,
Members of the Media

In a significant development for the country in its pursuit of energy security, I am pleased to announce 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 energy storage programme in South Africa marks yet another important step towards the development of adequate electricity generation capacity to meet the country's demand as set out in the ***Integrated Resource Plan (2019)***.

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.

Subsequent to the release of the Request for Proposals in March this year, the Department received 17 Bid Submissions on 2nd August 2023.

Following an independent evaluation of the bid submissions conducted between August and October 2023, I am satisfied to announce the following four Preferred Bidders appointed under this Bid Window:

Project Name	Substation
Oasis Aggeneis	Aggeneis
Mogobe BESS	Ferrum

Project Name	Substation
Oasis Mookodi	Mookodi
Oasis Nieuwehoop	Nieuwehoop

Based on the outcome of the benchmarking exercise, the Department will enter into further value for money negotiations in order to appoint a Preferred Bidder for the fifth site. This process is provided for in the Request for Proposals (RFP) process. An additional Preferred Bidder will be announced as soon as the value for money negotiations have been concluded.

The appointed Preferred Bidders have 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.

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.

Without further ado, allow me to congratulate the appointed Preferred Bidders and wish them well in their preparations towards commercial close, which is anticipated to be concluded by June 2024. Further announcements on the release of the second BESIPPPP bid window with a capacity totalling one thousand two hundred and thirty megawatts (1 230 MW) will be made in due course.

Moving into the **second business of the day**, I am also pleased to announce the signing of **project agreements** with an additional Preferred Bidder under the Risk Mitigation IPP Procurement Programme (**RMIPPPP**).

Together with Eskom, on behalf of government we will sign project agreements with **Mulilo Total Hydra Storage Project** appointed as a Preferred Bidder under the RMIPPPP. The project with a total capacity of 75MW to be located in De Aar, Northern Cape, offers a hybrid Solar PV and Battery Storage technology solution.

The project anticipates reaching Commercial Close by mid-December 2023, and will start the 24-month construction phase in early 2024. The new generation capacity should therefore be online from early 2026.

With the signing of this additional project, the total number of projects that have signed agreements under the RMIPPPP have now increased 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 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 early December 2023.

The Umoyilanga Project that signed project agreements in August 2023 reached financial close on the 28th of November 2023, and have also now entered the construction phase.

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

Allow me to also congratulate the Mulilo Total Hydra Storage Consortium on achieving this significant milestone.

Status update on other IPP Programmes

Following the release of numerous bid windows launched under the IRP2019 determinations, the Department has secured 1384 MW of new generation capacity that have achieved commercial and financial close and are currently in construction, or already in operation.

At least nine projects under **Bid Window 5** of the Renewable Energy IPP Procurement Programme (REIPPPP) have now reached commercial close and are in construction. Three more projects are expected to reach commercial close in due course. In total, these projects will add a further 1 234 MW to the national grid from 2025 onwards.

Moving to **Bid Window 6**, the six (6) Preferred Bidders that were appointed in December 2022 are finalizing all conditions precedent to reaching legal and commercial close. As

previously communicated, the unavailability of grid capacity is a major constraint faced by all projects, resulting in delayed project closures.

In closing, the Department is in the process of finalising governance approvals for the release of the requests for the procurement of additional generation capacity under Bid Window 7 of the REIPPPP, Gas-to-Power, and Battery Storage. Further announcements in this regard will follow in the next two weeks.

I thank you.