

No. 1075

19 December 2012

**BASELOAD IPP PROCUREMENT PROGRAMME 2012****DETERMINATION UNDER SECTION 34(1) OF THE ELECTRICITY REGULATION ACT 4 OF 2006**

The Minister of Energy ("the Minister"), in consultation with the National Energy Regulator of South Africa ("NERSA"), acting under section 34(1) of the Electricity Regulation Act 4 of 2006 (as amended) (the "ERA") and the Electricity Regulations on New Generation Capacity (published as GNR. 399 in *Government Gazette* No. 34262 dated 04 May 2011) ("Regulations"), has determined as follows:

1. that baseload energy generation capacity is needed to contribute towards energy security, including 2500 megawatts (MW) to be generated from Coal, which is in accordance with the capacity allocated to "Coal (PF, FBC, Imports)", under the heading "New build", for the years 2014 to 2024, in Table 3 of the Integrated Resource Plan for Electricity 2010-2030 (published as GN 400 of 06 May 2011 in *Government Gazette* No. 34263) ("IRP 2010-2030");
2. that baseload and/or mid-merit energy generation capacity is needed to contribute towards energy security, including 2652MW to be generated from Natural Gas (which includes Liquefied Natural Gas or Natural Gas delivered by pipeline from a Natural Gas Field), which represents the capacity allocated to "Gas CCGT (natural gas)" and "OCGT (diesel)", under the heading "New build", for the years 2021 to 2025, in Table 3 of the IRP 2010-2030;
3. that baseload energy generation capacity is needed to contribute towards energy security, including 2609 MW to be generated from Hydro energy sources which represents the capacity allocated to "Imported Hydro" under the heading "New build", for the years 2022 to 2024, in Table 3 of the IRP 2010-2030;
4. electricity produced from the Coal, Natural Gas and Hydro energy sources described above ("the electricity"), shall be procured through one or more IPP procurement programmes as contemplated in the Regulations, which may include, where appropriate and having regard to all relevant circumstances, tendering processes, direct negotiation with one or more project developers, or other procurement procedures ("procurement programmes");
5. one or more of the procurement programmes may require or permit cross border projects, provided that no power purchase agreement in respect of electricity from a cross border project shall be entered into unless the Minister is satisfied that adequate agreements, memoranda of understanding or arrangements are in place or will be in place between the Government and the relevant foreign government or international organisation, as are necessary to enable such cross border project;

6. the procurement programmes shall target connection to the Grid for the new generation capacity as soon as reasonably possible, taking into account all relevant factors including the time required for procurement, according to a schedule that may differ from the timetable set out in Table 3 of the IRP 2010-2030
7. the electricity may only be sold to the entity designated as the buyer in paragraph 10 below, and only in accordance with the power purchase agreements and other project agreements to be concluded in the course of the procurement programmes;
8. the procurer in respect of the procurement programmes will be the Department of Energy;
9. the role of the procurer will be to conceptualise and conduct the procurement programmes, including undertaking feasibility studies, preparing any requests for information, requests for qualification, requests for proposals and/or all related and associated documentation, negotiating the power purchase agreements, facilitating the conclusion of the other project agreements, and facilitating the satisfaction of any conditions precedent to financial close which are within its control;
10. the electricity must be purchased by Eskom Holdings SOC Limited or by any successor entity to be designated by the Minister of Energy, as buyer (off-taker); and
11. the electricity must be purchased from independent power producers.

*Concurrence to this Determination given  
by the National Energy Regulator of South  
Africa on the below mentioned date:*

SIGNATURE: \_\_\_\_\_

MS CECILIA KHUZWAYO

CHAIRPERSON: NERSA

DATE: 18/12/12

*Determination made by the Minister of  
Energy on the below mentioned date:*

SIGNATURE: \_\_\_\_\_

MS DIPUO PETERS, MP

MINISTER: ENERGY

DATE: 12/12/12