



## South African Wind Energy Association

53 Dudley Road, cnr Bolton Avenue, Parkwood, Johannesburg,  
2193

Tel: +27 (0) 11 214 0664

Email: [admin@sawea.org.za](mailto:admin@sawea.org.za)

A registered non-profit organization and approved in terms of Section 18A  
tax benefit

Registration no: 034-566-NPO

20 June 2018

Mr Maduna Ngobeni  
Project Officer: Department of Energy

Copied to the Minister of Energy, Honourable Minister Jeff Radebe

### By email

Dear Mr Ngobeni

### NON-CONCLUSION OF THE ROUND 4 EXPEDITED BID

On behalf of the South African Wind Industry members we represent, I write in reference to your correspondence to bidders, of June 18<sup>th</sup>, 2018.

SAWEA represents the interests of the Wind Industry in South Africa. During the course of 2017 we have also been tasked with representing the majority of the Independent Power Producers with interests in the Wind, Solar PV and CSP projects bid under Bid Windows 3.5, 4 and Smalls. This group has asked us to represent their interests relating to the conclusion of outstanding power purchase agreements with renewable IPPs duly selected through competitive auction processes concluded in 2015, as well as the uncompleted Expedited and Smalls rounds.

SAWEA recognizes that the REIPPPP bid rules allow for government to cancel any bid, provided the winners have not yet been announced, and that this is the case for the expedited round. Representing an Industry which is committed to a long-term future in the South African market, SAWEA is concerned by any action on the part of government or other energy sector stakeholder which can result in a decline in market confidence, the undermining of good governance or negative perception of the industry from the investor market, both local and international.

We note that an award under the expedited Round would have further contributed significantly to the Minister of Energy's target to achieve 25 million USD of investment in the energy space.

While the rules do allow for government to cancel a bid under certain conditions, we also wish to point out that doing so does not send a positive signal to those who have invested significant resources in participating in the bidding process, in good faith. SAWEA is therefore disappointed by the decision not to make awards under the expedited round.

That said, SAWEA understands that the REIPPPP bid process is structured so that there is always the risk of losing, or in this case, of no award being made at all.

Moving forward, we would like to reaffirm our commitment to the following:

1. The achievement of policy certainty as part of rebuilding stakeholder confidence in South Africa's energy planning and policy processes. Stakeholders that are particularly affected by ongoing uncertainty, delay and lack of transparency include rural communities surrounding prospective power plants that have been consulted as part of the expedited bid process in order to ensure that the bid commitments made align with local needs. Going back to these communities after a delay of almost three years to indicate that in fact the procurement process has been cancelled and will resume anew, presents significant additional challenges to bidders and ultimately does not build rural community confidence in the prospects for public-private partnership that delivers as promised.
2. As in all previous rounds, ensuring by the quality of our participation that round 5 is robust, timely and fully in accordance with bid rules. We recognise our responsibility to work with government to rebuild confidence in this globally recognised public-private partnership which has already proven its potential to contribute directly to the socio-economic development of rural communities and significant investment growth.
3. Our members will, as they have recently proven in the Round 4 PPA conclusion process, assist the IPP office in any efforts to legally increase value for money.
4. Contributing to the development of improved bid rules that align with contemporary issues of social, economic and environmental concern to South Africa. We would welcome the opportunity to meet with the Department to discuss the rule changes under consideration, as part of transparent public-private partnership that is aligned with the achievement of a Just national energy transition.

Finally, we look forward to the next round of public comments relating to the IRP update, so that a least-cost investment roadmap for the SA Wind Industry that enables the immense job-creating value chain potential of the Industry may be realized.

With best wishes,



Brenda Martin  
**Chief Executive Officer**



Hein Reyneke  
**Board Chairperson**

