

1. INTRODUCTION

The IPP Office is mandated to undertake the procurement of energy on behalf of the Department of Electricity and Energy (DEE) (the Department). As such, it is the IPPO's responsibility to prepare procurement documentation and run the procurement processes to ultimately select and appoint successful preferred bidders. These bidders (Independent Power Producers (IPPs)) are responsible to design, construct, operate and maintain independent power plants providing much-needed power to the South African grid. This Terms of Reference focus on the gas-to-power procurement for 3000 MW as planned in the Integrated Resource Plan (IRP).

2. BACKGROUND AND PURPOSE

In order to meet the requirement to procure 3 000 MW of new generation electricity capacity as set out in the Determination published by the Minister of Mineral Resource and Energy in 2020, The IPPO received a mandate, following the issuance of a Ministerial Determination, to procure 3 000 MW of gas-to-power as per IRP 2019, which was split into a Gas Bid Window 1 (BW 1) with 2 000 MW capacity on a site agnostic basis, and Gas Bid Window 2 (BW 2) for 1 000 MW in Coega. Gas BW 1 and 2 are at different stages of development, with the RFP for BW 1 already in the market, whereas the RFP for Gas BW 2 has not been developed yet. In view of the above, there is a requirement to appoint a team of Transaction Advisers to:

- a. Draft the Request For Proposal (RFP) under the guidance and management of the IPP Office, inclusive of all associated agreements such as the Power Purchase Agreement (PPA) entered into with the Buyer, the Implementation Agreement (IA) entered into with the Department, the Direct Agreements and the Independent Engineer Agreement. This is required for Gas BW2 only.
- b. Support with the drafting and responding via briefing notes to bid clarification questions from the prospective bidders. This is required for both Gas BW 1 and 2.
- c. Conduct the Evaluation of the Bid Responses submitted for Gas BW 1 and 2
- d. Support with all activities associated with Commercial and Financial Close for Gas BW 1 and 2.
- e. The appointment will be for a duration of 36 months, with an option to extend by 12 months.

3. SCOPE OF WORK

The IPP Office is looking to procure the services of a suitably qualified and experienced specialist Technical Transaction Advisory firm to advise the department on the GASIPPPP in South Africa. The Technical Transaction Advisor must have international experience specialising in gas-to-power plants and is required to advise and ensure the success of GASIPPPP. The drafting of the RFP for Gas BW2 will be based on the draft Concept Note, which must be finalised as part of the RFP drafting scope of work.

The scope of work for the Transaction Advisers will include, among others, the following:

- 3 RFP DRAFTING (Gas BW2) AND BRIEFING NOTES FOR CLARIFICATIONS (Gas BW1 and 2)
 - 3.1.1 Review the draft Concept Note for Gas BW2 and finalise with input from key stakeholders, which include, among others, DEE, CEF TNPA, NTCSA, SFF and Coega IDZ. The finalisation of the concept note will require detailed stakeholder engagements, and the Transaction Advisor will be required to coordinate all the engagements.
 - 3.1.2 Advice on the contractual structure, mapping out all stakeholders that will be required to make the program successful.
 - 3.1.3 Technical advice on the gas volumes required to meet the set capacity factor of the power plant. This will be done in collaboration with Eskom/NTCSA and the gas aggregator.
 - 3.1.4 Drafting of the technical requirements and evaluation criteria with terminologies and definitions in the RFP, incorporating the outcomes of the Concept Note
 - 3.1.5 Advise on the technical aspects of the energy, capacity and ancillary services to be procured including gas specification and availability.
 - 3.1.6 Advise on the logistics and infrastructure arrangements for gas importation, including LNG terminals, pipelines, and storage facilities that need to be established to fulfil the successful implementation of the GASIPPPP, with a focus on power plant requirements.
 - 3.1.7 Advise on EIA and land permitting requirements related to the gas supply infrastructure and the power plant
 - 3.1.8 Advise of bankability risks associated with LNG generation, and as required, provide the

- modelling (power system etc.) to provide insights on technical performance and cost impacts
- 3.1.9 Advise on the requirements of gas supply agreements and alignment to Power Purchase Agreements to ensure competitiveness, bankability, acceptability, pricing and contractual terms.
 - 3.1.10 Advise on Grid related issues in consultation with NTCSA by accessing the generation connection capacity available in different supply areas to determine the extent of the grid connection scope and the impact it has on the bankability. This will include the review of the latest version of the TDP, GCCA, Grid Code and the Eskom Grid Connection process, standards and procedures that could impact the programme.
 - 3.1.11 Review the current risk allocation under the PPA as far as supply chain risks related to gas importation, logistics and storage
 - 3.1.12 Proposals for any amendments to the risk allocation that will ensure implementation.
 - 3.1.13 Highlight bankability risks associated with the natural gas generation including but not limited to fuel logistics and future environmental compliance, and provide “future proof” technology mitigation requirements in the RFP
 - 3.1.14 Assist the appointed team of legal and financial, and in drafting comprehensive procurement documents and more specifically the project agreements and schedules including strategies to ensure sufficient competition and the bankability of the GASIPPPP.
 - 3.1.15 Provide technical input and/or analysis of the implications of the Energy Regulator of South Africa (“NERSA”) Methodology for Gas pricing on the GASIPPPP. Propose a contracting tariff structure/ approach and payment mechanism in order to perform a price evaluation in conjunction with finance. Review and update or design as may be necessary changes to the PPA to accommodate the additional revenue streams for capacity, energy, and possibly ancillary services or other power system services;
 - 3.1.16 Providing inputs into the updating and finalization of the Procurement and Evaluation Manual, including the evaluation templates; incorporating the amendments following from the updated RFP.
 - 3.1.17 As part of the Evaluation Manual and templates include user implementation guidelines with inter alia cross reference between RFP clauses and applicable qualification and evaluation criteria, indicating minimum requirements and the rationale there to.
 - 3.1.18 Provide input into the design of the Benchmarking and Value for money methodology and application during evaluation.
 - 3.1.19 Provide technical input to the Finance TA to develop the Public Sector Comparator model

mainly with regards to key equipment cost and the project lifecycle costs.

- 3.1.20 Advise on the technical aspects as part of a broader multi- disciplinary Transaction Advisor team and in particular on the incorporation of new and approved concepts as formulated and recommended by other members of the multi- disciplinary advisory team.
- 3.1.21 Draft Briefing Notes in collaboration with the lead Legal Adviser, for the period from RFP promulgation to the date of Bid Submission, in response to clarification questions received from potential bidders. Provide input and prepare responses to be communicated in the form of Briefing Notes.
- 3.1.22 Providing reports and presentations as and when required.
- 3.1.23 Providing inputs for reports and presentations to the BAC and the IPP Office and incorporation of comments into the RFP.

3.1 EVALUATION OF BIDS

- 3.1.1 Review and update the Evaluation Templates and undertake the qualification and evaluation of all bid responses received according to the qualification and evaluation criteria stipulated in the RFP and applying the Evaluation Manual, Evaluation Templates and Evaluation Scorecard as approved by the Department.
- 3.1.2 Formulate and prepare clarifications questions, evaluation responses received on the clarifications requested and prepare the explanations needed as input into Part B (*Functional and Qualification Criteria Requirements*) of the RFP failures.
- 3.1.3 Manage and co-ordinate the evaluation of all the technical aspects of all the bids received and ensure that the reports accurately reflect the outcome of the evaluation and recommendations thereto.
- 3.1.4 Assess the technology cost benchmark information provided and assist in compiling the information required for the benchmarking exercise in collaboration with the Financial Transaction Advisor.
- 3.1.5 Contribute to the detailed report and analysis on the outcome of the benchmarking exercise that may include comparative modelling as input into the Value for Money Report as set out in the RFP. A combined input, as part of the Bid Adjudication Committee (BAC) Report is required between the Financial and Technical Transaction Advisors.
- 3.1.6 **Prepare for and undertake the BAFO if required (please note that this requirement will only be actioned if needed as should be priced separately).**

- 3.1.7 Compile a detailed discipline specific evaluation report on the outcome of the evaluation
- 3.1.8 Compile the Technical Evaluation section of the report to the Bid Adjudication Committee (BAC).
- 3.1.9 Prepare responses to any questions from the BAC or from IPPO.
- 3.1.10 Undertake all required engagements, consultations and joint-work with the Financial, Legal and Economic Development Advisors as may be required to finalise the outcome of the evaluation and in the preparation of reports and presentations as may be required.
- 3.1.11 Assessment of any Value for Money proposals and contribute to the preparation of a report following assessments and engagements.
- 3.1.12 Provide any other reasonable outputs that may be required by the IPPO management to complete the evaluation and announce the outcomes of the evaluation. This may involve responding to audit queries or queries raised by the Independent Reviewer (if any is appointed), media or Parliamentary queries or responding to challenges from unsuccessful bidders.
- 3.1.13 Compile a detailed Close-Out report and presentations on the outcome of the discipline evaluation results, including an Executive Summary and a comparative analysis to previous GASIPPPP rounds, details per project, challenges identified and recommendations for future IPPPPs.
- 3.1.14 Attend all Bid Evaluation Committee meetings onsite.

3.2 COMMERCIAL AND FINANCIAL CLOSE

Following Bid Evaluation, the appointed Transaction Advisory Team will be required to prepare for and conclude all activities associated with achieving Commercial and Financial Close for the respective allocated projects, including, but not limited to, the following:

- 3.2.1 Review, analyse and prepare responses to change requests for approval by IPPO Management.

- 3.2.2 Support the IPPO and Department in any negotiations pertaining to specific aspects if so required, including value for money assessments.
- 3.2.3 Prepare for and conclude all activities associated with achieving Financial Close including but not limited to:
 - 3.2.3.1 Change requests will deal primarily with a change in technology and advice is sought on the impact thereof on the technical parameters, potential impact on the financial viability and related issues such as environmental approvals, permits etc.
 - 3.2.3.2 Responding to queries from the Buyer
 - 3.2.3.3 Preparation of Project Agreements and associated schedules in consultation with the Buyer (NTCSA), working with the Legal and Finance Transaction Advisors.
 - 3.2.3.4 Advise on the latest changes and improvements in the generation technologies and the technical assumptions used in the financial model, etc. to assess the correctness thereof.
 - 3.2.3.5 Assess the technical consequences, efficiencies and improvements and the impact thereof on the yield and the business cases.
 - 3.2.3.6 Compile a Close-Out Report and presentation on outcomes, including an executive summary and details per project.

4 THE TECHNICAL PROPOSAL

Proposals need to be prepared in English in an easy-to-read and responsive manner with the evidence required as part of the Evaluation Criteria as set out in section 6 below, clearly marked and referenced in Appendix A, including the relevant page numbers.

It is estimated that the duration of the assignment will be for a 36-month period with an option to extend for 12 months.

The successful advisory team will be required to be ring-fenced and complete Non-Disclosure Agreements and Conflict of Interest Declarations to assure the credibility of a fair and transparent procurement process.

The proposal should include at least the following information:

- Understanding of the scope.
- Project approach and methodology.
- Evidence of proven International experience.
- Confirmation of availability of resources.
- Provision to travel to South Africa as may be required.

In responding to this ToR, the Transaction Advisors are required to note that a separate or distinct fee proposal should be provided for each of the respective functions.

5 KEY DELIVERABLES, TIMELINES AND PAYMENT MILESTONES

Gas BW1 and BW2 are at different stages of development, and the statuses can be summarised as follows:

Programme	Activity	Status	Comments
Gas BW 1	RFP drafting	RFP in the market	The TA will address queries from the market, and issue briefing notes for clarification and RFP amendments as necessary
	Bid Evaluation	Outstanding	TA will execute
	Commercial and Financial Close	Outstanding	TA will execute
Gas BW 2	Concept Development	Draft Concept issued to DEE	TA will review the draft and finalise with input from key stakeholders
	RFP drafting	Outstanding	TA will execute
	Bid Evaluation	Outstanding	TA will execute
	Commercial and financial close	Outstanding	TA will execute

In responding to this TOR, the Transaction Advisors are required to provide a separate or distinct fee proposal for each of the scope of work functions specified in sections 5.1 (Gas BW1) and 5.2 (Gas BW2):

Please note the following guidelines with respect to the fee proposal:

- The fee proposal should cover all three sections outlined in this ToR, covering Concept Development (Gas BW2 only), RFP drafting, Bid Evaluation and Commercial and Financial Close.

- The pricing element of the bid should be a fixed fee inclusive of VAT and disbursements.
- The fixed fee should be broken down into cost per deliverable/milestone. Refer to the table included for the payment milestones that reflect the associated weight in terms of pricing.
- **The deliverable on a possible BAFO should be priced separately as it will only be actioned if required. Value for money engagements should, however, be included in the milestone based work.**
- Ensure that the fee proposal covers all elements as detailed in the scope of work. The detailed scope should be summarized in the payment milestones referred to under previous bullet.
- For purposes of the fee calculations for the evaluation of bid responses:
 - For Gas BW 1, assume 10 bid responses for Bid Evaluation and 5 Preferred Bidders for Commercial and Financial Close. And assume a total of 10 bid responses for Bid Evaluation and 1 Preferred Bidder for Commercial and Financial Close for Gas BW 2
 - Provide a fixed fee per bid, as well as the sum total of the cost for all bids
- In addition to the fixed fee proposal as set out above, Service Providers are required to provide hourly charge-out rates for each of the team members to cover additional work which may be required in addition to the scope set out in these Terms of Reference

Work will commence as soon as the appointment is finalized and a purchase order is issued. No work is to be undertaken without a duly authorized purchase order issued by the IPP Office.

Service Providers are required to consider the time allocated for each section under this ToR and ensure that sufficient and key staff are available for the whole period of the assignment.

Please note that the Evaluation will take place in the secure evaluation center at the IPPO building complex.

The Department and IPPO reserve the right to either cancel or replace a deliverable with another as circumstances require or to move the timelines as may be required.

The fee proposal for each section of this ToR should be structured as set out below:

5.1 FEE PROPOSAL FOR GAS BW 1

5.1.1 GAS BW 1 – FEE PROPOSAL PROJECT PLAN AND BRIEFING NOTES

Deliverables	Timeline
ZAR million	
Project plan (i.e. scope of work, detailed implementation plan and timing of deliverables) and kick off meeting	1 week
RFP Clarifications and Briefing Notes	As required (3 -4 weeks)

5.1.2 GAS BW 1 – FEE PROPOSAL FOR EVALUATION

Deliverables	Timeline	Cost per Bid	Total
ZAR' million			
EVALUATION PHASE			
Penholder and Coordinator role, if assigned			Provide a fixed fee
Preparation for Evaluation and Evaluation of Bid Responses and Clarifications	4 – 6 weeks	Cost per bid	Total for 10bids
Finalisation of Part B and Part C Evaluation including Benchmarking report.	1 week	Cost per bid	Total for 10 bids
Appointment and Non-Appointment letters	1 week	n/a	Provide a fixed fee
BAC Report inputs	1 week	n/a	Provide a fixed fee
Value for money assessments (if required)	2 weeks		Fixed fee
SUB TOTAL			
Preparing and undertaking a BAFO only if required	3 weeks	Cost per bid	Total for 5 bids

5.1.3 GAS BW1 FEE PROPOSAL FOR COMMERCIAL AND FINANCIAL CLOSE

Deliverables	Timeline	Cost per Bid	Total
ZAR' million			
FINANCIAL CLOSE PHASE			
Preparation of the Project Agreements for each of the Projects, including updating the PPA with all briefing notes	4 weeks	Cost per bid	Five Preferred Bidders
Analysis and recommendation on Change Requests	3 months	Cost per bid	Five Preferred Bidders
Actual support on Financial Close	3 Days		Provide a fixed fee
Close Out Report	2 weeks	n/a	Provide a fixed fee
TOTAL			

5.2 FEE PROPOSAL FOR GAS BW 2

5.2.1 GAS BW 2 – FEE PROPOSAL RFP DRAFTING

Deliverables	Timeline
ZAR million	
Project plan (i.e. scope of work, detailed implementation plan and timing of deliverables) and kick-off meeting	2 days
Finalisation of the Concept	4 weeks
RFP Drafting and Drafting of Project Agreements (including review and engagements with NTCSA and other relevant stakeholders)	4 weeks

Stakeholder engagements and alignment on the RFP and Project Agreements with the LNG infrastructure project and on the fuel supply arrangements	Provide a fixed fee
RFP final draft (final RFP and final pro forma project agreements) taking into consideration all comments received and interactions on the LNG infrastructure project and fuel supply arrangements	6 weeks
Evaluation Templates	2 weeks
Revise Evaluation Templates (if required)	2 weeks
BAC submission inputs for the revised RFP	4 weeks
BAC approval	
Briefing notes and clarifications	As required

5.2.2 GAS BW 2 – FEE PROPOSAL FOR EVALUATION

Deliverables	Timeline	Cost per Bid	Total
ZAR' million			
EVALUATION PHASE			
Penholder and Coordinator role, if assigned			Provide a fixed fee
Preparation for Evaluation and Evaluation of Bid Responses and Clarifications	3 – 4 weeks	Cost per bid	Total for 10 bids
Finalisation of Part B and Part C Evaluation including Benchmarking report.	1 week	Cost per bid	Total for 10 bids
Appointment and Non-Appointment letters	1 week	n/a	Provide a fixed fee
BAC Report inputs	1 week	n/a	Provide a fixed fee
Value for money assessments (if required)	2 weeks		Fixed fee
SUB TOTAL			

Preparing and undertaking a BAFO only if required	3 weeks	Cost per bid	Total for 1 bids
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5.2.3 GAS BW 2 – FEE PROPOSAL FOR COMMERCIAL AND FINANCIAL CLOSE

Deliverables	Timeline	Cost per Bid	Total
ZAR' million			
FINANCIAL CLOSE PHASE			
Preparation of the Project Agreements for each of the Projects, including updating the PPA with all briefing notes	4 weeks	Cost per bid	One Preferred Bidder
Analysis and recommendation on Change Requests	3 months	Cost per bid	One Preferred Bidder
Actual support on Financial Close	3 Days		Provide a fixed fee
Close Out Report	2 weeks	n/a	Provide a fixed fee
TOTAL			

6 EVALUATION CRITERIA

PROPOSAL SHOULD INCLUDE A SUMMARY THAT SETS OUT THE PAGE REFERENCES TO THE EVIDENCE REQUIREMENTS BELOW.

Criteria	Requirements	Score Qualification	Weighting/Score														
Team Lead and Team Members' Experience	<p>Proven experience of the Lead and the team members in providing Technical advisory services on gas-to-power plants with international experience in gas infrastructure projects</p> <p>Team Lead to have at least 10 years' relevant experience in international gas infrastructure and gas-to-power projects. The team leader must have a minimum of a masters in engineering and be registered as a professional engineer with ECSA or any international body responsible for regulation of engineering profession which is an equivalent of ECSA in South Africa.</p> <p>Team members must have a minimum of 5 years of similar experience. The team members must be at least 3 engineers with the minimum qualification of a degree or equivalent NQF level.</p>	<p>Provide detailed CV, Masters degree in Engineering and proof of Professional registration of Team Leader. Provide detailed CVs of Team Members together with proof of qualifications.</p> <p>Team Lead (TL)</p> <table border="1"> <thead> <tr> <th>TL experience as captured in the CV</th> <th>Score (%)</th> </tr> </thead> <tbody> <tr> <td>Less than 10 years</td> <td>0</td> </tr> <tr> <td>10 years or more</td> <td>20</td> </tr> </tbody> </table> <p>Team Member/s (TM)</p> <table border="1"> <thead> <tr> <th>TM Experience as captured in the CV</th> <th>Score (%)</th> </tr> </thead> <tbody> <tr> <td>Less than 5 years</td> <td>0</td> </tr> <tr> <td>5-6 years or more</td> <td>10</td> </tr> <tr> <td>7 years or more</td> <td>15</td> </tr> </tbody> </table> <p>The score for team members will be calculated as the average score of all the proposed team members.</p>	TL experience as captured in the CV	Score (%)	Less than 10 years	0	10 years or more	20	TM Experience as captured in the CV	Score (%)	Less than 5 years	0	5-6 years or more	10	7 years or more	15	35%
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Criteria	Requirements	Score Qualification	Weighting/Score								
Project Experience Details	<p>Projects experience: Proven track record in advising on bankable value chains including storage and regasification for gas to power projects with power plant size of at least 50 MW.</p> <p>Specific credentials in advising gas-to-power projects must be demonstrated through a list (as per Annexure A attached) of relevant projects accompanied by a signed project-specific reference letters which set out the nature of advice provided. The reference letters must be signed on the client's letterhead.</p>	<p>Details must be provided for at least 3 projects. The details must include a description of the project, the gas-to-power plant size, the status of the project.</p> <p>Minimum of 3 projects</p> <table border="1" data-bbox="711 478 1227 636"> <thead> <tr> <th>Project</th> <th>Score (%)</th> </tr> </thead> <tbody> <tr> <td>Less than 3 projects</td> <td>0</td> </tr> <tr> <td>3 projects</td> <td>15</td> </tr> <tr> <td>> 3 projects</td> <td>30</td> </tr> </tbody> </table>	Project	Score (%)	Less than 3 projects	0	3 projects	15	> 3 projects	30	30%
Project	Score (%)										
Less than 3 projects	0										
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<p>Team Proven experience in undertaking the RFP Drafting for the Energy/Gas infrastructure projects</p>	<p>Bidder must demonstrate that it has a track record of a minimum of two RFP Drafting on Energy/Gas infrastructure projects. A reference letter/s submitted must include the following:</p> <ul style="list-style-type: none"> • Be on client letter head • Project description • Be signed by the client 	<p>Less than 2 Reference letters = 0% 2 Reference letters submitted = 5% 3 or more Reference letters submitted = 10%</p>	10%								
<p>Team Proven experience in undertaking the Technical Evaluation of the bids submitted in the large infrastructure projects/ Public-private partnership (PPP) projects.</p>	<p>Bidder must demonstrate that it has a team track record of a minimum of two Technical Evaluation Experience on large infrastructure projects/ Public-private partnership (PPP) A reference letter/s submitted must include the following:</p> <ul style="list-style-type: none"> • Be on client letter head • Project description • Be signed by the client 	<p>Less than 2 Reference letters = 0% 2 Reference letters or more submitted = 5%</p>	5%								

Criteria	Requirements	Score Qualification	Weighting/Score												
Proven experience on preparing for and implementing Commercial and Financial Close activities for project financing.	<p>Bidder must demonstrate that it has a team track record of a minimum of two projects that reached Commercial and Financial close. A reference letter/s submitted must include the following:</p> <ul style="list-style-type: none"> • Be on client letter head • Project description • Be signed by the client 	<p>Less than 2 Reference letters = 0% 2 Reference letters or more submitted = 5%</p>	5%												
Methodology	<p>Project proposal that includes a comprehensive analysis and approach plan/ methodology that responds to the scope:</p> <ol style="list-style-type: none"> 1. An understanding of an international gas industry, specifically on the gas power projects including importation and logistics of natural gas. 2. A clear understanding of the deliverables under the scope of work and issues be addressed. 3. A detailed Project Plan and Resource allocation. 4. Confirmation of the availability of resources to deliver under tight timelines. 	<p>Provide a Project Proposal, a comprehensive and detailed methodology and Project Plan which will guide the delivery for the scope of work.</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Score (%)</th> <th>Methodology approach</th> </tr> </thead> <tbody> <tr> <td>Poor</td> <td>0</td> <td>Does not address any of the 4 requirements</td> </tr> <tr> <td>Satisfactory</td> <td>5</td> <td>Addresses the address 3 of the 4 requirements</td> </tr> <tr> <td>Good</td> <td>15</td> <td>Addresses the address the 4 requirements</td> </tr> </tbody> </table>	Response	Score (%)	Methodology approach	Poor	0	Does not address any of the 4 requirements	Satisfactory	5	Addresses the address 3 of the 4 requirements	Good	15	Addresses the address the 4 requirements	15%
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Poor	0	Does not address any of the 4 requirements													
Satisfactory	5	Addresses the address 3 of the 4 requirements													
Good	15	Addresses the address the 4 requirements													
Total			100%												

Only proposals that meet the threshold of 70% will proceed to the next part which is the evaluation on price and preference point basis.