	Supplier Development, Localisation, and Industrialisation (SDL&I)	Document Identifier	240-148918142	Rev	4
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Business Unit	Eskom Arnot Power Station's Solar PV Project – Renewable Technology and Development – Renewables Division
Description/ Scope of Work	Design, Supply, Installation and 2-year Maintenance and Operating of Solar PV Plant at Arnot Power Station
Duration of the Project	1. Design, Engineering, Supply, Construction, Installation, Testing and Commissioning: Twenty-Four (12) Months 2. Plant Operation and Maintenance Services: Twenty-Four (24) Months
Budget	Not Applicable
Name of Buyer	Zwelibanzi Msibi

1. BACKGROUND

Eskom aspires to achieve 42% renewables composition to its energy mix by 2040, this translates to more than 37GW of competitive renewable energy projects to diversify its energy mix as part of the emissions reduction strategy.

Arnot PV project is part of the Renewables wave one (I) executable initial pipeline adding to at least 2GW of renewable energy projects to be delivered by 2027 Financial Year (FY). The Maximum Capacity of 17.2MW to be delivered by this project forms part of the Distribution 291MW Power Purchase Agreements to be operationalised by December 2027.

2. SCOPE OF WORK

The turnkey procurement and delivery of the studies, designs, engineering, permitting, manufacturing, factory testing, deliveries to Site (including customs duties and importation), project management, project cost control, supervision, documentation, labour, execution, erection, progress reporting, commissioning, testing, completion, training, and other works necessary to construct and safely operate the Project.

-All security, fire protection, health, safety, environmental, and socio-economic requirements as included in any relevant environmental and social assessments, Applicable Laws, Permits and Codes and any other Project Documents.


-All plant, equipment, materials, and work required to complete the Works; and,

-Making good defects and warranty cover during the Defects Liability Period.

-Two-year Operations & Maintenance and Handover of the Solar PV Plant at Arnot Power Station. The site is owned by Eskom Holdings Limited Real Estate (henceforth referred to as the Employer).

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a) The site selected for the installation is:

- 1) 23.89 Ha vacant land near Arnot Power station in the Nkangala District Municipality.

3. SUPPLIER DEVELOPMENT, LOCALISATION AND INDUSTRIALISATION (SDL&I):

Eskom, as a State-Owned Entity is aligned with the Government's Development and Growth initiatives. It has committed itself to local development initiatives with the aim of increasing the competitiveness, capacity, and capability of its local supply base as well as support government's goals of shared growth, employment creation, poverty reduction and skills development.

Within Eskom, Supplier Development, Localisation, and Industrialisation (SDL&I)'s mandate is to achieve maximum and sustainable local development impact through leveraging Eskom's procurement spend in a manner that allows flexibility within the business to accommodate government local development initiatives and policies.

All this should be achieved within the context of **Eskom's Procurement and Supply Chain Management Procedure** which is based on the **Preferential Procurement Policy Framework Act (PPPFA), 2000** and **Eskom's Preferential Procurement Policy:240-128811268**

Supplier Development, Localisation and Industrialisation (SDL&I)'s objective is to leverage this Procurement to achieve the following Specific Goals in line with Section 2 (1) (d) of Preferential Procurement Policy Framework Act (PPPFA):


- i. *contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability; and*
- ii. *implementing the programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994*

The Specific Goals determined to be applicable for this Procurement are listed herewith below as follows:

- Localisation (manufacture/produce in South Africa) through compliance with a **stipulated minimum threshold for local production and content** in sectors as designated by the Department of Trade, Industry and Competition.

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- Contribution towards the RSA's Renewables' Research, Testing and Development and/or Technology Transfer as part of compliance with National Industrial Participation Programme (NIPP) whenever **Imported Content is equal to or more than US\$5 million.**
- Development of RSA Skills' pool through compliance with the CIDB's **Contractor's Skills Development Goals (CSDG), which may entail Workplace Integrated Learning (WIL) for TVET College, Universities of Technology and University Graduates,**
- Empowerment of communities in the vicinity of the Projects through job creation, local procurement, skills development, enterprise and supplier development, subcontracting and corporate social investment initiatives and
- Compliance with the requirements to empower persons, or categories of persons historically disadvantaged by unfair discrimination on the basis of race, gender or disability.

4. How Tenders will be evaluated on Specific Goals (HDI and RDP)

4.1. Preference Point Scoring System:

(i) Specific Goals

Contracting with persons, or categories of persons, is historically disadvantaged by unfair discrimination on the basis of race, gender or disability. In this instance for consistency and uniformity, the B-BBEE Scorecard will be used to allocate preference points. However, it is NOT a disqualification criterion.


Specific Goals (Historically Disadvantaged Individuals)

As the Project's Cost Estimates is more than R50 million, therefore the 90/10 preference point system, for acquisition of goods or services, will be used.

B-BBEE Status Level of Contributor	Number of points (90/10 system)
1	10
2	9
3	6
4	5
5	4
6	3

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7	2
8	1
Non-compliant contributor	0

Tender Returnable if the above elements are requirements:

- Valid original or certified copy of sworn affidavit in the case of EME's must be submitted (affidavit must be completed fully), or
- Valid Copy B-BBEE Certificate issued by CIPC for EME's. OR
- Valid original or certified copy of the B-BBEE certificate / affidavit in the case of QSE's must be submitted, or
- Valid original or certified copy of the B-BBEE certificate issued by SANAS Accredited Verification Agency for Generic Entities must be submitted, or
- For JV's only valid original or certified copy B-BBEE Certificate issued by a SANAS Accredited Verification Agency will be accepted and the certificate should be in the name of the JV.

A tenderer failing to submit documentation for the allocation of preference points will not be disqualified but will score ZERO points out of ten (10) for specific goals.

4.2. Objective Criteria

In implementing the programmes of the Reconstruction and Development Programme as published in Government Gazette No. 16085 dated 23 November 1994. These will be Legislative imperatives and Government's Socio-Economic Development Programmes that will be Conditions for Contract Award.

Please note that this may change award from the highest ranked tenderer to another tenderer in accordance with the requirements of the PPPFA [clause 2(1)(f)] if the objective criterion is not complied with after the Tenderer was given five (5) working days to submit the necessary documents.

4.2.1. Eskom's Preference for Joint Ventures

Eskom will prefer to award this Tender to a Joint Venture Tenderer that is constituted by an EPC and the Local (South African Company) that meets the Empowerment credentials as part of the Specific Goals of the Reconstruction and Development Programme (RDP).

4.2.2. Designated Sector

It is applicable as the scope of work contains products/goods, material, components and parts that are designated which means that they have stipulated minimum threshold for Local Production and Content that must be complied with before the Contract is awarded, or the Tenderer should obtain an exemption from the Department of Trade, Industry and Competition.

YES

NO

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a) Is this Commodity or part of it a Designated Sector?




Please indicate below Designated Components

Commodity	Components	Local Content Threshold
Steel products and components for construction	Racking	100%
Electrical cables	Cabling	90%
PPE	Reflector Vests, Jackets, Boots, G Textiles, Clothing, Leather & Footwear, etc.	100%
Solar PV	<ul style="list-style-type: none"> ✓ Laminated PV Modules - 15% ✓ Module Frame – 65% ✓ DC Combiner Boxes – 65% ✓ Mounting Structure – 90% ✓ Inverter – 40% 	15% 65% 65% 90% 40%
Transformers and Shunt Reactors		
	<ul style="list-style-type: none"> ✓ Class 0 – 90% ✓ Class 1 – 80% ✓ Class 2 – 80% ✓ Class 3 – 60% ✓ Class 4 – 20% 	90% 80% 80% 60% 20%
Industrial Lead Acid Batteries		50%
	<ul style="list-style-type: none"> ✓ Lead ✓ Pasting Material ✓ Plastic ✓ Labels ✓ Labels ✓ Other Acid Content ✓ Final Battery Assembly ✓ 	100% 100% 100% 100% 100% 100% 100%
Air Insulated MV Switchgear components	Components	50%
	Instrument transformers	15%
	Busbars	5%
	Housing	25%

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	Switching Devices	5%
Cement	Various Types of Cement as designated	100%

NOTE 1:

Required for Contract Award:

- (F1) - SBD 6.2 Declaration Form
- (F2) - Annexure C (Local Content Declaration-Summary Schedule
- (F3) - Annexure D-Imported Content Declaration – Supporting Schedule to Annexure C
- (F4) - Annexure E-Local Content Declaration- Supporting Schedule to Annexure C.

NB: “It has been ascertained that there are currently local manufacturers that indicate that they can comply with the stated tender requirements on solar PV modules, solar PV frames and inverters. We wish to inform you that the dtic therefore recommends the local procurement of solar PV modules, solar PV frames and inverters for this Tender.

The Tenderers may obtain exemption from the Department of Trade, Industry and Competition.

4.2.3. National Industrial Participation Programme (NIPP)

National Industrial Participation Programme (NIPP)


NIPP is a programme that seeks to leverage economic benefits and support the development of South African industry by effectively utilizing the instrument of government procurement. The NIPP programme is mandatory on all government and parastatal purchases or lease contracts (goods and services) with an imported content equal to or exceeding US\$5 million.

The programme is targeted at the South African and foreign industries, enterprises, and suppliers of goods and services to government / parastatals, where the imported content of such goods and services equals to or exceeds US\$5 million. The first customer of NIPP is the South African industry that benefits through the NIPP business plans which, when implemented generate new or additional business activities through one or more of the following: investment, export opportunities, job creation, increased local sales, SMME and BEE promotion, R & D and technology transfer.

Companies with NIPP obligation are required to sign this obligation agreement with The Department of Trade, Industry and Competition (the DTIC) before the contract with Eskom Holdings SOC Ltd, as a purchasing entity, is signed. The obligation agreement governs the relationship between the dtic and supplier. It defines the NIPP obligation value/s, requirements to fulfil the NIPP obligation, performance milestones, performance monitoring processes and the NIPP credit allocation criteria.

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All tenders with an import content that is equal to or exceeds the threshold of US\$5 million, compels the winning bidder to negotiate and enter into a NIPP obligation agreement with the dtic before signing the contract with Eskom.”

Very Important: **The NIPP is applicable on this transaction, therefore, the Contractor is expected to comply with this requirement, as part of Contractual Condition OR obtain an exemption from the Department of Trade, Industry and Competition.**

4.2.4. CIDB Skills Development Goals (CSDG)

Skills Development another Condition for Contract Award

a) Is there CIDB compulsory training?

If yes, what is the % of the Construction Skills Development Goal % (CSDG)

YES	NO
<input checked="" type="checkbox"/>	<input type="checkbox"/>
0.25%	

This CIDB requirement is a compliance requirement (**non-evaluation criterion**), therefore, on this project it will be a condition for Contract Award. The Contractor will be expected to spend 0.25% of the Contract Value on Skills Development in accordance with the Contractor's Skills Development Goals. The Skills/Trades will be related to the scope of work and be negotiated as a condition for contract award. The Contractor is expected to develop the following skills as a minimum:


Skills Type	Intake	Outcome	Number
Method 1 Graduates in Electrical Engineering	BSc Electrical Graduates	ECSA Candidates Registered	2
Method 1 Graduates in Electrical Engineering	S4	National Diploma Electrical	3
Method 1 Graduates in Civil Engineering	S4	National Diploma Civil	2
Method 2 Artisans (Electrical)	N6/NCV Level 4 Electrical/TVET Graduates	SETA Trade Test certificate	3
Solar PV Plant Operators (Ops & Maintenance)	Qualified Electrician	Certificate of Competence/Qualification	5
Total			15

Note:

The above-mentioned Skills are a guideline. The actual skills/trade type may be negotiated. However, expenditure of 0.25% of the Acceptable Contract Amount in accordance with the CIDB CSDG is a Condition for Contract Award.

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The Tenderers are free to propose any other relevant Skills Development that will be feasible and benefit the previously disadvantaged communities. This may even include Workplace Integrated Learning (WIL) from the TVET Colleges within the Nkangala District Municipalities.

4.2.5. Subcontracting Requirements:

Subcontracting and Local-to-site Procurement Spend

The Contractor is required to subcontract a minimum of 30% percentage of the Contract Amount to South African Companies, particularly those within the Fezile Dabi District Municipality and Emfuleni Local Municipality Area. By the nature of the Scope of Work, the EPC Contractor will subcontract certain portion of the core scope to Original Equipment Manufacturers (OEMs).

There will always be opportunities for the OEMs to subcontract certain portion of the scope to small suppliers in the vicinity of the Project. The Contractor is expected to subcontract a minimum of 30% of the Contract amount to Designated Group of Suppliers. The list of Designated Group is as follows:


- an EME or QSE, which is at least 51% owned by Black people.
- an EME or QSE, which is at least 51% owned by Black people who are youth,
- an EME or QSE, which is at least 51% owned by Black people who are women.
- an EME or QSE, which is at least 51% owned by Black people with disabilities.
- an EME or QSE, which is 51% owned by Black people living in rural or underdeveloped areas or townships.

The purpose herewith is to encourage the winning Bidder to procure locally manufactured goods as much as possible whenever feasible. Herewith listed below are possible scope/opportunities for subcontracting and local procurement:

- **Civil Works: Include,**
 - ✓ Site preparation and Excavations
 - ✓ Trenching
 - ✓ Foundations
 - ✓ Related structures (Steel, concrete, etc.)
 - ✓ Control Room & Security
 - ✓ Yard and Fencing

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<ul style="list-style-type: none"> ✓ Road construction • Network Integration Equipment: <ul style="list-style-type: none"> ✓ Electrical works, including cabling, ✓ Supply of Inverters, ✓ Isolators, ✓ Breakers, ✓ Transformers, ✓ Telecontrol equipment, ✓ Security systems, ✓ Metering and, protection • Other: <ul style="list-style-type: none"> ✓ Supply of containers ✓ Welding and mechanical works ✓ Quality Control ✓ Environmental Compliance ✓ Project Management, etc. <p>The winning Bidder (Tenderer) shall submit the Subcontracting Agreement, if it did not submit it on tender close, before Contract Award.</p> <p>The beneficiaries for subcontracting will be residents of Nkangala District Municipalities.</p>
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5. Additional CIDB Requirements

Best Practice Standards in terms of the Standard for Indirect Targeting for Enterprise Development as per regulation 22A of CIDB.

The implementation date for Public Entities or Clients implementing Strategic Integrated Projects (SIPs) gazette in terms of the Infrastructure Development Act No. 23 of 2014, as amended, from which the different classes of construction works (Civil Engineering and General Building) with a minimum tender grade and minimum project duration became subject to an Assessment of Compliance with the Standard for Indirect Targeting for Enterprise Development through construction works contracts is 01 April 2021, as published in Government Notice No. 43726.

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The Lethabo Solar PV Project falls within this compliance requirement as the class of construction in question is Civil Engineering (CE) and the tender value exceeds the minimum tender grade (grade 7) and minimum project duration (6 months) as specified.

The aim of this best practice Standard for Indirect Targeting for Enterprise Development is to promote enterprise development by providing for a minimum Contract Participation Goal (CPG) of 5% of the total project value to be undertaken by joint-venture partners or to be sub-contracted to developing contractors that are also to be beneficiaries of enterprise development and support from the main contractor. In this instance, Eskom will ensure that at least ensure that 5% of the Contract Amount is subcontracted to CIDB registered contractors that are also to be beneficiaries of enterprise development and support from the main contractor. This will not be an evaluation criterion but rather a condition of contract.

Enterprise Development (ED)

The Contractor shall perform a needs analysis on all targeted enterprises and provide internal mentorship that improves the targeted enterprises performance in at least two developmental areas, such developmental areas should be guided by the requirements of the CIDB Best Practice Contractor Recognition Scheme as well as the NCDP exit requirements for accreditation of contractors. The developmental areas are listed in the GN.

The Contractor shall appoint an Enterprise Development Co-Coordinator who shall:

- Develop a project specific enterprise development plan to improve the targeted enterprise's performance in the identified developmental areas which allocate resources and monitors progress in relation to improved performance; and
- Submits to the employer's representative a monthly ED report that documents all mentoring activities that have taken place during that month and progress made in improving the targeted enterprise's performance in the development area, countersigned by the targeted enterprise.

Section 6: Contractual Requirements:


It is NOT a disqualification criterion, however, it will be part of the Contractual Condition and/or Negotiations

6.1. Contribution towards Corporate Social Investment (CSI):

The CSI contribution will be **ONE PERCENT (1%) of the Contract Value** and the Service Provider will be expected to either match or exceed this amount for its own CSI philanthropic contribution.

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6.2. B-BBEE Requirements

The Contractor will be required to submit the B-BBEE Certificate as required by South African Law.

The Contractor will be required to maintain or improve their B-BBEE Recognition Level for the

6.3. Job Opportunities and Upskilling of Employees

Tenderer to indicate number of Jobs to be created and/or retained due to this contract.

The Contractor should ensure that 100% of its General Workers, 70% Semi-Skilled Workers and at least 30% of the Skilled Workers and Supervisors are recruited from within Nkangala District Municipalities.

Section 7: SDL&I Penalty for non-performance

7.1. Monitoring of SDL&I Performance


SDL&I or the Eskom agent will monitor the meeting of the SDL&I targets in the contract. SDL&I collates SDL&I commitments by contractors and suppliers as stated in their contracts with Eskom. A minimum of 1.5% penalty shall be invoked should a contractor/supplier fail to meet its contractual obligations in terms of the SDL&I targets.

- The suppliers shall on a quarterly basis submit a report to Eskom in accordance with Data Collection Template on their compliance with the SDL&I obligations described above.
- Eskom shall review the SDL&I reports submitted by the suppliers within 30 (thirty) days of receipt of the reports and notify the suppliers in writing if their SDL&I obligations have not been met.
- Upon notification by Eskom that the suppliers have not met their SDL&I obligations, the suppliers shall be required to implement corrective measures to meet those SDL&I obligations before the commencement of the following report, failing which Retention clauses shall be invoked.
- Every contract shall be accompanied by the SDL&I Implementation Schedule which must be completed by the suppliers and returned to SDL&I representative for acceptance 60 days after contract award. This will be used as a reference document for monitoring, measuring, and reporting on the supplier's progress in delivering on their stated SDL&I commitments.

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.....
Gabriel Mkhonza
 Senior Manager (Acting): SDL&I
 Group Capital Division (GCD)

Date:03 December 2025

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