

Annexure D : Important to read the contents. Tenderer to submit a CPA proposal with the tender submission or accept the proposal from Eskom

ANNEXURE D

CPA REQUIREMENTS FOR LOCAL GOODS AND SERVICES (SOUTH AFRICA)

THE APPLICATION OF CONTRACT PRICE ADJUSTMENT (CPA) TO TENDER SUBMISSIONS

This Section will not be applicable to professional services contract

1. APPLICATION OF CPA

Eskom will afford Tenderers an opportunity to propose additional/alternate offers to the abovementioned. Additional Offers, which are optional, will only be considered if a fully compliant Main Offer is submitted and acceptable.

CPA conditions may apply if the contractual duration is to be longer than 12 months. If the contractual duration will be less than or equal to 12 months, a fixed priced offer must be submitted.

2. TENDER SUBMISSIONS

Tenderers shall comply with the following requirements:

a. Main offer:

- A Main Offer that is fully compliant with the CPA requirements as specified in the Enquiry.
- This condition is mandatory unless a fully fixed priced offer is submitted. If more than one offer is submitted, then the fully CPA compliant offer must be indicated as the Main Offer.

Failure to do so may result in the supplier's offer(s) being disqualified.

b. Additional/Alternative offer:

Additional offers, which are optional, will only be considered if a fully compliant main offer is submitted and acceptable:

- A fixed priced offer in addition to the fully CPA compliant main offer; or
- Any other offer with CPA specifications which deviate from the CPA requirements specified in the enquiry. However it is compulsory that all such deviations are sufficiently substantiated.
- Additional/Alternative Offers must be clearly indicated as such

3. ESKOM'S PREFERRED INDEX LIST

Eskom's preferred index list is set out hereunder in Tables 1 and 2. The index list comprises indices that could be used in the Tenderers main offer.

4. FOREIGN PORTION OF THE TENDER/AGREEMENT PRICE

In instances where the preferred index list does not specify a foreign index which is required for the specific agreement, the following must apply:

- The source of an index must be that of the national statistical institute of the relevant country or a generally acknowledged statistical (e.g. industry) body in or for that country, e.g. BEAMA and MEPS.
- The index must be the equivalent, or if unavailable, the nearest equivalent index to that of the specific prescribed local index.

5. NUMBER OF FORMULAE & INDICES

- The Tenderer is limited to a maximum of 10 (ten) indices in total, i.e.: a maximum of 5 local indices and maximum of 5 foreign indices, excluding the fixed portion per CPA formula, per offer/agreement.

6. CPA FIXED PORTION

A minimum of 10% of the total agreement value is to be fixed when a CPA formula applies; except in the case of professional services or consulting agreements.

7. BASE DATE

- In instances of indices or other references published monthly, the Base Date is to be:
The month before the month in which the Enquiry closes
- In instances where the reference figures, e.g. market prices, are published daily or at more intervals than once a month:
The average for the month before the month in which the Enquiry closes
- In this case, the following shall apply:
 - Where the average is published:
*The average published price in the currency Eskom will be exposed to.
e.g. The currency in which Eskom will effect payment*
 - Where a high, low and mean are published:
The mean
 - Where other prices than the Cash Settlement or Cash Sellers Price are published:
The Cash Settlement or Cash Sellers Price
- Where applicable, these principles, must also apply for the CPA “cut-off” date.

8. CPA FOR PROFESSIONAL SERVICES

The preferred index to be used for adjusting these agreements is the country specific CPI Headline index.

The price adjustment factor will be effective from each contractual anniversary of the base date. This must be the average of the country specific CPI Headline index figures

published for the last twelve month period (cycle) ending before the contract anniversary date.

No fixed portion is mandatory.

Signed	_____	Date	_____
Name	_____	Position	_____
Tenderer	_____		

Eskom Proposal:

The rates will be fixed and firm for the first year of the contract. Where the tenderer did not propose his own CPA tables the proposed CPA tables below to be negotiated.

CATEGORY	Proportion
Fixed	0,10
Labour - Seifsa - Table - C3	0,50
Material-Table G1	0,20
CPI-Table D2	0,15
Transport -L2	0,05
	1,00

Table 1: Preferred Local Index List -this list of indices needs to be relevant to the commodity.

Labour	Commodities	Processed material	Transport	Others
Labour general (hourly paid) SEIFSA, C3, actual labour cost Labour general SEIFSA, C3 (a), actual labour cost (field force) where subsistence allowance is paid	Steel StatsSA, P0142.1 Table 2, basic iron and steel Copper SEIFSA, F, copper metric ton Aluminium SEIFSA, R, aluminium Zinc SEIFSA, F, zinc Lead SEIFSA ,F, lead	Mechanical engineering material SEIFSA, G, mechanical engineering material Electrical engineering material SEIFSA, G-1, electrical engineering material Building and construction material SEIFSA, G, building and construction material	SEIFSA, L2, road freight costs	StasSA, PO141 CPI (Headline) all items OR SEIFSA, D-2 (CPI) StasSA, PO142.1), PPI • Final Manufactured Goods Or • Intermediate Manufactured Goods OR • SEIFSA Table U Producer Price Index (PPI - final manufactured GOODS OR Intermediate Manufactured Goods

Table 2: Preferred Foreign Index List

Labour	Commodities	Processed material	Transport	Others
National Statistical Institute, Country-specific general labour index	MEPS, Country-specific general steel index LME, Copper LME, aluminium LME, zinc LME, lead	National Statistical Institute, Country-specific mechanical engineering material National Statistical Institute, Country-specific electrical engineering material National Statistical Institute, Country-specific building and construction material	National Statistical Institute, Country-specific general transport cost index	National Statistical Institute, Country-specific CPI (Headline) National Statistical Institute, Country-specific PPI

<u>Tender closing date:</u>		<u>Signature of tenderer</u>	