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Business Unit	Eskom Lethabo Power Station – Group Capital Division
Description/ Scope of Work	EPC Contractor to Design, Engineer, Procurement, Manufacturing, Deliveries to Site, Execution, erection, Commissioning, Testing, Completion, Operation and Maintenance (O&M) until Taking Over, making good defects and warranty cover during the Defects Liability Period, and other works (altogether defined as the “Works”) necessary to construct a Solar Photovoltaic (PV) power Plant (the “Plant”), the access road, the Site facilities, Security Fence and any additional infrastructure (the “Project”).
Duration of the Project	1. Design, Engineering, Supply, Construction, Installation, Testing and Commissioning: Twenty-Four (24) Months 2. Plant Operation and Maintenance Services: Twenty-Four (24) Months
Budget	Not Applicable
Name of Buyer	George Soafo

1. Introduction and Objectives:

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**.

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):

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- 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 Goal Identified 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.
- 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.

2. Tender Evaluation


2.1. Preference Point Scoring System:

(i) Specific Goals

Contracting with persons, or categories of persons, 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.

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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
7	2
8	1
Non-compliant contributor	0

Tender Returnable if the above elements are requirements:

- Valid original or certified copy of 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.


3. 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

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criteria is not complied with after the Tenderer was given five (5) working days to submit the necessary documents.

3.1. Designated Sectors

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.

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


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

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%

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✓		
Air Insulated MV Switchgear components	Components	50%
	Instrument transformers	15%
	Busbars	5%
	Housing	25%
	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: If the required input materials cannot be sourced from South Africa, bidders should request and obtain a written exemption letter from the DTI. The exemption letter should then be submitted, and approvals obtained prior to Contractor Award. The DTI together with the procuring organ of state and the winning bidder will consider the exemption on a case-by-case basis.

3.2. 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 a 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.**

3.3. 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	5
Method 1 Graduates in Civil Engineering	S4	National Diploma Civil	3
Method 2 Artisans (Electrical)	N6/NCV Level 4 Electrical/TVET Graduates	SETA Trade Test certificate	15
Solar PV Plant Operators (Ops & Maintenance)	Qualified Electrician	Certificate of Competence/Qualification	25
Total			50

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 Fezile Dabi and Emfuleni District Municipalities.

3.4. 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 Gert Sibande District 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
 - ✓ Road construction

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- **Network Integration Equipment:**

- ✓ Electrical works, including cabling
- ✓ Supply of Inverters,
- ✓ Isolators,
- ✓ Breakers,
- ✓ Transformers,
- ✓ Telecontrol equipment,
- ✓ Security systems,
- ✓ Metering and, protection

- **Other:**

- ✓ Containers
- ✓ Welding and mechanical works
- ✓ Quality Control
- ✓ Environmental Compliance
- ✓ Project Management, etc.

The winning Bidder (Tenderer) shall submit the Subcontracting Agreement, if it did not submit it on tender close, before Contract Award.

The beneficiaries for subcontracting will be residents of Fezile Dabi and Emfuleni District Municipalities.


3.5. 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 4: Contractual Requirements:

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

4.1. 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


4.2. 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 Fezile Dabi and Emfuleni District Municipalities.

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Section 5: SD&L Performance Bond

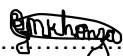
The Contractor shall submit a bond equivalent to 0.25% of the Contract Value and shall only be released to the Contractor upon fulfilment of all SDL&I Obligations.

Releasing the Bond in tranches may be negotiated as an incentive to commit to SDL&I Undertakings mentioned above or that may be suggested by the Contractor.

Section 6: Reporting and Monitoring

- 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

Compiled by:



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Group Capital Division (GCD)

Date: 29 September 2023

Supported by:



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