

Ms Robyn Hugo
Attorney and Programme Head: Pollution and Climate Change
Centre for Environmental Rights

Dear Ms Hugo

COAL BASELOAD INDEPENDENT POWER PRODUCERS – STATUS OF THE POWER PURCHASE AGREEMENTS

Your letter dated 7 August 2018 with a request for information on the procurement from the Coal Baseload Independent Power Producers (IPPs) refers.

As you may be aware, Nersa convened a public hearing on 27 March 2018 to consider the application by the said IPPs for generation licenses. Eskom attended this meeting and indicated that it has not agreed to sign the Power Purchase Agreements (PPAs) because it does not agree with certain terms and conditions in the proposed PPAs. Eskom has not been notified of the outcome of this public hearing.

- a. With regard to any approvals/other actions advanced by Eskom at this stage, the two coal baseload IPPs have applied for budget quotes, which Eskom has provided, because it is legally obliged to do so regarding access to the grid for customers and regulation thereof in terms of the Grid Code and Eskom's distribution and transmission licenses.
- b. At this stage, regarding the "value-for-money assessment", required by regulation 9(1)(a), read with 9(2)(a) of the New Generation Regulations, Eskom has not received this assessment from the Department of Energy, as the designated procurer.
- c. Should Eskom at a future date decide to sign the PPAs, the requirements of the New Generation Regulations, PFMA approvals, as well as all the necessary contracts, governance and regulatory processes and approvals will be closed out by Eskom.

Accordingly, at this stage, Eskom has no further information to share on the status of the procurement process requested in your letter. We recommend that you approach the Department of Energy, as the designated procurer, for the additional information you seek.

Yours sincerely



Phakamani Hadebe
GROUP CHIEF EXECUTIVE

Date: 07/09/2018