SOUTH AFRICA'S INDEPENDENT POWER PRODUCER PROCUREMENT OFFICE

GAS TO POWER INDEPENDENT POWER PRODUCER PROCUREMENT PROGRAMME (GASIPPPP) BW1

FIRST BID SUBMISSION PHASE
BIDDERS' INFORMATION SHARING WEBINAR

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Questions and Answers (Q&A)

IPP Office

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GASIPPPP BW1 INFORMATION SHARING QUESTIONS AND ANSWERS

No	Query	Response
1.	How will the programme mitigate the RSA gas cliff, and will the ROMPCO pipeline expansion be considered?	GASBW1 is anticipated to provide 20-year power off-take and thus contribute to unlocking LNG importation into the country by 2030/31. Bidders and/or their Fuel Suppliers will be required to confirm and secure access to sufficient LNG and/or gas infrastructure capacity to fulfil their obligations under the GASIPPPP BW1 programme.
2.	Why is the programme capacity set at only 2 GW?	The 2 GW allocation reflects Government's phased approach to introducing gas-to-power capacity in line with inter alia, system needs, gas supply readiness, and the development of national gas infrastructure. This initial tranche is intended to unlock the market for LNG importation and associated infrastructure, while managing aspects such as procurement, integration and security-of-supply risks related to timing. Additional capacity will be considered in subsequent bid windows as infrastructure and supply availability mature and diversify.
3.	What was the rationale behind the capping of award to bidders in Richard's Bay?	The capacity cap applicable to facilities located in the Richards Bay (uMhlathuze) area was introduced as a management measure, taking into account aspects such as security-of-supply considerations and the need to avoid concentration of new generation capacity within a single geographic area.
4.	What is the government doing to progress LNG import options through Matola (Total Energies)?	Bidders into GASIPPPP BW1 are unconstrained as to the origination of their LNG and/or gas supply sources, and no constraints are put on LNG and/or gas infrastructure established outside the borders of South Africa.
5.	What is the gas import capacity required at Richards Bay, Ngqura, and Saldanha for IPP feed into the Eskom grid?	Bidders are assumed to engage with their own Fuel Suppliers based on the size of their proposed Facility and their (Seller) obligations in terms of the PPA and translate that into Fuel Supply and LNG and/or gas infrastructure requirements and contractual readiness to comply with GASIPPPP BW1, especially in terms of scale and timing.
6.	How will third-party gas demand be aggregated (industrial + Gas IPP + Eskom)?	GASIPPPP BW1 makes no assumptions about LNG and/or gas supply together with any related LNG and/or gas infrastructure requirements, consistent with a site agnostic approach. Accordingly, no assumptions are made about the commercial structure which underpins an LNG and/or gas supply opportunity and its related infrastructure requirements, and Bidders' Fuel Suppliers will need to separately consider any additional LNG and/or gas supply opportunities and related infrastructure opportunities which fall outside of the GASIPPPP BW1 programme.
7.	Will fuel switching (gas/diesel) be permitted and, if so, under what operating conditions?	Existing plant fuelled by diesel or kerosene or natural gas falls outside of GASIPPPP BW1 as only Greenfield gas-to-power Facilities are permitted. Fuel switching of existing plant from diesel or kerosene to gas and/or conversion of existing plant to CCGT is therefore not permitted.
8.	Are existing gas infrastructure rights of way allowed for use, and what approvals are required?	Bidders are required to ensure that they demonstrate full compliance with the requirements relating to land use rights and environmental authorisations. Bidders are referred to the RFP for the detailed requirements in this regard.

GASIPPPP BW1 INFORMATION SHARING QUESTIONS AND ANSWERS

No	Query	Response
9.	Are long-term gas supply agreements required at bid submission or only at financial close?	Depending on whether the Bidder is procuring regasified natural gas, piped regasified liquefied natural gas or piped indigenous gas from a Fuel supplier or directly for itself, the Bidder shall submit a copy of the returnable declaration(s) included in Volume 3 (Technical Functionality Requirements) Part 2 (Technical Appendices) relating to the original supply of Fuel to the Bidder.
10.	Will LNG availability, pricing, and indexation guidance be provided to bidders?	LNG and/or gas availability needs to be secured by Bidders to discharge their obligations in terms of the PPA. Bidders are responsible for their own Fuel solution. Price Indexation of Fuel is provided for using either Henry Hub and/or Brent Crude Oil and/or National Balancing Point (NBP). JKM or TTF were considered as liquid market indicators for Atlantic Basin and Asia Pacific Basin markets for LNG prices. However, NBP has been selected as a proxy for LNG pricing in the absence of a public domain 20-year forecast for JKM and TTF prices only for evaluation purposes.
11.	How should bidders factor fuel procurement risk into their pricing models, given that sellers carry full fuel risk?	It is a bidder's prerogative to factor in all risk factors in its pricing proposal. Gas Pricing Mechanism is set out in Schedule 9 of the PPA and provides for the pass through of the cost of the fuel as well as fixed cost associated with gas infrastructure and logistics.
12.	Will there be any benchmarks or caps for gas pricing to guide bidder assumptions?	Movements for HH, BC and NBP will be provided closer to bid submission as part of a JB form to be used for evaluation purposes only. Bidders are free to select their basket indices and levels of indexation, but these are fixed for the duration of the PPA.
13.	What assumptions should bidders use regarding gas storage, pressure, and daily/hourly gas deliverability?	The contracting, supply and delivery of LNG/Gas forms part of a bidder's technical and competitive proposal and risk.
14.	How should bidders account for uncertainty in fuel logistics and transportation pricing?	Bidders are required to secure fuel availability / delivery to site as part of its fuel contracts with supplier. Fuel pricing formula provides for the cost recovery associated with fuel logistics and transport via the Fixed Fuel Capacity Charge Rate.
15.	Will bidders be penalised if gas supply disruptions affect availability?	Yes, in line with PPA availability requirements to the extent performance is not excused by PPA Force Majeure provisions.
16.	Can ancillary services be made optional instead of mandatory?	Ancillary Services in the RFP is mandatory and is to be provided based on the requirement and election of the System Operator. Ancillary Services is to be separately priced as part of the proposal.
17.	Can bidders include wheeling charges in their tariff pricing model?	PPA sales are directly to NTCSA, no wheeling required, hence zero wheeling charges applicable. Grid connection costs are applicable and should be separately identified in the financial model as per the requirements under Volume 4.
18.	Will tariff structures account for variable fuel pricing?	Yes, the Fuel Charge Rate is variable and changes monthly in line with changes in the underlying commodity price and exchange rate (if applicable).
19.	Will detailed pricing model templates be provided?	Yes, as per Appendix JB template for financial information
20.	Is there any minimum fuel inventory requirement for bidders?	In terms of the RFP Fuel storage capacity provided must cater for at least two days of operation of the Facility at 100% Contracted Capacity.

GASIPPPP BW1 INFORMATION SHARING QUESTIONS AND ANSWERS

No	Query	Response
21.	Gas infrastructure is listed as a CP for the power block — can the RFP provide more detail on this requirement?	Gas infrastructure is important for the operation of the power plant. Bidders must ensure that their proposed fuel supply and associated infrastructure arrangements are capable of meeting the programme requirements. For further details bidders are referred to the RFP.
22.	Will ancillary service obligations affect the awarding cap at the Richards Bay site?	The ancillary services specified are as per the grid code requirements for the power plant. There are no specific ancillary services for a specific site and does not affect the cap.
23.	What minimum technical specifications are required for the power block equipment?	The technical specifications provided are for the power plant with a focus on the contracted capacity. The design specification for the power block remains the bidder's responsibility as they will be contracted based on the power output and the ancillary services required.
24.	Are hybrid or co-located configurations permitted (e.g., storage, solar)?	The RFP for GASIPPPP BW1 is gas-to-power technology only.
25.	Can bidders propose alternative technical configurations if they meet performance parameters?	The technical criteria specified in the RFP must be met, however, the design or the technical configurations remains the bidder's prerogative provided the performance requirements are met.
26.	What are the expected ramp rates, start-up times, and operational response requirements?	The RFP limits the number of starts per annum to 520, and the rest of the operational response requirements should meet the grid code requirements for ancillary services. Furthermore, Vol 3 Part 1 provides that start-up from ignition must be < 15min, and ramp rate >18% of the contracted capacity per minute.
27.	Can bidders request site-specific clarifications for ports or industrial zones	Site matters are for the bidder to manage.
28.	Is the long-stop COD deadline of 36 months realistic given current gas supply constraints?	The projected 36-month COD timeline aligns with the anticipated availability of LNG import capacity and broader gas infrastructure developments. This is also consistent with what the IRP 2025 envisages. The IRP 2025 identifies gas-to-power as a transitional and balancing energy source and requires 6 000 MW of gas-to-power capacity by 2030 including GASBW1 for 2GW.
29.	What milestones must be achieved before financial close?	Before Financial Close, a Bidder will be required to have, among others, concluded all Project Agreements (including the PPA, IA and Direct Agreement), secured all required Land Use and Environmental Consents, obtained the Budget Quote and finalised grid connection arrangements, as well as finalised all the necessary financing arrangements required prior to Financial Close.
30.	What are the consequences of missing interim milestones in the project timelines?	A Bidder bears the responsibility of ensuring its project achieved all necessary milestones on or before the project timelines. Failure to achieve required progress toward set timelines risks a Bidder being unable to meet the necessary obligations, which may result in the Department invoking the rights it has reserved itself under the RFP.
31.	Is there an option to consider staging or phased COD options?	The RFP does not provide for staged or phased Commercial Operation Dates. Projects are evaluated and contracted on the basis of a Scheduled COD applicable to the entire Facility. As such, phasing or partial-COD arrangements are not contemplated under the current RFP framework.

GASIPPPP BW1 INFORMATION SHARING QUESTIONS AND ANSWERS

No	Query	Response
32.	What is the maximum and minimum load factor that bidders may propose?	The RFP only specifies a minimum load factor of 50% on an annual basis; there is no maximum.
33.	Will annual or monthly load factor profiles be made available?	The load factors may vary from month to month; however, on an annual basis, it should be a minimum of 50%.
34.	Are there minimum operating hour obligations?	The 50% load factor and the 520 starts per annum should be sufficient to provide guidance on the operating hours, and the fact that gas-to-power will provide flexibility, the operating hours will vary.
35.	How will the load commitment range be evaluated, and can bidders propose flexible bands?	As per Vol 3 part 1, 3.2.3 on an annual basis, one year ahead, the Buyer and Seller must agree on the Monthly Dispatch Commitment for the project of not less than the Minimum Load Commitment.
36.	Are bidders required to provide ED commitments specifically linked to gas-related industries?	The RFP sets specific goals in respect to Economic Development, which is referred to as Economic Development Elements. Bidders may provide commitments in respect to each or any of the Economic Development Elements.
37.	What is the local content threshold for this procurement round?	Bidders are free to select which Economic Development Elements they would like to submit Economic Development Commitments for, in their Bid Response, and thereby be eligible for the points allocated for such Economic Development Elements in Part C (Evaluation Criteria Requirements).
38.	Will local manufacturing exemptions or deviations be allowed where components are not available locally?	The Department has not been granted any exemptions in relation to Economic Development for the programme.
39.	How will grid access be managed to avoid delays caused by transmission constraints?	The grid access applications are for the bidders to manage, and the known transmission constraints will be taken into consideration as part of the grid integration solution through the established CEL and BQ process in Eskom/NTCSA.
40.	Will the programme align with Eskom Grid Access Unit / NTCSA readiness upgrades?	The programme will rely on the grid integration solution that will be provided in the CEL with the associated dependencies on the upstream transmission network upgrades where applicable.
41.	Will curtailment risks be factored into evaluation or pricing assumptions?	No, the formula for calculation of the evaluation price is set out in JB form
42.	Are grid capacity allocations site-specific or technology-specific?	Grid capacity allocations are guided by the established process by Eskom/NTCSA, both site (grid point location) and the technology to be connected will have a bearing on the technical assessments required for the grid integration solution.
43.	Will further bidder engagement sessions be held before the RFP is finalised?	The Department does not anticipate holding any engagement sessions for the programme. All questions from registered bidders must be submitted in writing and will be responded to in the Briefing Notes that will be shared with all registered bidders. Bidders to take note that the last day to submit written questions is 40 (forty) business days prior to the Bid Submission Date
44.	How will the new Independent System and Market Operator affect legacy contracts (e.g., GASIPPPP)?	GASIPPPP BW1 is being procured based on existing regulations. As SAWEM is still being developed, it is assumed that BW1 will be treated as a vested contract.

GASIPPPP BW1 INFORMATION SHARING QUESTIONS AND ANSWERS

No	Query	Response
45.	For clarity- must load factors for each month fall between 80-120% And is this for the lifetime of the project?	Monthly load factors may (not must) range between 80% and 120% of the 50% monthly commitment, provided the aggregate of all month's equates to 50%.
46.	Project using indigenous gas price will likely not need that gas price indexing formula. The gas price will need an inflation adjustment of course. How has the RFP provided for this?	Indigenous gas must select from the same basket of indices.
47.	With the five-year revision mechanism removed does this mean the load factor (50%) must apply for lifetime (20-year) PPA?	Yes, it applies for the lifetime of the PPA.
48.	Are there prescribed gas suppliers or LNG Infrastructure suppliers that are pre-approved by Department of Energy or bidders can source gas or LNG anywhere else?	No. Potential bidders must identify and enter their own supply arrangements.
49.	Can the team expand on the how the Economic Development part of the bid would be evaluated? The greenfield and brownfield bidders, may need to apply different strategies.	The RFP sets specific goals in respect to Economic Development, which is referred to as Economic Development Elements. Bidders may provide commitments in respect to each or any of the Economic Development Elements. Bidders are free to select which Economic Development Elements they would like to submit Economic Development Commitments for, in their Bid Response, and thereby be eligible for the points allocated for such Economic Development Elements in Part C (Evaluation Criteria Requirements).
50.	What comfort can IPPO provide that Preferred Bidder Status can be announced within the current 3-month stipulation?	The IPP Office and Department have established processes leading to the announcement of Preferred Bidder status, which are managed in line with the communicated schedules
51.	Bankability & Capacity Underwriting LNG terminal developers typically require firm send-out commitments of approximately 85 PJ per annum to reach bankability. The current RFP calls for LNG/fuel storage costing; however, it provides no certainty regarding when an LNG infrastructure project would become viable or reach full-scale capacity utilisation. On what basis does the IPPPP Office expect to evaluate and award bids for LNG infrastructure when neither guaranteed terminal utilisation nor committed timelines exist?	Please refer to Briefing Note 16 issued on the 11th of December 2025.
52.	Capacity Underwriting, Unutilised Capacity Responsibility & the Chicken-and-Egg FID Challenge The RFP structure suggests that terminal capacity can only be underwritten to the extent required for power projects, leaving a large portion of terminal capacity without guaranteed offtake. In LNG infrastructure financing, this uncontracted capacity typically requires	Please refer to Briefing Note 16 issued on the 11th of December 2025.

No	Query	Response
	sovereign backstopping, aggregator guarantees, or anchor industrial commitments. Without such commitments, LNG developers cannot reach FID, while power projects themselves cannot proceed without the LNG terminal in place — creating a chicken-and-egg dilemma. How does the State intend to address this sequencing and risk-allocation challenge, and who is expected to provide the guarantees or take-or-pay commitments required to cover unutilised LNG terminal capacity beyond the power programme's requirements?	
53.	Foreign Terminal Pricing, Inflation & R/$ Exposure SA-based terminals escalate costs using local CPI and/or NERSA determinations, consistent with the RFP. However, terminals outside SA are typically exposed to US inflation and rand–dollar movements. How does the RFP account for R/$ volatility where an IPP must procure terminal services priced in USD and influenced by both US inflation and exchange-rate fluctuations? How will these external cost drivers be treated in bid evaluation and tariff adjustment mechanisms?	Please refer to Briefing Note 16 issued on the 11th of December 2025.
54.	LNG Contract Structures, Indexation & Exclusion of JKM Long-term LNG contracts are typically Brent- or Henry Hub-linked undertake-or-pay structures (aligned here with the RFP's 50% minimum baseload). Any volumes above this are usually procured on short-term or spot-indexed terms, where JKM is the standard benchmark. The RFP, however, excludes JKM pricing. What is the rationale for excluding JKM, and how are bidders expected to price flexible LNG volumes above the 50% baseload threshold without access to the globally recognised spot index?	Please refer to Briefing Note 16 issued on the 11th of December 2025.
55.	Engaging with gas suppliers indicates IPPs will need to enter into minimum Gas take-or-pay agreements to comply with the dispatch requirements of the RFP. Should the PPA be terminated, resulting in the termination of the gas take-or-pay, we understand this will result in a substantial liability for the IPP. How is this liability addressed in the PPA termination and government guarantee arrangements?	Please refer to Briefing Note 16 issued on the 11th of December 2025.
56.	Are IPPs being asked to provide gas or LNG and the infrastructure, or the infrastructure will be made available?	Please refer to Briefing Note 16 issued on the 11th of December 2025.

No	Query	Response
57.	Clause A.8.3 in the PPA states that there is a maximum price for gas. Can you please explain how this works? Does this apply for LNG that is used and consumed in the power plant? LNG doesn't operate on a "rate of return" model and hence any cap imposed is going to be prohibitive for any LNG seller managed this exposure in the upstream LNG contract.	Please note this question will be addressed via Briefing Note 17 to issued in January 2026.
58.	Fuel Charge Rate - For LNG suppliers to manage the exposure on the upstream LNG contracts, the FCR cannot be multiplied by a ratio vs submission date of the RFP (applies to both the FX as well as the indexation elements of the FCR). - HH indexed formulas are generally: 115% * HH + [A} with [A] being a fixed constant in $/MMBtu. [A] should be part of the FCR and not the FFCCR. This is necessary since this is what should be repaid under a ToP obligation situation as the FCR component. - HH indexed definition – market standard is not average of 3 months prior	Please refer to Briefing Note 16 issued on the 11th of December 2025.
59.	ToP obligation should be linked and equate to the Monthly Dispatch commitment for that month. One cannot be in a scenario where during a month there is a Monthly Dispatch Commitment of e.g. 70% but in case of failure to take the Seller to only get compensated the Min Load Commitment as the RFP suggests.	Please note this question will be addressed via Briefing Note 17 to issued in January 2026.
60.	CEL (Eskom Cost Estimate Letter) - RFP required us to apply before end Jan 2024 (Revised to Feb 2024), to which we actioned. CEL issued and then Expired May 2025 (1 year Validity) Revised RFP required a New CEL to which we auctioned. The now (2nd CEL) Expires (12 months' time just after May 2026. If Bid Closing is extended again Beyond May 2026 (We will have another CEL application to do for 3rd time) Each time Eskom charges exorbitant fees all because IPP Office delaying program and extending Bid submission date? Very costly process (1st CEL 200k 2nd CEL about R1m), can CEL not be valid for 24 months, it's money-making scheme for Eskom.	Please refer to Briefing Note 16 issued on the 11th of December 2025.
61.	Gas Infrastructure and Fuel Supply Agreement - Above is Bidders Risk	Please note this question will be addressed via Briefing Note 17 to issued in January 2026.

GASIPPPP BW1 INFORMATION SHARING QUESTIONS AND ANSWERS

No	Query	Response
	- Does IPP Office truely believe that ZET (Richards Bay Gas Terminal) can Confirm Infrastructure Pricing And Timelines for Bid Submission by May 2026 (In my Opinion this Risk for Bidders to Take by May 2026 is Highly unlikely since LNG Terminal will not have reached Commercial Close)... speaks to Bankability of RFP with LNG Infra and Fuel Supply Risk with Bidder by May 2026. (Fuel Supply is doable but will have a CP for LNG Infrastructure)	
62.	With the current global constraint in terms of the Gas Turbine Supply chain, will the Department consider extending the required period from FC to COD? 36 months will be extremely challenging to achieve given current supply chain challenges	Please refer to Briefing Note 16 issued on the 11th of December 2025.
63.	What is the cohesive linkage between GASIPPPP, IRP25, and the Gas Master Plan?	The IRP 2025 identifies gas-to-power as a transitional and balancing energy source and requires 6 000 MW of gas-to-power capacity by 2030 including GASBW1 for 2GW. The Gas Master Plan is work in progress.
64.	What guarantees exist for gas supply (power + industrial)?	The government support regime is set out in the Implementation Agreement to be entered into by the IPP and the Department
65.	How will port-selection conflicts be resolved if multiple bidders propose the same port?	This will be dependent on the overall readiness of each proposed project. The RFP does not reserve port access for any particular bidder, and bidders are expected to secure the necessary approvals and commercial arrangements for their chosen locations.
66.	Does the RFP allow multiple bids from same consortiums?	Please note this question will be addressed via Briefing Note 17 to issued in January 2026.
67.	Will MRV/VVB pathways, lifecycle emissions scoring or carbon reduction strategies form part of evaluation?	The formula for the calculation of the Evaluation Price is set out in JB Forms and Volume 4 and in so far as lifecycle emissions impact the cost over the life of the project it will impact the evaluation. Details on the assumptions to be made for carbon tax is set out in schedule 9 of the PPA in the RFP and App_JB_8B rows 65 to 68
68.	Will extensions be considered where delays are caused by national gas infrastructure timelines? Will there be flexibility in COD timelines for ports with known bottlenecks?	Matters of extension are best addressed with a Preferred Bidder as and when required
69.	Will revised national timelines (gas cliff mitigation dates) be aligned to project milestones?	Bidders are required to structure their projects in accordance with the timelines and milestones set out in the RFP. Any updates will be considered through the appropriate and established processes.
70.	How can SMMEs meaningfully participate in this programme?	Bidders are not prohibited from partnering with SMMEs, who may hold an equity share in the project as part of equity participation.

GASIPPPP BW1 INFORMATION SHARING QUESTIONS AND ANSWERS

No	Query	Response
71.	How will the Gas Bid Window ensure transformation?	The programme promotes transformation through the specific goals set out under Part C, for which bidders may provide commitments, including the involvement of historically disadvantaged individuals, as well as the creation of local jobs and skills development.