

Mr. Johan Visagie
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Date:
07 September 2023

Enquiries:
Valmon Muller
Tel +27 11 871 2684
Ref No.: IPP 431256309

Dear Mr Visagie

INTERIM GRID CAPACITY ALLOCATION RULES APPROVAL

1. Your Budget Quote Request for the project 40MW Vangpan Solar PV Development, with reference number IPP 431256309, received on 20 September 2022 has reference.
2. On 21 June 2021, Interim Grid Capacity Allocation Rules (IGCAR) were approved for implementation throughout Eskom. The Rules were initially implemented in the Greater Cape area. Following the insightful phase of the implementation, and through consultation with industry stakeholders, we have further clarified some of the requirements of the Rules.
3. IGCAR was developed to ensure non-discriminatory access to the grid and that shovel ready projects are given priority to connect thereby enabling an orderly development of Budget Quotes and ultimately assisting with the reduction of the impact of loadshedding.
4. All projects either in the BQ development phase or those moving into the Budget Quote phase and connecting to the Eskom network will undergo this assessment before any BQ is issued. As such we kindly request that you provide us with the following information (further clarified in Appendix B below) by close of business 22 September 2023:
 - (a) *Environmental consents and Authorisations:*
 - i. *Environmental Authorisation (EA) and Water Use License (WUL) in respect of the generation facility,*
 - ii. *Where applicable (e.g. for windfarms) – a conditional approval issued by the South African Civil Aviation Authority in terms of the Civil Aviation Regulations, and*
 - iii. *Land rights (ownership and lease) to construct the generation facility.*
 - (b) *Power Purchase Agreement (PPA) or Heads of Terms duly signed with the end-user of the power or a licensed energy trader and confirmation from the off-taker.*

Distribution

Grid Access Unit
Megawatt Park Maxwell Drive Sunninghill Sandton
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Tel +27 11 800 4585 www.eskom.co.za
Eskom Holdings SOC Ltd Reg No 2002/015527/30

- (c) *Confirmation of appointment of design consultants accepted by Eskom, where grid connection works will be undertaken through the Self Build Scheme for handover to Eskom on completion.*
 - (d) *Measured data for the primary energy resource, as applicable (minimum 2 years for Wind and 1 year for Solar)*
5. Eskom will, upon receipt of the information above, assess the compliance of your Request for a Budget Quote with the applicable requirements and shall, within 15 business days of the submission of the information, notify all applicants on the outcome of the assessments.
6. Should your application be found to be compliant, Eskom shall issue a Letter of Consent within 15 business days of the submission of the information indicating:
- 6.1 That sufficient grid capacity is available to connect the project and that the application has been placed in the Reservation queue pending receipt by Eskom, within 15 business days of the issuing of the Letter of Consent or later date to be communicated by Eskom, of the Grid Capacity Allocation Guarantee, the form and amount of which will be confirmed by Eskom; or
 - 6.2 That there is insufficient capacity to connect the project and that an additional scope of work is required in order to connect the project.
7. Should the Grid Capacity Allocation Guarantee not be received by Eskom within the stipulated period, the Letter of Consent will lapse, and your Request for Budget Quote will be deemed to be rejected.
8. Your project will only be moved from the Reservation queue to the Allocation queues upon the fulfilment of all Budget Quote Conditions.
9. The following events will result in the revocation of grid capacity and the draw down on the Grid Capacity Allocation Guarantee:
- (a) *Failure to appoint replacement design consultants within 30 days following withdrawal of originally appointed design consultants,*
 - (b) *Failure to submit preliminary designs to the relevant technical review teams/committees within timelines of being requested to do so by Eskom,*
 - (c) *Failure to correct any defects with any submission made to Eskom within 14 working days of being requested to do so.*
 - (d) *Failure to submit final design packages within the timelines set out in the Budget Quote, and/ or*
 - (e) *Failure to comply with the Budget Quote milestone schedules and/or the "Commence and Continue" provisions stipulated in the Budget Quote.*
10. Please note you will be required to strictly adhere to timelines throughout the Budget Quote development and project execution including submission of designs that meet Eskom's quality approval the first time.
11. For any information, enquiries, or confirmation, please contact Valmon Muller at telephone number +27 82 826 3327.

Yours sincerely



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Nonhlanhla Miya

SENIOR MANAGER (INTERIM): GRID ACCESS UNIT

Appendix A: Generic Budget Quote Development Schedule

Design PHASE - Activities	Description of Activity	Functional Responsibility	(Business days)	(calendar days)
BB-BQ request	<i>Customer submits an unaltered BQ request (Annexure A of CEL)--- indicating whether they want Eskom build or Self Build, if Self Build, indicating the estimated project execution period</i>			
Invoice for Quotation fee	Invoice for CE fee	Eskom		
Payment of Quotation fee in 30 days max, otherwise cancel invoice	Payment of Quotation fee in 30 days max, otherwise cancel invoice		5 days outside of target 120 days of issue	7 days outside of target 180 days of issue
Weekly follow up on Quotation fee payment payment	Weekly follow up on Quotation fee payment payment and IPP to send proof of payment immediately for immediate action			
BQ delivery clock starts ticking on day of payment	confirm payment on CC&B			
Project registration	<i>Register project on CC&I and get automatically generated project number</i>	Eskom		
	<i>Register project on Kana/ACNAC/Black Pearl</i>			
	<i>Email to all stakeholders the CEL, BQ request, proof of payment and part B of application form</i>		5	7
	<i>Book a stakeholder meeting to include all stakeholders (IPP, Tx Grid planning, PDD, Dx planning, NED, Project execution, Land and environment, GAU, Eskom Telecomm's, Tx Grid, Dx Netops, GAU, Chief Planner CoE). Meeting to be held within 10 working days of Quotation fee payment</i>			
	<i>SHIM</i>	Eskom	1	1
	<i>BQ delivery milestone schedule</i>	Eskom/IPP	2	2
	<i>NPRM and PRF</i>	Eskom	10	12
Dx CRA approval preparation and submission	<i>project charter,funding, risks, assumptions, stakeholder id & analysis, costs estimate, milestone schedule, project governance, benefits</i>	Eskom		
Tx CRA approval preparation and submission	<i>project charter,funding, risks, assumptions, stakeholder id & analysis, costs estimate, milestone schedule, project governance, benefits</i>	Eskom	10	12
	<i>NonDisclosure agreement concluded within 15 working days</i>	IPP /Eskom		
Dx CRA approval	<i>For complete Self build project monopoly cost determine IC approval level for Eskom build, project asset value determine the IC level</i>	Eskom		
Tx CRA approval	<i>For complete Self build project monopoly cost determine IC approval level for Eskom build, project asset value determine the IC level</i>	Eskom	5	7
Dx /Tx DRA/BQ	<i>Project Kick off meeting</i>	Eskom	1	1
	<i>Consultant prepares Preliminary designs and submit to Eskom for checking</i>	IPP	40	60
	<i>Check preliminary design submitted by Consultant for DRT approval</i>	Eskom	3	5
	<i>Submit preliminary designs for DRT approval</i>	Eskom	3	5
	<i>DRT approval</i>	Eskom	1	1
	<i>Obtain costs from various stakeholders (CNC,Project execution,Land Development,Eskom Telecomms, Power plant maintainance, Control Plant Maintenance and Plant Maintenance)</i>	Eskom	5	7
	<i>Prepare DRA costs and inputs</i>	Eskom	4	7
	<i>Populate DRA costs on ACNAC and obtain signatures</i>	Eskom	5	7
	<i>Prepare IC presentation</i>	Eskom	5	7
	<i>Submit IC presentation for approval</i>	Eskom	5	7
	<i>If project is DRA approved, Prepare Budget Quotation, obtain signatures and send it to the IPP Executive- 14 Calender days incl DCUOSA Annexure's info e.g QoS, Supplier info (material,engineering services, contractor),etc.</i>	Eskom	5	7
	<i>Release Budget Quote Engineering inputs to IPP Executive</i>	Eskom	1	1
Tx DRA/BQ	<i>Tx issue of Quote engineering inputs to GAU from Quotation fee payment is 80 working days in parallel with Dx 83 working days</i>	Tx Grid Planning/PDD	80.00	112.00
Prapare customer BQ	<i>Draft BQ based on Dx and Tx integrated Engineering BQ including calculating charges and stating assumptions in the BQ</i>	Eskom	3	3
	<i>Vet the charges in the BQ</i>	Eskom	3	7
	<i>Dx /Tx Technical vetting</i>	Eskom	3	7
	<i>Vet the charges in the BQ</i>	Eskom	2	4
	<i>Signing of the BQ</i>	Eskom		
			120.00	175.00

Appendix B: IGCAR as further clarified

Rule	Requirement under the IGCA Rules	Evaluation criteria or clarification in relation to the application of the IGCA Rules
2(a)(i)	<p>In addition to the requirements under 3(1) above, applicants shall submit the following documents required to assess the readiness of the project:</p> <p>(a) <i>Environmental consents and authorisations:</i></p> <p><i>Environmental Authorisation (EA) and Water Use License (WUL) in respect of the generation facility,</i></p>	<p>Applicants are required to submit Water Use Licenses in respect of the generation facility.</p> <p>As per Rule 2.2 (e) of the IGCAR, which provides that Eskom can request additional information for the processing of applications and to determine whether the information provided is in sufficient detail or in a commensurate alternative form as may be applicable, taking into account the specific details and circumstances of the project, Eskom will accept proof of submission of application to relevant authorities (e.g., Department of Water and Sanitation) as commensurate compliance taking into account specific details and circumstances of the project including unreasonable delays in processing such applications by the relevant authorities and requirements for processing such applications by the relevant authorities.</p> <p>Since application for WUL with DWs requires IPPs to have preferred bidder status, WUL will not form part of minimum requirements for IGCAR which disqualifies an applicant. Projects with no WUL will not be disqualified, however, projects with WUL will be prioritized.</p>
2(a)(ii)	<i>Where applicable (for example, for wind farms), a conditional approval issued by the South African Civil Aviation Authority in terms of the Civil Aviation Regulations</i>	This requirement is in respect of the generation facility. Civil Aviation Authority conditional approval is required, or alternatively, an environmental impact assessment report indicating no impact on aviation. Rule 2.2 (e) of the IGCAR as stated above is also applicable. Where unreasonable delays are alleged, proof of application to CAA will be required.
2(a)(iii)	<i>Land rights (ownership and lease) to construct the generation facility</i>	All applications are required to submit lease agreements or option-to-lease agreements or proof of ownership rights relating to the land. Applications with lease agreements/option to lease agreements with or without Sub-division of Agricultural Land Act (SALA) approval will be accepted. Applications (where SALA is applicable) that meet all other criteria and have SALA approval will be prioritized.
2(c)	<i>Power Purchase Agreement (PPA) OR Heads of Terms duly signed with the end-user of the power or a licensed energy trader and confirmation from the off-taker.</i>	PPA/PPA HoT duly signed by the authorised representatives of both the seller and the buyer. In the case of PPA HoT, in addition a confirmation letter from the offtaker in the letterhead of the offtaker duly sign by the authorised representative of the buyer is required. PPA/HoT to reflect some or all of the following information: Project Description, Project Size (MW), Project Technology

		,Applicable Conditions precedent, Term/Duration of PPA, Anticipated scheduled commercial Operation Date (SCOD),Anticipated Last COD Anticipated Legal Close Date (date when PPA signed),Anticipated Financial/Commercial Close Date (date when financing arrangements concluded), Termination Clauses
2(c)	<i>Confirmation of appointment of design consultants accepted by Eskom, where grid connection works will be undertaken through the self-build scheme for handover to Eskom on completion</i>	Applicants are required to submit CVs and profiles of appointed consultants to demonstrate relevant experience, competence/skill and professional registration.
2(d)	<i>Measured data for the primary energy resource, as applicable (minimum two years for wind and one year for solar)</i>	<ul style="list-style-type: none"> - Hourly production data is required for both solar and wind - Satellite data is acceptable for solar irradiance data - Minimum two-year production data is required for wind with at least one year being on-site measurement data, alternatively, an independent engineer's report with one year of on-site wind, which must also contain the wind speed and hub height data.
4(a)	Grid capacity allocation guarantee	<ul style="list-style-type: none"> - The quantum of the guarantee is subject to approval by Eskom and successful applicants will be notified of the required guarantee in due course.