In each bidding window, project developers go through several phases as depicted below.

### REIPPPP FACTS
- 92 projects have been awarded preferred bidder status.
- The REIPPPP aims to procure sustainable power from renewable energy (RE) sources with several bidding windows for electricity generation capacity from renewable energy (RE) sources.
- 5 bidding windows (BW) have taken place to date.
- 6 376 MW procured so far, 2 150 MW already online.

### THE BIDDING PROCESS
- Procurement of IPPs follows strict criteria in a transparent, competitive process.
- Bid proposals are evaluated based on the price of electricity (70%) and commitments to economic development (30%).
- Economic development consists of 7 elements:
  - Economic development consists of 7 elements:
    - Enterprise development
    - Management control
    - Local content
    - Ownership
    - Preferential procurement
    - QSEs and EMEs
    - Socio-economic development
- Jobs can be created during construction, several hundred jobs can be created, and demand for local businesses is high.
- Up to 0.6% of all earnings should be spent on enterprise development.
- At least 3% of shares in the electricity selling company should be held by the local communities.
- A minimum of 12% of all jobs created during the RE project should be awarded to members of the local communities.
- The target for procurement spend on QSEs and EMEs is 10% of total procurement spend.

### IPP Project Phases per BW
- Request for Proposals
- Bid Submission
- Preferred Bid Announcement
- Financial Close
- Construction - 24 months
- Operations - 20 years

### ED requirements that directly affect local communities
- Independent Power Producer (IPP)
- Commercial project development companies bid in the REIPPPP to get a long-term power purchase agreement. This contract lays the foundation for a project company to become an IPP in the South African electricity market.
- Local Communities
- In the request for proposals for the REIPPPP issued by the DoE, local communities are defined as villages or residential areas within a 50km radius of project size, or the closest community if no communities can be found in a 50km radius. This radius is set irrespective of municipal borders, and local communities can be located in several municipalities.
- Community Trusts
- Community Trusts are a vehicle to establish ownership for local communities. A bank gives the trust a loan to buy shares. The trust will then repay its debt and finance social projects from the returns. In general, steering committees are established by independent persons, the IPP and local communities. A bank gives the trust a loan to buy shares. The trust will then repay its debt and finance social projects from the returns. In general, steering committees are established by independent persons, the IPP and local communities.

### ED (E) ELEMENTS
- Job creation
- Local content
- Ownership
- Management control
- Preferential procurement
- Enterprise development (ED)
- Socio-economic development (SMD) contributions

### ECONOMIC DEVELOPMENT (ED) ELEMENTS
- Economic development consists of 7 elements:
  - Economic development consists of 7 elements:
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    - Local content
    - Ownership
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### Phases for Local Government Involvement
- Create an enabling environment to attract IPP projects
- Initiate a dialogue with the IPP and engage local communities
- Co-operate with IPP to maximise local development benefits

### Renewable Energy Technologies
- **Wind power**
  - The wind activates the blades and the rotor of the wind turbine, which, via a gearbox for example, drives the generator, which produces electrical output. Wind turbines can operate from a wind speed of between 3 and 25 metres per second. Wind turbines of over 150 metres in height and up to 7.5 MW are being deployed.
- **Biomass**
  - Renewable Energy Technologies
  - Visit www.salga.org.za for more information
  - As a source of energy, PV is used worldwide, from simple applications to run a calculator to complex systems that energise homes and businesses or feed in the national transmission grid. In a PV cell, sunlight pushes electrons in movement, thus directly producing electricity.
- **Concentrated Solar Power (CSP)**
  - CSP plants concentrate the sunlight with mirrors to heat a fluid, which in turn is utilised to fuel a turbine that produces electricity. CSP provides an opportunity to store energy through the heated fluid, enabling the plant to produce electricity even after sunset.
- **Hydro power**
  - Hydro power plants utilise the flow of water in a turbine to generate electricity. Conventionally, dams are used and the flow of water can be modified rapidly so that the electricity output can be adjusted to the demand.
POSSIBLE INVOLVEMENT OF LOCAL GOVERNMENT IS TWOFOLD:

- Local government can help create an enabling environment for the development of REIPPPP projects in their area of jurisdiction and
- Local government should strive to maximise the benefits from the ED Elements locally.

Cooperation between IPP and Local Government is not mandatory in the REIPPPP. It is however a great opportunity and if local government wants to maximise the benefits, it must be proactive!

CREATING AN ENABLING ENVIRONMENT

- Identify REIPPPP project sites, in line with provincial or national RE development strategies, to attract further investments
- Prepare land for IPP projects and associated industries, for example by rezoning land and developing infrastructure
- Pre-develop potential sites by taking long-term measurements on the availability of the renewable resource (i.e. solar irradiation or wind speed), conducting a pre-feasibility study and preparing a preliminary Environmental Impact Assessment
- Ensure timely processes for the permits and licenses needed for the REIPPPP projects
- Sell or lease municipal land for REIPPPP projects, where available by drafting council resolutions and agreements, in line with applicable legislation

CO-OPERATION IN ECONOMIC DEVELOPMENT

- Engage IPP on local development as soon as the IPP investigates a project site in the area to start the dialogue, which is to be deepened once the IPP has reached preferred bidder status
- Give inputs to the IPP’s SED and EnD strategies by identifying local economic and social development projects, possibly aligned with the municipal Integrated Development Plan (IDP)
- Facilitate the dialogue of IPPs with local communities, ideally after financial close of the project to provide information about the IPP project and possible benefits for local development
- Facilitate the establishment of a community committee, which would represent the communities’ interests in the trust
- Connect the IPP with the local workforce, especially during construction
- Integrate local businesses in the value chain of the RE project by connecting small to medium sized companies or local business chambers with the IPP’s procurement units

The information presented in this brochure is explained in more detail in the full info package available on:

www.salga.org.za