

**Tender No.: ESERA/RFP/06/2020-2021**  
**Eswatini Energy Regulatory Authority**

**Request for Qualification**

**Procurement of New Generation Capacity in Eswatini  
(Second Tranche Procurement Programme)**

**Briefing Note No. 07**



**Date of Issue: 17 March 2021**

## 1 INTRODUCTION

This Briefing Note (“**Briefing Note No. 07**”) is issued pursuant to the Request for Qualification for the procurement of new generation capacity in Eswatini under the Second Tranche Procurement Programme launched by the Eswatini Energy Regulatory Authority (“**ESERA**”) on 07 August 2020 with Tender No.: ESERA/RFP/06/2020-2021 (the “**RFQ**”) and is subject to all the terms and conditions contained therein.

Terms defined in the RFQ and used in this Briefing Note with capitalized initial letters, bear the meanings given to them in the RFQ, unless otherwise defined herein.

Item No.	Request for Clarification	ESERA Response
1	<p>In Briefing Note 5, Item No. 2, we note that EEC will have discretion to curtail dispatch from the plant when it considers it economically desirable to do so. Any undue curtailment will strongly undermine the bankability of the Projects as the revenues will then be highly uncertain.</p> <p>Also, if curtailment is for a significant period of time (e.g. days) the plant will need to lower or stop its operations. Such unplanned on-off cycling will adversely affect the plant, particularly maintenance costs.</p> <p>We therefore ask ESERA to further clarify the conditions for curtailment, as well as the minimum offtakes.</p>	<p>The structuring of optimal dispatch arrangements for biomass power plants is complex as it must take into account, inter alia, the envisaged plant technologies, feedstock supply arrangements, tariff structure, PPA payment regime, generation mix in the country and the flexibility of dispatch that is required by the network operator to achieve economic dispatch for the country. As such, it is not appropriate for ESERA to provide details of the dispatch arrangements at this RFQ stage. Instead, ESERA will provide the full details of the dispatch arrangements in the RFP together with the fully drafted PPA which will include the details of the tariff regime, minimum dispatch, dispatch forecasting procedures, etc. The RFP will provide for a request for clarification process during which Bidders may seek clarifications and/or suggest enhancements to the dispatch arrangements for consideration by ESERA.</p> <p>As stated in Briefing Note 5, the dispatch arrangements (including any minimum dispatch levels) will aim to achieve a balance between the predictability of dispatch for the IPP while providing sufficient flexibility for the EEC to achieve economic dispatch. The dispatch arrangements will take into account technical constraints and limits that the plant needs to operate within.</p> <p>From a bankability perspective, ESERA has been clear that the Projects will have a two-part tariff under the PPA. Applicants should note that the structure of the tariff will allow IPPs to make provision for recovery of fixed costs associated with the power plant and the biomass feedstock supply through availability/capacity payments. Thus, even if the biomass power plant is not fully dispatched by the EEC, the IPP will still receive payment under the tariff for the full capacity of the plant that was declared to be available by the IPP and not only for the capacity at which the plant was dispatched. Such availability/capacity payments would typically cover the fixed cost elements associated with the power plant and the feedstock supply. The energy payment component of the tariff will cater for the variable cost components and will be paid for on the basis of the level at which the plant has been dispatched.</p>

Item No.	Request for Clarification	ESERA Response
		As stated above the details of the dispatch arrangements (including any minimum dispatch levels) will be provided to Bidders as part of the RFP documentation.