

AFRICA GREENCO IPP PROCUREMENT GUIDELINES JULY 2022



GreenCo IPP Procurement Guidelines

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Disclaimer

These IPP Procurement Guidelines are provided to interested Developers to familiarise themselves with the engagement procedures, assessment processes and information requirements of the GreenCo IPP Procurement process before commencing submissions. The information and ideas contained in these guidelines or subsequently provided to Developers, whether orally or in documentary form, by or on behalf of GreenCo or its representatives, employees, consultants, agents, or advisors (Representatives) are the intellectual property of GreenCo and are provided to the Developers on the terms and conditions set out in this guidance note and any other terms and conditions subject to which such information is provided. These IPP Procurement Guidelines are confidential and may not be circulated, in whole or in part, to any other party without the prior written consent of GreenCo. This document is neither an agreement nor an offer by GreenCo or any of its Representatives to contract with GreenCo and it does not confer any additional rights to Developers in relation to the IPP Procurement process. This document does not entail or imply any commitment, either financial or otherwise, on the part of GreenCo to the Developers. The Developers bear sole responsibility for the costs associated with preparing and submitting their project proposals. GreenCo makes no commitment to the Developers or otherwise on the IPP Procurement process set out herein and assumes no liability in relation to any deviation from such process. These guidelines do not purport to be an exhaustive source of information to enable Developers to assess their participation in the IPP Procurement process. GreenCo shall not be liable to any Developer for any loss, damage, cost, or expense which may arise from or be incurred or suffered on account of their participation in this IPP Procurement process. This IPP Procurement process may not be appropriate for all persons, and it is not possible, nor is it intended, for GreenCo, or any of its Representatives to consider the investment objectives, financial situation and particular needs of each party who reads this note or participates in this IPP Procurement process. GreenCo expressly renounces any obligation or duty (whether in contract, delict or otherwise) to any Developer. Any Developer that submits a project proposal assumes all risks associated with the submission and no adjustments will be made based on the Developers interpretation of the information provided. Neither GreenCo, nor any of its Representatives makes any representation (expressed or implied) or warranty as to the accuracy or completeness of the information contained herein and shall have no liability for it or for any other written or oral communication transmitted to or received by the Developers. Only those particular representations and warranties which may be made by GreenCo in a definitive written agreement, when and if one is issued, and subject to such limitations and restrictions as may be specified in such agreement, shall have any legal effect.



Definitions

- (i) “Proposal” means the written proposal submitted to GreenCo in the IPP Procurement process to develop, finance, build, own and operate the Project, together with all supporting documents.
- (ii) “Proposed Project” means the solar PV or onshore wind project(s) being developed by the Developer which the Developer wishes to propose for the Project.

1. Introduction

On 20th June 2022, Africa GreenCo (GreenCo) announced its next round of procurement through a direct procurement process (<https://africagreenco.com/africa-greenco-renewable-energy-ipp-procurement-programme-and-offering-of-sapp-trading-services-to-generators-and-consumers/>), following a successful equity capital raise of USD15.5m in April 2022. This equity will support the procurement of **80MW** of solar PV and wind generation capacity initially (in addition to the 25MW solar PV Pilot Project procured through competitive tender in Zambia in 2021). This procurement round has however been extended to target an additional **500MW** of solar PV, wind and hydro generation across the SAPP-connected region subject to GreenCo completing its third round of capital raising, which is already underway.

The IPP Procurement process combines the flexibility of bilateral engagement with objective regional project benchmarking and a partial open-book analysis of key project cost and financing inputs, through a collaborative approach.

2. The IPP Procurement Initiation Process

GreenCo will initiate its IPP Procurement process with the following steps:

- a) Developers who wish to participate will be required to submit high level project information on standardised ‘Project Preliminary Information’ and ‘Developer Experience Information’ forms available on GreenCo’s IPP Procurement web portal.

The Project Preliminary Information will provide broad indicative data and terms for the Proposed Project, including, among others, project location, technology, capacity, expected energy available, and indicative PPA price.

The ‘Developer Experience Information’ form will provide details of the Developer’s experience in owning, developing, financing, and commissioning renewable energy projects in the region and beyond.

- b) For purposes of conducting preliminary KYC, Developers, or in the case of a consortium each member of the consortium, will be required to provide copies of its Certificate of Incorporation, Register of Directors and Register of Shareholders.
- c) GreenCo shall review the Project Preliminary Information and Developer Experience Information provided and may request additional legal, financial, and/or environmental studies that the



Developer will be required to conduct at its own cost to enable GreenCo to assess the Proposed Project. Following this initiation phase assessment, GreenCo will inform the Developer of its decision to either:

- I. Request for a full proposal, including the project financial model, from the Developer; or
- II. To not proceed with further engagement beyond the initiation phase.

2.1. Rules on Consortia

Developers acting in, or intending to form, a consortium should take note that any changes to the composition of their consortium, or intended consortium, after submitting their Project Preliminary Information and Developer Experience Information will trigger a reassessment of their technical capability and financial capacity credentials.

2.2. Rules on Affiliates

A Developer (or consortium member) may include the relevant experience of its current Affiliates. If using Affiliate experience, Developers must describe the Affiliate's connection to the Developer/consortium member. For these purposes, "Affiliate" means any entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Developers/consortium member, to the satisfaction of GreenCo.

3. Preparation and Submission of Project Proposal

Developers that have received confirmation of GreenCo's interest to progress discussions on their Proposed Project will be requested to submit a full Proposal, following the structure and content set out below:

3.1. Proposal Structure and Content

Each Proposal must comprise duly completed copies of the following documents, using the templates provided (as indicated below), together with all supporting documentation specified therein:

- (i) Proposal Submission Letter (template provided) and signed by an authorized signatory of the Developer / consortium lead who has a written Power of Attorney (template **not** provided).
- (ii) Financial proposal with indicative tariff and Liquidity Buffer Amount (template **not** provided).
- (iii) Zambian and Regional Experience (template provided).
- (iv) Financing Arrangements (template provided).
- (v) Key Financing Terms (template provided).
- (vi) Project Readiness Information (template provided), including any relevant supporting documents.
- (vii) Project Implementation Plan (template **not** provided).
- (viii) Exceptions to PPA Heads of Terms (PPA HoT) (template **not** provided). Developers will have access to the PPA HoT only after submitting GreenCo's Non-Disclosure Agreement provided for download on the IPP Procurement portal.
- (ix) Economic and Social Benefits, considering the following (template **not** provided):

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- a. Local ownership
 - b. Local content (during construction and operation phases)
 - c. Local job creation (during construction and operation phases)
 - d. Any other Socio-economic development considerations the Respondents wish to highlight, including Community Engagement schemes.

3.2. Language of Proposal

The Proposal and all documents forming part of the Proposal submission shall be in English. Any documents submitted with a Proposal may be in another language so long as it is accompanied by an English translation (made by an accredited translator) of the entire document. For the purpose of evaluation and interpretation of the Proposal, the English translation provided shall govern. All correspondence, documentation, and oral communication between GreenCo and the Developer shall be in English.

3.3. Currency of Proposal

All monetary amounts referred to in the Proposal shall be in US Dollars or must clearly specify the USD equivalent.

3.4. Proposal Validity

The Proposal validity period shall be 180 days from the Proposal Submission Date, extended, if selected, until execution of the PPA.

3.5. Developer Due Diligence

For the purpose of conducting documentary due diligence, any Developer that is requested to submit a Proposal will also be required to submit its corporate and key individuals' documents at the time of submitting its Proposals. In the case of a consortium, each consortium member shall provide the documentation.

4. Proposal Evaluation

The Proposal evaluation process is triggered by the Developer submitting a complete Proposal to GreenCo. The Proposal will be evaluated based upon the project-specific information and documentation submitted by the Developer. GreenCo shall consider the technical, legal, financial, economic, environmental and social aspects of each Proposal, including:

- Does the Proposed Project have reasonable financing arrangements and permitting status?
- Is the Proposed Project technically viable and does it have the acceptable technology, size range (in MWs), and can it be successfully connected to the grid?
- Does the Developer have the required capacity to successfully finance, develop, own, operate, and manage the Project?
- Does the Proposed Project meet environmental and social standards that are acceptable to GreenCo?

4.1. Benchmarking

GreenCo will use benchmarking as a tool for evaluating Proposals using its regional renewable energy project database (RE Benchmarking Database).

4.2. Partial Open Book Approach

If, following benchmarking, GreenCo requires further information to analyse the proposed tariff, GreenCo may request further details concerning the key terms and conditions related to the project's financing and costs. Where certain cost items remain open, GreenCo may propose employing a **partial open book** approach, based on the data provided in the **Key Financing Data Inputs** sheet, to arrive at the final tariff.

In broad terms, this tailored partial open book approach will provide that:

- GreenCo does not bear or share decision-making responsibility on the project's design, schedule, building performance, or the cost of the project; and
- the partial open book approach remains in place for a predetermined period of time to be agreed with the Developer. For example, the partial open book approach may remain in place until the final agreement is reached on the PPA.

There may be certain costs that GreenCo and the Developer agree could be modified even after the PPA has been signed, and which would impact on the PPA tariff. In those cases, the signed PPA can identify those costs and include the formulas (and relevant documentation to be provided to justify changes in the costs) to take into account changes in those costs.

4.3. Development Phase Agreement

Following the evaluation, GreenCo will inform the Developer whether:

- (a) it wishes to commence PPA negotiations with the Developer,
- (b) it wishes to continue to work with the Developer to adjust any aspect of the Proposed Project, or
- (c) it does not wish to proceed further and will take no further action.

If GreenCo wishes to commence PPA negotiations with the Developer, the parties shall enter into a non-binding Development Phase Agreement (DPA) which will set out a framework for finalising the PPA.

Signing of the DPA will be subject to completion of the full documentary due diligence, to the satisfaction of GreenCo.

4.4. Non-Exclusivity

GreenCo will engage bilaterally with Developers, as detailed above, on a non-exclusive basis. Should a Proposed Project proceed to the DPA stage, the Developer will then grant exclusivity over that project to GreenCo until the PPA is signed or unless the DPA is terminated, as provided for thereunder.

To provide transparency to the market, GreenCo may request Developers for their approval to announce to the public the results of the IPP Procurement process, in similar form and method to which the government and other power sector participants in the relevant market are accustomed and familiar.