The Kingdom of Eswatini

Ministry of Natural Resources and Energy

Eswatini Energy Sector
Information Gathering Exercise (IGE)

Date of Issue: 21 November 2018
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1 Introduction

The Ministry of Natural Resources and Energy (the “Ministry”) is mandated with the responsibility for the development of energy sector policy and the planning of the energy sector for the Kingdom of Eswatini.

The Ministry’s mission is to manage the national energy resources effectively and to work towards affordable and sustainable energy provision for all of the people in Eswatini. The Ministry is also tasked with increasing the country’s energy resilience by reducing the country’s reliance on imported electricity and, in particular, by the development of local renewable energy projects which will meet the country’s environmental clean energy objectives and will help underpin economic growth.

Eswatini has a stated aim of becoming self-sufficient in electricity generation and of ensuring that, by 2030, 50% of all electricity consumed in Eswatini is generated from renewable energy. To this end, the Ministry has stated its intention to encourage the development of local electricity generation and, in particular, the development of local renewable energy projects.

The Ministry is also committed to encouraging private sector participation in the energy sector. Over the past few years, the country has seen significant interest from independent power producers keen to exploit the abundant opportunities for generation capacity with which the country is endowed.

On 25 July 2018, the Honourable Minister of the Ministry of Natural Resources and Energy announced a new energy policy which sets out the processes under which the procurement of private generation capacity by independent power producers (or IPPs) will be undertaken. A copy of the Honourable Minister’s statement is attached as Appendix A. This new policy has been launched with the full support of Cabinet and is intended to foster a partnership with the private sector and to ensure the orderly development of the new generation capacity necessary to help achieve the Ministry’s strategic objectives.

In addition, and in support of the new policy, on 25 October 2018, the Ministry launched its Integrated Resource Masterplan (the “MasterPlan”), including the Short-term Generation Expansion Plan (“SGEP”) for the sector. The MasterPlan and SGEP have been developed by the Ministry, in consultation with key stakeholders, to provide a roadmap of the new generation capacity to be developed in the country, providing clarity on the technologies, capacities and timing of the new generation capacity to be connected to the national grid. The MasterPlan and the SGEP have also been approved by Cabinet and have been issued to inform the market of the Ministry’s current plans for the future development of the electricity sector in Eswatini. A copy of the MasterPlan is available to download from: http://www.gov.sz/images/Media/WEB_KINGDOM_OF_ESWATINI_ENERGY_MASTERPLAN_2034-1.pdf, and the copy of the Principal Secretary’s statement from the launch of the MasterPlan is attached as Appendix B.

The Ministry is aware that the MasterPlan is based on information that has been gathered from a variety of sources and over a number of years, and that the energy sector continues to evolve rapidly. Consequently, in order to continue to fulfill its ongoing planning responsibilities, to identify sector developments since the start of
the MasterPlan planning process and to inform policy for the sector, the Ministry has identified the need to obtain new or updated information from parties who may be interested in developing new generation capacity in Eswatini. As a result, the Ministry is launching this Information Gathering Exercise (“IGE”) to invite parties who may be interested in developing new generation capacity within Eswatini to assist the Ministry by submitting the relevant information as requested in this IGE.

Parties who are interested in potentially becoming developers of IPPs in Eswatini are encouraged to submit details of all energy projects that they consider to be feasible, viable and in the interest of Eswatini. The Ministry confirms that it is interested in receiving information on projects that are consistent with and fall within the scope of the Masterplan, as well as on projects that are not obviously consistent with the current MasterPlan, as such information may nonetheless be relevant and helpful in planning the future of the sector in Eswatini.

All parties should note that this IGE is not intended to be, and should not be considered to be, the start of a procurement process and does not in any way constitute any form of shortlisting, pre-qualification or any other form of selection for purposes of procurement for new generation capacity. The IGE process will be used, as stated above, to help inform the Ministry on sector policy and planning.

Please Note:

No reimbursement of costs or expenses of any type whatsoever will be paid to respondents or to any other persons who submit a response to this IGE.

For the avoidance of doubt, the Ministry expressly disclaims any and all liability (other than in respect of fraudulent misrepresentation) arising out of or in relation to this IGE and the MasterPlan. None of the Ministry, its staff, its advisors or any other state organisation gives any warranty or makes any representations, express or implied, as to the completeness or accuracy of any information that may be provided herein or in the MasterPlan, or in connection herewith. No respondent shall have a claim against the Ministry, its staff, its advisors or any state organisation, arising out of any matter relating to this IGE of any nature whatsoever.

2 Preparation and Submission of IGE responses

Interested parties are requested to respond to this IGE by completing the response forms provided in Appendix C in the prescribed format.

Responses to the IGE should be submitted electronically to:

Ms Lindiwe Dlamini
Chief Energy Officer
Department of Energy, Ministry of Natural Resources and Energy
Email: energyeswatini@gmail.com

Please ensure that all responses are received by no later than 5:00pm (CAT) on 13 December, 2018.

Please mark all responses with the subject line: “Response to MNRE IGE – [Name of respondent]”. 

The Ministry requests that IGE responses and supporting documents should be submitted in English. It is requested that attachments do not exceed 5MB per email message.

Information provided by respondents in response to this IGE will be considered and treated by the Ministry as confidential and will not be disclosed, other than to Government stakeholders in relation to the sector planning process, without the prior consent of respondents.

The Ministry wishes to thank all respondents for their responses and for assisting them in its fulfilment of its policy and planning mandate.
STATEMENT BY THE HONOURABLE MINISTER FOR
NATURAL RESOURCES AND ENERGY.

PROCUREMENT OF NEW POWER GENERATION
THROUGH COMPETITIVE TENDERS.

Venue:
HAPPY VALLEY-EZULWINI.

Date:
STATEMENT: PROCUREMENT OF POWER GENERATION THROUGH COMPETITIVE TENDERS.

Ladies and Gentlemen, I am very pleased to announce the Government’s new policy on the procurement of power generation projects.

As you know, the Government is currently working towards increasing the country’s energy resiliency by reducing our reliance on imported energy. To this end, the Government has been and will continue encouraging the development of local electricity generation and in particular the development of local renewable energy projects to meet our environmental clean energy objectives and to underpin economic growth. Our target is to become self-sufficient in electricity generation and to ensure that, by 2030, 50% of all electricity consumed in Eswatini is generated from renewable energy.

The Government is also committed to encouraging private sector participation in the energy sector. We have over the past few years seen significant interest from independent power producers keen to exploit the abundant opportunities for generation capacity that the country is endowed with. To foster our partnership with the private sector and to ensure the orderly development of generation capacity that will achieve Government’s strategic objectives, Cabinet has recently approved a new policy setting out the processes under which the procurement of private generation by independent power producers (or IPPs) will be undertaken.

Under this new policy, private generation capacity will be procured through public competitive tendering processes based on regional and international best-practice. As opposed to unsolicited generation capacity procurement, the competitive tendering process will ultimately benefit electricity users in the country as bidders will offer the most competitive tariffs in relation to the technology being employed. The Ministry of Natural Resources & Energy has been working closely with the African Legal Support Facility, a division of the African Development Bank, to develop a framework for the procurement process. The process will follow a formal request for proposals system aimed at achieving a structured, transparent and equitable process for all stakeholders.

My Ministry has also been spearheading the work for the preparation of an integrated resource Masterplan for the sector, which will provide a long term roadmap of the generation capacity to be developed in the country over the next 20 years, and of a Short-term Generation Expansion Plan which provides clarity on the first technologies, initial capacity and timing of the generation capacity to be procured. This Short-term Generation Expansion Plan has recently been approved by Cabinet and will be made public by my Ministry in due course.

We can nevertheless already announce that solar PV and biomass projects will be procured in the first procurement rounds to make best use of our existing natural
renewable energy resources to reduce electricity imports. The details of the generation capacities to be procured and timings will be confirmed when the procurement process is launched.

The procurement process will be conducted by the Eswatini Energy Regulatory Authority (“ESERA”), in co-operation with the Minister responsible for Energy and in accordance with the requirements of the Electricity Act of 2007. The Eswatini Electricity Company (the “EEC”) will be the off-taker for the electricity generated.

While conducting the procurement process, ESERA will work with a procurement committee which will be set up to assist in the procurement of the new generation capacity to ensure Government stakeholders’ involvement and tapping on the necessary sector expertise. The process will, at all times, proceed in close co-operation and consultation with the Minister, as required by our laws.

We plan to commence the competitive procurement of the first round of new generation capacity within the next few months. Further details of the programme will be communicated by the Ministry during August 2018. The Government believes that this new process will provide a consistent and effective approach to the procurement of private generation and will encourage the participation of the private sector in the Eswatini electricity sector.

At this point I would like to place on record my thanks to my staff at the Department of Energy for their hard work on this project, as well as to our other Government stakeholders, particularly at the Regulator’s office and at EEC for their support of this process. Furthermore, I would like to thank the African Legal Support Facility and their experts for their support and expertise in helping us get to this point. We look forward to their continued support through the procurement process.

As Minister responsible for energy, I am very excited about the future opportunities that this new policy creates for our economic growth targets. I am confident that the procurement program will be successful and will result in us soon being able to offer clean, reliable and more affordable renewable energy to the people of Eswatini.

Thank you.
Appendix B: Principal Secretary’s MasterPlan Launch Statement of 25 October 2018

PS STATEMENT: LAUNCH OF THE ENERGY MASTER PLAN

ROYAL SWAZI SUN HOTEL.


10:00 AM

PROTOCOL

❖ PROGRAMME DIRECTOR
❖ DISTINGUISHED GUESTS FROM THE INTERNATIONAL RENEWABLE ENERGY AGENCY (IRENA)
❖ DISTINGUISHED GUESTS FROM THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)
❖ DISTINGUISHED DELEGATES FROM THE KINGDOM OF ESWATINI
❖ MEDIA PERSONNEL
❖ LADIES AND GENTLEMEN

• On behalf of the Government of the Kingdom of Eswatini allow me to welcome delegates from the International Renewable Energy Agency, (IRENA) and Delegates from the International Atomic Energy Agency (IAEA). I also welcome distinguished delegates from the Kingdom of Eswatini. Your participation in today’s launch of the country’s first Energy Masterplan is greatly appreciated.

• The Government of the Kingdom of Eswatini is extremely grateful to the International Renewable Energy Agency (IRENA) for their support in the development of the Eswatini Energy Masterplan. IRENA has not only supported the development of the plan but also helped develop a new institutional capacity with regard to energy planning in the country. Moreover, recently IRENA assisted the country in developing the Renewable Readiness Assessment (RRA) report, a key document for the development of the renewable energy sector. Based on this,
it is evident that the partnership between the Ministry and IRENA is really bearing fruits in the Eswatini energy sector.

- I would like to also pass my gratitude to the International Atomic Energy Agency (IAEA) who is represented here today for affording us another opportunity to further capacitate the country in long-term planning for the energy sector so that we can independently update and improve the Energy Masterplan.

- Ladies and Gentlemen, may I take this opportunity to congratulate both IRENA and the Eswatini core energy planning team on preparing the Energy Masterplan which has come to a successful conclusion and has been approved by Cabinet. I also express my sincere thanks to the stakeholders that were consulted during the development of this Masterplan. The information and views provided by the stakeholders have been valuable in finalizing the Masterplan.

- Distinguished Delegates, the Kingdom of Eswatini is endowed with natural resources ranging from coal, biomass, solar, wind as well as hydro. These natural resource endowments call for a comprehensive and holistic long-term energy planning process. The development of the Energy Masterplan provides a roadmap to guide the energy sector towards an energy future with adequate, sustainable and reliable energy supplies that are environmentally friendly and competitively priced. The Energy Masterplan was therefore developed by modelling the energy system to allow optimization of wide policy assessments that consider supply security, energy access, affordability, environmental impact and financial constraints.

- At this point, it is important to highlight that the country has achieved great strides in increasing nationwide household access to electricity which currently stands at 78%, thanks to the rural electrification project. It is noted however that the country still has a power generation deficit of about 70% which can be met by the use of domestically available energy resources, which is why the long-term energy planning process is imperative for the transformation and sustainable growth of the energy system of the Kingdom of Eswatini.

- The cost of addressing the needs of the power sector has been estimated to be at USD 44 million per year to USD 200 million by 2034. This large funding gap cannot be bridged by the public sector alone, therefore, private participation is critical. Although the public utility has historically been the major source of funding for new power generation capacity, that trend is changing. Official Development Assistance (ODA) and Development Finance Institutions (DFIs) can only partially fill the gap. There is therefore a significant role and opportunity for the private sector to fill the gap as Independent Power Producers (IPPs). Moreover, over the past few years, the country has seen significant interest from IPPs keen to exploit the abundant opportunities for generation capacity with which the country is endowed.
The Energy Masterplan projects outcomes of the current and planned policies in the energy system to the year 2034 and shows comparative scenario results that assume deployment of diverse technologies and measures to meet the country’s energy demand which the private sector can use in their plans. The Energy Masterplan provides a clear technology investment roadmap, an essential certainty to investors over a multi-decade time horizon.

Ladies and gentlemen, whilst the planning horizon for the Energy Master Plan is 20 years starting from 2014, in order to address the immediate electricity generation capacity needs for the country, the Ministry has developed a five year Short Term Generation Plan (2018-2022), which is a sub set of the Energy Masterplan. The Short Term Generation Plan focusses mainly on projects which can be delivered in the short term and solar PV and biomass technologies were found to be suitable to start off with.

Further, in line with the electricity legislation and the National Energy Policy 2018, Government has committed itself to procure new power generation capacity through a competitive bidding process. In this regard standardized power procurement documents have been developed to ensure a structured, transparent and equitable approach, based regional and international best-practices. As we move away from the current, inefficient practices of unsolicited generation capacity procurement, the competitive tendering process will ensure that competitive tariffs are achieved in relation to the technology being procured for the benefit of Eswatini electricity users. I am pleased to announce that preparations for the launch of the procurement process is underway and the public should expect a launch of the Request for Qualification process before the end of the year. This will be followed by a Request for Proposals process that will lead to the appointment of Independent Power Producers to develop the new energy projects in Eswatini.

Distinguished delegates, it has been a busy year for the energy sector. The Ministry recently launched and published the National Energy Policy and Implementation Strategy, and now we have completed the Energy Masterplan. The businesses and organisations that are represented in this room right now have made an enormous contribution to these developments and for that I am very grateful.

In order to fulfill our ongoing responsibilities and to inform policy enhancement and planning for the sector, the Ministry will also shortly issue a Request for Information (or RFI) that is aimed at obtaining information on the interest of potential developers and their readiness to commence the development of energy projects in Eswatini. This RFI exercise does not form part of any procurement process but I would encourage the market to engage with this exercise as the outcomes of the RFI process will be very helpful in informing the Ministry on sector policy and planning.
Ladies and Gentlemen, we are all aware of the impacts of climate change and the role of the energy sector in both the adaptation and mitigation of climate change. It is therefore imperative that Eswatini plays its role in investing in low carbon technologies which use renewable energy technologies. The Energy Masterplan presents a number of opportunities while also highlighting a number of real challenges that lie ahead over the years to come.

Ladies and Gentlemen, Government will continue to work tirelessly to create an enabling environment to support private sector participation and investment in a sustainable energy future. We therefore call upon project developers, investors, financiers and other key stakeholders to partner with Government in its quest to realise a sustainable energy future for the Kingdom of Eswatini.

At this juncture ladies and gentlemen, I present to you the Energy Masterplan of the Kingdom of Eswatini.

Thank you
Appendix C: Response Forms

Respondents are requested to complete and submit the forms provided in this Appendix C with their responses.
Each respondent shall provide the details of its organisation using this Response Form B1.

<table>
<thead>
<tr>
<th>Item No</th>
<th>Information</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Name of respondent</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Main activity or business of respondent</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Nationality/laws pursuant to which respondent is organised</td>
<td></td>
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<tr>
<td>4.</td>
<td>Principal office address and place of incorporation or establishment</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Registered number of incorporation (or equivalent)</td>
<td></td>
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<tr>
<td>6.</td>
<td>Name and position of contact person</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Email address</td>
<td></td>
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</tbody>
</table>
For each potential project, the respondents shall provide the following information:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Information</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Brief summary of the project</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Description of technology type (solar PV, wind, biomass, coal, hydro etc.)</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Indicative capacity (in MW) and phases (if applicable)</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>For firm power sources, provide description of fuel source and availability</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Indicative construction timeframe for the project</td>
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<tr>
<td>6.</td>
<td>Proposed location of project</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Proposed grid connection arrangements</td>
<td></td>
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<tr>
<td>8.</td>
<td>Any particularly unique, innovative, and/or beneficial aspects of the project</td>
<td></td>
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</tbody>
</table>
For each potential project, the respondents shall provide the following information:

<table>
<thead>
<tr>
<th>Item No</th>
<th>Criteria</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Has there been any engagements with the rightful owners of the parcels of land (if identified) where the project is proposed to be located? If yes, please provide details.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Has there been any feasibility studies conducted for the project? If yes, please provide details.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Has there been any Environment Impact Assessment (EIA) studies done on the proposed project site? These may include categorisation application, environmental scoping studies etc. If yes, please provide details.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Details of any other preparatory work conducted in relation to the project.</td>
<td></td>
</tr>
</tbody>
</table>
RESPONDENT IDENTITY:  DATE:

RESPONSE FORM 4: ADDITIONAL INFORMATION

Respondents should use this response form if they wish to provide any additional information regarding the projects that they believe would be of interest to the Ministry in this IGE process.