

**MINISTER OF ENERGY**

REPUBLIC OF SOUTH AFRICA

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**National Assembly Question: 2143**

**2143. Mr M M Dlamini (EFF) to ask the Minister of Energy:**

Whether he is aware of the development fee to be paid by Independent Power Producers (IPPs) to the National Treasury and to his department in order to set up the Project Development Fund for Baseload Coal Energy (details furnished); if so, what is the (a) total amount in Rand of the development fee and (b) breakdown of all costs that (i) have been incurred and (ii) will be incurred by his department for the procurement of energy from IPPs? NW2298E

**Reply:**

1. The development fee of the Baseload Coal Independent Power Producers Procurement Programme has been set in the Request for Proposals (RFP) (December 2015) at 1.75% of the Total Project Value. The development fee is utilised as a cost recovery mechanism for costs incurred in the design, development, procurement and implementation over a 30-year contract term. The exact Rand value of the Development Fee can only be calculated once all the preferred bidders have reached Financial Close.

**Approved / Not Approved**

Mr J T Radebe, MP

Minister of Energy

Date: