



REQUEST FOR QUOTATIONS (RFQ)/ PROPOSALS (RFP) PROCUREMENT OF GOODS AND SERVICES

DESCRIPTION OF WORK:

**APPOINTMENT OF A SERVICE PROVIDER TO UNDERTAKE THE
ELECTRICITY DISTRIBUTION COST-OF-SUPPLY STUDIES FOR
EKANDUSTRIA AND SIYABUSWA ELECTRICITY NETWORKS.**

QUOTATION NUMBER: MEGA / 40

CLOSING **Date: 13 MARCH 2025**

Time: 16:00 pm

Compulsory Site Visit:

Yes

☐

No

☒

**If Yes, Date and time of compulsory briefing
session:**

Date:

Time:

Venue:

DETAILS OF RESPONDENT

Name of bidder:

Please indicated whether it is the original or copy, tick the applicable block

ORIGINAL

☐

COPY

☐

REQUEST FOR QUOTATIONS (RFQ)

1. GENERAL CONDITIONS OF THE RFQ:

- 1.1. The 80/20 evaluation criteria for requirements with a Rand value of up to R50 000 000.00 (all applicable taxes included) will be used for this bid.
- 1.2. The value of this bid is estimated not to exceed R1 000 000.00 (all applicable taxes included).
- 1.1 Submit proof of Central Suppliers Database registration **(To be used to verify company information, including SARS tax status)**
- 1.2 Fully comply with the scope of work / service or **(Attached Scope of work / service)**.
- 1.3 Submit valid quotation with company details including price, company address, registration number, VAT number (if applicable) and price fluctuation **(OR Attached Bill of Quantity)**
- 1.4 Complete Preference Point claim form in terms of the Preferential Procurement Regulations 2022
- 1.5 Complete declaration with regards to company/ Firm **(SBD 6.1)**
- 1.6 Complete declaration of Interest. **(SBD 4)**
- 1.7 This bid will **NOT** be evaluated on functionality.
- 1.8

2. SCOPE OF WORK / SERVICE OR ITEM(S) REQUIRED (or separate document outlining the detailed specifications to be attached here)

No.	Item Description
1	APPOINTMENT OF A SERVICE PROVIDER TO UNDERTAKE THE ELECTRICITY DISTRIBUTION COST-OF-SUPPLY STUDIES FOR EKANDUSTRIA AND SIYABUSWA ELECTRICITY NETWORKS. <i>(see attached terms of reference)</i>

INITIALS AND SURNAME OF SCM OFFICIAL: A. MILANZI

SIGNATURE: A. MILANZI

Quotations and enquiries can be forwarded to the email below:

scm@mega.gov.za

Referenced: MEGA/40



Mpumalanga Economic Growth Agency (MEGA)

TERMS OF REFERENCE

**APPOINTMENT OF A SERVICE PROVIDER TO UNDERTAKE THE
ELECTRICITY DISTRIBUTION COST OF SUPPLY STUDY FOR MEGA**

TERMS OF REFERENCE

APPOINTMENT OF A SERVICE PROVIDER TO UNDERTAKE THE ELECTRICITY DISTRIBUTION COST OF SUPPLY STUDY FOR MEGA

1. PURPOSE

- 1.1 The purpose of the terms of reference is for the Mpumalanga Economic Growth Agency ("MEGA") to appoint knowledgeable, skilled, and experienced service provider/s to assist MEGA with the development of a Cost of Supply ("COS") study to assist the electricity licensee ("MEGA") in developing cost reflective electricity tariffs. The COS report will (in retrospect) determine the current cost to supply electricity and the anticipated cost of service for the 2024/25 financial year in order for the licensee to move towards **cost reflective tariffs** within the subsidised model so as to be in a better financial position to render the services as required by a licensee.

2. INTRODUCTION AND BACKGROUND

- 2.1 The revenue from trading services (electricity, water and sanitation as well as refuse removal) contributes to the revenue for the licensees' budgets. Historically, many licensees have generated surpluses off these sales and used this to fund general services. However, there is concern that many licensees are no longer covering costs from tariffs. This is due to the increase in the cost of supply of these services over the years as well as licensees not knowing the actual cost of supply to base tariffs. Technology disruption in the form of embedded generation is also making it critical that distributors of electricity are able to allocate costs accurately between the grid, demand and energy costs.
- 2.2 Furthermore, the Electricity Pricing Policy (EPP) policy position 23 states that:
"Electricity distributors shall undertake COS studies at least every five years, but at least when significant licensee structure changes occur, such as in customer base, relationships between cost components and sales volumes. This must be done according to the approved National Energy Regulator of South Africa (NERSA) standard to reflect changing costs and customer behaviour".

- 2.3 In line with the EPP, NERSA has requested all licensees to submit COS studies for consideration. The COS will be valid for a period of 5 years or when significant licensee structure changes.

3 PROBLEM STATEMENT

- 3.1 A COS study is one of the most important considerations in establishing and designing electricity tariffs that are implemented to provide the service required by customers and to recover costs incurred by the licensees. The objective of a COS study is to apportion all costs required to service customers among each customer class in a fair and equitable manner.
- 3.2 It is against this backdrop that MEGA requires a service provider to attend to the scope of work as shown below.

4. PROJECT SCOPE

- 4.1 The service provider will be required to assist MEGA with the development of a COS study and transfer knowledge and all the data to the licensee. The COS study must be NRS 058 compliant and should follow the NERSA Cost of Supply Framework.
- 4.2 Information obtained through this project will be used to update MEGA's asset register. Asset registers should be compliant with the applicable National Treasury prescripts.

5. METHODOLOGY

- 5.1 The service provider will be required to use the simplified COS template spreadsheet developed by the National Energy Regulator of South Africa (NERSA).
- 5.2 The service provider will be expected to work closely and collaboratively with MEGA, ensuring that relevant staff understand the study process and outcomes and have the capacity, post COS study, to draw on the outputs of the study to

develop and defend tariff strategies appropriate to their context and communities.

6. DELIVERABLES

6.1 The project deliverables are as follows:

6.1.1 Updated electricity asset registry

6.1.2 COS study spreadsheet

6.1.3 COS study report explaining all assumptions for submission to NERSA

6.1.4 Updated 2024/25 tariff application based on the COS study

6.1.5 Management of the entire NERSA application process including all engagements with NERSA regarding the COS study and associated tariff application

7. TIMEFRAME

7.1 The project will commence before the end of the 2024/25 financial year, upon the date of signing of the Service Level Agreement ("SLA") between MEGA or its implementation agent and the service provider and should not exceed a period of (3 months) months from date of commencement.

8. SKILLS AND KNOWLEDGE REQUIREMENTS

8.1 The service providers must have knowledge and experience in:

8.1.1 Economic regulation,

8.1.2 Cost accounting,

8.1.3 Asset management, and

8.1.4 Finance and auditing.

9. IMPLEMENTATION FRAMEWORK

9.1 The service provider must provide a project plan of how the project will be carried out, indicating key tasks, deliverables and timeframes.

9.2 A project steering committee (PSC) will be formed by the client (MEGA) to give direction to the project, monitoring progress and measuring the quality of outputs.

10. FORM OF PROPOSAL

- 10.1 Bidders must include a work-plan/methodology/schedule with the budget which will be inclusive of all costs.

11. FEES

- 11.1 The pricing should also include admin costs, reimbursement cost and any other costs (to be specified by bidder) and Value Added Tax.

12. PERFORMANCE MEASUREMENT/ REPORTING

- 12.1 The successful service provider will be required to report progress for the project to MEGA or its implementation agent and Project Steering Committee monthly in a form of a word version report and PowerPoint presentation. Progress will be monitored according to the agreed schedule and details contained in the project plan.
- 12.2 The Project Steering Committee will manage, monitor, and oversee the project. This committee will monitor the progress and ensure that services are rendered timeously and render a quality assurance function.
- 12.3 To facilitate the performance of the service provider and monitor their scope of work, MEGA or its implementation agent will enter into a SLA that will govern the relationship between the licensee and the service provider. The SLA will include project assignments that will address each of the project deliverable.
- 12.3 Payments will only be processed based on the achievement of deliverables as per the implementation plan, payment schedule and/or the project plan.

13. TERMS AND CONDITIONS

- 13.1 The service provider appointed will sign a SLA with MEGA or its implementation agent. **The signing of the SLA must be finalised before the commencement of the COS study assignment.**

- 13.1.1 The service provider will be required to sign confidentiality and indemnity agreements with the licensee.
- 13.1.2 The intellectual property rights arising from the execution of the contract itself shall vest with the licensee and the contractor undertakes to honour the client's intellectual property rights and all future rights by keeping the know-how and all published and unpublished material confidential.
- 13.1.3 The service provider may not cede or assign any part of its agreement with the licensee nor subcontract any part of the work assigned to them without the prior written authorization of the licensee.

14. MANDATORY REQUIREMENTS

MANDATORY REQUIREMENTS (Failure to meet the below requirement(s), the Bidder will be disqualified)	
1.	In case of a Joint Venture, an original or original certified copy of the joint/partnership agreement must be attached;
2.	A Letter of Good Standing, issued by the Compensation Fund in terms of the Compensation for Occupational Injuries and Diseases Act, 1993 must be attached. The certificate must be valid as at the closing date of the Bid. A Letter of Intent will not be accepted.
3.	Fully completed Pricing Schedule.
4.	Fully completed, signed Standard Bidding Document (SBD1; SBD4; SBD6.1)
5.	Letter of Authority to sign the Bidding Documents.
6.	Certified copies of Director's Shareholders Identity Documents.
7.	Proof of Registration on Central Database (Detailed Report).
8.	Letter of Approval by the Executive Authority to do business if the Entity has a Member(s) who is/are Government Employees.
9.	Bidders who submit information that is fraudulent, factually untrue or inaccurate will be disqualified.
10.	Registration with the applicable professional body

- (i) All bids duly lodged will be evaluated to determine compliance with requirements and conditions of the bid. All proposals that do not comply with the requirements/conditions of the bid will be disqualified.

15. IN EVALUATING THE TECHNICAL INFORMATION CONTAINED IN THE BID, THE EVALUATION COMMITTEE WILL BE GUIDED BY THE FOLLOWING:

- **Bidder's understanding of the brief** – The bid provides a clear indication that the bidder fully understands the purpose and scope of the work and the bidder's own roles and functions in this regard (Methodology).
- **Capability and experience** – The bid provides a clear indication that the bidder's team comprises people with the necessary qualifications, experience, skills, knowledge and required to ensure the efficient and effective generation of the required deliverables to the highest standards of quality.
- **Track Record** – The bid provides clear information on previous, relevant projects that confirm that the bidder has the required experience and success track record in the area of economic regulation, general project management and management related projects.

16. ENQUIRIES:

All enquiries relating to this document should be directed to:

Enquiries

Contact Person(s): Mr. M. Gaffane (Senior manager: Property & Facilities Management)

Telephone: 082 575v1564

E-mail: matome.gaffane@mega.gov.za

BIDDER'S DISCLOSURE

1. PURPOSE OF THE FORM

Any person (natural or juristic) may make an offer or offers in terms of this invitation to bid. In line with the principles of transparency, accountability, impartiality, and ethics as enshrined in the Constitution of the Republic of South Africa and further expressed in various pieces of legislation, it is required for the bidder to make this declaration in respect of the details required hereunder.

Where a person/s are listed in the Register for Tender Defaulters and / or the List of Restricted Suppliers, that person will automatically be disqualified from the bid process.

2. Bidder's declaration

- 2.1 Is the bidder, or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest¹ in the enterprise, employed by the state? **YES/NO**

- 2.1.1 If so, furnish particulars of the names, individual identity numbers, and, if applicable, state employee numbers of sole proprietor/ directors / trustees / shareholders / members/ partners or any person having a controlling interest in the enterprise, in table below.

¹ the power, by one person or a group of persons holding the majority of the equity of an enterprise, alternatively, the person/s having the deciding vote or power to influence or to direct the course and decisions of the enterprise.

SBD4

Full Name	Identity Number	Name of State institution

2.2 Do you, or any person connected with the bidder, have a relationship with any person who is employed by the procuring institution? **YES/NO**

2.2.1 If so, furnish particulars:

.....
.....

2.3 Does the bidder or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest in the enterprise have any interest in any other related enterprise whether or not they are bidding for this contract? **YES/NO**

2.3.1 If so, furnish particulars:

.....
.....

3 DECLARATION

I, the undersigned, (Name).....
in submitting the accompanying bid, do hereby make the following
statements that I certify to be true and complete in every respect:

- 3.1 I have read and I understand the contents of this disclosure;
- 3.2 I understand that the accompanying bid will be disqualified if this disclosure is found not to be true and complete in every respect;
- 3.3 The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However, communication between partners in a joint venture or consortium² will not be construed as collusive bidding.
- 3.4 In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications, prices, including methods, factors or formulas used to calculate prices, market allocation, the intention or decision to submit or not to submit the bid, bidding with the intention not to win the bid and conditions or delivery particulars of the products or services to which this bid invitation relates.
- 3.4 The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.
- 3.5 There have been no consultations, communications, agreements or arrangements made by the bidder with any official of the procuring institution in relation to this procurement process prior to and during the bidding process except to provide clarification on the bid submitted where so required by the institution; and the bidder was not involved in the drafting of the specifications or terms of reference for this bid.
- 3.6 I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

I CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS

² Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

SBD4

1, 2 and 3 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 6 OF PFMA SCM INSTRUCTION 03 OF 2021/22 ON PREVENTING AND COMBATING ABUSE IN THE SUPPLY CHAIN MANAGEMENT SYSTEM SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....
Signature

.....
Date

.....
Position

.....
Name of bidder

PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2022

This preference form must form part of all tenders invited. It contains general information and serves as a claim form for preference points for specific goals.

NB: BEFORE COMPLETING THIS FORM, TENDERERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF THE TENDER AND PREFERENTIAL PROCUREMENT REGULATIONS, 2022

1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to invitations to tender:

- the 80/20 system for requirements with a Rand value of up to R50 000 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R50 000 000 (all applicable taxes included).

1.2 **To be completed by the organ of state**

- a) The applicable preference point system for this tender is the **80/20** preference point system.

1.3 Points for this tender (even in the case of a tender for income-generating contracts) shall be awarded for:

- (a) Price; and
(b) Specific Goals.

1.4 **To be completed by the organ of state:**

The maximum points for this tender are allocated as follows:

	POINTS
PRICE	80
SPECIFIC GOALS	20
Total points for Price and SPECIFIC GOALS	100

- 1.5 Failure on the part of a tenderer to submit proof or documentation required in terms of this tender to claim points for specific goals with the tender, will be interpreted to mean that preference points for specific goals are not claimed.
- 1.6 The organ of state reserves the right to require of a tenderer, either before a tender is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the organ of state.

2. DEFINITIONS

- (a) **“tender”** means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;
- (b) **“price”** means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;
- (c) **“rand value”** means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;
- (d) **“tender for income-generating contracts”** means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions; and
- (e) **“the Act”** means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

3. FORMULAE FOR PROCUREMENT OF GOODS AND SERVICES

3.1. POINTS AWARDED FOR PRICE

3.1.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20	or	90/10	
$Ps = 80 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right)$	or	$Ps = 90 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right)$	

Where

- Ps = Points scored for price of tender under consideration
- Pt = Price of tender under consideration
- Pmin = Price of lowest acceptable tender

3.2. FORMULAE FOR DISPOSAL OR LEASING OF STATE ASSETS AND INCOME GENERATING PROCUREMENT

3.2.1. POINTS AWARDED FOR PRICE

A maximum of 80 or 90 points is allocated for price on the following basis:

$$\begin{array}{ccc} 80/20 & \text{or} & 90/10 \\ P_s = 80 \left(1 + \frac{P_t - P_{max}}{P_{max}} \right) & \text{or} & P_s = 90 \left(1 + \frac{P_t - P_{max}}{P_{max}} \right) \end{array}$$

Where

- P_s = Points scored for price of tender under consideration
 P_t = Price of tender under consideration
 P_{max} = Price of highest acceptable tender

4. POINTS AWARDED FOR SPECIFIC GOALS

- 4.1. In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points must be awarded for specific goals stated in the tender. For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender:
- 4.2. In cases where organs of state intend to use Regulation 3(2) of the Regulations, which states that, if it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—
- (a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
 - (b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system,
- then the organ of state must indicate the points allocated for specific goals for both the 90/10 and 80/20 preference point system.

Table 1: Specific goals for the tender and points claimed are indicated per the table below.

(Note to organs of state: Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such.)

Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)

The specific goals allocated points in terms of this tender	Number of points allocated (90/10 system) (To be completed by the organ of state)	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (90/10 system) (To be completed by the tenderer)	Number of points claimed (80/20 system) (To be completed by the tenderer)
>51 % Black Ownership	N/A	10	N/A	
>30% Black Female ownership	N/A	5	N/A	
>30% Black Youth ownership	N/A	5	N/A	

DECLARATION WITH REGARD TO COMPANY/FIRM

4.3. Name of company/firm.....

4.4. Company registration number:

4.5. TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium
- ☐ One-person business/sole propriety
- ☐ Close corporation
- ☐ Public Company
- ☐ Personal Liability Company
- ☐ (Pty) Limited
- ☐ Non-Profit Company
- ☐ State Owned Company

[TICK APPLICABLE BOX]

4.6. I, the undersigned, who is duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the specific goals as advised in the tender, qualifies the company/ firm for the preference(s) shown and I acknowledge that:

- i) The information furnished is true and correct;
- ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- iii) In the event of a contract being awarded as a result of points claimed as shown in paragraphs 1.4 and 4.2, the contractor may be required to furnish documentary proof to the satisfaction of the organ of state that the claims are correct;
- iv) If the specific goals have been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the organ of state may, in addition to any other remedy it may have –

- (a) disqualify the person from the tendering process;
- (b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
- (c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
- (d) recommend that the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
- (e) forward the matter for criminal prosecution, if deemed necessary.

.....	
SIGNATURE(S) OF TENDERER(S)	
SURNAME AND NAME:
DATE:
ADDRESS:

