



Southern Corridor Development Initiative (SCDI)

Market Sounding for Request for Proposals

Rev 02 | 10 June 2021

Purpose

The Namibian Government plans to launch an RFP for the development of Green Hydrogen industries across the country. This document highlights the key considerations for the first site (SCDI) in the South of Namibia. Given the infancy of the market, potential bidders are encouraged to support the Government with preliminary views and comments on the proposed approach to manage the RFP and subsequent industry development.

Bidders are encouraged to share their inputs with the NIPDB before the 30th of June 2021.

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A hydrogen strategy published by the European Union in July 2020 sets explicit electrolyser capacity targets of 6 GW by 2024 and 40 GW by 2030, as well as production targets of 1 million and 10 million tonnes of renewable hydrogen per year for those two milestones years.”

SCDI Market Sounding Virtual Session

Date: 23rd June 2021
Time: 09:00 - 12:00 CAT
Platform: Zoom
Meeting ID: 989 6565 4267
Link: <https://zoom.us/j/98965654267?>

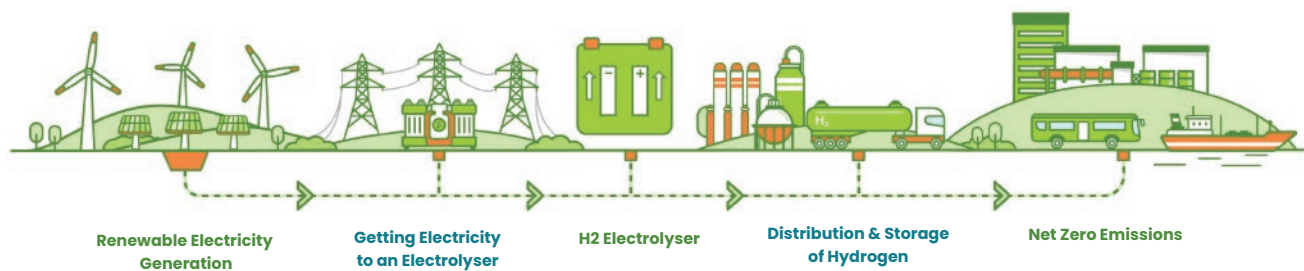


PROJECT OVERVIEW

The global energy system stands at the threshold of a new era of abundance that will transform energy economics. Thanks to rapidly declining renewable energy costs and technological advances, hydrogen can become the medium of choice for transporting cheap clean energy across the globe. The Government of Namibia is focusing efforts on achieving large-scale, low-cost Renewable Energy development and designing models for sustainably maximising fiscal revenue and local development in Renewable Energy investments and green ammonia production. Namibia's world-class solar and wind resources give it a long-term competitive advantage in producing green hydrogen and green ammonia.

The SCDI shall include a portfolio of complimentary projects and infrastructure that maximizes the opportunity presented by green hydrogen and ammonia for the country, including:

- ✓ A green hydrogen and ammonia plant with Wind, Solar, Electrolysis and desalination assets)
- ✓ A new deep-water port in Luderitz
- ✓ A wind blade manufacturing plant
- ✓ A green steel plant and fertilizer plant
- ✓ Ammonia supply to the green scheme near Neckartal dam
- ✓ Transmission Assets



THE SCDI 30 GW GREEN HYDROGEN POTENTIAL

SCDI Area is Estimated 14,000 km²

Section 1 (50 % of the SCDI Area)

- ✓ Includes rights to develop the new deep water port through a PPP Model
- ✓ Includes the rights to develop and manage the manganese rail link through a PPP Model
- ✓ Estimated 7,000 km²

Section 2 (20 % of the SCDI Area)

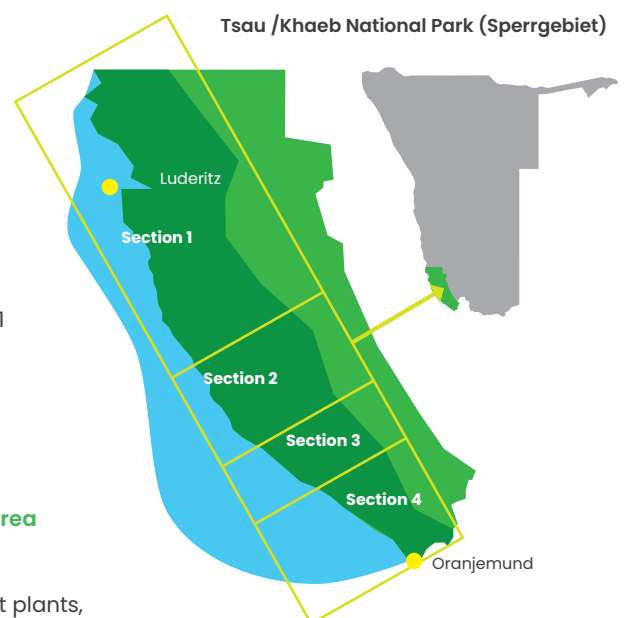
- ✓ Estimated 2800 km²
- ✓ Required to make use of the port by developer and operator in section 1

Section 3 (10 % of the SCDI Area)

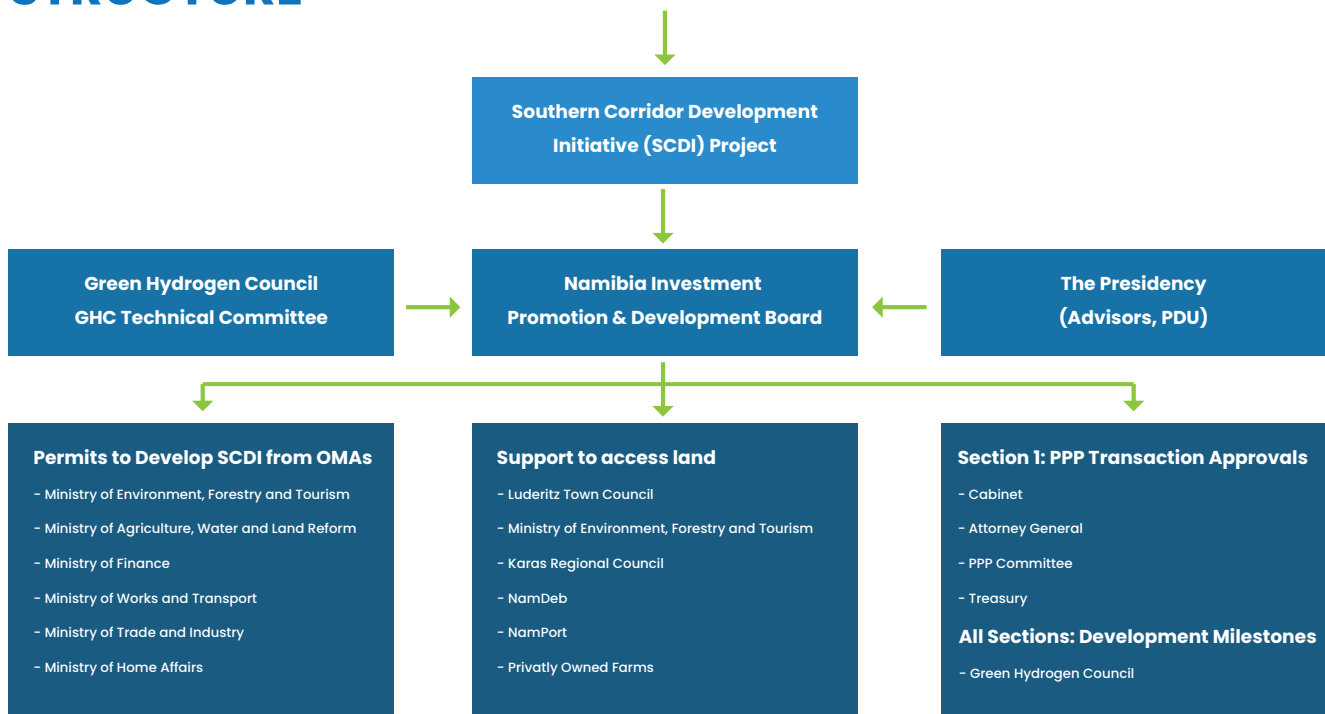
- ✓ Estimated 1400 km²
- ✓ Required to make use of the port by developer and operator in section 1

Section 4 (20 % of the SCDI Area) – Research and Development Area

- ✓ Estimated 2800 km²
- ✓ Will further be divided into 20 sections of 140 km² areas for research, pilot plants, regional/local consumption.



PROJECT STRUCTURE



PROPOSED LEGAL FRAMEWORK – MEFT

The Nature Conservation Amendment Act, 1996 (Act 5 of 1996) as amended by the Nature Conservation Amendment Act (Act 3 of 2017) vests wide-ranging powers in the MEFT Minister to authorise other parties to provide services on behalf of the State within proclaimed protected areas and on other State land including the provision of climate combating services through the award of concessions.

The term “concession” for the purposes of this RFP is defined in accordance with the National Policy for Tourism and Wildlife Concessions on State Land (2007) (the “Concession Policy”), which was developed by the Ministry of Environment, Forestry & Tourism (MEFT) and approved by the Namibian Cabinet in November 2007. A concession means “the right, whether full or restricted or shared or exclusive, to conduct feasibility activities and / or to commercially use State-owned plant and / or animal resources (collectively referred to as wildlife resources) on business principles in proclaimed protected areas and any other State Land for a specified period of time.”

In the absence of a procedure prescribed in law concerning the awarding of concessions, the Minister of Environment & Tourism has the authority to establish a process that will govern such awards and comply with the general requirements of fair and reasonable administration. Accordingly, the Ministry has adopted the concession policy framework to deal with such arrangements. The framework serves as a policy guide for the Ministry to deal with concessions in proclaimed protected areas and on other State land in a standardized and transparent manner.

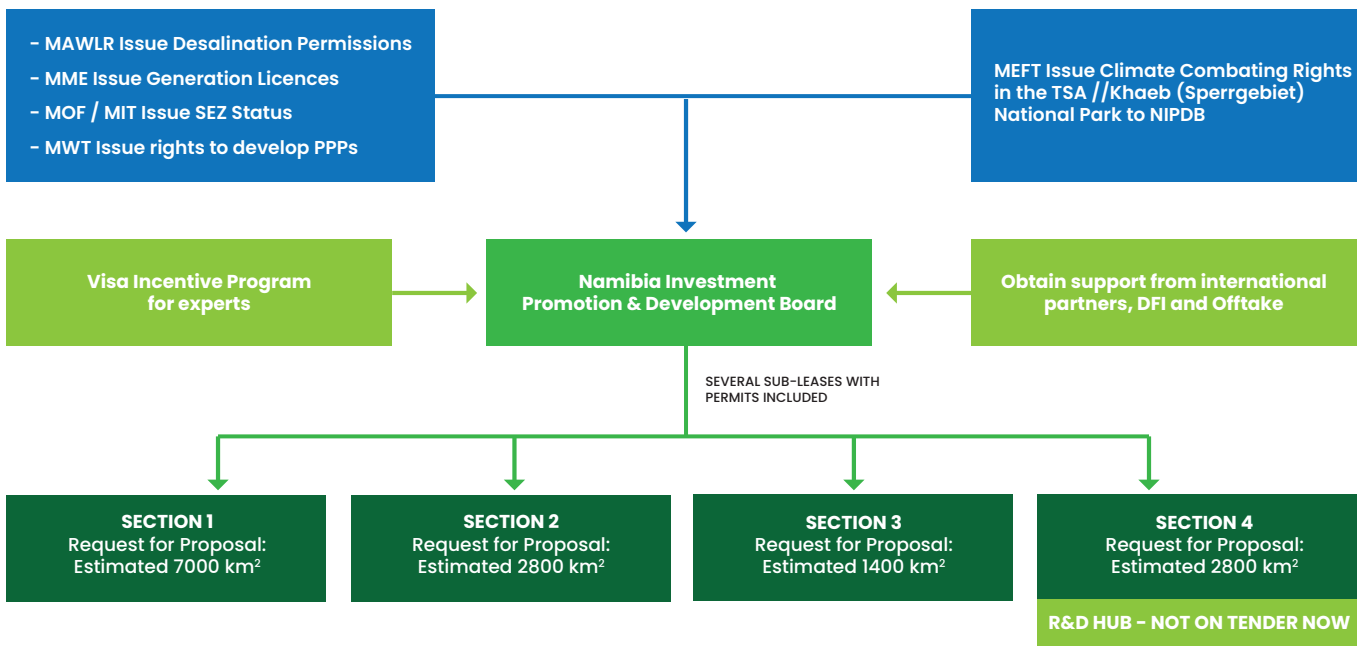
The proposed framework is a single stage bidding process. In order for development to proceed, approval will be made, based upon a feasibility report to be submitted within the 2 year period.



■ INSTITUTIONAL ARRANGEMENTS

The SCDI RFP will be issued by the NIPDB, once the various leases and letters of commitment from public entities are issued. NIPDB will then issue three (3) RFPs for the first 3 export sections. The fourth section is an R&D hub for academia, that will also look to supply the region. In the future, Government will subdivide this area into various blocks to allow increased local participation.

NIPDB will pilot the development of a golden visa program and based on the merits of the feasibility plan, apply for SEZ status over some of the section.



INSTITUTIONAL ARRANGEMENTS



Non Returnable Bid Bond and Performance Guarantee

A non refundable bid bond shall be payable by the successful bidder for the use of the concession area and the concession rights. The non refundable bid bond is a once off fee paid in advance, and bidders will propose this non refundable bid bond as part of their financial offer. The successful developer will issue a performance guarantee in favour of the Government.



Concession Duration

The feasibility activities contract will remain valid and enforceable for a maximum period of 2 (two) years from the effective date of the feasibility activities contract. Upon successful approval of the feasibility and business plan, the operator contract will remain valid and enforceable for a period of 25 (twenty five) years from the effective date of feasibility approval (based on the merits of the feasibility)



Business Plan & Technical Offer

a description of the project concept and offering including:

- the types of technology for electrolyses and supply plans, etc.
- proposed development activities and infrastructure and associated infrastructure (ports, rail, transmission lines, etc.)
- Proposed marketing plan on branding "Namibia Produced Green Product."
- connection with market analysis
- Proof of financial resources to execute project.
- Market justification and arrangements with partners and offtake
- Development and usage plan including indicative drawings and text for all proposed usage areas, which must cover the following:
 - Indicative development sites, sizes and bidder requirements
 - a detailed activity plan for the concession Area
- Environmental impact measures for all proposed activities
 - submit proposals on how to achieve the least possible impact on the environment through such measures, especially related to the following:
 - energy and natural resource consumption; waste management; water consumption; roads and tracks; visual impacts (including lighting); and operating impacts.



Corporate Social Commitments

The Project must contribute to economic growth, national empowerment objectives, employment creation and alleviation of poverty. Bidders are required to incorporate local developers, labor, SMES, and supportive staff. Bidders are further required to attach Letters of Intent and or Memorandums of Association to their bids to demonstrate the intended collaboration with local stakeholders. The successful Bidder must commit a portion of the net profit from the concession to the benefit of Namibia's Sovereign Wealth Fund. Firm social investment commitments such as investments in health, education or other contributions to local development should be highlighted.



Proposed Bid Evaluation Criteria

An evaluation criterion for the bid will:

CRITERION	SOURCE	EVALUATION	WEIGHT	CONDITION
Administrative Compliance	Bid Officer	Pass or fail	n/a	Fails if evaluation = "fail"
Technical Compliance	Technical Team	Pass or fail	n/a	Fails if evaluation = "fail"
Business Case	Business Plan	Score	25	Fails if evaluation < 50%
Environmental Impact	Development & Usage Plan	Score	25	Fails if evaluation < 50%
Social Impact	Corporate Social Plan	Score	25	Fails if evaluation < 50%
Financial Compliance	Technical Team	Pass or fail	n/a	Fails if evaluation = "fail"
Financial Evaluation	Compared to highest bid	Score	25	Fails if evaluation < 50%



MARKET SOUNDING QUESTIONNAIRE

1. What would attract you to participate in the SCDI bid?
 - a. Is the proposed land size between the various sections adequate?
 - b. Envisaged institutional arrangements?
 - c. proposed 2 years' timelines for feasibility development.
 - d. proposed weight for evaluation
2. What would make you carefully consider your participation?
3. What would in your opinion be the top 3 risks in procuring and constructing the SCDI given the above initial Government considerations?
4. What in your opinion is a fair concession fee per year for the various sections?
5. Developers of Section 2 and 3 are expected to utilize the port developed by the developer of Section 1 – is this the best way to deal with this?
6. Developers are expected to submit a business plan with their bids highlighting market access, social responsibilities, memorandum of understandings with local participants and proposed development plans – is this a fair request?
7. Beyond access to the various permits, land, SEZ status, golden visa program and support from Government – what other support do you require from Government?
8. In your opinion, how else can we enhance the bid process to drive your participation.
9. Given the changing Green Hydrogen market conditions, how in your opinion can Government structure the RFP to ensure technological and market changes are aligned with value for money for Namibia and return on investments for developers ?
10. Any additional Comments or suggestions