



LEPHALALE

LOCAL MUNICIPALITY

TEL: +27 14 763 2193
Fax: +27 14 763 5662
E-mail: munic@lephalale.gov.za
Website: <http://www.lephalale.gov.za>

Private Bag X136
LEPHALALE
0555

PUBLIC NOTICE

DESIGN, FINANCE, BUILD, OPERATE, MAINTAIN AND TRANSFER OF A 20.28 MWP-AC SOLAR PHOTOVOLTAIC POWER PLANT WITH A 52.5 MWH BATTERY ENERGY STORAGE SYSTEM (BESS), UNDER A 20-YEAR POWER PURCHASE AGREEMENT (PPA)

This document is prepared in accordance with section 33 of the Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA), in respect of the proposed design, finance, build, operate, maintain and transfer of a 20.28 MWp-AC solar photovoltaic power plant with a 52.5 MWh battery energy storage system (BESS) to Lephalale Local Municipality by SPS Investment 2 (Pty) Ltd (trading as “SPS Africa” or “SPS”) under a 20-year Power Purchase Agreement (PPA).

Table of Contents

1. BACKGROUND	2
2. SECTION 33 PROCESS	2
2.1 Section 33(1)(a)(ii) Soliciting the views of:	3
3. PROPOSED POWER PURCHASE AGREEMENT	3
3.1 Project site and construction.....	3
3.2 General Construction obligations	4
3.3 Use of Contractors and Subcontractors	4
3.4 Buyer's Rights	4
4. WHY THE CONTRACT IS PROPOSED TO EXTEND FOR TWENTY (20) YEARS ..	5
5. FINANCIAL IMPLICATIONS FOR LEPHALALE LOCAL MUNICIPALITY.....	5
6. HOW TO ACCESS INFORMATION REGARDING THE MFMA S33 PROCESS	6
7. WHERE TO SUBMIT YOUR COMMENTS	6

1. BACKGROUND

Section 33 of the MFMA prescribes a process where a municipality intends entering into a contract that will impose financial obligations on the municipality beyond the three years covered in the annual budget for that financial year, subject to the exclusions provided for in the Act. The process requires the Municipality to make the draft contract and an information statement available to the public, invite representations, and solicit the views and recommendations of the prescribed organs of state before Council considers approval of the contract.

2. SECTION 33 PROCESS

Where a proposed contract will impose financial obligations on the Municipality beyond the three years covered in the annual budget, section 33 of the MFMA requires the Municipality to follow the prescribed public participation and intergovernmental consultation process before Council approves the contract. The Municipal Manager must, at least 60 days before the Council meeting at which the contract is to be considered, make the draft contract and an information statement available to the public and invite comments and representations, while also soliciting the views and recommendations of the prescribed organs of state.

The public invitation to comment on the Draft Power Purchase Agreement is planned to be published in September 2026 in the local media and on the Municipality's official website. The final publication date must ensure compliance with the minimum 60-day period required before the Council meeting at which the proposed PPA will be considered for approval.

The purpose of this document is to inform the local community, prescribed government departments and other interested stakeholders, as required by the MFMA, of the Municipality's intention to consider entering into a 20-year Power Purchase Agreement with SPS Investment 2 (Pty) Ltd for the design, finance, construction, operation, maintenance and transfer of a 20.28 MWp-AC solar photovoltaic power plant integrated with a 52.5 MWh BESS.

Where the Municipality intends entering into a contract that will impose financial obligations beyond the three years covered in its annual budget, the procedure prescribed in section 33 of the MFMA must be followed. This information statement summarises the section 33 process and outlines the nature, objectives, principal obligations and financial implications of the proposed Solar PV and BESS project and the associated PPA.

Section 33 requires as follows:

Section 33(1)(a) The municipal manager must, at least 60 days before the Council meeting where a contract is to be approved, inform certain parties of the intention to award the contract by:

Section 33(1)(a)(i) issuing an information statement summarizing the MUNICIPALITY's obligations and draft contract documents to the public and inviting comments and representations; and

2.1 Section 33(1)(a)(ii) Soliciting the views of:

- National and Provincial Treasury
- National Department responsible for local government
- National Department having functional responsibility related to the service being delivered

Section 33(1)(b) The Council must prior to the award by the Municipal Manager of the contract, take into account:

Section 33(1)(b)(i) The financial obligations on the Council for each financial year of the contract;

Section 33(1)(b)(ii) The impacts of these obligations on its revenue;

Section 33(1)(b)(iii) Any comments received from the local community and other interested persons;

Section 33(1)(b)(iv) Written views and recommendations of the National and Provincial departments referred to above.

Section 33(1)(c) The Council must adopt a resolution in which it:

- Determines that it will have sufficient budget or revenue to pay for the contract;
- Approves the entire specific contract document to be awarded; and
- Authorizes the municipal manager to sign the contract.

3. PROPOSED POWER PURCHASE AGREEMENT

In general terms the services to be provided cover the following:

3.1 Project site and construction

Project Site

- I. The Facility shall be located at the area generally described as **ALTOOSTYD, LEPHALALE LOCAL MUNICIPALITY** in the Limpopo Province of South Africa and shall be identified as the Lephalale Solar Photovoltaic Power Generation Plant.

- II. Details of the Project Site, including a scale map that identifies the location of the Project Site, location of the Facility at the Project Site, diagram setting out the transmission lines and substation, interconnection facility and important ancillary facilities and the Delivery Point, are included.
- III. All electricity infrastructure affixed to the Project Site shall be deemed the asset of the Seller in accordance with the provisions of section 24 of the Electricity Regulation Act 4 of 2006 until after 20 years. The said electricity infrastructure shall not be subject to attachment by a creditor nor constitute security in the form of a landowner's hypothec.

3.2 General Construction obligations

The Seller shall procure the construction of the Facility in accordance with:

- (a) the Construction Programme;
- (b) applicable laws, including the Consents;
- (c) any conditions stipulated in the Seller Approvals which relate to the construction of the Facility; and
- (d) the standards of a Reasonable and Prudent Operator.

The Seller shall provide or procure all plant, equipment, machinery consumables, parts, materials and services whatsoever required for the Construction of the Facility in accordance with the standards set out in this Clause 4.2 (General Construction obligations).

3.3 Use of Contractors and Subcontractors

- I. Without limiting the Seller's liability or obligations under this Agreement, the Seller may engage Contractors and Subcontractors to perform any of its obligations under this Agreement. Any Contractors and Subcontractors engaged by the Seller to perform any portion of the Seller's obligations under this Agreement shall have all licenses and registrations required to perform the services to be performed by such Subcontractor, must maintain insurance as required pursuant to Clause 22 (Project Insurances), and shall perform any work in accordance with applicable industry standards.
- II. In exercising its right under this Clause 4.3 to engage Contractors and Subcontractors, the Seller shall, in accordance with its economic development obligations as stated in the award letter set forth in Schedule 12 (Economic Development Objectives) undertake prior consultations with the Municipality's LED division.

3.4 Buyer's Rights

The Buyer shall have the right, during the basis and upon not less than forty-eight (48) hours' prior written notice to the Seller to designate not more than two (2) of the Buyer's officers, employees, and representatives to visit the construction site at reasonable times for the purposes of viewing the Facility and verifying the Seller's compliance with the Construction Programme.

The Draft PPA further regulates progress reporting, the Commercial Operation Date, testing and commissioning, the role of the Independent Engineer, facility completion and commissioning, the Early Operating Period, the sale and purchase of energy output, tariffs and other charges, project insurance, performance obligations, and the parties' respective rights and responsibilities over the contract term. The 52.5 MWh BESS forms an integral part of the proposed facility and project structure.

4. WHY THE CONTRACT IS PROPOSED TO EXTEND FOR TWENTY (20) YEARS

The proposed Power Purchase Agreement is for twenty (20) years due to the following reasons:

- The project development and construction will take between eighteen (18) and twenty-five (25) months
- The decommissioning of the project takes between nine (9) and twelve (12) months
- The estimated scale of private-sector investment in the project is approximately R466.4 million.
- The project life span by design is twenty (20) years

5. FINANCIAL IMPLICATIONS FOR LEPHALALE LOCAL MUNICIPALITY

Section 33 of the MFMA requires that the Council must be assured that contracts to be concluded for a period spanning more than three financial years will, once awarded, be financially sustainable and affordable to the municipality for the full period of the contracts.

This implies that the services delivered by these contracts must generate sufficient income to cover costs, or alternatively, the municipality must make provision for deficits expected to be incurred by the contracts to be funded through other funding sources, such as from its own revenue or grants from National and Provincial spheres of government.

The financial impacts of this contract will be managed as follows:

- The project is proposed to be fully financed by the private sector, subject to the applicable accounting treatment and municipal financial reporting requirements.
- The proposed structure does not contemplate a municipal guarantee or the

assumption by the Municipality of the Seller's project-financing debt, subject to the final terms of the PPA.

- The proposed PPA tariff is intended to provide electricity to LLM at a competitive cost relative to the applicable Eskom supply cost. The affordability and value-for-money assessment will be considered by Council as part of the section 33 process and the supporting financial model.
- The proposed tariff escalation is inflation-linked, subject to the final tariff and escalation provisions contained in the PPA.
- The proposed project is expected to support LLM's electricity trading position over the duration of the PPA. The projected financial benefit must be assessed against the Municipality's annual PPA obligations and the applicable avoided Eskom cost.
- The financial assessment supporting the section 33 process must demonstrate the projected annual PPA obligations, impact on municipal revenue, affordability, anticipated savings or additional costs, and the cumulative financial effect over the contract term.
- The project is intended to support LLM's transition towards cleaner and more diversified electricity supply and its applicable energy, climate and sustainability objectives.

6. HOW TO ACCESS INFORMATION REGARDING THE MFMA S33 PROCESS

Copies of the section 33 explanatory documents and the Draft Power Purchase Agreement for the proposed project are available at the Customer Care Centre, Ground Floor, Civic Centre, Corner of Joe Slovo and Douwater Avenue, Onverwacht, from 08:00 to 16:00, Monday to Friday.

- The above documents will also be available at Lephalale Local Municipality Offices
- Designated public facilities and libraries within the Municipality
- Documents may also be accessed on the Municipality's official website: www.lephalale.gov.za

7. WHERE TO SUBMIT YOUR COMMENTS

Written comments must be submitted on or before **11 November 2026** to:

The Municipal Manager
LEPHALALE LOCAL MUNICIPALITY
Private Bag X136
Lephalale, 0555

Hand delivered comments to:

Municipal Manager's Office
Civic Centre

Corner of Joe Slovo and Douwater Avenue
Onverwacht

E-mailed comments to:

Attention: Municipal Manager
Riekie.Coetzee@lephalale.gov.za

Comments may also be faxed to +27 14 763 5662, for attention of the Municipal Manager.