national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REQUEST FOR INFORMATION

RFI NUMBER RT29

REQUEST FOR INFORMATION FOR SMART UTILITY MANAGEMENT SOLUTION (SMART PREPAYMENT METERS)

REVISED CLOSING DATE FOR SUBMISSION OF INFORMATION IS 05 MAY 2022

CLOSING TIME IS AT 11H00

NATIONAL TREASURY

TRANSVERSAL CONTRACTING

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1. BACKGROUND

1.1 The National Treasury, Office of the Chief Procurement Officer, Transversal Contracting Unit (TCU) facilitates the arrangement and management of Transversal Term Contracts on behalf of State Institutions.

1.2 The National Development Plan 2030 (NDP) was adopted in 2012 and proposes clear objectives for the energy sector. It states that South Africa will have an energy sector that promotes:

1.2.1 Economic growth and development through adequate investment in energy infrastructure. The sector should provide reliable and efficient energy service at competitive rates, while supporting economic growth through job creation,

1.2.2 Social equity through expanded access to energy at affordable tariffs and through targeted, sustainable subsidies for needy households, and

1.2.3 Environmental sustainability through efforts to reduce pollution and mitigate the effects of climate change.

1.3 Since the adoption of the NDP in 2012 there have been several changes in the energy sector, including South Africa's commitment to its Nationally Determined Contribution as part of the Paris Agreement at the 21st Conference of the Parties in 2015. In addition, there have been unprecedented changes in the relative costs of power generation technologies in the electricity sector. Both have implications for existing as well as future investments in the energy sector in the context of a carbon-constrained economy as well as likely changes in primary energy carriers.

1.4 Access to reliable and affordable electricity contributes to poverty alleviation and the upliftment of communities. Electricity contributes to the reduction of poverty. The major challenges, however, relate to the reliability and affordability of the energy provided. It is to be expected that there will be a correlation between the improvement of lifestyle and increase in energy consumption. This is partly influenced using more appliances and equipment required for self-employment related activities. The condition of the electricity related infrastructure should therefore be effectively managed since it directly impacts on the reliability and quality of supply.

2. CHALLENGES

2.1 Combined with service backlogs, collapsed, or deteriorating infrastructure, and deteriorating creditworthiness and borrowing capacity, municipalities are experiencing financial stress, and in some instances in a state of crisis. The ability for a municipality to recover revenue owed to it has been undermined amongst others by the culture of non-payment for services. Extending effective property taxation to the former township areas has also proved difficult as reflected by low collection or none in some of the townships.

2.2 The budget process is often not properly linked to municipal planning and is not always open to community participation. In some cases, revenue is overstated, resulting in unrealistic and unfunded budgets.

3. BENEFITS

3.1 There is certainly no doubt that adopting an efficient revenue collection model will yield the following benefits:

3.1.1 Improved revenue flow,

3.1.2 Improved cash management and more accurate cash flow forecasting capabilities,

3.1.3 Greater interest earnings on investments,

3.1.4 Consistent and equal treatment of taxpayers,

3.1.5 Greater budget control and ability to complete projects in a timely fashion,

3.1.6 Improved credit worthiness and reduction in borrowing costs, and

3.1.7 Accurate meter reading information for reliable bill to be generated.

3.2 A government's revenue system is the entire means by which a government acquires income. It prescribes the principles, processes, and functions of all the parts of revenue collection within the municipality. The term system implies that normatively, relationships exist among the different components and that the whole set of revenue-raising measures should be considered.

3.3 Governmental efforts towards equal access, equity, and real social impact can only be achieved with a consistent and robust revenue system with buy-in from all related stakeholders. It is for this reason that any efficient revenue collection model will consist of collaboration between all its parts and stakeholders. This is also espoused in the principles of a good revenue collection system, which are as follows:

3.3.1 Local governments are mandated by the Constitution of the Republic of South Africa to provide basic services to their communities. To this end, municipalities are tasked with the collection of the required revenues through avenues prescribed in Section 4(1) (C) of the Municipal Systems Act 32 of 2000. The Act empowers municipalities to corporatize some of their services, to establish utilities for service delivery, and to form and leverage public private partnerships in favour of their mandate. It is of

concern that a large percentage of municipal customers are not giving higher priority to paying their municipal accounts on time.

3.4 The Constitution of the Republic of South Africa (1996) mandates local government to:

3.4.1 Provide democratic and accountable government for local communities,

3.4.2 Ensure the provision of services to communities in a sustainable manner,

3.4.3 Promote social and economic development,

3.4.4 Promote a safe and healthy environment, and

3.4.5 Encourage the involvement of communities and community organisations in the matters of local government.

3.5 Local government must also promote the Bill of Rights which reflects the nation's values about human dignity, equality, and freedom and uphold the principles enshrined in the Constitution. The Constitution commits government to take reasonable measures, within its available resources, to ensure that all South Africans have access to adequate housing, health care, education, food, water, and social security.

3.6 Therefore, municipalities require their revenue generating capacity to be stable and financially sustainable for them to fulfil their constitutional mandate. There are various instances where municipal revenue may be compromised, such as the non-collection or no collectability of municipal revenue from households, corporates, and government. Such revenue challenges have far-reaching consequences. They impede service delivery and prejudice national economic policies.

3.7 The model for efficient revenue collection uses smart meters to enhance collection and limit meter tampering and reduce unaccounted losses, introduce meter management tools, including regular inspection of smart meters, and upscale training and skills.

3.8 The TCU intends to identify potential bidders from the industry for smart prepayment meters for water and electricity.

3.9 This request for information will serve to conduct market research to identify potential bidders capable of providing smart utility management solution (smart prepayment meters for water and electricity). This market research shall be conducted at no cost to the Department of National Treasury.

3.10 This is a request for information and not a solicitation for offers and accordingly, no transversal contract will be awarded from this request. No reimbursement will be made for any cost associated with proving information in respect of this RFI or any follow-up information request.

4. INFORMATION REQUESTED

The information required below will be considered when developing a procurement strategy for the smart utility management solution. It is very important that all potential bidders submit their information to ensure inclusiveness to the process in preparation for the Request for Proposal. The potential bidders are requested to submit the information on the following points as part of their response to this RFI:

4.1 POTENTIAL BIDDER'S PROFILE

The bidder must submit a company profile which includes but not limited to the following:

4.1.1 Business structure and shareholding information.

4.1.2 List of services(s) the company offers (bidder must clearly indicate the primary core business and other secondary services).

4.1.3 For footprint bidders must submit a list of offices nationally.

4.1.4 Valid B-BBEE certificate, Sworn affidavit or CIPC Affidavit.

4.1.5 Full Central Database Report.

4.2 RELEVANT SPECIALISED KNOWLEDGE AND CAPACITY

4.2.1 Information about hardware and software (smart meters, centralized data collection systems, communication system and many more).

4.2.2 Information about the smart meter's installation procedures and set-up.

4.2.3 Information about period and extraordinary service and maintenance requirements of the smart meters for water and electricity.

4.2.4 Information on the available relevant legislation and other drivers of smart prepayment meters for water and electricity.

4.2.5 Any additional information relating to knowledge and capacity on the smart utility management solution.

4.2.6 The system must show seamless integration into the municipal standard charts of accounts (*m*SCOA) system of municipalities.

4.3 EXPERIENCE IN SIMILAR SOLUTIONS, THE FOLLOWING INFORMATION NEED TO BE PROVIDED

4.3.1 Number of years, value of the projects and duration of the project/s over the last three years.

4.4 PILOT PROJECTS

4.4.1 Potential bidders must also submit their willingness to pilot their product/s to sites identified by National Treasury to show the reliability and sustainability of their solution.

4.4.2 This will be at NO COST TO NATIONAL TREASURY OR THE SITES IDENTIFIED.

4.4.3 Pilot sites will be selected at reasonable locations with mindful of associated costs.

4.5 PRICING

4.5.1 Bidders to submit information on pricing structure for smart utility management solution (smart prepayment meters for water and electricity). The preferred format to be on an excel spread sheet.

5. COVER PAGE

In responding to the RFI, potential bidders are requested to complete the attached cover page as Annexure 1.

6. ENQUIRIES

All enquiries for the attention of Ms Masea Ramaloko should be in writing to transversal.contracting2@treasury.gov.za. No telephone enquiries will be addressed. All received questions with answers will be published on **25th of March 2022, the 4th of April 2022 and 28th April 2022.**

The **Revised** closing date for receipt of all enquiries is **02 May 2022**. All enquiries beyond the closing date will not be considered.

END