

**Transnet SOC Ltd**

**acting through its operating division, Transnet National Ports Authority**

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**BRIEFING NOTE NO. 1 (TNPA/2023/10/0013/46575/RFI)**

17 Nov 2023

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**EXPRESSION OF INTEREST (EOI) IN RESPECT OF SMALL TO MEDIUM SCALE LIQUIFIED NATURAL GAS (LNG) IMPORT FACILITY FOR THE PORT(S) OF DURBAN, EAST LONDON, MOSSEL BAY, CAPE TOWN AND/OR SALDANHA**

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**TNPA RESPONSE TO BIDDER'S QUESTIONS:**

Through this briefing note one (1), Transnet National Ports Authority (TNPA) would like to:

1. Issue a response to the questions received from the bidders in respect of **TNPA/2023/10/0013/46575/RFI**; and
2. Extend the bidders questions for clarity closing date from the 17<sup>th</sup> of November 2023 to 24<sup>th</sup> November 2023.

#	Bidder's Questions?	TNPA's Response
1	The available areas that you have issued, do they have access to berth, and do they have pipelines already between the site and the berth pumping stations or that needs to be equipped for the LNG?	All indicative sites provided are currently operational and have existing Berths and Terminals. Bidders should note that the existing pipeline infrastructure is not design for LNG. Depending on bidder's proposed or preferred importation solution, TNPA will consider allowing any additional infrastructure depending on detailed assessment (incl. ergonomics, operational impact, safety, etc) thereof.
2	What is the TNPA current understanding or definition of small scale, medium scale LNG imports facilities? I have heard ISO tanks and how did this lead to the port locations that were given in the annexure of the EoI? And so is it just ISO tanks or you are looking at other modes of delivery vessels of loading bulk product?	At this point TNPA views Small-to-Medium Scale LNG as MOVABLE LNG PARCELS "excluding LNG transmitted via permanent, or long-term fixed infrastructure". TNPA views ISO tanks as Small-to-Medium Scale LNG and bidders can propose other creative solutions to importing LNG.
3	In the scope of the ports that you put up there, the port of Ngqura was not included, can you please expand on why that is so?	The Port of Ngqura is currently in an advanced stage to delivering Small-to-Medium Scale LNG and Long-Term solution (FSRU/FSU). TNPA intends to not conflict with activities that are currently in progress.
4	How do you as TNPA reconcile this small scale-medium scale with other projects in other ports for big terminals? How do you reconcile these two and do they coexist? How do they integrate if they coexist and what do you have in mind? How do you reconcile all these plans because they impact on each other?	<p>TNPA has three major ports that are ear-marked for large scale LNG solutions (LNG Hubs), these include Richards Bay, Ngqura and Saldanha. The Small-to-Medium Scale will be viewed as a short/intermediate solution specifically for these three ports. TNPA foresees future opportunities to integrate the Small-to-Medium Scale importation into these three permanent solutions as LNG off-takes.</p> <p>TNPA's view is that there will be common-user access to LNG during the implementation of the Richards Bay, Ngqura and Saldanha solutions.</p> <p>For Ports that are far and isolated from the three LNG Hubs, TNPA will consider allowing for extended small-to-medium scale LNG importation.</p>

<p><b>5</b></p>	<p>I know in some ports you have issues with ports limit and rezoning of the ports limit and the process that is still ongoing on that, how do you then see these sites within that process at this point in time? Are those sites within the port limits or outside the port limits? If outside, the process of rezoning are they included in that?</p>	<p>The current EoI does not foresee a need for additional land/space. TNPA does not seek to develop land-based LNG solution but to address Small-to Medium Scale movable LNG for a niche market.</p>
<p><b>6</b></p>	<p>Are bidders allowed to propose other locations in the ports, obviously taking the best available public information on your port planning and to consideration we would like to propose other locations for other solutions. Do you have any criteria that would be used to evaluate these other criteria, obviously they're not part of the existing port plan.</p>	<p>Yes, bidders can propose other locations and these need to be aligned with approved Port Development Plans. The EoI will not have an evaluation but will be assessed and tabled at TNPA Governance and later respond to market with way forward.</p>
<p><b>7</b></p>	<p>Could you please say what is the interface with TPT? If at all because they will have a role played in operations of some of these opportunities.</p>	<p>TNPA will do its stakeholder engagements, this will depend on the bidders proposed or preferred solution. Above and beyond TPT, TNPA has other Terminal Operators that will be consulted in this regard. TNPA encourages common-user access to ports.</p>
<p><b>8</b></p>	<p>In terms of EIA, how can TNPA guarantee us absolute confidentiality on the information that we send?</p>	<p>Information shared by bidders will not be shared with competitors/market, bidders can also advise if they want to enter into Non-Disclosure Agreement with TNPA. It is only for TNPA internal use. In addition to this, TNPA would like to caution all bidders to not share any information that the bidder(s) feel is commercially sensitive information.</p>
<p><b>9</b></p>	<p>Do you have a minimum expected investment in your port? Reason being that, if the minimum investment expected is R100 million not too many people are going to be successful in raising the funding for that, so it's going to exclude a lot of people in any event because I don't see a particular port being shared by let's say 100 small to medium scale funders.</p>	<p>TNPA expects bidders to develop and evaluate their business case to do the importation of Small-to-Medium Scale LNG. Through this EoI, TNPA does not anticipate investing in any new infrastructure.</p>

<p><b>10</b></p>	<p>I just want to understand from TNPA's point of view at this current stage with the EOI, would you see with the interest of so many people who are obviously interested in small scale, medium scale. Would you foresee using common berths and common berth infrastructure in order at each port to enable multiple parties to bring in product or would you expect it to be one preferred bidder at each port?</p>	<p>TNPA foresees common-user access for any potential bid. TNPA will assess the interest from all bidders and in an event of multiple bidders and feasibility technology solutions, TNPA will develop a fair process such as an RFP if necessary.</p>
<p><b>11</b></p>	<p>What is TNPA's understanding of small-scale/medium-scale LNG import facilities, does it include: A. LNG ISO container imports; B. LNG ship-to-truck transfer at berth; C. Port side storage, barge linked to cryogenic pipeline?</p>	<p>At this point TNPA views Small-to-Medium Scale LNG as MOVABLE LNG PARCELS "excluding LNG transmitted via permanent, or long-term fixed infrastructure".</p> <p>TNPA views ISO tanks, ship-to-truck at berth and barge linked to cryogenic pipeline as small-to-medium scale. Bidders should note that TNPA does not have any existing cryogenic infrastructure for LNG.</p>
<p><b>12</b></p>	<p>How were the port locations that were included in the EOI selected? Can TNPA please share the criteria for the selection of port locations? Did the selection of the Port locations consider any of the alternative LNG small-scale supply chain processes listed above?</p>	<p>TNPA has three major ports that are ear-marked for large scale LNG solutions (LNG Hubs), these include Richards Bay, Ngqura and Saldanha. TNPA strongly anticipates the Ports mentioned above to provide access for small-to-medium scale LNG when they become online. No conflict intended on these ports.</p> <p>The Port of PE is ear-marked to NOT handle any liquid bulk in the future and is also located in close proximity to the Port of Ngqura.</p> <p>The Western Cape has shown a strong interest for immediate LNG supply (RFP's in the market) and hence the inclusion of the Port of Cape Town and Saldanha.</p>
<p><b>13</b></p>	<p>Can TNPA please elaborate on the basic port infrastructure (berths) and operational infrastructure (i.e., pipelines, loading arms, landside storage, rail,</p>	<p>All indicative sites provided are currently operational and have existing Berths and Terminals. Bidders should note that the existing pipelines and loading-arms infrastructure at the ports are not designed for LNG.</p>

	trucks) that they believe will be required for small scale LNG?	Bidders are encouraged to evaluate the different ports in order to fit their proposed or interest solutions in alignment with means to evacuate the LNG molecules.
<b>14</b>	Is there a minimum threshold that will determine whether TNPA embarks on the RFP process?	<p>At this stage there is no minimum threshold in place.</p> <p>TNPA is confident that a market for small-to-medium scale LNG importation exist and, in this regard, TNPA wishes to solicit information in order to plan and provide suitable solutions to such.</p>
<b>16</b>	<p>TNPA has not included all ports in the EOI. There are only 3 ports where permanent long-term LNG import facilities will be created. Why does TNPA not allow interim small-scale LNG operations in all 8 ports? This allows the market to access LNG quicker and develops the market. Once permanent facilities are operational across the 3 selected ports, small scale LNG supply can naturally source LNG from the permanent import solutions.</p>	<p>TNPA has three major ports that are ear-marked for large scale LNG solutions (LNG Hubs), these include Richards Bay, Ngqura and Saldanha. TNPA strongly anticipates the Ports mentioned above to provide access for small-to-medium scale LNG when they become online. No conflict intended on these ports.</p> <p>The Port of PE is ear-marked to NOT handle any liquid bulk in the future and is also located in close proximity to the Port of Ngqura.</p> <p>The Western Cape has shown a strong interest for immediate LNG supply (RFP's in the market) and hence the inclusion of the Port of Cape Town and Saldanha.</p>
<b>17</b>	<p>At the ports where permanent LNG import facilities will not be created, can TNPA explain whether smaller LNG import solutions, once established, will be extended beyond a 10-year period? The EOI requires a justification, but logistically, small scale LNG will not be viable if additional transport costs are incurred to source LNG from the permanent facilities. What is TNPA's view on this, i.e. if LNG supply from permanent facilities will be cost-prohibitive, will such facilities in other ports be allowed to continue?</p>	<p>TNPA will consider this based on feasibility and proposed solution.</p>

<p><b>18</b></p>	<p>In terms of the EOI, can TNPA guarantee the absolute confidentiality of the bids? Why would someone disclose their small-scale import strategy and provide the solutions at the various ports if there is a risk that this information can become public information? Each port will require a unique solution because of port layouts and volumes that are required based on customer requirements in the specific area. What are TNPA's views on this?</p>	<p>TNPA considers bid submissions to be confidential. Information will not be shared with the market and will only be used to test market appetite for small scale LNG and based on the assessment TNPA will decide on the process to be followed to allow small scale LNG at the identified ports.</p> <p>TNPA would also like to caution all bidders to not share any information that the bidder(s) feel is commercially sensitive information.</p>
<p><b>19</b></p>	<p>During the briefing session, TNPA shared a slide with the timelines and steps of the EOI process which referred to stakeholder engagement. TNPA in the EOI briefing also referred to engaging "specialists around the globe". Can TNPA elaborate on which stakeholders will be engaged and what the objectives are of this engagement? Can TNPA also elaborate on which specialists will be engaged and the purpose of such an engagement, seeing that bidders have been asked to share their views on LNG technologies and market demand?</p>	<p>There are no specialist around the globe that will be consulted, none. This might have been a mis-quote.</p> <p>TNPA plans to engage its internal stakeholders for alignment of such an opportunity to ensure that a solution of interest from the market/bidders will be welcomed across the ports.</p>

All questions, queries and comments are to be directed to the Project Office, email address:  
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Yours sincerely

Project Office

Briefing Note No. 1 for Small-to-Medium Scale LNG