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South Africa gas-to-power BW1 fails; LNG terminal gap exposed

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South Africa's first Gas Independent Power Producer Procurement Programme bid window has closed without appointing a single preferred bidder, after all four submitted bids failed to meet mandatory functional criteria. The Department of Electricity and Energy confirmed that no generation capacity was awarded under GASIPPPP Bid Window 1, which had sought to procure approximately 2,000 MW of gas-to-power capacity in line with the country's Integrated Resource Plans for 2019 and 2025.

The four bids received on 29 May 2026 collectively offered 2,830 MW — well above the target — but collapsed on a fundamental supply-chain gap. The Request for Proposals required bidders to provide firm gas supply assurances, a condition none could satisfy. The DEE pointed directly to South Africa's absence of an LNG receiving terminal as a structural barrier: while the country imports most of its gas from Mozambique, it has no regasification infrastructure to underpin alternative or supplementary LNG supply chains. Without that enabling infrastructure, prospective IPPs could not credibly backstop fuel security for lenders or offtakers.

Minister Kgosientsho Ramokgopa was unequivocal that the failed round does not signal a policy reversal. "South Africa is not retreating from our gas-to-power objectives," he stated, framing BW1 as a diagnostic exercise that exposed the infrastructure, commercial and institutional conditions that must be resolved before viable projects can be delivered. The DEE acknowledged the programme is the first of its kind on the continent and said the lessons from BW1 would inform how any subsequent procurement round is structured, supported and enabled. Consultations

with market participants will be prioritised, and the department committed to communicating the programme's future direction through official channels before the end of the calendar year. Any new procurement process will require fresh statutory, governance and procurement approvals.

For the Norwegian supply and service industry, the implications are significant and immediate. The single most critical bottleneck identified — the absence of an LNG receiving terminal — is precisely the infrastructure segment where Norwegian companies carry deep expertise in FSRU deployment, regasification technology, LNG marine logistics and terminal engineering. South Africa has not yet launched a formal tender or procurement process for such infrastructure, meaning the market is at the relationship-building and positioning stage rather than active bidding. However, the minister's commitment to resolving enabling infrastructure before launching a second bid window suggests that an FSRU or onshore LNG terminal solution will need to move quickly once policy alignment is achieved. Norwegian players active in LNG infrastructure, floating storage and regasification, and gas pipeline connectivity should begin stakeholder engagement now to shape requirements before the next RFP is drafted.

Why this matters to partners and clients of Saga

The DEE has explicitly identified a missing LNG receiving terminal as the primary reason BW1 collapsed, making LNG import infrastructure the pivotal enabler for South Africa's entire gas-to-power programme. No formal tender or EOI has been issued yet, so Norwegian LNG infrastructure and FSRU specialists should focus on monitoring policy developments and initiating early stakeholder engagement with the DEE and IPP Office rather than procurement outreach. Partners with FSRU, regasification, and LNG marine logistics capabilities are best positioned to shape the infrastructure solution that must precede any future GASIPPPP bid window.



YOUR SAGA CONTACT

Bjørn Kahrs

Partner, Oil & Gas & Industry

PARTNER ANGLES

- **LNG:** The absent LNG receiving terminal is the stated reason BW1 failed — FSRU and regasification specialists should engage the DEE and IPP Office now to present terminal concepts ahead of the next policy decision.
- **Pipeline:** Gas supply assurance gaps signal demand for pipeline and gas transmission engineering expertise to connect future LNG import infrastructure to inland power generation sites.
- **Subsea/FPSO:** If South Africa pursues an offshore floating regasification solution, subsea tie-in and mooring system providers should monitor the programme's next phase for relevant scope.
- **Service:** Project development advisory and bankability services are needed to help IPPs structure gas supply assurances that satisfy both lender requirements and RFP mandatory criteria in a future bid window.

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Saga Advisory

Partner contact: bjorn@saga-advisory.com · General: info@saga-advisory.com · saga-advisory.com

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