

1319221 APPOINTMENT OF A MARKETING ENTITY TO OFF-TAKE AND ON-SELL ILC ALUMINUM FROM MCDAL

Question and Answer Version 3

Question	Question	Type	Answer
1	Will the LME pricing mechanism be used for the entire duration of the contract?	Commercial	Yes, the LME pricing mechanism will be used for the entire duration of the contract.
2	How does the LME pricing mechanism work? Will you provide a detailed explanation of the mechanism?	Technical	<b>Pricing Formula:</b> The off-take price from MCDAL to ILC is the London Metal Exchange (LME) Cash Price for 99.99% electrolytic aluminum over the month prior to month of Scheduled Delivery (M) plus Premium (Market Bulletin published Daily) weighted over the month prior to the month of Scheduled Delivery (M) plus ILC.  <b>The LME pricing mechanism you are looking for is not the one in the tender documents. It is a monthly weighted average of the LME Cash Price for 99.99% electrolytic aluminum over the month prior to month of Scheduled Delivery (M) plus Premium (Market Bulletin published Daily) weighted over the month prior to the month of Scheduled Delivery (M) plus ILC.    The "Daily Price" shall be defined by taking the average of the Daily Price over 15 "where the Daily Price" is the average of the following prices: (a) the LME Official Settlement Price; and (b) the LME 3-Month Price.    The "Daily Price" means the Aluminum EU has related to spot-price plus premium higher than Cash Price 100.7% (spot monthly average price for "off-take" published by the Market Bulletin as Aluminum) (LME) - warehouse February any year, spot price</b>
3	Could you please elaborate the selection process for the off-take agent? Will you provide a detailed explanation of the process?	Commercial	Yes, we are considering to issue the Request for Proposal (RFP) to the off-take agent. The RFP will include the required responsibility, obligations and conditions under the required agreement, in a form as far as possible.
4	Will you be able to provide the details of the Service Level Agreement (SLA) in order for us to understand the required responsibility, obligations and conditions under the required agreement, in a form as far as possible?	Commercial	Yes, the SLA can only be shared with the awarded bidder once the process has completed.
5	Will you be able to provide the details of the Service Level Agreement (SLA) in order for us to understand the required responsibility, obligations and conditions under the required agreement, in a form as far as possible?	Commercial	Please refer to the National Treasury Instruction 02 of 2016(2017) - Cost Containment Measures for the details of the SLA.  <a href="https://www.treasury.gov.za/regaffairs/other/Treasury%20Instructions/2016%20(2017)%20Cost%20Containment%20Measures.pdf">https://www.treasury.gov.za/regaffairs/other/Treasury%20Instructions/2016%20(2017)%20Cost%20Containment%20Measures.pdf</a>
6	Will you be able to provide the details of the Service Level Agreement (SLA) in order for us to understand the required responsibility, obligations and conditions under the required agreement, in a form as far as possible?	Commercial	Please refer to the SLA in the tender documents.
7	Will you be able to provide the details of the Service Level Agreement (SLA) in order for us to understand the required responsibility, obligations and conditions under the required agreement, in a form as far as possible?	Commercial	The SLA will be provided to the off-take agent once the process has completed.
8	Will you be able to provide the details of the Service Level Agreement (SLA) in order for us to understand the required responsibility, obligations and conditions under the required agreement, in a form as far as possible?	Commercial	Yes, we are considering to issue the Request for Proposal (RFP) to the off-take agent. The RFP will include the required responsibility, obligations and conditions under the required agreement, in a form as far as possible.
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