



SAPP MARKET MONTHLY PERFORMANCE REPORT

August 2014

Promoting a Regional Competitive Electricity Market

CONTENTS

1. Monthly Market Performance Highlights1
1.1 Participation Levels1
1.2 Market Liquidity.....1
1.3 Impact of Transmission Constraints.....2
1.4 Market Clearing Prices (MCPs)2
1.5 Revenue Performances for July 2014...3

1. Monthly Market Performance Highlights

1.1 Participation Levels

There were ten (10) active portfolios from eight (8) members during the month of August 2014, exactly the same number of portfolios and participants recorded in July 2014.

1.2 Market Liquidity

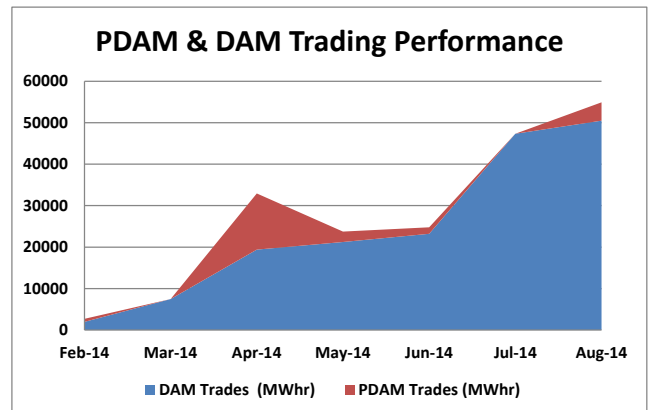
Trading in the market was higher during the month of August 2014 when compared to the month of July 2014. With regards to bids submitted, there were more buy bids than sale offers received in August 2014 in the day ahead market trading platform. A total of **123,722 MWh Sale offers** and a total of **203,468 MWh Buy bids** were received in August 2014. There was a decrease of **7,356 MWh** or **5.61%** in **Sale offers** received and a huge increase of **65,502 MWh** or **47.48%** in **Buy bids** received in August 2014 when compared to July 2014 figures of **131,078 MWh Sale offers** and **137,966 MWh Buy bids** received. There could have been more trade in the market were it not for many generator outages that have become a trend during summer period.

Total traded volumes on DAM and PDAM was significantly high in August 2014 at **54,911.10 MWhr**. Of this, **91.95%** or **50,492 MWhr** was traded on DAM while **4,419.10 MWh** or **8.05%** was traded in PDAM. PDAM increased by **100%** in August 2014 when compared to July 2014 where no

PDAM took place. On the other hand DAM trades increased significantly by **3,155.50 MWhr** or **6.7%** from the **47,336.50 MWhr** traded in July 2014.

As a result of increased trade on the SAPP competitive market, the market share for the competitive market in the months of July and August 2014 was around 8% when compared to 4% that was achieved for April, May and June 2014.

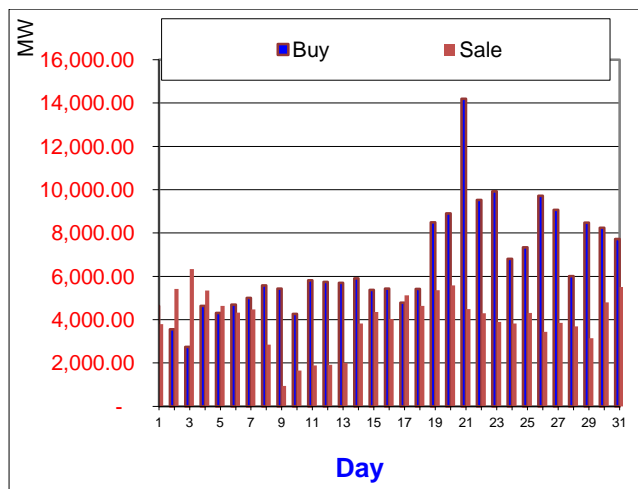
Below is the trend of trading in DAM and PDAM in from February 2014.



Of interest to note is the continued reduction in PDAM trades from May 2014. This is a sign that there was more matching on DAM from May 2014.

There was matching of bids in DAM for **31 days and 660 hours** or **88.71%** of the time during the month of August 2014. However due to transmission constraints, trading occurred for **31 days and 694 hours (including PDAM)** or **93.28%** of the time. In comparison, matching occurred for **31 days and 714 hours** or **95.97%** with trading occurring for **31 days and 657 hours** or **88.31%** of the time during the month of July 2014. Below are summaries of market performance in terms of volumes traded, offers and bids received during the month of August 2014

Fig 1.1 Total Buy and Sale Bids Received Daily in August 2014 (MWh).



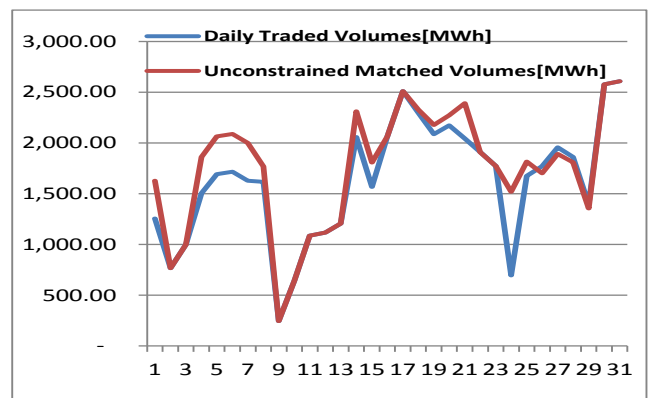
1.3 Impact of Transmission Constraints

There is significant improvement in terms of access to transmission capacity for the market. As a result of this, out of a total of **54,286 MWhr** that were matched on the DAM trading platform **50,492 MWh** was able to be traded during the month of August 2014. In comparison July 2014 had a total of **55,840 MWhr** that was matched on DAM resulting in **47,336.50 MWh** being traded and **8,503 MWh** or **15%** failing to be traded in DAM due to lack of transmission path as DAM trades on the Insukamini-Phokoje corridor.

The results for the month of August 2014 show that there is potential for increased trading in the SAPP competitive market if more players are active and if transmission capacity on critical corridors is made available for the market.

No congestion income was collected in August 2014 as was the case in July 2014. Below is a summary of impact of transmission constraints on DAM trades during the month of August 2014.

Fig1.3.1 Impact of Transmission Constraints on DAM Trading for the month of August 2014.

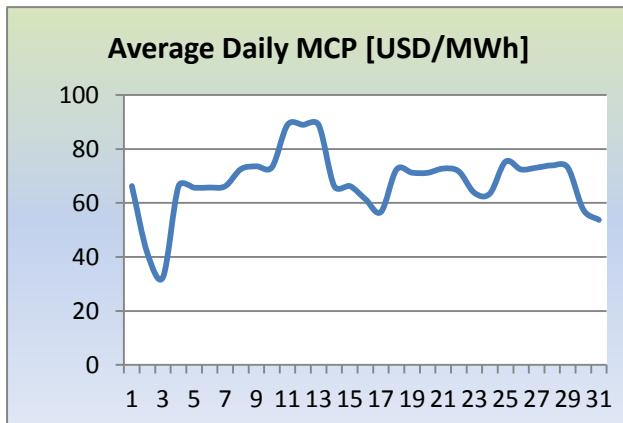


As can be seen from above graphs, the matched and traded volumes were close to each other in most instances, a sign that there were less transmission constraints when compared to previous months.

1.4 Market Clearing Prices (MCPs)

Prices were steady on the market for most of the days during the month of August 2014. The average monthly market clearing price (MCP) increased during the month of August 2014 to **6.795 USc/KWhr** when compared to the **6.264 USc/KWhr** recorded in July 2014. MCP prices have been averaging around **5.000 USc/KWhr** in the previous months. Below is a summary of the daily average MCPs for the month of August 2014. The general increase in sale prices currently prevailing on the market often resulted in less matching of bids.

Fig 1.4.1 Daily Average MCP prices for the Month of August 2014.



1.5 Revenue Performances for Aug. 2014

A total of **USD 2,611,302.50** was exchanged on the DAM and PDAM market during the month of August 2014 when compared to a total of **USD 1,881,691.34** exchanged in July 2014.