



SAPP MARKET MONTHLY PERFORMANCE REPORT

September 2014

Promoting a Regional Competitive Electricity Market

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1. Monthly Market Performance Highlights

1.1 Participation Levels

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

1.2 Market Liquidity

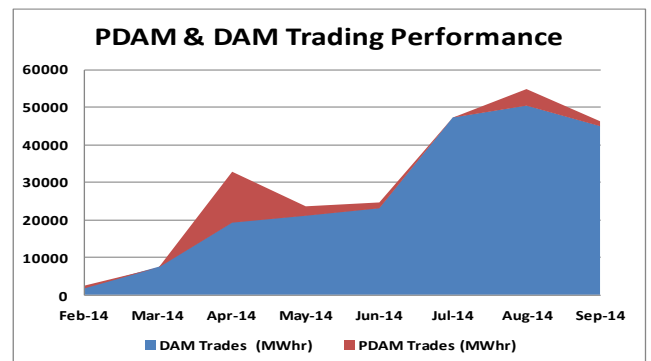
Trading in the market was slightly lower during the month of September 2014 when compared to the month of August 2014. With regards to bids submitted, there were more buy bids than sale offers received in September 2014 in the day ahead market trading platform. A total of **100,110 MWh Sale offers** and **323,451 MWh Buy bids** were received in September 2014. There was a decrease of **23,612 MWh** or **19%** in **Sale offers** received and a huge increase of **119,983 MWh** or **59%** in **Buy bids** received in September 2014 when compared to August 2014 figures of **123,722 MWh Sale offers** and **203,468 MWh Buy bids** received.

The main reason for decreased sale offers during this month and the summer period in general is the fact that most generators are out on maintenance. In addition there is also a general reduction in generation output from hydro power stations during

the dry season. Otherwise the appetite to trade as reflected from the buy bids received is quite high.

Total traded volumes on DAM and PDAM was relatively high in September 2014 at **46,360.90 MWhr**. Of this, **97.2%** or **45,045.90 MWhr** was traded on DAM while **1,315 MWh** or **2.8%** was traded in PDAM. PDAM decreased significantly by **70.2%** in September 2014 when compared to August 2014 where **4,419.10 MWh** were traded. On the other hand DAM trades decreased by **5,446.10 MWhr** or **10.8%** from the **50,492.00 MWhr** traded in August 2014.

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

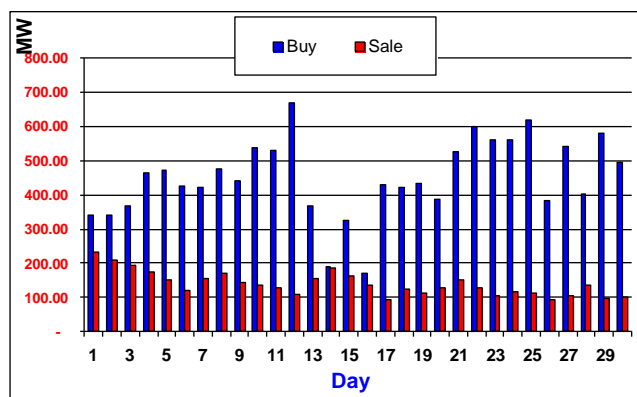


PDAM contributed 3% of total traded volume on the competitive markets. Of interest to note is the reduction in PDAM trades share from May 2014 (PDAM contribution was 41% in April, 11% in May, 0% in July, 8% in August and 3% in September 2014). This is a sign that there was more matching on DAM from May 2014.

There was matching of bids in DAM for **30 days and 688 hours** or **92.47%** of the time during the month of September 2014. However due to transmission constraints, trading occurred for **30 days and 690 hours (including PDAM)** or **95.83%** of the time. In comparison, matching occurred for **31 days and 660 hours** or **88.71%** with trading occurring for **31 days and 694 hours (including PDAM)** or **93.28%** of the time during the month of August 2014. Below are

summaries of market performance in terms of volumes traded, offers and bids received during the month of September 2014.

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



1.3 Competitive Market Share

Below is an analysis of the competitive market share when compared to all cross border trades in the SAPP. Note that bilateral trades were split into two:

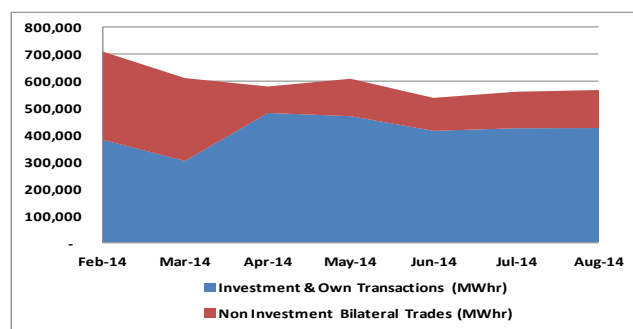
- Members' own transactions that are cross border and those cross border bilateral trades that are meant to anchor investments
- Cross border transactions that are not meant to anchor investments and are traded between two different SAPP members

This differentiation is important in analysing the competitive market share as the competitive market is unlikely to tap from members' own cross border transactions and the bilateral trades meant for anchoring investment but rather may tap from those transactions that are not members' own transactions nor investment related transactions.

Below is a summary of bilateral trades categorised as above. Note that September 2014 figures were not yet available at the time of writing this report and hence will be reflected in the October 2014 report.

Fig1.3.1 Bilateral Trading in SAPP for period Feb-Aug. 2014

BILATERAL TRADING			
Month	Investment & Own Transactions (MWhr)	Non Investment Bilateral Trades (MWhr)	Total Bilateral Trades (MWhr)
Feb-14	382,123	328,140	710,263
Mar-14	303,320	307,711	611,031
Apr-14	481,444	98,507	579,951
May-14	469,531	139,060	608,591
Jun-14	415,161	122,396	537,557
Jul-14	424,657	135,713	560,370
Aug-14	425,290	141,540	566,830
Total	2,476,236	1,131,527	3,607,763

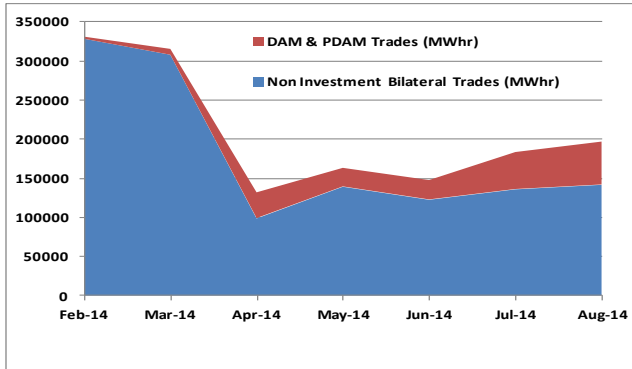


It can be noted that non investment related bilateral cross border trades have been reducing from April 2014 in tandem to increased trade volumes in the competitive market.

Below is a summary of the competitive market share when compared to total trades in the SAPP (competitive and bilateral trades) and also when compared to non investment related bilateral trades alone.

Fig1.3.2 SAPP Competitive Market Share for period Feb-Aug. 2014

COMPETITIVE MARKET SHARE		
Month	Against All Trades %	Against Non Investment Bilateral Trades (%)
Feb-14	0.38%	0.82%
Mar-14	1.21%	2.37%
Apr-14	5.37%	25.06%
May-14	3.75%	14.58%
Jun-14	4.41%	16.83%
Jul-14	7.79%	25.86%
Aug-14	8.83%	27.95%
Average	4.53%	16.21%



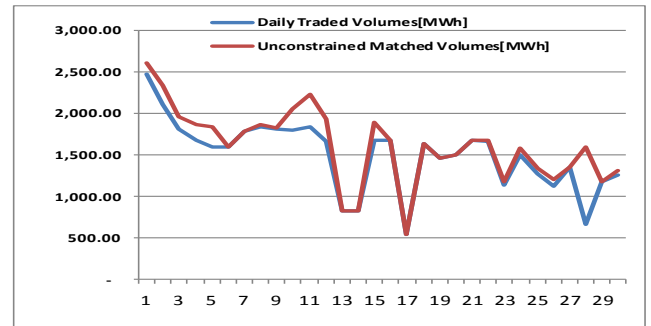
The SAPP competitive market share has been going up from February 2014 through to August 2014, recording around 8% and 9% on total trades for July and August 2014 respectively.

The competitive market share was even higher when compared to non investment related trades, recording as high as almost 28% in August 2014. This is a sign that members are preferring trading on the competitive wherever this is possible. The main challenge has been ensuring that the competitive market has enough power to meet demand and also that it is given priority in terms of transmission access. The SAPP is currently working on improving security of supplies in the competitive market and fair access to transmission grid by all markets.

1.4 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 **48,375 MWhr** that were matched on the DAM trading platform **45,045.90 MWh** was able to be traded during the month of September 2014 (Only **3,328.90 MWhr** or **7%** failed to be traded in DAM as a result of transmission capacity). In comparison August 2014 had a total of **54,286 MWhr** that was matched on DAM resulting in **50,492 MWh** being traded and **3,794 MWh** or **6.98%** failing to be traded in DAM. Below is a summary of the impact of transmission capacity constraints on trade on the competitive market for the month of September 2014.

Fig1.4.1 Impact of Transmission Constraints on DAM Trading for the month of September 2014.

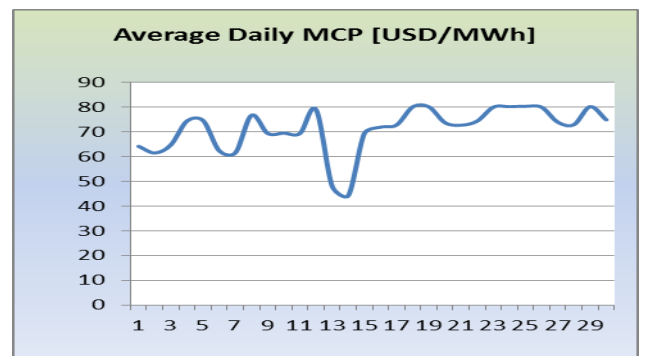


For most of the days, there were no transmission capacity constraints recorded for the competitive market trades in the month of September 2014. No congestion income was collected in September 2014.

1.5 Market Clearing Prices (MCPs)

Prices were steady on the market for most of the days during the month of September 2014. The average monthly market clearing price (MCP) increased during the month of September 2014 to **7.126 USc/KWhr** when compared to the **6.795 USc/KWhr** recorded in August 2014. Below is a summary of the daily average MCPs for the month of September 2014. The general increase in sale prices currently prevailing on the market often resulted in less matching of bids.

Fig 1.5.1 Daily Average MCP prices for the Month of September 2014.



1.6 Revenue Performances for Sept. 2014

A total of **USD 2,936,015.99** was exchanged on the DAM and PDAM market during the month of September 2014 when compared to a total of **USD 2,611,302.50** exchanged in August 2014.